BUCG

北京京城佳業物業股份有限公司

BEIJING CAPITAL JIAYE PROPERTY SERVICES CO., LIMITED

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

Stock Code : 2210

GLOBAL OFFERING

Sole Sponsor

CICC 中金公司

Sole Global Coordinator

CICC 中金公司

Joint Bookrunners and Joint Lead Managers

CICC 中金公司 中泰國際 ZHONGTAI INTERNATIONAL 交銀國際 BOCOM International 民銀資本 CMBC CAPITAL HOLDINGS LIMITED 建银国际 CCB International CMBI 招銀国际

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

Beijing Capital Jiaye Property Services Co., Limited
北京京城佳業物業股份有限公司

(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	**:**	**36,667,200 H Shares (subject to adjustment and the Over-allotment Option)**
Number of Hong Kong Offer Shares	**:**	**3,667,200 H Shares (subject to adjustment)**
Number of International Offer Shares	**:**	**33,000,000 H Shares (subject to adjustment and the Over-allotment Option)**
Maximum Offer Price	**:**	**HK$9.96 per H Share, plus brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% (payable in full on application in Hong Kong dollars and subject to refund)**
Nominal value	**:**	**RMB1.00 per H Share**
Stock Code	**:**	**2210**

Sole Sponsor

Sole Global Coordinator

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 "Appendix VIII – Documents Delivered to the Registrar of Companies and Available for Inspection", has been registered by the Registrar of Companies in Hong Kong as required by Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission and the Registrar of Companies in Hong Kong take no responsibility for the contents of this Prospectus or any other document referred to above.

The Offer Price is expected to be fixed by agreement between the Sole Global Coordinator (for itself and on behalf of the Joint Bookrunners, the Joint Lead Managers and the Underwriters) and us on the Price Determination Date. The Price Determination Date is expected to be on or around Wednesday, November 3, 2021 and, in any event, not later than Monday, November 8, 2021. The Offer Price will be no more than HK$9.96 per Offer Share and is currently expected to be no less than HK$8.28 per Offer Share unless otherwise announced. If, for whatever reason, the Offer Price is not agreed by Monday, November 8, 2021, between the Sole Global Coordinator (for itself and on behalf of the Joint Bookrunners, the Joint Lead Managers and the Underwriters) and us, the Global Offering (including the Hong Kong Public Offering) will not proceed and will lapse.

We are incorporated, and all 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 our Shares. Such differences and risk factors are set out in the sections headed "Risk Factors", "Regulatory Overview", "Appendix V – Summary of Principal PRC and Hong Kong Legal and Regulatory Provisions" and "Appendix VI – Summary of the Articles of Association".

The Sole Global Coordinator (for itself and on behalf of the Joint Bookrunners, the Joint Lead Managers and the Underwriters) may, with our consent reduce the number of Offer Shares being offered under the Global Offering and/or the indicative offer price range stated in this Prospectus (which is HK$8.28 to HK$9.96 per H Share) 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, notices of the reduction in the number of Offer Shares and/or the indicated offer price range will be available on the websites of the Hong Kong Stock Exchange at **www.hkexnews.hk** and the website of our Company at **http://www.bcjps.com**. See "Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares".

The obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement are subject to termination by the Sole Global Coordinator (for itself and on behalf of the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters) if certain grounds arise prior to 8:00 a.m. on the Listing Date. See "Underwriting – Underwriting Arrangements and Expenses – Hong Kong Public Offering – Grounds for Termination".

The Offer Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended, and may not be offered, sold, pledged or transferred within the United States, except that the Offer Shares may be offered, sold, pledged or transferred outside the United States in accordance with 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 websites of the Stock Exchange (**www.hkexnews.hk**) and our Company (**www.bcjps.com**). If you require a printed copy of this Prospectus, you may download and print from the website addresses above.

October 29, 2021

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 the Prospectus or printed copies of any application forms to the public in relation to the Hong Kong Public Offering.

The 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 http://www.bcjps.com. If you require a printed copy of the Prospectus, you may download and print from the website addresses above.

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

(1) apply online via the **White Form eIPO** at **www.eipo.com.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 a 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 (following the procedures contained 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 form.

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 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 (Chapter 32 of the Laws of Hong Kong).

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

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

Your application through the **White Form eIPO** service or the **CCASS EIPO** service must be for a minimum of 400 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	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$*
400	4,024.15	8,000	80,482.93	70,000	704,225.68	500,000	5,030,183.46
800	8,048.30	10,000	100,603.67	80,000	804,829.35	600,000	6,036,220.15
1,200	12,072.44	12,000	120,724.41	90,000	905,433.02	700,000	7,042,256.84
1,600	16,096.59	14,000	140,845.13	100,000	1,006,036.69	800,000	8,048,293.54
2,000	20,120.74	16,000	160,965.87	150,000	1,509,055.04	900,000	9,054,330.23
2,400	24,144.89	18,000	181,086.60	200,000	2,012,073.38	1,000,000	10,060,366.92
2,800	28,169.02	20,000	201,207.34	250,000	2,515,091.73	1,100,000	11,066,403.61
3,200	32,193.17	30,000	301,811.01	300,000	3,018,110.08	1,200,000	12,072,440.30
3,600	36,217.32	40,000	402,414.68	350,000	3,521,128.42	1,300,000	13,078,477.00
4,000	40,241.47	50,000	503,018.35	400,000	4,024,146.77	1,500,000	15,090,550.38
6,000	60,362.20	60,000	603,622.02	450,000	4,527,165.11	1,833,600[(1)]	18,446,688.78

Note:

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

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

Our Company will issue an announcement on the website of the Stock Exchange at ***www.hkexnews.hk*** *and our website at* ***http://www.bcjps.com*** *if there is any change in the following expected timetable of the Hong Kong Public Offering.*

Hong Kong Public Offering commences . . . . .9:00 a.m. on Friday, October 29, 2021

Latest time to complete electronic applications under **White Form eIPO** service through the designated website at **www.eipo.com.hk**[2] . . . . .11:30 a.m. on Wednesday, November 3, 2021

Application lists for the Hong Kong Public Offering open[3] . . . . .11:45 a.m. on Wednesday, November 3, 2021

Latest time for giving **electronic application instructions** to HKSCC[4] .12:00 noon on Wednesday, November 3, 2021

Latest time to complete payments for **White Form eIPO** applications by effecting internet banking transfer(s) or PPS payment transfer(s) . . . . .12:00 noon on Wednesday, November 3, 2021

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

Application lists for the Hong Kong Public Offering close[3]. . . . . .12:00 noon on Wednesday, November 3, 2021

Expected Price Determination Date[5]. . . . . .Wednesday, November 3, 2021

Announcement of the Offer Price, the indications of the level of interest in the International Offering, the level of applications in the Hong Kong Public Offering, and the basis of allocation of the Hong Kong Offer Shares to be published at the websites of the Stock Exchange at **www.hkexnews.hk** and the Company at **http://www.bcjps.com** on or before. . . . . .Tuesday, November 9, 2021

Results of allocations in the Hong Kong Public Offering (with successful applicants' identification document numbers, where appropriate) to be available through a variety of channels. (Please refer to "How to Apply for Hong Kong Offer Shares – 12. Publication of Results" of this Prospectus) from . . . . Tuesday, November 9, 2021

Results of allocations in the Hong Kong Public Offering will be available at **www.iporesults.com.hk** (alternatively: English **https://www.eipo.com.hk/en/Allotment**; Chinese **https://www.eipo.com.hk/zh-hk/Allotment**) with a "search by ID" function from . . . . 8:00 a.m. on Tuesday, November 9, 2021 to 12:00 midnight on Monday, November 15, 2021

The allocation results telephone enquiry by calling+852 2862 8555 between . . . . 9:00 a.m. and 6:00 p.m. on Tuesday, November 9, 2021 to Friday, November 12, 2021

Despatch/collection of H Share certificates in respect of wholly or partially successful applications pursuant to the Hong Kong Public Offering on or before[6] . . . . Tuesday, November 9, 2021

Despatch/collection of refund cheques and White Form e-Refund payment instructions in respect of wholly or partially successful applications (if applicable) or wholly or partially unsuccessful applications pursuant to the Hong Kong Public Offering on or before[7] . . . . Tuesday, November 9, 2021

Dealings in H Shares on the Main Board of the Stock Exchange to commence at . . . . 9:00 a.m. on Wednesday, November 10, 2021

Notes:

(1) All times refer to Hong Kong local time. Details of the structure and conditions of the Global Offering are set out in the section headed "Structure of the Global Offering" in this Prospectus.

(2) You will not be permitted to submit your application through the designated website at **www.eipo.com.hk** after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained a payment reference number from the designated website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.

(3) If there is a "black" rainstorm warning or a tropical cyclone warning signal number 8 or above and/or Extreme Conditions in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Wednesday, November 3, 2021, the application lists will not open and close on that day. Further information is set out in "How to Apply for Hong Kong Offer Shares – 11. Effect of Bad Weather on the Opening of the Application Lists" in this Prospectus. If the application lists do not open and close on Wednesday, November 3, 2021, the dates mentioned in this section may be affected. An announcement will be made by us in such event.

(4) Applicants who apply for Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC should refer to "How to Apply for Hong Kong Offer Shares – 6. Applying by Giving Electronic Application Instructions to HKSCC via CCASS" of this Prospectus for further details.

(5) The Offer Price is expected to be determined by Wednesday, November 3, 2021 but in any event, not be later than Monday, November 8, 2021. If, for any reason, the Offer Price is not agreed between the Sole Global Coordinator, for itself and on behalf of the Underwriters, and us by Monday, November 8, 2021, the Global Offering will not proceed and will lapse.

(6) H Share certificates for the Hong Kong Offer Shares will become valid certificates of title at 8:00 a.m. on Wednesday, November 10, 2021, provided that (i) the Global Offering has become unconditional in all respects; and (ii) neither of the Underwriting Agreements has been terminated in accordance with its terms. Investors who trade H Shares on the basis of publicly available allocation details before the receipt of the H Share certificates or before the H Share certificates become valid certificates do so entirely at their own risk.

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

The above expected timetable is a summary only. You should refer to the sections headed "Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares" in this Prospectus for details of the structure of the Global Offering, including the conditions of the Global Offering, and the procedures for application for the Hong Kong Offer Shares.

IMPORTANT NOTICE TO INVESTORS

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

You should rely only on the information contained in this Prospectus and the GREEN 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 Sole Sponsor, the Sole Global Coordinator, Joint Lead Managers and Joint Bookrunners, any of the Underwriters, any of our or their respective directors, officers or representatives, or any other person or party involved in the Global Offering. Information contained on our website, located at http://www.bcjps.com, does not form part of this Prospectus.

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OVERVIEW

We are an integrated property management service provider based in the capital city of China. With an operating history of over three decades, our subsidiaries have accumulated extensive experience in the property management services sector that drives our value growth and differentiates us from other market players. We have been continuously providing diversified property management services to enterprises, public institutions and residents in the capital of China. We are a well-known property management brand in China and the first property management service provider offering property management services for hutongs in Beijing, having undertaken property management and related services for influential projects in the market, including but not limited to, National Stadium (Bird's Nest) and offices and buildings for numerous government agencies and conglomerates controlled by SASAC.

As of May 31, 2021, our contracted GFA and GFA under management amounted to 32.3 million sq.m. and 30.5 million sq.m., respectively. As of the same date, our GFA under management in the Beijing-Tianjin-Hebei Region was 27.3 million sq.m., accounting for 89.4% of our GFA under management as of the same date. As of December 31, 2020, our contracted GFA and GFA under management amounted to 31.0 million sq.m. and 29.1 million sq.m., respectively, with a market share of 0.1% in terms of GFA under management in 2020 in the property management industry in China, according to CIA. As of the same date, our GFA under management in the Beijing-Tianjin-Hebei Region was 26.0 million sq.m., accounting for 89.3% of our GFA under management as of the same date. According to CIA:

- we ranked 24th among Top 100 Property Management Companies in 2021 in terms of overall strength[(1)];

- we ranked third among Top 100 Property Management Companies in 2021 in terms of GFA under management in Beijing as of December 31, 2020;

- we ranked ninth among Top 100 Property Management Companies in 2021 that are based in the Beijing-Tianjin-Hebei Region in terms of total revenue in 2020; and

- we ranked sixth among Top 100 Property Management Companies in 2021 based in the Beijing-Tianjin-Hebei Region in terms of revenue from value-added services in 2020.

We offer diversified property management services to a variety of property types, creating unique competitive edges for building a distinctive service brand. As of May 31, 2021, we managed a total of 183 properties, consisting of 121 residential properties, 29 commercial properties, 26 public and other properties and seven hutong communities, with GFA under management of 21.4 million sq.m., 1.2 million sq.m., 1.6 million sq.m. and 6.4 million sq.m., respectively. As an extension of our property management services, we offer (i) value-added services to non-property owners such as sales office and display unit management and pre-delivery support services, tenant sourcing and management services; and (ii) community value-added services such as heat energy supply services, catering services, real estate

(1) According to CIA, overall strength is assessed by taking into consideration a number of indicators, including management scale, operational performance, service quality, growth potential and social responsibility. See "Glossary of Technical Terms – Overall Strength" for more details.

brokerage services and carpark space operation services. For each of the years ended December 31, 2018, 2019, 2020 and the five months ended May 31, 2021, our revenue from value-added services as a percentage of total revenue exceeded 32% and was significantly higher than the average level of Top 100 Property Management Companies in 2021, which amounted to 22%, according to CIA.

We achieved stable financial growth during the Track Record Period. Our revenue increased by 18.8% from RMB917.9 million in 2018 to RMB1,090.6 million in 2020, and our profit for the year increased by 66.2% from RMB41.4 million in 2018 to RMB68.8 million in 2020. In terms of revenue in 2020, our market share was 0.2% in the property management industry in China, according to CIA. Our revenue increased by 12.8% from RMB424.2 million for the five months ended May 31, 2020 to RMB478.5 million for the five months ended May 31, 2021 and our profit for the period increased from RMB36.9 million for the five months ended May 31, 2020 to RMB38.4 million for the five months ended May 31, 2021.

OUR BUSINESS MODEL

We generated our revenue from three service lines during the Track Record Period, namely property management services, value-added services to non-property owners and community value-added services.

- **Property management services**. We provide a wide range of property management services primarily to property owners, residents, tenants and property developers, including, among others, security, cleaning, greening, gardening, repair and maintenance services and customer services. Our property management portfolio covers residential properties and non-residential properties, including (i) commercial properties, such as office buildings and shopping malls; (ii) public and other properties, such as government office buildings, schools, hospitals and stadiums; and (iii) hutongs. During the Track Record Period, we charged substantially all of our property management fees for property management services on a lump sum basis, with the remaining insignificant portion charged on a commission basis. For residential properties, we primarily charge our property management fee on a basis of unit price per sq.m per month. For some non-residential properties, we charge a package price of property management fees on a per project basis without reference to any unit price per sq.m. per month. Such package price is charged by taking into account factors such as the nature and scope of the specific property management services to be provided, our cost expected to be incurred, reasonable target profit margins and competition from peer companies. For more information, see "Business – Property Management Services – Pricing Policy". For the five months ended May 31, 2021, the average price for different types of non-residential properties (excluding hutongs) ranged from RMB4.5 per sq.m. per month to RMB22.6 per sq.m. per month, calculated by dividing our revenue from the respective property type for the five months ended May 31, 2021 by the GFA under management during the same period. During the Track Record Period, the property management fees charged by us complied with the relevant PRC laws and regulations in relation to such pricing control.

- **Value-added services to non-property owners**. We provide value-added services to non-property owners (primarily property developers), including, among others, (i) tenant sourcing and management services; (ii) sales office and display unit management and pre-delivery support services; (iii) landscape engineering services; and (iv) engineering operations and maintenance services; and (v) preliminary planning and design consultancy services.

- **Community value-added services**. We provide community value-added services mainly to property owners, residents and other users of properties under our management to address their daily needs, which mainly consist of: (i) heat energy supply services; (ii) carpark space operation services; (iii) catering services; (iv) property leasing services; (v) home decoration management services; and (vi) real estate brokerage services.

The following table sets forth a breakdown of our total revenue by service line for the periods indicated.

Breakdown of Our Revenue by Service Line and Type of Ultimate Paying Customers

	Year ended December 31,						Five months ended May 31,			
	2018		2019		2020		2020		2021	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Property management services	560,056	61.0	681,260	65.2	732,986	67.2	279,320	65.8	309,001	64.6
— BUCG Group and its joint ventures or associates	72,045	7.8	81,005	7.8	85,699	7.9	29,840	7.0	30,465	6.4
— Non-BUCG Group or its joint ventures or associates	488,011	53.2	600,255	57.4	647,287	59.3	249,480	58.8	278,536	58.2
Value-added services to non-property owners	114,527	12.5	131,781	12.6	112,419	10.3	37,791	8.9	52,995	11.1
— BUCG Group and its joint ventures or associates	73,330	8.0	111,914	10.7	92,337	8.5	30,040	7.1	44,017	9.2
— Non-BUCG Group or its joint ventures or associates	41,197	4.5	19,867	1.9	20,082	1.8	7,751	1.8	8,978	1.9
Community value-added services	243,289	26.5	232,372	22.2	245,149	22.5	107,116	25.3	116,455	24.3
— BUCG Group and its joint ventures or associates	2,389	0.3	7,260	0.7	6,992	0.7	5,429	1.3	6,129	1.3
— Non-BUCG Group or its joint ventures or associates	240,900	26.2	225,112	21.5	238,157	21.8	101,687	24.0	110,326	23.0
Total	917,872	100.0	1,045,413	100.0	1,090,554	100.0	424,227	100.0	478,451	100.0

As of the Latest Practicable Date, BUCG, BUCID and BUCC collectively held a total of approximately 98.87% of our total issued share capital, and BUCID and BUCC are held as to 41.86% and 100% respectively by BUCG, which is a wholly state-owned enterprise under the People's Government of Beijing Municipality (北京市人民政府). Our close collaboration with BUCG Group was a key driver for our business expansion and financial growth during the Track Record Period. For the years ended December 31, 2018, 2019 and 2020 and the five months ended May 31, 2020 and 2021, our revenue derived from property management services provided to properties developed by BUCG Group and its joint ventures or associates was RMB390.8 million, RMB440.4 million, RMB479.3 million, RMB201.5 million and RMB214.0 million, respectively, accounting for 69.8%, 64.6%, 65.4%, 72.1% and 69.3% of revenue generated from property management services during the corresponding periods, respectively. As of December 31, 2018, 2019 and 2020 and May 31, 2021, aggregate GFA of properties developed by BUCG Group and its joint ventures or associates which were under our management was 16.6 million sq.m., 18.1 million sq.m., 17.9 million sq.m. and 18.3 million sq.m., respectively, representing 64.3%, 62.9%, 61.7% and 59.8% of our total GFA under management as of the corresponding dates, respectively.

For the years ended December 31, 2018, 2019 and 2020 and the five months ended May 31, 2021, our average property management fee of the residential properties developed by BUCG Group and its joint ventures and associates was RMB2.1 per sq.m. per month, RMB2.1 per sq.m. per month, RMB2.2 per sq.m. per month, and RMB2.3 per sq.m. per month, respectively, while our average property management fee of the residential properties developed by non-BUCG Group or its joint ventures or associates was RMB2.9 per sq.m. per month, RMB2.8 per sq.m. per month, RMB3.0 per sq.m. per month, and RMB2.7 per sq.m. per month, respectively. The difference was primarily attributable to (i) the fact that most of the properties owned by non-BUCG Group or its joint ventures or associates are newly constructed with relatively higher building standards, for which we are able to charge a comparatively higher fee; and (ii) lower fee we charge for certain residential properties owned by BUCG Group and its joint ventures and associates, primarily the affordable housing properties which are subject to price control imposed by the PRC government, in order to undertake certain social responsibilities as a state-owned enterprise.

The table below sets forth a breakdown of our revenue, gross profit and gross profit margin for the periods indicated, by service line and by type of ultimate paying customer:

Breakdown of Our Gross Profit and Gross Profit Margin by Service Line and Type of Ultimate Paying Customers

	Year ended December 31,						Five months ended May 31,			
	2018		2019		2020		2020		2021	
	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*	*%*
Property management services	103,870	18.6	125,527	18.4	148,578	20.3	76,438	27.4	77,540	25.1
— BUCG Group and its joint ventures or associates(1)	22,272	30.9	17,229	21.3	18,525	21.6	8,551	28.7	8,505	27.9
— Non-BUCG Group or its joint ventures or associates	81,598	16.7	108,298	18.0	130,053	20.1	67,887	27.2	69,035	24.8
Value-added services to non-property owners	41,909	36.6	45,204	34.3	38,587	34.3	13,219	35.0	18,899	35.7
— BUCG Group and its joint ventures or associates(1)	31,435	42.9	40,834	36.5	34,183	37.0	11,245	37.4	16,538	37.6
— Non-BUCG Group or its joint ventures or associates	10,474	25.4	4,370	22.0	4,404	21.9	1,974	25.5	2,361	26.3
Community value-added services	45,501	18.7	36,427	15.7	39,309	16.0	19,783	18.5	21,150	18.2
— BUCG Group and its joint ventures or associates(1)	505	21.1	1,739	24.0	1,798	25.7	1,163	21.4	1,135	18.5
— Non-BUCG Group or its joint ventures or associates	44,996	18.7	34,688	15.4	37,511	15.8	18,620	18.3	20,015	18.1
Total/Overall	191,280	20.8	207,158	19.8	226,474	20.8	109,440	25.8	117,589	24.6

Notes:

(1) BUCG Group's joint ventures and associates primarily include entities that the BUCG Group holds equity interests less than 50% and mainly engaged in real estate development, sales, planning and design, construction management, consultancy and other business.

(2) Our gross profit margin for the five months ended May 31, 2020 was higher than our gross profit margin for the year ended December 31, 2020, primarily because we incurred a large portion of our subcontracting costs in the second half of 2020 as a result of governmental restrictions on public activities in the first half of 2020.

The gross profit margins for the services we delivered to BUCG Group and its joint ventures or associates were generally higher than those to non-BUCG Group or its joint ventures or associates during the Track Record Period, primarily because (i) some of the services we provided to BUCG Group and its joint ventures or associates related to office buildings and other commercial properties, for which, in line with the market practice, we generally charged a higher fee rate for our services than those in relation to residential properties, while the services we provided to other customers during the Track Record Period mainly related to residential properties; and (ii) our earlier involvement in and the relatively longer history of servicing the projects of BUCG Group and its joint ventures or associates than those of other customers, enabled us to save the upfront cost and some other operating costs and realize a relatively stable and lower cost with respect to the projects of BUCG Group and its joint ventures or associates. Our gross profit margin of the property management services provided to BUCG Group and its joint ventures or associates for the year ended December 31, 2018 was relatively higher as compared to the other financial years/period during the Track Record Period, primarily resulted from our property management contract of relatively high profit margin we entered into with BUCG Group; while the contract for this high-margin contract was re-signed at the same terms between us and the property owner, which is not BUCG Group nor its joint ventures or associates in 2019 and caused the decrease in the gross profit margin for property management services delivered to BUCG Group and its joint ventures or associates. Our gross profit margin of value-added services to non-property owners provided to BUCG Group and its joint ventures or associates was 42.9% in 2018, relatively higher than the rest of the Track Record Period, primarily due to the service fee we received from provision of tenant sourcing and management services to BUCG Group and its joint ventures or associates in assisting them in successfully identifying new tenants and entering into high-value tenancy agreements with respect to a whole office building, while our cost for the project was relatively stable.

Breakdown of Our Revenue by Service Line and Type of Property Developer

	As of or for the year ended December 31,						As of or for the five months ended May 31,			
	2018		2019		2020		2020		2021	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except for numbers and percentages)									
Property Management Services	560,056	61.0	681,260	65.2	732,986	67.2	279,320	65.8	309,001	64.6
BUCG Group and its joint ventures or associates	390,848	42.6	440,418	42.1	479,348	44.0	201,516	47.5	214,006	44.7
Non-BUCG Group or its joint ventures or associates	169,208	18.4	240,842	23.1	253,638	23.2	77,804	18.3	94,995	19.9

	As of or for the year ended December 31,						As of or for the five months ended May 31,			
	2018		2019		2020		2020		2021	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except for numbers and percentages)									
Value-added services to Non-property owners	114,527	12.5	131,781	12.6	112,419	10.3	37,791	8.9	52,995	11.1
BUCG Group and its joint ventures or associates	109,425	11.9	125,785	12.0	105,627	9.7	32,935	7.8	49,892	10.5
Non-BUCG Group or its joint ventures or associates	5,102	0.6	5,996	0.6	6,792	0.6	4,856	1.1	3,103	0.6
Community Value-added Services	243,289	26.5	232,372	22.2	245,149	22.5	107,116	25.3	116,455	24.3
BUCG Group and its joint ventures or associates	239,641	26.1	228,431	21.9	239,261	21.9	101,639	24.0	112,997	23.6
Non-BUCG Group or its joint ventures or associates	3,648	0.4	3,941	0.3	5,888	0.6	5,477	1.3	3,458	0.7
Total	917,872	100.0	1,045,413	100.0	1,090,554	100.0	424,227	100.0	478,451	100.0

The table below sets forth a breakdown of our GFA under management, revenue, gross profit and gross profit margin for the periods indicated, by property type for property management services:

Breakdown of Our GFA under Management, Revenue, Gross Profit and Gross Profit Margin by Property Type for Property Management Services

	Year ended December 31,												Five months ended May 31,							
	2018				2019				2020				2020				2021			
	GFA	Revenue	Gross profit	Gross profit margin	GFA	Revenue	Gross profit	Gross profit margin	GFA	Revenue	Gross profit	Gross profit margin	GFA	Revenue	Gross profit	Gross profit margin	GFA	Revenue	Gross profit	Gross profit margin
	sq.m.	*RMB*	*RMB*	*%*	*sq.m.*	*RMB*	*RMB*	*%*	*sq.m.*	*RMB*	*RMB*	*%*	*sq.m.*	*RMB*	*RMB*	*%*	*sq.m.*	*RMB*	*RMB*	*%*
	(in thousands, except for numbers and percentages)																			
Residential properties	18,360	293,037	36,187	12.3	20,104	361,604	51,733	14.3	20,509	385,596	63,312	16.4	19,569	152,912	31,127	20.4	21,438	172,576	36,272	21.0
Non-residential properties	7,419	267,019	67,683	25.3	8,611	319,656	73,794	23.1	8,567	347,390	85,266	24.5	8,829	126,408	45,311	35.8	9,100	136,425	41,268	30.3
— Commercial properties	1,022	185,355	57,746	31.2	1,139	225,709	60,453	26.8	1,151	248,071	72,696	29.3	1,144	94,912	41,060	43.3	1,159	105,343	37,258	35.4
— Public and other properties	1,257	30,339	4,993	16.5	1,542	30,208	4,013	13.3	1,276	29,762	3,913	13.1	1,545	8,796	1,134	12.9	1,551	9,310	1,098	11.8
— Hutongs	5,140	51,325	4,944	9.6	5,930	63,740	9,328	14.6	6,140	69,556	8,657	12.4	6,140	22,700	3,117	13.7	6,390	21,772	2,912	13.4
Total/Overall	25,779	560,056	103,870	18.6	28,715	681,260	125,527	18.4	29,076	732,986	148,578	20.3	28,398	279,320	76,438	27.4	30,538	309,001	77,540	25.1

The table below sets forth a breakdown of our revenue from property management services for the periods indicated, by property type and developer type:

	Year ended December 31,						Five months ended May 31,			
	2018		2019		2020		2020		2021	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Residential properties	293,037	52.3	361,604	53.1	385,596	52.6	152,912	54.7	172,576	55.8
BUCG Group and its joint ventures or associates	269,425	48.1	310,506	45.6	331,654	45.2	136,309	48.8	148,704	48.1
Non-BUCG Group or its joint ventures or associates	23,612	4.2	51,098	7.5	53,942	7.4	16,603	5.9	23,872	7.7
Commercial properties	185,355	33.1	225,709	33.1	248,071	33.8	94,912	34.0	105,343	34.1
BUCG Group and its joint ventures or associates	112,636	20.1	122,853	18.0	141,248	19.3	64,127	23.0	64,858	21.0
Non-BUCG Group or its joint ventures or associates	72,719	13.0	102,856	15.1	106,823	14.6	30,785	11.0	40,485	13.1
Public and other properties	30,339	5.4	30,207	4.4	29,762	4.1	8,796	3.1	9,310	3.0
BUCG Group and its joint ventures or associates	8,787	1.6	7,059	1.0	6,446	0.9	1,080	0.4	444	0.1
Non-BUCG Group or its joint ventures or associates	21,552	3.8	23,148	3.4	23,316	3.2	7,716	2.8	8,866	2.9
Hutongs	51,325	9.2	63,740	9.4	69,557	9.5	22,700	8.1	21,772	7.0
BUCG Group and its joint ventures or associates	–	–	–	–	–	–	–	–	–	–
Non-BUCG Group or its joint ventures or associates	51,325	9.2	63,740	9.4	69,556	9.5	22,700	8.1	21,773	7.0
Total	**560,056**	**100.0**	**681,260**	**100.0**	**732,986**	**100.0**	**279,320**	**100.0**	**309,001**	**100.0**

The table below sets forth a breakdown of our revenue from property management services for the periods indicated, by property type and ultimate paying customers:

	Year ended December 31,						Five months ended May 31,			
	2018		2019		2020		2020		2021	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Residential properties	293,037	52.3	361,604	53.1	385,596	52.6	152,912	54.7	172,576	55.8
BUCG Group and its joint ventures or associates	8,898	1.6	19,571	2.9	21,733	3.0	11,274	4.0	11,616	3.8
Non-BUCG Group or its joint ventures or associates	284,139	50.7	342,033	50.2	363,863	49.6	141,638	50.7	160,960	52.1
Commercial properties	185,355	33.1	225,709	33.1	248,071	33.8	94,912	34.0	105,343	34.1
BUCG Group and its joint ventures or associates	63,128	11.3	61,384	9.0	63,926	8.7	18,566	6.6	18,849	6.1
Non-BUCG Group or its joint ventures or associates	122,227	21.8	164,325	24.1	184,145	25.1	76,346	27.3	86,494	28.0
Public and other properties	30,339	5.4	30,208	4.4	29,762	4.1	8,796	3.1	9,310	3.0
BUCG Group and its joint ventures or associates	19	0.0	50	0.0	40	0.0	–	–	–	–
Non-BUCG Group or its joint ventures or associates	30,320	5.4	30,158	4.4	29,722	4.1	8,796	3.1	9,310	3.0
Hutongs	51,325	9.2	63,740	9.4	69,557	9.5	22,700	8.1	21,772	7.0
BUCG Group and its joint ventures or associates	–	–	–	–	–	–	–	–	–	–
Non-BUCG Group or its joint ventures or associates	51,325	9.2	63,740	9.4	69,557	9.5	22,700	8.1	21,772	7.0
Total	**560,056**	**100.0**	**681,261**	**100.0**	**732,986**	**100.0**	**279,320**	**100.0**	**309,001**	**100.0**

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

Geographic Breakdown of Our Projects Under Management

	As of or for the year ended December 31,												As of or for the five months ended May 31,							
	2018				2019				2020				2020				2021			
	Number of projects	GFA	Revenue		Number of projects	GFA	Revenue		Number of projects	GFA	Revenue		Number of projects	GFA	Revenue		Number of projects	GFA	Revenue	
		sq.m.	*RMB*	*%*		*sq.m.*	*RMB*	*%*		*sq.m.*	*RMB*	*%*		*sq.m.*	*RMB*	*%*		*sq.m.*	*RMB*	*%*
									(in thousands, except for percentages)											
Beijing-Tianjin-Hebei Region	154	22,723	528,140	94.3	161	25,515	634,775	93.2	157	25,953	680,967	92.9	154	25,148	261,265	93.5	165	27,316	286,085	92.6
Central and West China Region[(1)]	11	2,462	30,329	5.4	13	2,651	40,983	6.0	14	2,632	45,293	6.2	15	2,805	15,146	5.4	14	2,731	19,515	6.3
East China Region[(2)]	2	383	357	0.1	2	383	4,271	0.6	3	429	5,480	0.7	2	383	2,459	0.9	3	429	2,884	0.9
Northeast Region[(3)]	3	211	1,230	0.2	2	166	1,231	0.2	1	62	1,246	0.2	1	62	450	0.2	1	62	517	0.2
Total	**170**	**25,779**	**560,056**	**100.0**	**178**	**28,715**	**681,260**	**100.0**	**175**	**29,076**	**732,986**	**100.0**	**172**	**28,398**	**279,320**	**100.0**	**183**	**30,538**	**309,001**	**100.0**

Notes:

(1) Includes Sichuan, Chongqing, and Hubei.

(2) Includes Jiangsu and Shandong.

(3) Includes Liaoning.

Breakdown of Our Total Number of Contracted Projects, Contracted GFA and Undelivered GFA by Developer Type

	As of December 31,									As of May 31,		
	2018			2019			2020			2021		
	Number of Projects	Contracted GFA	Undelivered GFA	Number of Projects	Contracted GFA	Undelivered GFA	Number of Projects	Contracted GFA	Undelivered GFA	Number of Projects	Contracted GFA	Undelivered GFA
		sq.m.'000	sq.m.'000		sq.m.'000	sq.m.'000		sq.m.'000	sq.m.'000		sq.m.'000	sq.m.'000
BUCG Group and its joint ventures or associates	122	18,641	2,064	125	19,297	1,235	121	19,005	1,061	127	20,007	1,746
Non-BUCG Group or its joint ventures or associates	67	10,067	865	72	12,031	1,378	66	11,954	822	68	12,319	42
Total	**189**	**28,708**	**2,929**	**197**	**31,328**	**2,613**	**187**	**30,959**	**1,883**	**195**	**32,326**	**1,788**

Note: Undelivered GFA is calculated as the difference between contracted GFA and GFA under management as of the date indicated.

The following table sets forth a breakdown by developer type of our bid win rates, renewal rates and retention rates for property management services contracts for the periods indicated:

Breakdown of Our Bid Win Rates, Renewal Rates and Retention Rates for Property Management Services Contracts by Developer Type

	Bid Win rate				Renewal rate				Retention rate			
	Years ended December 31,			Five months ended, May 31,	Years ended December 31,			Five months ended, May 31,	Years ended December 31,			Five months ended, May 31,
	2018	2019	2020	2021	2018	2019	2020	2021	2018	2019	2020	2021
							%					
BUCG Group and its joint ventures or associates	100.0	100.0	100.0	100.0	100.0	88.9	100.00	100.0	99.2	98.4	97.6	99.2
Non-BUCG Group or its joint ventures or associates	100.0	100.0	100.0	77.8	72.7	82.6	88.9	87.5	93.1	87.8	85.7	95.8
Overall	**100.0**	**100.0**	**100.0**	**85.7**	**80.6**	**84.4**	**93.3**	**91.7**	**96.9**	**94.3**	**93.0**	**98.0**

The following table sets forth a breakdown of the number of bids we submitted for property management projects by developer type for the periods indicated:

Breakdown of Our Bids Submitted for Property Management Projects by Developer Type

	Years ended December 31,			Five months ended May 31,
	2018	**2019**	**2020**	**2021**
BUCG Group and its joint ventures or associates	4	2	8	5
Non-BUCG Group or its joint ventures or associates	6	11	4	9

The following table sets forth the expiration schedule of our property management service contracts and their corresponding contracted GFA, GFA under management and undelivered GFA as of May 31, 2021:

Expiration Schedule of Our Property Management Service Contracts

	Number of agreements	**Contracted GFA**	**GFA under management**	**Undelivered GFA**
			sq.m.'000	
Property management service agreements without fixed term	128	21,304	20,100	1,204
Property management service agreements expiring/expired in				
Year ending December 31, 2021	28	3,079	2,980	99
Year ending December 31, 2022	23	6,812	6,423	389
Year ending December 31, 2023	16	1,131	1,035	96
Subtotal	**67**	**11,022**	**10,438**	**584**
Total	**195**	**32,326**	**30,538**	**1,788**

COMPETITIVE STRENGTHS

We believe that our success is mainly attributable to the following competitive strengths: (i) expansion across the nation driven by deep roots in the Beijing-Tianjin-Hebei Region and outstanding service capabilities in the capital city of China; (ii) sustainable business development and distinctive operation underpinned by resources and brand strength of our Shareholders; (iii) diversified property management services offered to a variety of property types, creating unique competitive edges for building a distinctive service brand; (iv) quality services and effective cost control measures through digitalization and intelligent information technology systems; (v) a property management brand with distinctive Beijing Style built upon the location advantages of the capital city of China and specialization in hutong property management and urban renewal and upgrading projects; and (vi) an experienced and professional management team supported by an effective human resources management system.

BUSINESS STRATEGIES

Our vision is to become a provider of best-in-class urban and lifestyle services with distinguished brand awareness nationwide. To this end, we have formulated the following business strategies: (i) expand our project portfolio through multiple channels and consolidate our leading position in the Beijing-Tianjin-Hebei Region; (ii) continue to extend our value chain and enrich our value-added services; (iii) sharpen our competitive edge and enhance our operational efficiency through the application of IoT technologies; and (iv) further improve our human resources management to support the execution of our corporate development strategies.

OUR CUSTOMERS AND SUPPLIERS

For the years ended December 31, 2018, 2019 and 2020 and the five months ended May 31, 2021, revenue generated from our five largest customers amounted to RMB221.6 million, RMB294.4 million, RMB281.2 million, and RMB132.1 million, respectively, representing 24.1%, 28.2% 25.8% and 27.6% of our total revenue for the corresponding periods, respectively. For the years ended December 31, 2018, 2019 and 2020 and the five months ended May 31, 2021, revenue generated from our largest customer, BUCG Group, amounted to RMB147.7 million, RMB200.1 million, RMB181.3 million and RMB80.6 million, respectively, representing 16.1%, 19.1%, 16.6% and 16.8% of our total revenue for the corresponding periods, respectively. The transactions with BUCG Group constituted connected transactions. For details, see "Connected Transactions" and "Relationship with Controlling Shareholders" of this Prospectus.

For the years ended December 31, 2018, 2019 and 2020 and the five months ended May 31, 2021, total purchase attributable to our five largest suppliers amounted to RMB169.7 million, RMB241.8 million, RMB304.9 million and RMB78.1 million, respectively, representing 23.4%, 28.8%, 35.3% and 21.6% of our total cost of sales, respectively; purchase attributable to our single largest supplier amounted to RMB70.2 million, RMB86.6 million, RMB90.5 million and RMB28.6 million, respectively, representing 9.7%, 10.3% 10.5% and 7.9% of our total cost of sales, respectively.

OUR CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, BUCG, BUCID (a non-wholly-owned subsidiary of BUCG) and BUCC (a wholly-owned subsidiary of BUCG) collectively held a total of approximately 98.87% of our total issued share capital, thus are a group of Controlling Shareholders of our Company under the Listing Rules. Immediately following the completion of the Global Offering, BUCG, BUCID and BUCC will collectively hold a total of approximately 74.15% of our enlarged issued share capital (assuming that the Over-allotment Option is not exercised), and they will continue to be our Controlling Shareholders immediately following the completion of the Global Offering. For more details, please see "Relationship with Controlling Shareholders" in this Prospectus.

BUCG has entered into the Non-Competition Agreement in favor of our Group. For more details, please see "Relationship with Controlling Shareholders – Non-Competition Agreement" in this Prospectus.

We have entered into a number of agreements with our connected persons which will constitute continuing connected transactions under Chapter 14A of the Listing Rules upon the Listing. For further details, please see "Connected Transactions" in this Prospectus.

SUMMARY OF FINANCIAL INFORMATION

Selected Items of Consolidated Statements of Profit or Loss and Other Comprehensive Income

	Year ended December 31,			For the five months ended May 31,	
	2018	2019	2020	2020	2021
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Revenue	917,872	1,045,413	1,090,554	424,227	478,451
Cost of sales	(726,592)	(838,255)	(864,080)	(314,787)	(360,862)
Gross profit	191,280	207,158	226,474	109,440	117,589
Other income	6,560	13,892	13,600	4,739	2,134
Administrative expenses	(141,816)	(151,804)	(143,581)	(61,365)	(66,780)
Selling expenses	(6,029)	(9,373)	(9,228)	(3,631)	(3,923)
Expected credit loss on trade and other receivables	(2,385)	(3,068)	(6,343)	(5,061)	(4,033)

	Year ended December 31,			For the five months ended May 31,	
	2018	2019	2020	2020	2021
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Profit from operations	47,610	56,805	80,922	44,122	44,987
Finance income	12,289	13,449	12,476	5,623	6,103
Finance costs	(3,722)	(2,479)	(2,338)	(998)	(1,049)
Profit before taxation	56,177	67,775	91,060	48,747	50,041
Income tax	(14,800)	(16,656)	(22,303)	(11,819)	(11,668)
Profit for the year/period	41,377	51,119	68,757	36,928	38,373
Profit attributable to:					
Equity shareholders of the Company	36,868	37,932	57,504	24,341	37,450
Non-controlling interests	4,509	13,187	11,253	12,587	923
	41,377	51,119	68,757	36,928	38,373

Our revenue continued to increase during the Track Record Period, primarily due to the continuous increase in our GFA under management.

For the five months ended May 31, 2021, our profit for the period amounted to RMB38.4 million, representing an increase of 3.9% from RMB36.9 million for the five months ended May 31, 2020. For the year ended December 31, 2020, we had profit for the year amounted to RMB68.8 million, representing an increase of 34.5% from RMB51.1 million for the year ended December 31, 2019. The increase was primarily attributable to (i) the increase in our revenue from property management services as a result of increase in both our GFA under management and average property management fee rates for residential properties, as well as the increase in our revenue from community value-added services as we managed three more canteens in 2020; and (ii) the decrease in administrative expenses as a result of social insurance deduction granted by the PRC Government due to COVID-19 pandemic in 2020. Our profit for the year increased by 23.5% from RMB41.4 million for the year ended December 31, 2018 to RMB51.1 million for the year ended December 31, 2019, primarily due to (i) the increase in our revenue from property management services as a result of increase in our GFA under management, as well as the increase in our revenue from value-added services to non-property owners as a result of an increase in the number of projects delivered by relevant property developers in 2019 and increased business scale of tenant sourcing and management services as we actively developed such business in 2019; and (ii) the increase in our other income as a result of an increase in fair value gain on investment property and an increase in additional deduction of input VAT resulting from implementation of Announcement on Clarifying the VAT Weighed Deduction Policy for the Livelihood Service Sector in 2019.

Selected Items of Consolidated Statements of Financial Position

	As of December 31,			As of May 31,
	2018	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current assets	371,188	427,401	254,415	256,513
Current assets	1,076,017	1,141,461	1,327,816	1,269,292
Non-current liabilities	120,038	121,149	94,540	97,149
Current liabilities	881,225	958,025	1,073,569	975,392
Net current assets	194,792	183,436	254,247	293,900
Total equity attributable to equity shareholders of the Company	394,692	431,767	392,113	430,331
Non-controlling interests	51,250	57,921	22,009	22,933
Total equity	445,942	489,688	414,122	453,264

Our current liabilities increased from RMB881.2 million as of December 31, 2018 to RMB958.0 million as of December 31, 2019, and further increased to RMB1,073.6 million as of December 31, 2020, primarily due to (i) the increase in trade and other payables reflecting the level of procurement and amounts due to suppliers as of these dates; and (ii) the increase in contract liabilities as a result of our business expansion; and partially offset by the decrease of lease liabilities as a result of expiration of our certain leases. Our current liabilities decreased to RMB975.4 million as of May 31, 2021.

We deposited our unused cash, which was non-recurring in nature, with BUCG Group at an interest rate ranging from 1.15% to 4.50% from 2018 to 2020, from which we generated interest income of RMB10.3 million, RMB11.2 million, RMB10.4 million and RMB2.1 million for years ended December 31, 2018, 2019 and 2020 and the five months ended May 31, 2021, respectively. As of December 31, 2018, 2019 and 2020, the balance of the deposit was RMB378.2 million, RMB403.1 million and RMB220.0 million, respectively. The deposit arrangement was made for the purpose of enhancing the efficiency of fund management and security and the cash deposited was further used by BUCG Group (including its subsidiaries) only for its production and operation purposes, which, as advised by our PRC Legal Advisers, was effective and binding and not in violation of any mandatory PRC laws and administrative regulations. Such deposit had been fully withdrawn as of May 31, 2021. The Group has no plan to enter into the similar arrangement with BUCG Group after the Listing. Considering (i) the balance of the deposit comparing to our total current assets, and (ii) the interest rate for the deposit ranging from 1.15% to 4.50% from 2018 to 2020, which were comparable to the prevailing market rate for the deposit in the PRC, we believe this deposit arrangement had minimal impact on the Group's financial performance and gearing ratio during the Track Record Period comparing to depositing the same unused cash with banks.

Selected Items of Consolidated Statements of Cash Flow

	Year ended December 31,			For the five months ended May 31,	
	2018	**2019**	**2020**	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cash generated from/ (used in) operations	73,920	64,588	243,232	102,805	(4,485)
– Operating cash flow before changes in working capital for the year/period	*71,054*	*73,317*	*94,756*	*51,703*	*57,091*
Income taxes paid	(10,956)	(8,587)	(11,709)	(5,900)	(79,262)
Net cash generated from/(used in) operating activities	62,964	56,001	231,523	96,905	(83,747)
Net cash generated from/(used in) investing activities	28,186	(70,584)	192,036	(412)	223,429
Net cash (used in)/generated from financing activities	(33,735)	(27,380)	29,837	(3,762)	(7,255)
Net increase/(decrease) in cash and cash equivalents	57,415	(41,963)	453,396	92,731	132,427
Cash and cash equivalents at January 1	278,196	335,611	293,648	293,648	747,044
Cash and cash equivalents at December 31/May 31	335,611	293,648	747,044	386,379	879,471

We generated cash inflows from operating activities for the years ended December 31, 2018, 2019 and 2020. During such period, our net cash generated from operating activities was primarily affected by the fluctuations in (i) prepayments, trade and other receivables and (ii) trade and other payables. Our net cash generated from operating activities for the year ended December 31, 2020 significantly increased by RMB175.5 million from the year ended December 31, 2019, primarily due to (i) our achievement in better collection in trade and other receivables; and (ii) remittance of restricted cash in January 2020; partially offset by increased inventory in parking lots for sale in 2020. We generated cash outflows from operating activities for the five months ended May 31, 2021, which was primarily attributable to (i) our tax payment of RMB79.3 million and (ii) the settlement pattern of our customers who generally settle their payment with us at the end of the year. We will continue to (i) monitor the status of our cash flow, e.g. adopt information system for a concentrated cash management; (ii) exert efforts to collect outstanding trade receivables from our customers, e.g. track the status of settlement of trade receivables on weekly basis and enhance internal evaluation of the project performance from the perspective of trade receivable clearance; and (iii) effectively manage our cash outflow for settlement of the payment of our suppliers, so as to improve our net operating cash outflows position, e.g. implement a reasonable plan for use of cash and schedule the payment to suppliers in accordance with the terms of contracts.

Summary of Key Financial Ratios

The following table set forth our key financial ratios as of the date or for the periods indicated:

	As of/For the year ended December 31,			As of/For the five months ended May 31,
	2018	**2019**	**2020**	**2021**
Return on average equity[1]	9.6%	10.9%	15.2%	21.4%[2]
Return on average assets[1]	3.0%	3.4%	4.4%	6.0%[2]
Current ratio[1]	1.2	1.2	1.2	1.3
Quick ratio[1]	1.2	1.2	1.2	1.3
Gross profit margin[1]	20.8%	19.8%	20.8%	24.6%
Net profit margin[1]	4.5%	4.9%	6.3%	8.0%

Notes:

(1) For details of the definition, see "Financial Information – Key Financial Ratios".

(2) Such ratio is annualized.

Our return on average equity increased from 9.6% in 2018 to 10.9% in 2019, primarily due to the increase in our net profit in 2019; and further increased to 15.2% in 2020, primarily due to the decrease in our total equity in 2020. For the five months ended May 31, 2021, our annualized return on average equity was 21.4%.

SUMMARY OF MATERIAL RISK FACTORS

Our operations involve certain risks, some of which are beyond our control. Some of the risks generally associated with our business and industry include: (i) we may fail to secure new or renew our existing property management service contracts on favorable terms, or at all; (ii) our future growth may not materialize as planned; (iii) our future acquisitions may not be successful and we may face difficulties in integrating acquired operations with our existing operation; (iv) a large portion of our revenue is generated from services provided to properties developed and/or owned by BUCG Group and its joint ventures or associates, which, collectively, was also our largest customer during the Track Record Period; and (v) we may not be able to collect service fees from customers and as a result, may incur impairment losses on receivables.

In addition, we are facing competition with industry peers, in particular those listed on the Stock Exchange which are actively seeking quality acquisition or investment targets in the market to achieve their expansion goals, and there is no assurance that we could identify suitable targets that meet our selection criteria. Our future acquisitions are also subject to other uncertainties and risks, including, without limitation, potential ongoing financial obligations and unforeseen or hidden liabilities, failure to achieve the intended objectives, benefits or revenue-enhancing opportunities, and diversion of resources and management's attention. For details, see "Risk Factors – Risks Relating to Our Business and Industry – Our future acquisitions may not be successful and we may face difficulties in integrating acquired operations with our existing operation".

During the Track Record Period, we did not register for and/or make full contributions to social insurance and housing provident funds for certain employees. Based on the outstanding amount of our social insurance and housing provident funds contribution of RMB6.6 million (which we have made provision in our consolidated statements of profit or loss and other comprehensive income) for the years ended December 31, 2018, 2019 and 2020 and the five months ended May 31, 2021, the potential maximum fine which may be imposed on us if we fail to make required payment within the prescribed period as required by relevant authorities equals to three times of the outstanding amount of our social insurance contribution. For details, see "Risk Factors – Risks Relating to Our Business and Industry – We failed to register for and/or contribute to social insurance and housing provident funds for some of our employees during the Track Record Period".

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 deciding whether to invest in our Shares.

GLOBAL OFFERING STATISTICS

	Based on an Offer Price of HK$8.28 per Offer Share	Based on an Offer Price of HK$9.96 per Offer Share
Market capitalization of our Shares[(1)]	HK$1,214,404,416	HK$1,460,805,312
Unaudited pro forma adjusted net tangible asset value per Share[(2)]	HK$5.23	HK$5.66

Notes:

(1) The calculation of market capitalization is based on the assumptions that: (i) the Global Offering is completed and 36,667,200 Shares are issued and sold in the Global Offering; (ii) the Over-allotment Option is not exercised; and (iii) 146,667,200 Shares are issued and outstanding upon completion of the Global Offering.

(2) The unaudited pro forma adjusted net tangible assets per Share is based on the basis that 152,167,200 Shares were in issue assuming that the Global Offering have been completed on May 31, 2021.

DIVIDEND POLICY

No dividend has been declared by our Company during the Track Record Period. In 2018, 2019 and 2020, dividends of RMB6.9 million, RMB6.3 million and RMB10.7 million, respectively, have been declared and paid by Beiyu Property and Chengcheng Property to the previous owners. In 2018, 2019 and 2020, dividends of RMB0.3 million, RMB6.5 million and RMB5.4 million respectively have been declared and paid by Tiannuo Property, Beiyu Tengan and Chengcheng Property to non-controlling interests. We currently do not have a pre-determined dividend payout ratio. The Board may declare, and the Company may pay, dividends after taking into account our results of operations, financial condition, cash flow, operating and capital expenditure requirements, future business development strategies and estimates and other factors as it may deem relevant. Our future declarations of dividends may not reflect our historical declarations of dividends.

USE OF PROCEEDS

We estimate the net proceeds of the Global Offering which we will receive, assuming an Offer Price of HK$9.12 per Offer Share (being the mid-point of the Offer Price range stated in this Prospectus), will be approximately HK$277.71 million, after deduction of underwriting fees and commissions and estimated expenses payable by us in connection with the Global Offering and assuming the Over-allotment Option is not exercised.

Assuming the Offer Price is fixed at HK$9.12 per Offer Share (being the mid-point of the Offer Price range stated in this Prospectus), we intend to use the net proceeds of the Global Offering for the following purposes.

- approximately 60%, or HK$166.63 million, will be used to pursue selective strategic investment and acquisition opportunities with property management companies and property management related service providers, especially targets engaged in commercial operations with a complementary profile of quality commercial properties under management, in order to expand our business scale and enhancing our influence in the industry. Nevertheless we are facing competition with industry peers, in particular those listed on the Stock Exchange which are actively seeking quality acquisition or investment targets in the market to achieve their expansion goals, and there is no assurance that we could identify suitable targets that meet our selection criteria or materialize our acquisition plan of the targeted property management companies in the PRC. For details, see "Risk Factors – Risks Relating to Our Business and Industry – Our future acquisitions may not be successful and we may face difficulties in integrating acquired operations with our existing operation";

- approximately 25% or HK$69.43 million, will be used to finance the development of our value-added services;

- approximately 10% or HK$27.77 million, will be used to develop and upgrade our information technology infrastructure and intelligent equipment;

- approximately 5% or HK$13.89 million, will be used to replenish our working capital and for general corporate purposes.

LISTING EXPENSES

Listing expenses to be borne by us are estimated to be approximately HK$56.7 million (including underwriting commission) and assuming the Over-allotment Option is not exercised, representing 20.4% of the gross proceeds from the Global Offering assuming an Offer Price of HK$9.12 per Offer Share (being the mid-point of the Offer Price range stated in this Prospectus). The listing expenses of HK$0.6 million has been charged to our consolidated statements of profit and loss and other comprehensive income for the five months ended May 31, 2021. After May 31, 2021, approximately HK$4.7 million is expected to be charged to our consolidated statements of profit and loss and other comprehensive income, and approximately HK$51.4 million is expected to be accounted for as a deduction from equity upon the Listing. The listing expenses above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

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, which have adversely affected the macroeconomic conditions. Since early 2020, the PRC Government has implemented a series of fiscal and monetary policies to stabilize the social sentiment and expedite the resumption of economic growth, while state-owned enterprises took the initiative in making rent concessions to merchants (in particular small- and medium-sized enterprises) in the first half of 2020 to help businesses stay afloat. These efforts have played a meaningful role in mitigating the negative impact of the COVID-19 pandemic.

The PRC real estate market in general, according to CIA, had been adversely affected in the short term by the COVID-19 pandemic. The development of the PRC real estate market slowed down and the projects delivery was delayed, which in the meanwhile caused the delay in delivery of certain property management projects of some property management companies. During the six months ended June 30, 2020, the total GFA of completed properties in China was 290.3 million sq.m., representing a decrease of 10.5% as compared to the corresponding period in 2019, according to CIA. During the same period, the total GFA of commodity properties transacted in China amounted to 611.2 million sq.m., representing a decrease of 7.7% from the same period in 2019, according to CIA. Nevertheless, China's real estate market has gradually recovered since April 2020 along with the resumption of growth of China's economy. In particular, investment in real estate developments in Beijing Region increased by 4.0% in the six months ended June 30, 2020 as compared to the corresponding period in 2019; and the total GFA under management by property management service companies in the Beijing-Tianjin-Hebei Region increased by 7.4% to 2.12 billion sq.m. as of December 31, 2020 as compared to December 31, 2019, according to CIA. It is expected that the COVID-19 pandemic would not materially or adversely affect the property management industry in China.

We managed to achieve steady growth in terms of business scale and financial performance after the COVID-19 pandemic broke out. Our GFA under management increased by 1.3% from 28.7 million sq.m. as of December 31, 2019 to 29.1 million sq.m. as of December 31, 2020 and further increased by 5.0% to 30.5 million sq.m. as of May 31, 2021. For the year ended December 31, 2020, our revenue increased steadily by 4.3% to RMB1,090.6 million from RMB1,045.4 million for the year ended December 31, 2019. The average property management fee of residential properties increased from RMB2.2 per sq.m. per month in 2019 to RMB2.4 per sq.m. per month in 2020. The increase in both our GFA under management and average property management fee from 2019 to 2020 was primarily attributable to our steadily growth of business, especially the acquisition of new property management projects which were priced at higher market price. For the five months ended May 31, 2021, our revenue increased steadily by 12.8% to RMB478.5 million from RMB424.2 million for the five months ended May 31, 2020, primarily due to the continuous increase in our GFA under management.

The COVID-19 has to a limited extent affected our results of operations. The order in relation to restrictions on public activities issued by the PRC Government adversely affected our business operations to a limited extent. There was a loss of revenue of RMB6.8 million attributable to rent relief we granted to the tenants and we incurred additional operating costs of approximately RMB22.4 million, including (i) costs associated with enhanced hygienic and precautionary measures across the properties under our management in the amount of RMB6.0 million; and (ii) overtime wages, allowances and other related employee benefits in the amount of RMB16.4 million. On the other hand, we benefited from government relief of social security payments for employment support relating to the COVID-19 pandemic, which amounted to RMB29.2 million in 2020, thereby reducing our staff costs. Such government relief in 2020 is one-off and there maybe no similar relief available in the future. For more information, please see "Risk Factors – Risk Factors Relating to Our Business and Industry – Our Prospects may be adversely affected by COVID-19 or other adverse public health development. Nevertheless, our revenue derived from catering services, real estate brokerage services and greening services decreased by approximately RMB1.3 million, RMB2.8 million and RMB3.2 million in 2020, respectively. Taking into consideration the combined effect of the above, the transmission of the disease being under good control in the PRC, the nationwide COVID-19 vaccination efforts, as well as the continuous growth of our business in 2020, our Directors are of the view that the negative impact of COVID-19 on our business operations and financial condition were temporary and manageable.

To the best knowledge of our Directors after consulting BUCG Group, while the development schedules of certain projects could be affected to a limited extent by the epidemic control measures implemented by the PRC in the first half of 2020, there will be no material delay in the delivery of the properties developed by BUCG Group. Our Directors are not aware of circumstances that would suggest otherwise after having made reasonable enquiry to BUCG Group, and are of the view that the effects of the COVID-19 pandemic on the development schedules of other projects we were contracted as of the Latest Practicable Date will unlikely have a material adverse impact on the results of operations and financial condition of our Group.

RECENT DEVELOPMENTS AND NO MATERIAL ADVERSE CHANGE

Since May 31, 2021 and up to the date of the Prospectus, our business remained stable which was in line with the past trends and our expectations. To the best of our knowledge, since May 31, 2021 (being the date on which the latest consolidated financial information of our Group was prepared) and up to the date of this Prospectus, there has been no material adverse change in our business operations, the business environment in which we operate, as well as our financial or trading position, indebtedness, mortgage, contingent liabilities, guarantees or prospects.

RECENT REGULATORY DEVELOPMENT

Starting from early 2021, the PRC government promulgated a series of regulatory notices to regulate the real estate market as well as property management industry, aiming to promote the stable and healthy development of the property management industry. These regulatory notices include the Notice on Strengthening and Improving Residential Property Management (《關於加強和改進住宅物業管理工作的通知》) (Jian Fang Gui [2020] No. 10) (the "**Notice 10**") and the Notice on Continued Regulation and Standardization of the Real Estate Market Order (《住房和城鄉建設部等8部門關於持續整治規範房地產市場秩序的通知》) (Jian Fang [2021] No. 55) (the "**Notice 55**") issued by the Ministry of Housing and Urban-Rural Development and other competent departments. As part of the cautious measures taken by the PRC government towards the improvement of financial health of real estate sector, the MOHURD and the PBOC announced the restrictive rules (the "**Three-Red-Line Rules**") in 2020 that limits the growth of real estate companies' interest-bearing debt and financing activities. The PBOC and China Banking and Insurance Regulatory Commission also issued a notice (the "**Mortgage Notice**") on December 28, 2020 imposing a limitation on the proportion of balance of real estate loans and personal housing loans to the total loan balance of the financial institutions, in light of which, some banks and financial institutions are reluctant to provide financing to real estate business and personal housing mortgages. On October 23, 2021, the Standing Committee of NPC granted the authority to the State Council to implement the work on reforming the policy of property tax in certain pilot regions ("**Property Tax Reforming Policy**"), according to which, property tax is proposed to impose on land users and property owners of various types of properties in certain pilot regions, residential or non-residential, except for rural homestead and buildings. Our Directors confirm that the Notice 10, Notice 55, Three-Red-Line Rules, Mortgage Notice and Property Tax Reforming Policy would not have any material adverse impact on our operation and financial performance. See "Business – Recent Regulatory Development" for more details.

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

"Articles of Association"	the articles of association of our Company, as amended, which shall become effective on the Listing Date, a summary of which is set out in "Appendix VI – Summary of the Articles of Association" to this Prospectus;
"associate(s)"	has the meaning ascribed to it under the Listing Rules;
"Beiyu Catering"	Beijing Beiyu Catering Service Co., Ltd.* (北京北宇餐飲服務有限責任公司), a limited liability company established in the PRC on July 24, 2017 and a subsidiary of our Company;
"Beiyu Parking"	Beijing Beiyu Parking Service Co., Ltd.* (北京北宇停車服務有限責任公司), a limited liability company established in the PRC on March 28, 2001 and a subsidiary of our Company;
"Beiyu Property"	Beijing Uni.-Construction Beiyu Property Service Co., Ltd.* (北京住總北宇物業服務有限責任公司), a limited liability company established in the PRC on June 21, 1991 and a subsidiary of our Company;
"Beiyu Tengan"	Beijing Beiyu Tengan Property Service Co., Ltd.* (北京北宇騰安物業服務有限公司), a limited liability company established in the PRC on January 10, 2003 and a subsidiary of our Company;
"Beijing SASAC"	the State-owned Assets Supervision and Administration Commission of People's Government of Beijing Municipality;
"Board" or "Board of Directors"	the Board of Directors of our Company;
"BUCC"	Beijing Uni.-Construction Group Co., Ltd.* (北京住總集團有限責任公司), a limited liability company established in the PRC on October 5, 1993 and a Controlling Shareholder of our Company; the predecessor of BUCC was Beijing Housing Construction Corporation* (北京市住宅建設總公司), which was established in May 1983;

"BUCG"	Beijing Urban Construction Group Co., Ltd.* (北京城建集團有限責任公司), a limited liability company established in the PRC on November 8, 1993 and a Controlling Shareholder of our Company; the predecessor of BUCG was Beijing Urban Construction Engineering Corporation* (北京市城市建設工程總公司), which was established in June 1983;
"BUCG Group"	BUCG and its subsidiaries;
"BUCG Properties"	Beijing Urban Construction Group Properties Co., Ltd.* (北京城建置業有限公司), a limited liability company established in the PRC on June 22, 2001 and a subsidiary of our Company;
"BUCID"	Beijing Urban Construction Investment & Development Co., Ltd.* (北京城建投資發展股份有限公司), a joint stock company established in the PRC with limited liability on December 30, 1998, the shares of which are listed on the Shanghai Stock Exchange (stock code: 600266) and a Controlling Shareholder of our Company;
"Business Day"	a day on which banks in Hong Kong are generally open for business to the public and which is not a Saturday, Sunday or public holiday in Hong Kong;
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC;
"CCASS Clearing Participant"	a person admitted to participate in CCASS as a direct clearing participant or general clearing participant;
"CCASS Custodian Participant"	a person admitted to participate in CCASS as a custodian participant;
"CCASS Investor Participant"	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation;
"CCASS Operational Procedures"	the operational procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to the operation and functions of CCASS, as from time to time in force;

"CCASS Participant"	a CCASS Clearing Participant, CCASS Custodian Participant or a CCASS Investor Participant;
"Changyu Heating"	Beijing North Changyu Heating Service Co., Ltd.* (北京北方昌宇供熱服務有限公司), a limited liability company established in the PRC on October 30, 2001 and a subsidiary of our Company;
"Chengcheng Property"	Beijing Chengcheng Property Management Co., Ltd.* (北京城承物業管理有限責任公司), a limited liability company established in the PRC on May 8, 1995 and a subsidiary of our Company;
"China" or "PRC"	the People's Republic of China, but for the purposes of this Prospectus and for geographical reference only (unless otherwise indicated), excluding Hong Kong, Macau and Taiwan;
"Chongqing Property"	Beijing Urban Construction Chongqing Property Management Co., Ltd.* (北京城建重慶物業管理有限公司), a limited liability company established in the PRC on September 15, 1999 and a subsidiary of our Company;
"CIA"	China Index Academy (中指研究院), an independent market research company;
"close associate(s)"	has the meaning ascribed to it under the Listing Rules;
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time;
"Companies (Winding Up and Miscellaneous Provisions) Ordinance"	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time;
"Company" or "our Company"	Beijing Capital Jiaye Property Services Co., Limited (北京京城佳業物業股份有限公司);
"Company Law" or "PRC Company Law"	Company Law of the People's Republic of China (《中華人民共和國公司法》), as amended, supplemented or otherwise modified from time to time, which was lately amended on October 26, 2018 to take effective on the same date;

"connected person(s)"	has the meaning ascribed to it under the Listing Rules;
"Controlling Shareholder(s)"	has the meaning ascribed thereto in the Listing Rules and unless the context requires otherwise, refers to each of BUCG, BUCID and BUCC or three of them as a group of Controlling Shareholders;
"CSDCC"	China Securities Depository and Clearing Corporation Limited (中國證券登記結算有限責任公司);
"CSRC"	China Securities Regulatory Commission (中國證券監督管理委員會), a regulatory body responsible for the supervision and regulation of the Chinese national securities markets;
"Director(s)"	the director(s) of our Company;
"Domestic Share(s)"	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;
"EIT"	the PRC Enterprise Income Tax;
"EIT Law"	the PRC Enterprise Income Tax Law (中華人民共和國企業所得稅法) enacted by the NPC;
"Exchange Participant(s)"	a person: (a) who, in accordance with the Listing Rules, may trade on or through the Stock Exchange; and (b) whose name is entered in a list, register or roll kept by the Stock Exchange as a person who may trade on or through the Stock Exchange;
"Extreme Conditions"	extreme conditions caused by a super typhoon as announced by the government of Hong Kong;
"GDP"	gross domestic product;
"General Rules of CCASS"	the terms and conditions regulating the use of CCASS as may be amended or modified from time to time and where the context so permits, shall include the CCASS Operational Procedures;
"Global Offering"	the Hong Kong Public Offering and the International Offering;

"**GREEN** Application Form(s)"	the application form(s) to be completed by **White Form eIPO** Service Provider, Computershare Hong Kong Investor Services Limited;
"Group", "our Group", "the Group", "we", "us" or "our"	our Company and its subsidiaries, and their respective predecessors;
"H Share(s)"	overseas listed foreign shares in the share capital of our Company with a nominal value of RMB1.00 each, which are to be subscribed for and traded in HK dollars and are to be listed on the Hong Kong Stock Exchange;
"H Share Registrar"	Computershare Hong Kong Investor Services Limited;
"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 dollar(s)", "HK dollars" or "HK$"	Hong Kong dollars, the lawful currency of Hong Kong;
"Hong Kong Offer Shares"	3,667,200 H Shares (subject to adjustment) offered in the Hong Kong Public Offering;
"Hong Kong Public Offering"	the offer for subscription of the Hong Kong Offer Shares (subject to adjustment) by the public in Hong Kong at the Offer Price and on, and subject to, the terms and conditions of this Prospectus and the GREEN Application Forms, as described in "Structure of the Global Offering – Hong Kong Public Offering";
"Hong Kong Stock Exchange" or "Stock Exchange"	The Stock Exchange of Hong Kong Limited;
"Hong Kong Takeovers Code" or "Takeovers Code"	The Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC, as amended, supplemented or otherwise modified from time to time;

"Hong Kong Underwriters"	the underwriters of the Hong Kong Public Offering listed in the section headed "Underwriting – Hong Kong Underwriters" in this Prospectus;
"Hong Kong Underwriting Agreement"	the underwriting agreement dated October 27, 2021 relating to the Hong Kong Public Offering entered into between our Company, the Sole Global Coordinator and the Hong Kong Underwriters;
"IFRS"	International Financial Reporting Standards, which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards and Interpretations issued by the International Accounting Standards Board;
"Independent Third Party(ies)"	any entity or person who is not a connected person of our Company;
"International Offer Shares"	33,000,000 H Shares initially offered by our Company pursuant to the International Offering together, where relevant, with any additional H Shares that may be issued pursuant to any exercise of the Over-allotment Option, subject to adjustment as described in "Structure of the Global Offering";
"International Offering"	conditional placement by the International Underwriters of the International Offer Shares, as further described in "Structure of the Global Offering";
"International Underwriters"	the underwriters of the International Offering, who are expected to enter into the International Underwriting Agreement;
"International Underwriting Agreement"	the underwriting agreement relating to the International Offering and to be entered into amongst our Company, the Sole Global Coordinator and the International Underwriters on or around the Price Determination Date;
"Jianhongfa Gas Station"	Beijing Jianhongfa Gas Station Co., Ltd.* (北京建宏發加油站有限公司), a limited liability company established in the PRC on June 29, 1995 and a subsidiary of our Company;

"Jingtong EOM"	Beijing Urban Construction Jingtong Engineering Operation and Maintenance Management Co., Ltd.* (北京城建京通工程運維管理有限公司), a limited liability company established in the PRC on May 17, 2018 and a subsidiary of our Company;
"Joint Bookrunners"	China International Capital Corporation Hong Kong Securities Limited, Zhongtai International Securities Limited, BOCOM International Securities Limited, CMBC Securities Company Limited, CCB International Capital Limited, CMB International Capital Limited;
"Joint Lead Managers"	China International Capital Corporation Hong Kong Securities Limited, Zhongtai International Securities Limited, BOCOM International Securities Limited, CMBC Securities Company Limited, CCB International Capital Limited, CMB International Capital Limited;
"Latest Practicable Date"	October 23, 2021, being the latest practicable date for the purpose of ascertaining certain information contained in this Prospectus prior to its publication;
"Listing"	listing of the H Shares on the Main Board;
"Listing Date"	the date, expected to be on or about Wednesday, November 10, 2021, on which dealings in the H Shares first commence on the Main Board;
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange or Hong Kong Limited, as amended, supplemented or otherwise modified from time to time;
"Macau"	the Macau Special Administrative Region of the PRC;
"Main Board"	the main board of the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the Growth Enterprise Market of the Stock Exchange. For the avoidance of doubt, the Main Board excludes the Growth Enterprise Market;

"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), which were promulgated by the former Securities Commission of the State Council and the former State Commission for Restructuring the Economic System on August 27, 1994, effective on the same date, as amended, supplemented or otherwise modified from time to time;
"Ministry of Finance" or "MOF"	the Ministry of Finance of the PRC (中華人民共和國財政部);
"MOFCOM"	the Ministry of Commerce of the PRC (中華人民共和國商務部) or its predecessor, the Ministry of Foreign Trade and Economic Cooperation of the PRC (中華人民共和國對外貿易經濟合作部);
"MOHURD"	the Ministry of Housing and Urban-Rural Development of the PRC (中華人民共和國住房和城鄉建設部);
"NDRC"	the National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會);
"NPC"	the National People's Congress of the PRC (中華人民共和國全國人民代表大會), the national legislative body of the PRC;
"Offer Price"	the final price per Offer Share in HK dollars (exclusive of brokerage fee of 1.0%, SFC transaction levy of 0.0027% and Hong Kong Stock Exchange trading fee of 0.005%) at which Hong Kong Offer Shares are to be subscribed, to be determined in the manner further described in the section headed "Structure of the Global Offering – Pricing and Allocation" in this Prospectus;
"Offer Share(s)"	the H Shares offered in the Global Offering and, where relevant, any additional H Shares issued pursuant to the exercise of the Over-allotment Option;
"Over-allotment Option"	the option to be granted by us to the International Underwriters exercisable by the Sole Global Coordinator (for itself and on behalf of the International Underwriters) pursuant to the International Underwriting Agreement, details of which are described in "Underwriting – The International Offering";

"PBOC"	the People's Bank of China (中國人民銀行), the central bank of the PRC;
"PRC GAAP"	generally accepted accounting principles in the PRC;
"PRC Government"	the central government of the PRC and all governmental subdivisions (including provincial, municipal and other regional or local government entities) and instrumentalities thereof or, where the context requires, any of them;
"PRC Legal Advisers"	Commerce & Finance Law Offices, our legal advisers as to PRC laws;
"Price Determination Date"	the date, expected to be on or around Wednesday, November 3, 2021, on which the Offer Price is to be fixed by an agreement between us and the Sole Global Coordinator (for itself and on behalf of the Underwriters) for purpose of the Global Offering;
"Prospectus"	this Prospectus being issued in connection with the Hong Kong Public Offering;
"Regulation S"	Regulation S under the U.S. Securities Act;
"renewal rate"	the number of property management service contracts successfully renewed through the signing of new contracts during the relevant period divided by the total number of property management service contracts expired (without taking into account the number of contracts that we continue to provide property management services upon expiry thereof without entering into a renewal contract) during the same period;
"Reorganization"	the reorganization of our Group in preparation of the Listing, details of which are set out in "History, Development and Corporate Structure" in this Prospectus;

"retention rate"	$$\text{Retention rate} = \frac{(A+B+C+D)}{(A+B+C+D+E)}$$ A = the number of newly engaged contracts during the relevant period B = the number of contracts renewed upon expiry during the relevant period C = the number of contracts to which we continue to provide property management services upon expiry without entering into a renewal contract during the relevant period D = the number of contracts that did not expire and remained effective during the relevant period E = the number of projects we ceased to provide property management services during the relevant period
"RMB" or "Renminbi"	the lawful currency of the PRC;
"SAFE"	the State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局), the PRC governmental agency responsible for matters relating to foreign exchange administration;
"SASAC"	the State-owned Assets Supervision and Administration Commission of the State Council (國務院國有資產監督管理委員會);
"Senqi Greening"	Beijing Senqi Greening Engineering Co., Ltd.* (北京森齊綠化工程有限責任公司), a limited liability company established in the PRC on August 14, 2003 and a subsidiary of our Company;
"SFC"	the Securities and Futures Commission of Hong Kong;
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time;

"Share(s)"	ordinary share(s) in the share capital of our Company with a nominal value of RMB1.00 each;
"Shareholder(s)"	holder(s) of our Share(s);
"Sole Global Coordinator"	China International Capital Corporation Hong Kong Securities Limited;
"Sole Sponsor"	China International Capital Corporation Hong Kong Securities Limited;
"Special Regulations"	the Special Regulations of the State Council on the Overseas Offering and the 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), which was promulgated by the State Council on August 4, 1994, as amended, supplemented or otherwise modified from time to time;
"STA"	the State Taxation of Administration of the PRC (中華人民共和國國家税務總局);
"Stabilizing Manager"	China International Capital Corporation Hong Kong Securities Limited;
"State Council"	the State Council of the PRC (中華人民共和國國務院);
"subsidiary(ies)"	has the meaning ascribed to it under the Listing Rules;
"substantial shareholder(s)"	has the meaning ascribed to it under the Listing Rules;
"Supervisor(s)"	member(s) of our Supervisory Committee;
"Supervisory Committee"	the supervisory committee of our Company;
"Tianjie Group"	Beijing Tianjie Group Co., Ltd.* (北京天街集團有限公司), a limited liability company established in the PRC on August 16, 2004 and a shareholder of our Company;
"Tiannuo Property"	Beijing Tiannuo Property Management Co., Ltd.* (北京天諾物業管理有限責任公司), a limited liability company established in the PRC on January 24, 2000 and a subsidiary of our Company;

"Track Record Period"	the period comprising the three financial years ended December 31, 2020 and the five months ended May 31, 2021;
"Underwriters"	the Hong Kong Underwriters and the International Underwriters;
"Underwriting Agreements"	the Hong Kong Underwriting Agreement and the International Underwriting Agreement;
"United States" or "U.S."	the United States of America, its territories, its possessions and all areas subject to its jurisdiction;
"US$"	United States dollars, the lawful currency of the United States;
"U.S. persons"	U.S. persons as defined in Regulation S;
"U.S. Securities Act"	the U.S. Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder;
"VAT"	value-added tax;
"**White Form eIPO**"	the application for Hong Kong Offer Shares to be issued in the applicant's own name by submitting applications online through the designated website of **White Form eIPO** Service Provider at **www.eipo.com.hk**;
"**White Form eIPO** Service Provider"	Computershare Hong Kong Investor Services Limited;
"Xingfa Gas Station"	Beijing Urban Construction Xingfa Gas Station Co., Ltd.* (北京城建興發加油站有限公司), a limited liability company established in the PRC on June 1, 1993 and a subsidiary of our Company;
"%"	per cent.

* *For identification purpose only*

The English translation and/or transliteration of the names of PRC nationals, entities, enterprises, government authorities, departments, facilities, certificates, titles, laws and regulations included in this Prospectus is included for identification purposes only. In the event of any inconsistency between the English translation and/or transliteration and the Chinese versions, the Chinese versions shall prevail.

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

"average property management fee(s)"	calculated as revenue from property management services during the last month of a specified period divided by GFA under management as of the end of that period;
"Beijing-Tianjin-Hebei Region"	a geographical region of China comprising Beijing, Tianjin and Hebei Province;
"CAGR"	compound annual growth rate;
"common area"	common areas in residential and commercial properties, mainly include green spaces, walkway, water storage facilities, waste collection facilities, fire facilities, public lighting facilities, security monitoring facilities, parking lots, swimming pools, club houses and lifts;
"commission basis"	a revenue model generally employed by property management service providers in the PRC that the fee income from property management services consists only of a prescribed percentage, or a fixed amount of the total management fees payable by the property owners or property developers whereas the remainder of such management fees would be used to cover the expenses incurred in the management of the relevant properties. Any excess or shortfall of the property management fees (after deducting the relevant expenses) belong to or are borne by the property owners or property developers;
"contracted GFA"	GFA managed or to be managed under operating property management service or commercial operational service contracts;
"first-tier cities"	cities specified by the Rising Lab of Yicai (第一財新一線城市研究所) as such, being Beijing, Shanghai, Guangzhou and Shenzhen in 2020. Such definition is generally accepted in the property management industry in the PRC as advised by CIA;

"GFA"	gross floor area;
"GFA under management"	GFA currently being managed by us under signed property management service contracts;
"hutong"	a type of alleyway in Beijing formed by lines of traditional courtyard residences, or siheyuans (四合院);
"IoT"	internet of things;
"lump-sum basis"	a revenue model generally employed by property management service providers in the PRC in which property management service providers will charge a pre-determined and pre-agreed "all-inclusive" property management fee per sq.m. for the provision of management services rendered by the management service providers and outsourced sub-contractors to the relevant properties. The property management service provider will bear all costs and expenses in managing the relevant properties;
"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, Wuhan, Xi'an, Suzhou, Tianjin, Nanjing, Changsha, Zhengzhou, Dongguan, Qingdao, Shenyang, Hefei and Foshan in 2020. Such definition is generally accepted in the property management industry in the PRC as advised by CIA;
"overall strength"	CIA ranks the overall strength of property management companies by evaluating the following aspects: • property management scale, taking into account total assets, number of properties under management, total contracted GFA under management and number of cities where the company operates; • operational performance, taking into account the total revenue, net profit, revenue per employee and operating costs as a percentage to total revenue;

- service quality, taking into account customer satisfaction rate, property management fee collection rate, property management contract renewal rate and number of star-level communities;
- growth potential, taking into account revenue growth, total contracted GFA under management growth, reserved GFA for management and number and composition of employees; and
- social responsibility, taking into account amount of tax paid, number of job opportunities created, total GFA under management of affordable housing and amount of enterprise donation;

"second-tier cities"	the 30 major cities specified by the Rising Lab of Yicai (第一財經新一線城市研究院) in 2020. Such definition is generally accepted in the property management industry in the PRC as advised by CIA;
"sq.m."	square meter(s);
"Top 100 Property Management Companies"	an annual ranking of China-based property management companies by overall strength published by CIA based on a number of key indicators, including management scale, operational performance, service quality, growth potential and social responsibility;

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

- our operations and business prospects;
- future developments, trends and conditions in the industries and markets in which we operate;
- our strategies, plans, objectives and goals and our ability to successfully implement these strategies, plans, objectives and goals;
- our ability to continue to maintain our leading position in the industry;
- our ability to control or reduce costs;
- our ability to identify and integrate suitable acquisition targets;
- general economic conditions;
- changes to regulatory and operating conditions in the industry and markets in which we operate;
- our dividend policy;
- our capital expenditure plans;
- the amount and nature of, and potential for, future development of our business;
- capital market developments;
- our future debt levels and capital needs;

- the competitive environment of the industry and markets in which we operate;
- the actions and developments of our competitors;
- certain statements in the sections headed "Business" and "Financial Information" in this Prospectus with respect to trends in prices, operations, margins, overall market trends, and risk management; and
- other statements in this Prospectus that are not historical facts.

By their nature, certain disclosures relating to these and other risks are only estimates and should one or more of these uncertainties or risks materialize or should underlying assumptions prove to be incorrect, our financial condition and actual results of operations may be materially and adversely affected and may vary significantly from those estimated, anticipated or projected, as well as from historical results.

Subject to the requirements of applicable laws, rules and regulations, we do not have any and undertake no obligation to update or otherwise revise the forward-looking statements in this Prospectus, whether as a result of new information, future events or otherwise. As a result of these and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this Prospectus might not occur in the way we expect or at all. Accordingly, you should not place undue reliance on any forward-looking information. Moreover, the inclusion of forward-looking statements should not be regarded as representations by us that our plans and objectives will be achieved or realized. All forward-looking statements in this Prospectus are qualified by reference to the cautionary statements in this section.

In this Prospectus, statements of or references to our intentions or those of our Directors are made as of the date of this Prospectus. Any such information may change in light of future developments.

An investment in our Shares involves various risks. You should carefully consider the following information about risks, together with the other information contained in this Prospectus, including our consolidated financial statement and related notes, before you decide to purchase our Shares. If any of the circumstances or events described below actually arises or occurs, our business, results of operations, financial conditions and prospects would likely suffer. In any such case, the market price of our Shares could decline, and you may lose all or part of your investment. This Prospectus also contains forward-looking information that involves risks and uncertainties. Our actual results could differ materially from those anticipated in the forward-looking statements as a result of many factors, including the risks described below and elsewhere in this Prospectus.

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

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

We believe that our ability to expand our portfolio of property management service contracts is key to sustaining growth of our business. During the Track Record Period, we procured new property management service contracts primarily through tender and bidding process. Customers' selection of a property management company comprehends a variety of considerations, including, but not limited to, the quality of services, the level of pricing and the track record of the property management company. We cannot assure you that we will be able to procure new property management service contracts on favorable terms, or at all. Our efforts may be hindered by factors beyond our control, which may include, among others, changes in general economic conditions, evolving government regulations as well as supply and demand dynamics within the property management industry. In addition, both termination and non-renewal of property management service agreements could potentially be detrimental to our reputation and brand value and diminish our competitiveness within the market.

During the Track Record Period, we entered into preliminary property management service contracts with property developers during the early stages of property development. Such contracts are transitional in nature and facilitate the transfer of legal and actual control of the properties from property developers to individual property owners. As of May 31, 2021, property owners' associations were established in 43 residential properties under our management, accounting for approximately 35.5% of the total number of residential properties under our management. As of the same date, 90.8% of total contracted GFA of residential properties did not have a fixed term which will typically expire when property owners' associations are established and new property management service agreements are entered into. For details, see "Business – Property Management Services – Our property management service contracts" in this Prospectus. To continue managing the property, we may enter into property management service contracts with the property owners' associations. We cannot assure you that the property owners' associations will enter into property management service contracts with us instead of our competitors. Our customers select us based on parameters such as quality and cost, and we cannot assure you that we will always be able to balance such parameters diligently.

Even where we succeed in entering into property management service contracts with property owners' associations, we cannot assure you that they will be renewed upon expiration. It is also possible that they may be terminated. In such cases, our business and results of operations could be materially and adversely affected. For the years ended December 31, 2018, 2019, 2020 and the five months ended May 31, 2021, our renewal rate for property management service agreements was 80.6%, 84.4%, 93.3% and 91.7%, respectively, and our retention rate for property management service agreements was 96.9%, 94.3%, 93.0% and 98.0%, respectively. There is no guarantee that we would be able to find other business opportunities and enter into alternative property management service contracts on favorable terms, or at all. In addition, both termination and non-renewal of property management service contracts could potentially be detrimental to our reputation and diminish our competitiveness within the industry.

A large portion of our revenue is generated from services provided to properties developed and/or owned by BUCG Group and its joint ventures or associates, which, collectively, was also our largest customer during the Track Record Period

During the Track Record Period, a large portion of our service contracts were related to the management of properties developed or owned by BUCG Group and its joint ventures or associates. For the years ended December 31, 2018, 2019 and 2020 and the five months ended May 31, 2021, revenue generated from property management services provided to properties developed or owned by BUCG Group and its joint ventures or associates accounted for 69.8%, 64.6%, 65.4% and 69.3% of our total revenue from property management services, respectively.

BUCG Group was our largest customer during the Track Record Period. For the years ended December 31, 2018, 2019 and 2020 and the five months ended May 31, 2021, revenue from BUCG Group amounted to RMB147.7 million, RMB200.1 million, RMB181.3 million and RMB80.6 million, respectively. We mainly provide property management services to BUCG Group.

Any adverse development in the operations of BUCG Group and its joint ventures or associates or their ability to develop new properties may affect our ability to procure new property management service contracts. In addition, we cannot assure you that we can successfully renew all of our property management service contracts with BUCG Group and its joint ventures or associates upon their expiration. Though we plan to expand our business by seeking cooperation with Independent Third Party property developers, we cannot assure you that we will be successful in doing so. Should any of these events occur, our business, financial condition and results of operations could be materially and adversely affected.

Our future growth may not materialize as planned

We had been expanding our businesses and services during the Track Record Period. Our revenue increased from RMB917.9 million for the year ended December 31, 2018 to RMB1,045.4 million for the year ended December 31, 2019, and further increased to RMB1,090.6 million for the year ended December 31, 2020. Our revenue increased by 12.8% from RMB424.2 million for the five months ended May 31, 2020 to RMB478.5 million for the five months ended May 31, 2021. We seek to continue expanding our existing business through expanding our project portfolio through multiple channels and consolidate our leading position in the Beijing-Tianjin-Hebei Region; extending our value chain and enrich our value-added services; sharpening our competitive edge and enhance our operational efficiency through technology empowerment; and improving our human resources management to support the execution of our corporate development strategies. For details, see "Business – Business Strategies" in this Prospectus. However, we base our expansion plans on our assessment of market prospects and other factors, as applicable. We cannot assure you that our assessment will prove to be correct or that we can grow our business as planned. Our expansion plans may be affected by a number of factors, most of which are beyond our control, which include, among others:

- changes in the PRC's economic conditions in general and the real estate market in particular;
- changes in disposable personal income in the PRC;
- changes in government regulations;
- changes in the supply of and demand for property management services;
- our ability to generate sufficient liquidity internally and obtain external financing;
- our ability to recruit and train competent employees;
- our ability to understand the needs of property owners and residents in the residential properties where we provide property management services;
- our ability to adapt to new markets where we have no prior experience and in particular, whether we can adapt to the administrative, regulatory and tax environments in such markets;
- our ability to reinforce our current market position and our ability to leverage our brand and to compete successfully in new markets, particularly against the incumbent players in such markets who might have more resources and experience than we do; and
- our ability to improve our administrative, technical, operational and financial infrastructure.

Since our business strategies are subject to uncertainties and risks, we cannot assure you that our future growth will materialize. Our business, financial condition, results of operations and growth prospects could be materially and adversely affected if our future plans fail to achieve positive results.

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

We plan to continually evaluate opportunities to pursue selective strategic investment and acquisition opportunities as part of our expansion plan. See "Future Plans and Use of Proceeds – Use of Proceeds". However, there can be no assurance that we will be able to identify suitable opportunities. In addition, we are facing competition with industry peers, in particular those listed on the Stock Exchange which are actively seeking quality acquisition or investment targets in the market to achieve their expansion goals, and there is no assurance that we could identify suitable targets that meet our selection criteria. Our future acquisitions are also subject to other uncertainties and risks, including, without limitation, potential ongoing financial obligations and unforeseen or hidden liabilities, failure to achieve the intended objectives, benefits or revenue-enhancing opportunities, and diversion of resources and management's attention. Even if we manage to identify suitable opportunities, we may not be able to complete the acquisitions on terms favorable or acceptable to us, in a timely manner, or at all. The inability to identify suitable acquisition targets or complete acquisitions could materially and adversely affect our competitiveness and growth prospects. In addition, we may face difficulties in integrating acquired operations with our existing business. Such difficulties could disrupt our ongoing business, distract our management and employees or increase our expenses, any of which could materially and adversely affect our business, financial condition and results of operations.

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

We may encounter difficulties in collecting service fees from customers, such as property management fees from property owners and residents. Even though we seek to collect overdue property management fees through various collection measures, we cannot guarantee that such measures will be effective. In addition, before accepting new engagements, we may assess the historical collectability of property management fees for these properties. However, we cannot assure you that such assessment would enable us to accurately predict our future property management fee collection rates. Moreover, although most of the property management fees were paid to us through non-cash methods such as bank transfers during the Track Record Period, certain property owners and residents may choose to pay their property management fees in cash, which may impose cash management risks on us.

The balance of our allowance for impairment of trade receivables was RMB42.7 million, RMB45.5 million, RMB51.9 million and RMB55.9 million as of December 31, 2018, 2019 and 2020 and May 31, 2021, respectively. Although our management's estimation and the related assumptions were made in accordance with information available to us at the time the allowance was determined, such estimation or assumptions may need to be adjusted if new information becomes known. In the event that the actual recoverability is lower than expected, or that our past allowance for impairment of trade receivables becomes insufficient in light of the new information, we may need to make more of such impairment allowance, which may in turn materially and adversely affect our business, financial condition and results of operations.

We may experience intense competition and fail to compete effectively

According to CIA, the property management service industry is intensely competitive and highly fragmented in the PRC. For details, see "Industry Overview" in this Prospectus. Our competitors include property management service providers that operate on national, regional and local scales that may have stronger capital resources, longer operating histories, better track records, greater brand or name recognition and greater financial, technical, marketing and public relations resources than we do. Such service providers may be better positioned than we are to compete for customers, financing, skilled management and labor resources. They may also be able to devote more resources to the development, expansion, and promotion of their property management services. In addition, property developers may establish their own in-house property management businesses or engage their affiliated service providers. These developments may reduce the availability of business opportunities and customers. Since our competitors may seek to emulate our business model, we may lose our competitive edge should we fail to continue evolving and thereby distinguish ourselves from other service providers. Our customers may opt to work with our competitors upon the expiry of our existing service contracts as competitive pressures intensify, and we may be less likely to successfully obtain new service contracts.

In addition, our efforts to compete may compel us to reduce prices for our property management services, while competitive pressures may force us to further enhance our service quality, thereby increasing our cost of services. We cannot assure you that we will be able to pass additional costs to our customers. Failure to compete effectively may erode our profit margins and market share, which could in turn materially and adversely affect our business, financial condition, results of operations and growth potential.

Our Company was established in 2020, which may subject us to risks

Our Group underwent the Reorganization in 2020 pursuant to which our Company was established and became the holding company and listing vehicle of our Group. See "History, Development and Corporate Structure – Reorganization" in this Prospectus. Although many subsidiaries in the Group have comparatively long operating history in property management services sector, our Company was established in 2020, and you should consider our prospects in light of the risks, expenses and challenges that we may face as we are in the process of integrating our internal resources. We may encounter risks and difficulties that may be heightened in a rapidly evolving market. For example, we may encounter, including, among others, risk and difficulties regarding our ability to:

- effectively develop and maintain internal personnel, systems, controls and procedures during the process of our integration of internal resources;
- retain customers;
- maintain effective control of our development as well as operating costs and expenses;
- respond to competitive market conditions in the relevant industries.

Our failure to achieve any of the above may jeopardize our ability to provide our services in the manner we contemplate, which in turn may have a material adverse effect on our business and prospects, financial position, results of operations and liquidity.

Increase in staff costs and subcontracting costs could harm our business and affect our profitability

For the years ended December 31, 2018, 2019 and 2020 and the five months ended May 31, 2021, our staff costs accounted for approximately 35.6%, 35.6%, 32.3% and 33.6% of our total cost of sales, respectively. We also delegate certain services such as cleaning, security, gardening and repair and maintenance to third-party subcontractors, and for the years ended December 31, 2018, 2019 and 2020 and the five months ended May 31, 2021, our subcontracting cost accounted for approximately 24.0%, 28.0%, 27.8% and 29.6% of our total cost of sales, respectively. Since our staff and subcontracting costs accounted for a substantial portion of our cost of sales, we believe that economizing our staff and subcontracting costs is essential to maintaining and improving our profit margins.

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

- *Increases in minimum wage* – The minimum wage in regions we operate has increased substantially in recent years, directly affecting our staff costs as well as the fees we pay to our third-party subcontractors.
- *Increases in headcount* – With the expansion of our operations, the headcount of our property management staff, sales and marketing staff and administrative staff will continue to increase. We will also need to retain and continuously recruit qualified employees to meet our growing demand for talent, which will consequently increase our total headcount. In addition, as we continue to expand our business scale,

demand for third-party subcontractors will experience an increase. This increase in headcount will also increase our costs such as those related to salaries, training, social insurance and housing provident fund contributions and quality control measures.

We cannot assure you that we will be able to control our costs or improve our efficiency. If we fail to do so, our business, financial condition and results of operations could be materially and adversely affected.

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

We generated a substantial portion of our revenue from property management services on a lump-sum basis during the Track Record Period. On a lump-sum basis, we charge property management fees at a predetermined fixed lump prices per sq.m. per month, representing an "all-inclusive" fee for the property management services we provided. These management fees are fixed and do not fluctuate with the actual amount of costs we incur in the course of providing our services. We recognize as revenue the full amount of property management fees we charge to the property owners or property developers, and recognize as our cost of services the actual costs we incur in connection with rendering our services. For details, see "Business – Property Management Services – Revenue model" and "Financial Information – Significant Accounting Policies and Critical Estimates and Judgments - Significant accounting policies – Revenue recognition" in this Prospectus.

In the event that we fail to accurately anticipate our actual costs prior to negotiating and entering into our property management services contracts, and our fees are insufficient to sustain our profit margins, we would not be entitled to collect additional amounts from our customers to make up for the shortfalls. We also cannot assure you that we will be able to adequately control our costs in the course of providing property management services. As a result, such losses may have a material and adverse effect on our results of operations. For the years ended December 31, 2018, 2019 and 2020, the amount of our losses in relation to management of properties for which we charged on a lump-sum basis amounted to RMB692,854, RMB127,766 and RMB517,443, respectively, in respect of two, two and two properties, respectively. For the five months ended May 31, 2021, we no longer have loss-making property management projects.

If we are unable to raise property management fee rates to fully cover the property management costs we incur, we would seek to adopt certain cost-saving initiatives with a view to reducing the loss. However, our ability to mitigate such losses through cost-saving initiatives may not be successful, and our cost- saving efforts may negatively affect the quality of our property management services, which consequently would further reduce the owners' willingness to pay us property management fees.

We may fail to recover our deferred tax assets, which could adversely affect our financial positions in the future

As of December 31, 2018, 2019 and 2020 and May 31, 2021, we recorded deferred tax assets of approximately RMB26.7 million, RMB27.1 million, RMB28.3 million and RMB29.8 million, respectively. Under our accounting policies, we periodically assess the probability of the realization of deferred tax assets, using significant judgements and estimates with respect to historical operating results, expectations of future earnings, tax planning strategies and other related factors. According to our accounting policy, 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. However, there is no assurance that our judgements or estimates based on the expectation of future earnings could be accurate due to factors beyond our control, such as general economic conditions and negative development of the regulatory environment, in which case, we may fail to recover our deferred tax assets which thereby could have an adverse effect on our financial positions in the future.

The present value of our defined benefit retirement plans are subject to uncertainties and risk and the change in the present value of such benefit retirement plans may materially and adversely affect our results of operations

The present value of our obligation in respect of defined benefit retirement plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods. The calculation is performed by a qualified actuary using the projected unit credit method. Remeasurements arising from defined benefit retirement plans are recognized in our consolidated statements of profit or loss and other comprehensive income and consolidated statements of financial position. Such defined benefit retirement is remeasured with certain unobservable inputs used in the actuary techniques. There is no assurance that we will not incur any losses for remeasurement of defined benefit retirement plans in the future. If we incur significant losses, our results of operations, financial condition and prospects may be adversely affected.

The fair value measurement of our financial assets at fair value through other comprehensive income ("FVOCI") are subject to uncertainties and risk and the fair value change of such assets may materially and adversely affect our results of operations

We had financial assets at FVOCI with respect to our equity investments in an unlisted investee company and the gains or losses of which were recognized in our other comprehensive income during the Track Record Period. See "Financial Information – Description of Certain Items in the Consolidated Statement of Financial Position – Other Financial Assets". Such financial assets are measured at fair value with certain unobservable inputs used in the valuation techniques and the changes in their fair value are recorded in our consolidated statements of profit or loss and other comprehensive income, therefore directly affecting our results of operations. 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, our results of operations, financial condition and prospects may be adversely affected.

Our financial results during the Track Record Period included changes in fair value of our investment properties which involve the valuation uncertainties due to the use of unobservable inputs, and our results may fluctuate due to such changes in the fair value of our investment properties

We hold some of our properties for investment purposes. We appointed qualified property valuers to reassess the fair value of our investment properties at every reporting period end based on market approach and income approach. The fair values of our investment properties as of December 31, 2018, 2019 and 2020 and May 31, 2021 were approximately RMB260.3 million, RMB271.4 million, RMB103.6 million and RMB104.0 million, respectively. This resulted in gains recorded from the increase in fair value of investment properties of approximately RMB6.8 million, RMB11.1 million, RMB7.3 million and RMB0.4 million, respectively, for the years ended December 31, 2018, 2019 and 2020 and the five months ended May 31, 2021. Prospective investors should be aware that an upward change in the fair value, which reflects unrealized capital gain of our investment properties at the relevant reporting period end, largely depends on the prevailing property markets and does not generate cash inflow until such investment properties are disposed of and that the changes in fair value of our investment properties could be partially resulted from the valuation uncertainty due to the use of unobservable inputs. We cannot assure you that changes in property market conditions will continue to create fair value gains on our investment properties at previous levels or at all. Should any of these events occur, our business, financial condition and results of operations could be materially and adversely affected.

If we fail to fulfill our obligations under our contracts with customers, our results of operations and financial condition may be adversely affected

As of December 31, 2018, 2019 and 2020 and May 31, 2021, our contract liabilities amounted to RMB201.6 million, RMB224.6 million, RMB248.6 million and RMB160.3 million, respectively. Our contract liabilities primarily arise from the advance payments made by customers while the underlying services are yet to be provided. See "Financial Information – Description of Certain Items in the Consolidated Statement 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 management fees we have received, which may adversely affect our cash flow and liquidity condition, our ability to meet our working capital requirements and our results of operations and financial condition. In addition, if we fail to fulfill our obligations under our contracts with customers, it may adversely affect our relationship with such customers, which may also affect our reputation and results of operations in the future.

Damage to the common areas of the properties we manage may adversely affect our business, results of operations and financial position

The common areas of the properties we manage may suffer damage as a result of incidents beyond our control. These incidents include, among others, natural disasters, accidents or intentional damage. 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 material and extensive. Although a residential community is required under PRC laws to establish a special fund to pay for the repair and maintenance costs of common areas, we cannot guarantee you that such fund will be sufficient. As the property management service provider, we may be viewed as the responsible party for restoring the common areas and at times we need to allocate additional resources to assist the police and other governmental authorities in investigating criminal actions that may have been involved in connection with damage caused to the common areas. In the event that there is any shortfall in the special funds necessary to cover all the costs involved, we may have to compensate for the difference and fix the damages with our own resources first before we attempt to collect the amount of the shortfall from property owners, property developers and residents later on. 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 expanding our business, the likelihood of such incidents may rise in proportion to any increases in the number of our managed properties and the expansion of our geographic coverage. Moreover, we may expand into markets that are geographically located in areas susceptible to natural disasters, which may consequently increase the possibility that common areas of the properties we manage may be subject to damage.

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

We purchase and maintain insurance policies that we believe are customary with the standard commercial practice in our industry and as required under the relevant laws and regulations. For details of insurance policies we maintain, see "Business – Insurance" in this Prospectus. However, we cannot assure you that our insurance policies will provide adequate coverage for all the risks in connection with our business operations. In line with the customary practice in the PRC, we do not carry any business interruption insurance. We may be required to bear our losses to the extent that our insurance coverage is insufficient. If we were to incur losses and liabilities that are not covered by our insurance policies, we could be subject to significant costs, which would in turn materially and adversely affect our business, financial condition and results of operations.

We are susceptible to changes in the regulatory landscape of the PRC property management services sector

We seek to comply with the regulatory regime of the property management services sector in conducting our business operations. In particular, the PRC Government promulgates new laws and regulations relating to property management fees from time to time. In December 2014, the NDRC issued the Circular of NDRC on the Opinions on Relaxing Price Controls in Certain Services (國家發展改革委關於放開部分服務價格意見的通知(改發價格)[2014]2755號) (the "**Circular**"), which requires the relevant provincial authorities to abolish all price control policies in relation to residential properties unless otherwise specified in the Circular. Property management fees for affordable housing, housing-reform properties and properties in old residential areas and management fees under preliminary property management service contracts remain subject to price guidance imposed by provincial level price administration departments and the administrative departments of housing and urban-rural development in accordance with local actual situation. For details, see "Regulatory Overview – Legal Supervision over Property Management Services – Fees charged by property management enterprises" in this Prospectus. In light of the Circular, we expect that price controls on residential properties will be relaxed over time. The PRC Government may also promulgate new laws and regulations related to other aspects of our industry. This could increase our compliance and operational costs, thereby materially and adversely affecting our business, financial condition and results of operations. In addition, governmental policies issued by the PRC Government may adversely affect our business and results of operations. In 2019 and 2020, pursuant to governmental policies in Beijing, BUCC handed over certain of its non-operating assets, such as public housing properties, to one designated government body, which led to the auto-termination of three and eight property management service contracts in 2019 and 2020, respectively. As a result, we ceased providing public housing property leasing managing services afterwards. We cannot assure you that any future issuance of governmental policies by the PRC Government, if any, will not adversely affect our business and results of operations.

Our pricing policy of implementing package price for non-residential properties may not reflect our operating costs in a timely manner, which may adversely affect our operation and financial performance.

We charge package price in some of the non-residential property management projects. Package price is fixed and may not be renegotiated when there is significant fluctuation in the market price of property management services for non-residential properties. If the cost of our property management services increases, due to large market price fluctuation or any other reason, our business and results of operations could be adversely affected. We cannot assure you that we would be able to respond to such changes timely and effectively by implementing our cost-saving measures, nor that we would be able to pass any additional costs to our customers.

We are susceptible to changes in the regulatory landscape of the PRC real estate industry

As we are a property management service provider, our growth potential is, and will likely continue to be, affected by developments in the PRC real estate industry. The PRC Government promulgates new laws and regulations from time to time in relation to the PRC real estate industry. Among other measures, the PRC Government may reduce the land available for property development, impose foreign exchange restrictions on cross-border investments and financing and restrict foreign investment. Such policies are introduced to curb overheating or speculation in the real estate industry and may reduce market demand for properties overall. In the event that they decelerate the overall growth of property development in the PRC, we may experience slower expansion of our property management services, which could in turn limit our growth potential.

The PRC government exerts considerable direct and indirect influence on the development of the PRC real estate industry by imposing industry policies and other economic measures, such as control over the supply of land for property development, control of foreign exchange, property financing, taxation and foreign investment. Through these policies and measures, the PRC Government may restrict or reduce property development activities, place limitations on the ability of commercial banks to make loans to property purchasers, impose additional taxes and levies on property sales and property tax and affect the delivery schedule and occupancy rates of the properties we service. For example, the Standing Committee of NPC granted the authority to the State Council to implement the work on reforming the policy of property tax in certain pilot regions on October 23, 2021, according to which property tax is proposed to impose on land users and property owners of various types of properties in certain pilot regions, residential or non-residential, except for rural homestead and buildings. Any such governmental regulations and measures may affect the PRC real estate industry, thus limiting our business growth. In particular, the PRC Government may introduce 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 BUCG Group, which may in turn negatively impact the growth of the property management industry and the supply of new properties for management by property management companies like us. For example, according to the symposium jointly held by the MOHURD and the PBOC in August 2020, the MOHURD and the PBOC proposed restrictive rules that limits the growth of real estate companies' interest-bearing debt and financing activities. The PBOC and China Banking and Insurance Regulatory Commission also issued a notice on December 28, 2020 imposing a limitation on the proportion of balance of real estate loans and personal housing loans to the total loan balance of the financial institutions. In light of this notice, some banks and financial institutions are reluctant to provide financing to real estate business and personal housing mortgages, which in turn affects purchase power of personal housing buyers and the growth of real estate sector. In addition, property sales are also heavily regulated by the PRC Government, which may hinder the ability to generate sales proceeds by the property developers, including BUCG Group, to fund their project development. In extreme cases that BUCG Group encounters financial difficulties that may result in delays in completion of its projects, the growth of our GFA under management will be affected, which in turn will adversely affect the growth of our property management services and other services.Furthermore, any economic slowdown, recession or other developments in the social, political, economic or legal environment of the PRC could result in fewer new property development projects, or a decline in the purchasing power of residents or tenants of the properties we manage, resulting in lower demand for our services and lower revenue for us. As such, our business, financial condition and results of operations could be materially and adversely affected.

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

We are required to obtain and maintain governmental approvals in the form of licenses, permits and certificates for our business operations, which, in general, are only issued or renewed after certain conditions have been satisfied. For details, see "Regulatory Overview – Legal Supervision over Property Management Services – Qualification of Property Management Enterprises" in this Prospectus. We cannot guarantee that we will not encounter material delays or difficulties in fulfilling the necessary conditions to obtain and/or renew all necessary governmental approvals for our operations in a timely manner, or at all. Moreover, we anticipate that the PRC Government will promulgate new laws, regulations and policies in relation to the conditions for issuance or renewal of these governmental approvals from time to time and we cannot guarantee that we will be able to adapt to and meet these new conditions for us to obtain and/or renew the relevant governmental approvals in a timely manner, or at all. Loss of or failure to obtain or renew our permits, licenses and certificates necessary for our business operations, may stall our business development plans and operations and increase our compliance costs, leading to adverse impact on our business, financial condition and results of operations.

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

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

We may fail to effectively protect our intellectual property rights

We rely on our trade name and trademarks to build brand value and recognition, which we believe are key to our business success and for fostering customer loyalty. Unauthorized use or infringement of our trade names or trademarks may impair our brand value and recognition. Third parties may use our intellectual property in ways that could damage our reputation in the property management industry. We primarily rely on a combination of copyrights, trademarks and domain name registrations to protect our intellectual property rights. We cannot assure you that our measures to protect our intellectual property will be sufficient and that we will be able to detect all misappropriation or unauthorized use of our trade name and trademarks in a timely manner, or at all. There is also no guarantee that we will be successful in any enforcement proceedings that we undertake. Litigation to protect our intellectual property may be time-consuming, costly and divert management attention from our operations. While experiencing material adverse effects on our business and financial condition, failures to protect our intellectual property rights may also diminish our competitiveness and market share.

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

From time to time, we may become subject to claims from competitors or other third parties alleging intellectual property infringement in our ordinary course of business. Any claims or legal proceedings brought against us in relation to such issues, with or without merit, could result in substantial costs and divert capital resources and management attention. In the event of an unfavorable outcome, we may be compelled to pay substantial damages or to seek licenses from third parties and pay ongoing royalties on unfavorable terms. 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.

We may be subject to fines for our failure to adhere to national health and safety standards

We cannot assure you that our procedures and training will be completely effective in meeting all relevant health and safety requirements. Failure to meet such requirements could occur in our operations or those of our subcontractors or suppliers. Our failure to adhere to the relevant laws and regulations could result in fines, suspension of operations, loss of permits, and in more extreme cases, criminal proceedings against our Group and/or our management. In addition, negative publicity could result from false, unfounded or nominal liability claims. Any of these failures or occurrences could materially and adversely affect our business, financial condition, results of operations and brand image.

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

We are subject to environmental protection laws and regulations that impose fines for violation of such laws or regulations. In addition, there is a growing awareness of environmental issues, and we may sometimes be expected to meet a standard which is higher than the requirement under the prevailing environmental laws and regulations in the PRC. In addition, we cannot assure you that more stringent environmental protection requirements will not be imposed in the future. If we are unable to comply with existing or future environmental laws and regulations or are unable to meet public expectations in relation to environmental matters, our reputation may be damaged or we may be required to pay penalties or fines or take remedial actions and our operations may be suspended, any of which may materially and adversely impact our business, financial condition, results of operations and prospects.

We failed to register for and/or contribute to social insurance and housing provident funds for some of our employees during the Track Record Period

In accordance with applicable PRC laws and regulations, we are obliged to contribute to social insurance and housing provident funds for our employees. During the Track Record Period, we did not fully contribute to certain social insurance and housing provident funds for some of our employees. As advised by our PRC Legal Advisers, under the Regulations on Administration of Housing Provident Fund (住房公積金管理條例), (i) if we fail to complete housing provident fund registration before the prescribed deadlines, we may be subject to a fine ranging from RMB10,000 to RMB50,000 for each non-compliant subsidiary or branch; and (ii) if we fail to pay housing provident fund contributions within the prescribed deadlines, we may be subject to an order by the relevant people's court to make such payments. According to the Social Insurance Law of the PRC (中華人民共和國社會保險法), for outstanding social insurance fund contributions that we did not fully pay within the prescribed deadlines, the relevant PRC authorities may demand that we pay the outstanding social insurance contributions within a stipulated deadline and we may be liable for a late payment fee equal to 0.05% of the outstanding contribution amount for each day of delay; if we fail to make such payments within the stipulated deadline, we may be liable to a fine of one to three times the outstanding contribution amount. Based on the outstanding amount of our social insurance and housing provident funds contribution of RMB6.6 million (which we have made provision in our consolidated statements of profit or loss and other comprehensive income) for the years ended December 31, 2018, 2019 and 2020 and the five months ended May 31, 2021, the potential maximum fine which may be imposed on us if we fail to make required payment within the prescribed period as required by relevant authorities equals to three times of the outstanding amount of our social insurance contribution. For details, see "Business – Legal Proceedings and Compliance – Non-compliance – Social insurance and housing provident fund contributions" in this Prospectus.

Some of our lease agreements were not registered with the relevant government authorities and may in turn subject us to administrative penalties

According to applicable PRC administrative regulations, the lessor and the lessee of a lease agreement are required to file the lease agreement with relevant governmental authorities within 30 days after the execution of the lease agreement. If the filing is not made, the governmental authorities may require that the filing be made within a stated period of time, failing which, they may impose a fine ranging from RMB1,000 to RMB10,000 for each agreement that has not been properly filed.

As of the Latest Practicable Date, we had not filed 31 lease agreements for the properties we leased with the local housing administration authorities as required under PRC laws and regulations. As advised by our PRC Legal Advisers, we might be ordered to rectify this non-filing by competent authorities and if we fail to rectify within a prescribed period, a penalty of RMB1,000 to RMB10,000 per agreement may be imposed on us as a result of such non-filing. As such, the estimated maximum amount of penalty for our failure to file these lease agreements is approximately RMB310,000.

In the event that we are required by the competent authorities to register the lease agreements, we may be subject to fines for the failure to register the lease agreements, which could disrupt our financial condition and results of operations.

We recorded negative operating cash flows during the Track Record Period

We recorded net cash used in operating activities of RMB83.7 million for the five months ended May 31, 2021. For details, see "Financial Information – Liquidity and Capital Resources – Cash Flows – Net Cash Generated from/(Used in) Operating Activities." If, in the future, we are unable to generate sufficient cash flow for our operations or otherwise unable to obtain sufficient funds to finance our business, our liquidity and financial condition will be adversely affected.

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

Our continued success depends on the efforts of our senior management team and other key employees. As they possess key connections and industry expertise, losing their services may have a material adverse effect on our business. For details of our Directors and senior management, see "Directors, Supervisors and Senior Management" in this Prospectus. Should any or all members of our senior management team join or form a competing business with their expertise, connections and full knowledge of our business operations, we may not be able to estimate the extent of and compensate for such damage. Unexpected resignations may also leave key operations without supervisors and materially and adversely affect the implementation of our business strategies. In addition, the future growth of our business will depend, in part, on our ability to attract and retain qualified personnel in all aspects of our business, including corporate management and property management personnel. If we are unable to attract and retain these qualified personnel, our growth may be limited and our business, financial condition and results of operations could be materially and adversely affected.

We are exposed to risks associated with engaging third-party subcontractors to perform certain property management services and value-added services

In line with the market practice, we delegate certain labor-intensive services, such as cleaning, greening and security services, to third-party subcontractors in the course of our ordinary business. For the years ended December 31, 2018, 2019 and 2020 and the five months ended May 31, 2021, subcontracting costs amounted to RMB174.6 million, RMB234.8 million, RMB240.3 million and RMB106.8 million, respectively, representing 24.0%, 28.0%, 27.8% and 29.6% of our total cost of sales, respectively. We select our subcontractors based on factors such as market reputation, qualifications, prices and track record. However, we cannot guarantee that they will always perform in accordance with our expectations and we may not be able to monitor the services of our subcontractors. They may take actions contrary to our or our customers' instructions or requests, or be unable or unwilling to fulfil their obligations or meet our quality standards. As a result, we may have disputes with our subcontractors, or may receive complaints from our customers or be held responsible for their actions, either of which could lead to damages to our reputation, additional expenses and business disruptions, and potentially expose us to litigation and damage claims. In addition, in the event that these subcontractors run into financial difficulties, or have not obtained or renewed on a timely basis the relevant business permits or licenses for the provision of their services or fail to maintain a stable team of qualified labor or are unable to access a stable supply of qualified labor, the work process of these subcontractors may be interrupted. Any interruption to the work process may potentially result in a breach of the contract that we entered into with our customers. Any of such events could materially and adversely affect our service quality, reputation, as well as our business, financial condition and results of operations.

We are exposed to risks associated with failing to detect and prevent fraud, negligence or other misconduct committed by our employees, third-party subcontractors or other third parties

We are exposed to fraud, negligence or other misconduct, intended or unintended, committed by our employees, subcontractors, customers or other third parties that could subject us to financial losses and penalties imposed by governmental authorities as well as seriously harm our reputation. We have built risk management and internal control systems and will improve it form time to time, however, there is no assurance that our risk management and internal control systems will always enable us to detect, prevent and take remedial measures in relation to fraud, negligence or other misconduct committed by our employees, third-party subcontractors or other third parties in a timely and effective manner.

Although we have limited control over the behavior of any of these parties, we may be viewed as at least partially responsible for their conduct on contractual or tortious grounds. We may become, or be joined as, a defendant in litigation or other administrative or investigative proceedings and be held accountable for injuries or damages sustained by our customers or third parties. In the event that we cannot recover related costs from the employees, third-party subcontractors or third parties involved in the misconducts, our business, financial condition and results of operations could be materially and adversely affected. Such misconducts could also arouse negative publicity on our Group, damaging our reputation and brand value.

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

Work injuries may occur during the ordinary course of our business. For example, repair and maintenance services performed by our third-party subcontractors may involve the handling of tools and machinery that carry the inherent occupational risk of accidents. As a result, we are exposed to risks in relation to work safety, including, but not limited to, claims for injuries sustained by our employees and third-party subcontractors. Such occurrences may also damage our reputation within the property management industry. We may also experience business disruptions and be required to implement additional safety measures or modify our business model as a result of any governmental or other investigations. As a result, our business, financial condition, results of operations could be materially and adversely affected.

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 WeChat Pay and Alipay involve the transmission of confidential information, such as credit card numbers, personal information and billing addresses over public networks. In recent years, the use of third-party platforms in the PRC has grown significantly. However, we do not have control over the security measures taken by providers of our third-party platforms. In the event that the security and integrity of these third-party platforms are compromised, we may experience material adverse effects on our ability to process property management service fees. We may also be perceived as partially responsible for failures to secure personal information and be subjected to claims alleging possible liability brought by our customers. Such legal proceedings could damage our reputation and materially and adversely affect our business, financial condition and results of operations. In addition, the PRC Government may promulgate new laws and policies to regulate the use of third-party online payment platforms; such measures may increase our compliance and operational costs, for example by requiring that we pay higher transaction fees.

Our prospects may be adversely affected by COVID-19 or other adverse public health developments

In 2020, the COVID-19 spread across the PRC and globally. The outbreak of COVID-19 has endangered the health of, among others, many people in China, resulting in a large number of confirmed cases and deaths and significantly disrupted the PRC and global economies. In order to contain the COVID-19, the PRC Government had introduced a series of continuous measures, including but not limited to, work resumption restrictions on enterprises, traffic control, travel bans, management and control over commencement schedules of construction in new and existing property development sites and quarantining affected areas. Such measures may severely affect and restrict the level of economic activities in the PRC, which, along with the disruption of business in major industries, may adversely and materially affect the overall business sentiment and environment in the PRC, which in turn may lead to slower overall economic growth in the PRC.

In addition, COVID-19, or any other adverse public health developments, are likely to have an adverse impact on the livelihood of the people in and the economy of the PRC and may, consequently, adversely impact the property market in the PRC. The spread of any severe communicable diseases in the PRC may also affect the financial condition, or as the case may be, business operations of our customers, suppliers and other partners, which could in turn materially and adversely affect our business, financial condition, results of operations and prospects. Historically, COVID-19 has to a limited extent affected our results of operation. The order in relation to restrictions on public activities issued by the PRC Government adversely affected our business operations to a limited extent. There was a loss of revenue of RMB6.8 million attributable to rent relief we granted to tenants; and we incurred additional operating costs of approximately RMB22.4 million associated with, among other things, (i) procurement of epidemic control supplies; and (ii) overtime wages, anti-infection allowances and other related employee benefits and compensation during the time when the properties under our management were subject to closed-off administration. Although we received one-off government relief from the PRC government in 2020 which to certain extent alleviated the financial impact of the COVID-19, our business and financial performance still suffered from the COVID-19. We are uncertain as to when the COVID-19 will be fully contained, and we also cannot predict if the impact will be short-lived, recurring or long-lasting nor whether we can receive any government relief in the future. If the COVID-19, or any similar adverse public health developments, are not effectively contained, our business operations and financial condition may be materially and adversely affected. For details of the impact of the outbreak of COVID-19 on our business, see "Business – Effects of the COVID-19 Pandemic" in this Prospectus.

There could be negative publicity about us and related third-parties

Negative publicity about us, our affiliates, brand, management, the properties we manage and other aspects of our business operations may arise from time to time. They may appear in the form of comments on internet postings and other social media channels and media sources, and we cannot assure you that other types of negative publicity will not arise in the future. For example, in the event that our customers are of the view that the quality of our services cannot meet their expectations, they may disseminate negative comments on social media platforms such as Weibo and WeChat. Our third-party subcontractors may also become the subject of negative publicity for various reasons, such as customer complaints about the quality of their services. Occurrences of such negative publicity incidents may damage our reputation and we may lose customer confidence. In the long term, this would affect our future ability to attract and retain new customers and employees, and in turn, materially and adversely affect our business, financial condition, results of operations.

We may experience failures in or disruptions to our information technology systems

We rely on our information technology systems to manage certain of our operational functions. However, we cannot assure you that damages or interruptions caused by power outages, computer viruses, hardware and software failures, telecommunication failures, fires, natural disasters, security breaches and other similar incidents in relation to our information systems will not occur going forward. We may incur significant costs in restoring any damaged information technology systems. Failures in or disruptions to our information technology systems and loss or leakage of confidential information could result in, among others, transaction errors, processing inefficiencies and the loss of customers loyalty and sales. We may thus experience material adverse effects on our business and results of operations.

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

With the consent of the customers, we only collect customer data to the extent necessary for us to provide our services, mainly including customer name, ID number, telephone number and address. Our security measures may be breached due to employee error, malfeasance, system errors or vulnerabilities, or otherwise. Outside parties may also attempt to fraudulently induce employees to disclose sensitive information in order to gain access to our data or our customers' data. While we have taken steps to protect the confidential information that we have access to, our security measures could be breached. Because techniques used to sabotage or obtain unauthorized access to systems change frequently and generally are not recognized until they are launched against a target, we may be unable to anticipate these techniques or to implement adequate preventative measures. Any accidental or wilful security breaches or other unauthorized access to our platforms could cause confidential customer information to be stolen and used for unlawful purposes. Security breaches or unauthorized access to confidential information could also expose us to liability related to the loss of the information, time-consuming and expensive litigation and negative publicity.

Under the Cybersecurity Law of the People's Republic of China (《中華人民共和國網絡安全法》) (promulgated by the Standing Committee of NPC on November 7, 2016, came into effect on June 1, 2017) (the "**Cybersecurity Law**"), network operators are generally obligated to protect their networks against disruption, damage or unauthorized access, and to prevent data leakage, theft or tampering. In addition, they will also be subject to specific rules depending on their classification under the multi-level network security protection scheme. With respect to personal information protection, the Cybersecurity Law requires network operators not to disclose, tamper with or damage personal information collected or generated in the business operation, and they are obligated to delete unlawfully collected information and to amend incorrect information. In addition, network operators may not collect, use or provide personal information to others without consent. Moreover, on July 16, 2013, the Ministry of Industry and Information Technology of the PRC promulgated the Provisions on Protection of Personal Information of Telecommunication and 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 Internet information services. These laws and regulations are relatively new and evolving, and their interpretation and enforcement involve significant uncertainties. The evolving PRC regulations regarding (i) data collection, usage and transfer; and (ii) cyber security may lead to future restrictions and the establishment of new regulatory agencies, and we may bear more legal responsibilities and compliance costs, which may have an adverse effect on our prospects. If security measures are breached because of third-party action, employee error, malfeasance or otherwise, or if design flaws in our technology infrastructure are exposed and exploited, our reputation and brands could be severely damaged and we could incur significant liability, and our business, financial condition and results of operations could be adversely affected.

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

Our business is subject to general economic and social conditions in the PRC. Natural disasters, epidemics such as the human swine flu, also known as Influenza A (H1N1), H5N1 avian flu, the human swine influenza A (H1N9), severe acute respiratory syndrome (SARS), the Middle East respiratory syndrome coronavirus (MERS) and COVID-19, and other natural disasters which are beyond our control may adversely affect the economy, infrastructure and livelihood of the people in the PRC, which in turn may adversely impact domestic consumption and our sales. Some regions in the PRC, including certain cities where we operate, are under the threat of flood, earthquake, sandstorm, snowstorm, fire, drought or epidemics. Our business, financial condition and results of operations may be materially and adversely affected if natural disasters or other such events occur.

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

RISKS RELATING TO DOING BUSINESS IN THE PRC

We are subject to changes in economic, political and social conditions and government policies in the PRC

Our major businesses, assets, operations are located in the PRC. Accordingly, our financial condition, results of operations and prospects are, to a significant degree, subject to the economic, political, social and legal conditions in the PRC. The PRC economy differs from that of most countries in many respects, including the extent of government involvement, level of economic development, investment control, resource allocation, growth rate and control over foreign exchange.

Although the overall growth of the PRC economy has been significant over the past decade, growth has been uneven, both geographically and among various sectors of the economy. We cannot assure you that the PRC economy will continue to grow, or that if there is growth, such growth will be steady and uniform. Any economic slowdown may materially and adversely affect our business. Additionally, the PRC Government has implemented various measures to encourage economic growth and guide the allocation of resources. We cannot assure you that the various macroeconomic measures and monetary policies adopted by the PRC Government will be effective in improving the growth rate of the PRC economy. In addition, such measures, even if they benefit the overall PRC economy in the long term, may reduce demand for our services and therefore materially and adversely affect our business, financial position and results of operations.

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

The PRC Government imposes controls on the convertibility of Renminbi into foreign currencies and, in certain cases, the remittance of currency out of China. We receive all our revenue in Renminbi. The foreign exchange control system may prevent us from obtaining sufficient foreign currency to satisfy our currency demands.

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

Payment of dividend is subject to restrictions under applicable PRC laws

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

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

The exchange rate of the Renminbi fluctuates against the Hong Kong dollar, U.S. dollar and other foreign currencies and is affected by, among other factors, the policies of the PRC Government and changes in international and domestic political and economic conditions. From 1995 to July 20, 2005, the conversion of the Renminbi into foreign currencies was based on fixed rates set by the PBOC. However, effective from July 21, 2005, the PRC Government decided to permit the Renminbi to fluctuate within a regulated band based on market supply and demand and by reference to a basket of currencies. On November 30, 2015, the Executive Board of the International Monetary Fund completed a regular five-year review of the basket of currencies that make up the Special Drawing Right and determined that, effective from October 1, 2016, the Renminbi will be included in the Special Drawing Right basket as a fifth currency along with the U.S. dollar, the Euro, the Japanese yen and the British pound. It is difficult to predict how market forces and the PRC Government's policies will continue to impact Renminbi exchange rates going forward. In light of the trend towards Renminbi internationalization, the PRC Government may announce further changes to the exchange rate system, and we cannot assure you that the Renminbi will not appreciate or depreciate significantly in value against the Hong Kong dollar, U.S. dollar or other foreign currencies.

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

Inflation in the PRC could negatively affect our profitability and growth

In the past, economic growth in the PRC has sometimes been affected by 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. Inflation without the PRC Government's mitigation policies would likely increase our costs, thereby materially reducing our profitability. We cannot assure you 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.

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

As we conduct 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 written statutes, and prior court decisions can only be cited as reference. The PRC Government has been developing a commercial law system, and has made significant progress in promulgating laws and regulations related to economic affairs and matters, such as corporate organization and governance, foreign investments, commerce, taxation and trade.

However, many of these laws and regulations are relatively new. There may be limited number of published adjudication cases relating to their interpretation and implementation, or local administrative rules and guidelines relating to their implementation and interpretation may not be in place.The timing of promulgation of such laws and regulations is therefore uncertain and may be inconsistent with and unpredictable in other jurisdictions China's legal system is based in part on government policies and administrative rules that can be retroactive (some of which are not published in a timely manner or at all).As a result, we may not be aware of any such violation for a period of time following a breach of any such policy and rule. Furthermore, the legal protection available to you under these laws, rules and regulations may be limited. Any litigation or regulatory enforcement action in China may be protracted and result in substantial costs and diversion of resources and management attention.

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 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 (《國務院轉批發展改革委等部門關於深化收入分配制度改革若干意見的通知》). On 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.

RISKS RELATING TO THE GLOBAL OFFERING

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

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

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

- variations in our financial condition and/or results of operations;
- changes in securities analysts' estimates of our financial condition and/or results of operations, regardless of the accuracy of information on which their estimates are based;
- changes in investors' perception of us and the investment environment generally;
- loss of visibility in the markets due to lack of regular coverage of our business;
- strategic alliances or acquisitions;
- potential litigations or regulatory investigations;
- loss of key personnel;

- changes in laws and regulations that impose limitations on our industry;
- announcements made by us or our competitors;
- changes in pricing adopted by us or our competitors;
- the liquidity of the market for our Shares; and
- general economic and other factors.

Since there will be a gap of several 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 Shares is expected to be determined on the Price Determination Date. However, our Shares will not commence trading on the Stock Exchange until they are delivered, which is expected to be four Business Days after the pricing date. As a result, investors may not be able to sell or deal in our Shares during that period. Accordingly, holders of our Shares are subject to the risk that the price of our Shares could fall below the Offer Price when the trading commences as a result of adverse market conditions or other adverse developments, that could occur between the time of sale and the time trading begins.

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

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

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

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

The market price of our Shares could decline as a result of future sales of substantial amounts of our Shares or other related securities, or the perception that such sales may occur. Our ability to raise future capital at favorable times and prices may also be materially and adversely affected. Our Shares held by the Controlling Shareholders are currently subject to certain lock-up undertakings. However, there is no assurance that following the expiration of the lock-up periods, these Shareholders will not dispose of any Shares. We cannot predict the effect of any future sales of the Shares by any of our Shareholders on the market price of our Shares.

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

Immediately after the Global Offering, our Controlling Shareholders will directly or indirectly control the exercise of approximately 74.15% of voting rights in the general meeting of the Company (assuming that the Over-allotment Option is not exercised). For details, see "Relationship with Controlling Shareholders" in this Prospectus. The interests of our Controlling Shareholders may differ from the interests of our other Shareholders. Our Controlling Shareholders will have significant influence on the outcome of any corporate transactions 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 cannot guarantee the accuracy of facts, forecasts and statistics with respect to the PRC, the PRC economy and our relevant industries contained in this Prospectus

Certain facts, forecasts and statistics in this Prospectus relating to the PRC, the PRC economy and industries relevant to us were obtained from information provided or published by PRC Government agencies, industry associations, independent research institutions or other third-party sources, and we can guarantee neither the quality nor reliability of such source materials. They have not been prepared or independently verified by us, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers and the Underwriters or any of its or their respective affiliates or advisers. Therefore, we make no representation as to the accuracy of such facts, forecasts and statistics, which may not be consistent with other information compiled within or outside of the PRC. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice, the statistics herein may be inaccurate or incomparable to statistics produced for other economies and should not be relied upon. Furthermore, we cannot assure you that they are stated or compiled on the same basis, or with the same degree of accuracy, as similar statistics presented elsewhere. In all cases, investors should consider how much weight or importance they should attach to or place on such facts, forecasts or statistics.

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

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

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

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

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

MANAGEMENT PRESENCE IN HONG KONG

According to Rules 8.12 and 19A.15 of the Listing Rules, except as otherwise permitted by the Hong Kong Stock Exchange at its discretion, a new applicant applying for a primary listing on the Hong Kong Stock Exchange must have a sufficient management presence in Hong Kong. This will normally mean that at least two of its executive directors must be ordinarily resident in Hong Kong.

Since our headquarters and substantially all of our business operations are or will be based, managed and conducted in the PRC, our Company does not, and in the foreseeable future, will not, have executive Directors ordinarily residing in Hong Kong in compliance with the requirements under Rules 8.12 and 19A.15 of the Listing Rules. We have applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange has granted us, a waiver from strict compliance with Rules 8.12 and 19A.15 of the Listing Rules. We have made the following arrangements to maintain effective communication between us and the Hong Kong Stock Exchange:

(a) our Company has appointed two authorized representatives pursuant to Rule 3.05 of the Listing Rules, namely Mr. Zhang Weize (張偉澤), an executive Director, who is an ordinary resident in the PRC, and Ms. Mok Ming Wai (莫明慧) ("**Ms. Mok**"), a joint company secretary and an ordinary resident in Hong Kong, who will act as the principal channel of communication with the Hong Kong Stock Exchange;

(b) each of our authorized representatives has all means of contacting all Directors (including the independent non-executive Directors) promptly at all times as and when the Hong Kong Stock Exchange wishes to contact the Directors on any matters;

(c) our Board will consist of, upon the Listing, four executive Directors, two non-executive Directors and three independent non-executive Directors. One independent non-executive Director is ordinarily resident in Hong Kong and the remaining eight Directors are ordinarily resident in PRC. Each of the Directors who is not ordinarily resident in Hong Kong possesses or can apply for valid travel documents to visit Hong Kong and can meet with the Hong Kong Stock Exchange within a reasonable period of time;

(d) our Company has provided the Hong Kong Stock Exchange with the contact details of each Director, including office phone number, mobile phone number, fax number and e-mail address (where applicable); and

(e) we have, in compliance with Rules 3A.19 and 19A.05(2) of the Listing Rules, appointed Anglo Chinese Corporate Finance, Limited to act as our compliance adviser for the period commencing on the Listing Date and ending on the date on which our Company complies with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the Listing Date. Our compliance adviser will, among other things, in addition to our authorized representatives, act as an additional channel of communication with the Hong Kong Stock Exchange. The Company will ensure that our compliance adviser has reasonable access to our authorized representatives, Directors and other officers and will procure that such persons provide promptly to our compliance adviser such information and assistance as our compliance adviser may need or may reasonably request in connection with the performance of our compliance adviser's duties as set out in Chapter 3A and Rule 19A.06 of the Listing Rules.

We will ensure that there are adequate and efficient means of communication among us, our authorized representatives, Directors, other officers and the compliance adviser and will keep the compliance adviser fully informed of all communications and dealings between us and the Hong Kong Stock Exchange.

COMPANY SECRETARY

According to Rules 3.28 and 8.17 of the Listing Rules and the Guidance on Experience and Qualification Requirements of a Company Secretary (HKEX-GL108-20), the secretary of an issuer must be a person who has the requisite knowledge and experience to discharge the functions of the company secretary and is either (i) a member of The Hong Kong Chartered Governance Institute (formerly known as The Hong Kong Institute of Chartered Secretaries), a solicitor or barrister as defined in the Legal Practitioners Ordinance or a certified public accountant as defined in the Professional Accountants Ordinance, or (ii) an individual who, by virtue of his/her academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of a company secretary. According to the Guidance Letter HKEX-GL108-20, the waiver under Rule 3.28 of the Listing Rules will be granted for a fixed period of time, but in any case, will not exceed three years from the Listing Date (the "**Waiver Period**") and on the conditions that (i) the company secretary in question must be assisted by a person who possesses the qualifications or experience as required under Rule 3.28 and is appointed as a joint company secretary throughout the Waiver Period; and (ii) the waiver can be revoked if there are material breaches of the Listing Rules by the Company.

The Company has appointed Mr. Xu Lude (許祿德) ("**Mr. Xu**") as a joint company secretary of the Company and its initial term shall end on the date falling three years from the Listing Date. Mr. Xu has been actively involved in and has worked as one of the officers-in-charge for the preparation of the Listing, during the process of which he has gained familiarity with the Listing Rules, the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and other applicable Hong Kong laws and regulations.

He has also participated in the preparation of the corporate governance manuals of our Company and was responsible for the various Board meetings and shareholders' meetings in preparation for the Listing. Given Mr. Xu's thorough understanding of the corporate governance matters of our Group, he is considered as a suitable person to act as a company secretary of our Company. In addition, as our headquarters and substantially all of our business operations are or will be based, managed and conducted in the PRC, our Directors believe that it is necessary to appoint Mr. Xu as a company secretary whose presence in the headquarters of our Group enables him to attend to the day-to-day corporate secretarial matters concerning our Group. However, given Mr. Xu does not possess a qualification stipulated in Rule 3.28 of the Listing Rules, he is not able to solely fulfill the requirements as a company secretary of a listed issuer stipulated under Rules 3.28 and 8.17 of the Listing Rules.

Accordingly, 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 in relation to the appointment of Mr. Xu on the condition that Mr. Xu will be assisted by Ms. Mok who possesses the qualifications or experience as required under Rule 3.28 throughout the Waiver Period. Ms. Mok, a fellow of both The Hong Kong Chartered Governance Institute (formerly known as The Hong Kong Institute of Chartered Secretaries) and The Chartered Governance Institute (formerly known as the Institute of Chartered Secretaries and Administrators) in the United Kingdom, will provide assistance to Mr. Xu, for the Waiver Period so as to enable Mr. Xu to acquire the relevant experience (as required under Rule 3.28(2) of the Listing Rules) to duly discharge his duties.

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

See "Directors, Supervisors and Senior Management" for the biographical information of Mr. Xu and Ms. Mok.

CONTINUING CONNECTED TRANSACTIONS

We have entered into and are expected to continue after the Listing, certain continuing connected transactions, which will constitute non-exempt continuing connected transactions under the Listing Rules upon Listing. Our Company has applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange has granted us, a waiver under Rule 14A.105 of the Listing Rules from strict compliance with the announcement, and/or independent shareholders' approval requirements in respect of the non-exempt continuing connected transactions. For further details of the non-exempt continuing connected transactions, please refer to the section headed "Connected Transactions" of this Prospectus.

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This Prospectus, for which our Directors collectively and individually accept full responsibility, includes particulars given in compliance with the 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 our Group. Our Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this Prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this Prospectus misleading.

CSRC APPROVAL

On August 26, 2021, we obtained an approval letter from the CSRC for the Global Offering and the making of the application to list the H Shares on the Stock Exchange. In granting such approval, the CSRC accepts no responsibility for our financial soundness or for the accuracy of any of the statements made or opinions expressed in this Prospectus or the GREEN Application Forms.

UNDERWRITING AND INFORMATION ON THE GLOBAL OFFERING

This Prospectus is published solely in connection with the Hong Kong Public Offering, which forms part of the Global Offering. For applications under the Hong Kong Public Offering, this Prospectus and the GREEN Application Forms set out the terms and conditions of the Hong Kong Public Offering.

The Listing is sponsored by the Sole Sponsor and the Global Offering is managed by the Sole Global Coordinator. 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, subject to the agreement of the Offer Price between our Company and the Sole Global Coordinator (for itself and on behalf of the Underwriters). The International Offering is expected to be fully underwritten by the International Underwriters subject to the terms and conditions of the International Underwriting Agreement, which is expected to be entered into on or about the Price Determination Date. Further information about the Underwriters and the underwriting arrangements is set forth in the section headed "Underwriting" in this Prospectus.

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

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

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 acquisition of Offer Shares to, confirm that he is aware of the restrictions on offers and sales of the Offer Shares described in this Prospectus.

No action has been taken to permit a public offering of the Offer Shares in any jurisdiction other than in Hong Kong, or the distribution of this Prospectus in any jurisdiction other than Hong Kong. Accordingly, this Prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation.

The distribution of this Prospectus and the offering and sale of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorisation by the relevant securities regulatory authorities or an exemption therefrom. In particular, the Offer Shares have not been offered and sold, and will not be offered and sold, directly or indirectly, in the PRC and the United States.

APPLICATION FOR LISTING OF THE H SHARES ON THE STOCK EXCHANGE

We have applied to the Stock Exchange for the granting 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).

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.

COMMENCEMENT OF DEALINGS IN THE H SHARES

Dealings in the H Shares on the Stock Exchange are expected to commence at 9:00 a.m. on Wednesday, November 10, 2021. The H Shares will be traded in board lots of 400 H Shares each. The stock code of the H Shares will be 2210.

PROFESSIONAL TAX ADVICE RECOMMENDED

If you are unsure about the taxation implications of subscribing for, purchasing, holding, disposing of, or dealing in our H Shares or exercising any rights attached to them, you should consult an expert. It is emphasized that none of us, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, their respective directors, officers, employees, advisors, agents or representatives nor any other person or parties involved in the Global Offering accepts responsibility for any tax effects on, or liabilities of, any person resulting from subscribing for, purchasing, holding, disposing of, or dealing in our H Shares or exercising any rights attached to them.

H SHARE REGISTER 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 to be maintained in Hong Kong by our H Share Registrar, Computershare Hong Kong Investor Services Limited. Our principal register of members will be maintained by us at our headquarters in the PRC.

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

REGISTRATION OF SUBSCRIPTION, PURCHASE AND TRANSFER OF H SHARES

We have instructed Computershare Hong Kong 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 Special Regulations and the 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 disputes and claims concerning our affairs and arising from any rights or obligations conferred or imposed by the Articles of Association, the PRC Company Law or other relevant laws or other relevant laws and administrative regulations to arbitration in accordance with the 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 or her behalf with each of our Directors, Supervisors, managers and officers whereby such Directors, Supervisors, managers and officers undertake to observe and comply with their obligations to our Shareholders as stipulated in the Articles of Association. Persons applying for or purchasing H Shares under the Global Offering are deemed, by their making an application or purchase, to have represented that they are not Associates of any of our Directors or existing Shareholder or a nominee of any of the foregoing.

OVER-ALLOTMENT OPTION AND STABILIZATION

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

PROCEDURES FOR APPLICATION FOR HONG KONG OFFER SHARES

The application procedures for the Hong Kong Offer Shares is set out in the section headed "How to Apply for Hong Kong Offer Shares" in this Prospectus.

STRUCTURE OF THE GLOBAL OFFERING

Details of the structure of the Global Offering, including its conditions, are set out in the section headed "Structure of the Global Offering" in this Prospectus.

H SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the granting of listing of, and permission to deal in, the H Shares on the Stock Exchange and our 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 business day after any trading day. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Investors should seek the advice of their stockbroker or other professional 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.

CURRENCY TRANSLATIONS

Unless otherwise specified, solely for your convenience, this Prospectus contains translations of certain RMB amounts into Hong Kong dollars at the following exchange rate:

HK$1.00 : RMB0.82358 (being the exchange rate set by the PBOC on the Latest Practicable Date)

No representation is made that any amounts in RMB or Hong Kong dollars can be or could have been at the relevant dates converted at the above rates or any other rates or at all.

LANGUAGE

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

ROUNDING

Any discrepancies in any table between totals and sums of amounts listed therein are due to rounding.

DIRECTORS

Name	Address	Nationality
Executive Directors		
Mr. Zhang Weize (張偉澤)	Room 601, Unit 1, Building 7, Weierxia Avenue Huayuan 4th Lane Fengtai District Beijing, PRC	Chinese
Mr. Yang Jun (楊軍)	Room 301, Unit 1, Building 18 Dongzhimenwai Dongzhong Street Dongcheng District Beijing, PRC	Chinese
Mr. Luo Zhou (羅周)	20-5-102, Yanxitai Community Haidian District Beijing, PRC	Chinese
Mr. Yao Xin (姚昕)	Room 1, 1/F, Building 69 Area 1, Lvsejiayuan 500 Caosi Village Songzhuang Town Tongzhou District Beijing, PRC	Chinese
Non-executive Directors		
Mr. Xie Ping (謝平)	House 19, Court 81 Fuxing Road Haidian District Beijing, PRC	Chinese
Mr. Mao Lei (毛磊)	Room 1103, Building 12 Tuofangying West Lane Chaoyang District Beijing, PRC	Chinese

Independent Non-executive Directors

Mr. Cheng Peng (程鵬)	Room 704, Building 14, Yichengdongyuan Yuequan Road Haidian District Beijing, PRC	Chinese
Mr. Kong Weiping (孔偉平)	6-4-508, Huacheng Community Xizhaosi Street Dongcheng District Beijing, PRC	Chinese
Mr. Kong Chi Mo (江智武)	Flat 5, 3/F 43 Tung Chau Street Kowloon, Hong Kong	Chinese

SUPERVISORS

Name	Address	Nationality
Mr. Liu Fengyuan (劉鳳元)	Room 302, Tower A, Hetaiyuan Xibahe North Lane Chaoyang District Beijing, PRC	Chinese
Mr. Wang Wei (王偉)	Room 602, Unit 9, Building 8 Zone One, Donghuashinanli Dongcheng District Beijing, PRC	Chinese
Ms. Liu Fang (劉芳)	Room 302, Unit 4, Building 20 Court 8A, Xinwai Avenue Deshengmen Sub-district Xicheng District Beijing, PRC	Chinese

For more information of the Directors and Supervisors, see "Directors, Supervisors and Senior Management".

PARTIES INVOLVED IN THE GLOBAL OFFERING

Sole Sponsor	**China International Capital Corporation Hong Kong Securities Limited** 29/F, One International Finance Centre 1 Harbour View Street Central Hong Kong
Sole Global Coordinator	**China International Capital Corporation Hong Kong Securities Limited** 29/F, One International Finance Centre 1 Harbour View Street Central Hong Kong
Joint Bookrunners and Joint Lead Managers	**China International Capital Corporation Hong Kong Securities Limited** 29/F, One International Finance Centre 1 Harbour View Street Central Hong Kong
	Zhongtai International Securities Limited 19/F, Li Po Chun Chambers 189 Des Voeux Road Central Hong Kong
	BOCOM International Securities Limited 9/F, Man Yee Building 68 Des Voeux Road Central Hong Kong
	CMBC Securities Company Limited 45/F, One Exchange Square 8 Connaught Place Central Hong Kong
	CCB International Capital Limited 12/F, CCB Tower 3 Connaught Road Central Central Hong Kong

	CMB International Capital Limited 45/F, Champion Tower 3 Garden Road Central Hong Kong
Legal Advisers to the Company	*As to Hong Kong law:* **Baker & McKenzie** 14th Floor, One Taikoo Place 979 King's Road Quarry Bay Hong Kong *As to PRC law:* **Commerce & Finance Law Offices** 6th Floor, NCI Tower A12 Jianguomenwai Avenue Chaoyang District Beijing PRC
Legal Advisers to the Sole Sponsor and the Underwriters	*As to Hong Kong law:* **King & Wood Mallesons** 13/F, Gloucester Tower The Landmark 15 Queen's Road Central Hong Kong *As to PRC law:* **King & Wood Mallesons** 18th Floor, East Tower World Financial Center No. 1 Dongsanhuan Zhonglu Chaoyang District Beijing PRC

Auditors and Reporting Accountants	**KPMG** *Certified Public Accountants* 8th Floor, Prince's Building 10 Chater Road Central Hong Kong
Property Valuer	**Cushman & Wakefield Limited** 27/F, One Island East Taikoo Place 18 Westlands Road Quarry Bay Hong Kong
Industry Consultant	**China Index Academy** No. 20 Guogongzhuang Middle Street Tower A, Fengtai District Beijing PRC
Compliance Adviser	**Anglo Chinese Corporate Finance, Limited** 40/F, Two Exchange Square 8 Connaught Place Central Hong Kong
Receiving Bank	**Industrial and Commercial Bank of China (Asia) Limited** 33/F, ICBC Tower 3 Garden Road Central Hong Kong

Registered Office	Room 301, 3rd Floor Building 34, Fahua South Lane Dongcheng District Beijing, PRC
Headquarters and Principal Place of Business in the PRC	8/F, Building A, Chengjian Plaza 18 North Taipingzhuang Road Haidian District Beijing, PRC
Principal Place of Business in Hong Kong	54/F, Hopewell Centre 183 Queen's Road East Wan Chai Hong Kong
Company's Website	**http://www.bcjps.com** *(This website and the information contained on this website do not form part of this Prospectus)*
Joint Company Secretaries	**Mr. Xu Lude** Room 901, Unit 1, Building 3 Jinshang Jiayuan Jia 2 Huayuan Road Haidian District Beijing, PRC **Ms. Mok Ming Wai** *(a fellow of The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom)* 54/F, Hopewell Centre 183 Queen's Road East Wan Chai Hong Kong

Authorized Representatives	**Mr. Zhang Weize** Room 601, Unit 1, Building 7, Weierxia Avenue Huayuan 4th Lane Fengtai District Beijing, the PRC
	Ms. Mok Ming Wai *(a fellow of The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom)* 54/F, Hopewell Centre 183 Queen's Road East Wan Chai Hong Kong
Audit Committee	Mr. Kong Chi Mo *(Chairman)* Mr. Xie Ping Mr. Kong Weiping
Remuneration and Evaluation Committee	Mr. Cheng Peng *(Chairman)* Mr. Yang Jun Mr. Kong Weiping
Nomination Committee	Mr. Zhang Weize *(Chairman)* Mr. Kong Weiping Mr. Cheng Peng
Strategy and Investment Committee	Mr. Zhang Weize *(Chairman)* Mr. Mao Lei Mr. Yang Jun Mr. Luo Zhou Mr. Kong Weiping
Risk and Compliance Management Committee	Mr. Yang Jun *(Chairman)* Mr. Zhang Weize Mr. Xie Ping Mr. Yao Xin Mr. Kong Weiping

H Share Registrar	**Computershare Hong Kong Investor Services Limited** Shops 1712-1716, 17th Floor Hopewell Centre 183 Queen's Road East Wanchai Hong Kong
Principal Bank	**China Construction Bank Beijing Beihuan Branch** 1/F, Building A, Chengjian Plaza 18 North Taipingzhuang Road Haidian District Beijing, PRC

This industry overview section contains information and statistics that are derived from government publications, other publications and the market research report prepared by CIA, which was commissioned by us.

We believe that the sources of the information presented here are appropriate, including forward-looking information for future periods as identified, and we have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading.

RESEARCH BACKGROUND AND METHODOLOGIES

We have commissioned CIA to prepare a market research report on the property management industry in China at a total sum of RMB0.8 million and supplemented these with data obtained from public sources where applicable. CIA is an independent real estate research institute founded by experts with over 500 professional analysts. CIA has extensive experience in researching and tracking the property management industry in the PRC, and has conducted research on the Top 100 Property Management Companies since 2008. In its research, CIA considers primarily property management companies that have on average managed at least ten properties or an aggregate GFA of 500,000 sq.m. or above for the previous three years. CIA uses research parameters and assumptions and gathers data from a multitude of primary and secondary sources, including data from property management companies (including data from reported statistics, websites and marketing materials), surveys it has conducted, data gathered from the China Real Estate Index System, the China Real Estate Statistics Yearbooks, public data from governmental authorities and data gathered for prior reports it has published. CIA derives its rankings of overall strength of property management companies primarily by evaluating each property management company's property management scale, operational performance, service quality, growth potential and social responsibility. In this section, the data analysis is primarily based on the research of the Top 100 Property Management Companies.

When preparing industry data in this section and for this Prospectus, CIA assumed that: (i) the social, economic and political conditions in China and the world will remain stable during the forecast period; (ii) government policies on the property management industry in the PRC will remain unchanged during the forecast period; (iii) all published data by the relevant statistics bureaus is accurate; (iv) all information relating to residential sales transactions collected from the relevant local housing administrative bureaus is accurate; and (v) the COVID-19 outbreak will only affect China's economy stability in the short term and China's macro economy will return to steady growth after COVID-19 is controlled.

THE PROPERTY MANAGEMENT INDUSTRY IN THE PRC

Overview and the Primary Pricing Method

The property management industry emerged in 1981 in the PRC, when the first domestic property management company was founded in the Shenzhen Special Economic Zone. Followed by the official promulgation of the Provisions on Property Management (《物業管理條例》) in 2003 and Property Law of People's Republic of China (《中華人民共和國物權法》) in 2007, the regulatory framework for the property management industry gradually took shape and matured, and an open and fair market system was established, which has since facilitated significant growth of the PRC property management industry. The PRC property management industry now services a wide range of properties, including residential properties, commercial properties, office buildings, public properties, industrial parks, schools, hospitals and other properties.

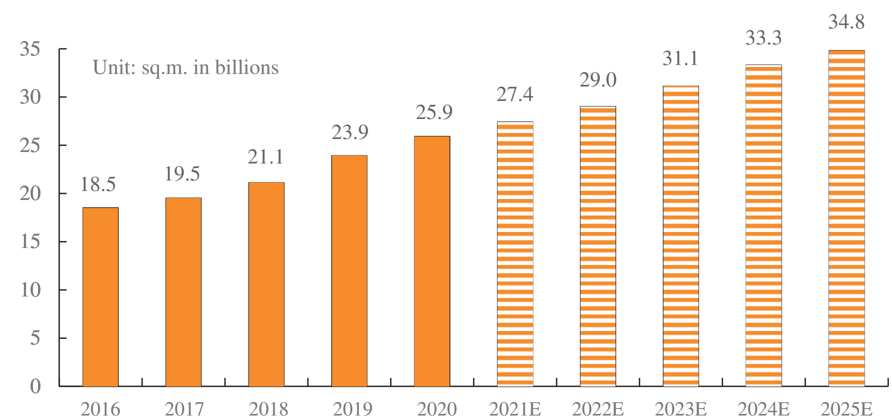
In the PRC, property management companies generate revenue through property management services and other value-added services (including value-added services to non-property owners and community value-added services). Value-added services to non-property owners includes preliminary property management services, repair and maintenance services, tenant sourcing and management services, and engineering operation services. Community value-added services includes housekeeping and cleaning, housing brokerage, finance, elderly care and nursing services.

In the PRC, property management fees may be charged either on a lump sum basis or commission basis. The lump sum model for property management fees is, on one hand, the dominant revenue model in the PRC property management industry, especially for residential properties, as it can bring efficiency by dispensing with certain collective decision making procedures for large expenditures by property owners and residents and incentivize property management service providers to optimize their operations to enhance profitability. On the other hand, the commission model is increasingly adopted in non-residential properties to make property owners more deeply involved in the management of their properties with closer supervision over the performance of the property management service providers. In addition, it is an industry norm to charge package price in the property management projects of non-residential properties, where the property management contracts generally do not provide the unit price per square meter but rather an overall price for the management services provided. Since the services provided by property management service providers in relation to non-residential properties are different in scope, CIA concurred with our view that the analysis of the average monthly fee rate of non-residential properties charging package price would not deliver a meaningful result for an indication of the fee rate in the market.

Market Size for Property Management Services in the PRC

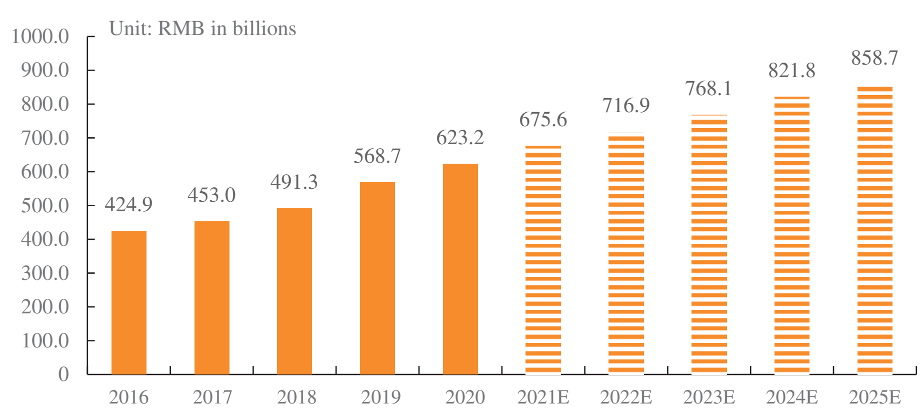
According to CIA, economic development and the promotion of urbanization have directly driven the development of the urban real estate market and the property management industry. The total GFA under management in the PRC's property management industry has increased from 18.5 billion sq.m. in 2016 to 25.9 billion sq.m. in 2020, representing a CAGR of 8.8%. It is expected that the total GFA under management will increase to 34.8 billion sq.m. in 2025.

The following chart sets out the historical and projected market size of the property management industry in China in terms of GFA under management for the years indicated:



Source: CIA

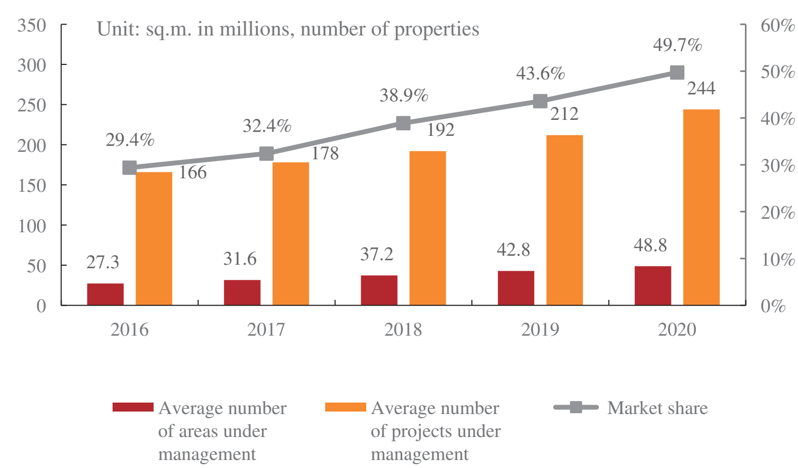
According to CIA, the total revenue of the property management industry in the PRC increased from RMB424.9 billion in 2016 to RMB623.2 billion in 2020, representing a CAGR of 10%. According to CIA, the total revenue of the property management industry in the PRC is expected to increase from RMB675.6 billion in 2021 to RMB858.7 billion in 2025, representing a CAGR of 6.2%. The following chart sets out the history and forecast total revenue in the property management industry in the PRC for the years indicated:



Source: CIA

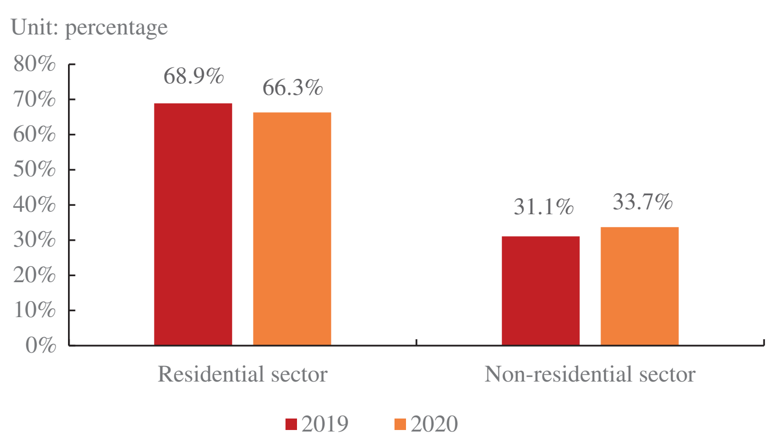
Continual Growth of Top 100 Property Management Companies

In recent years, the GFA under management and number of properties managed by the Top 100 Property Management Companies have increased rapidly as a result of swift urbanization and continual growth in per capita disposable income in China. According to CIA, as the property management scale of the Top 100 Property Management Companies continues to expand and the GFA of commodity housing continues to increase, the average GFA under management of the Top 100 Property Management Companies increased to 48.8 million sq.m. in 2020 from 27.3 million sq.m. in 2016, representing a CAGR of 15.7%. Meanwhile, the average number of properties managed by the Top 100 Property Management Companies increased from 166 in 2016 to 244 in 2020, representing a CAGR of 10.1%. Further, total market share in terms of GFA managed by the Top 100 Property Management Companies increased from 29.4% in 2016 to 49.7% in 2020. The following chart sets out the average GFA under management, the average number of properties under management and total market share in terms of GFA managed by the Top 100 Property Management Companies for the years indicated:



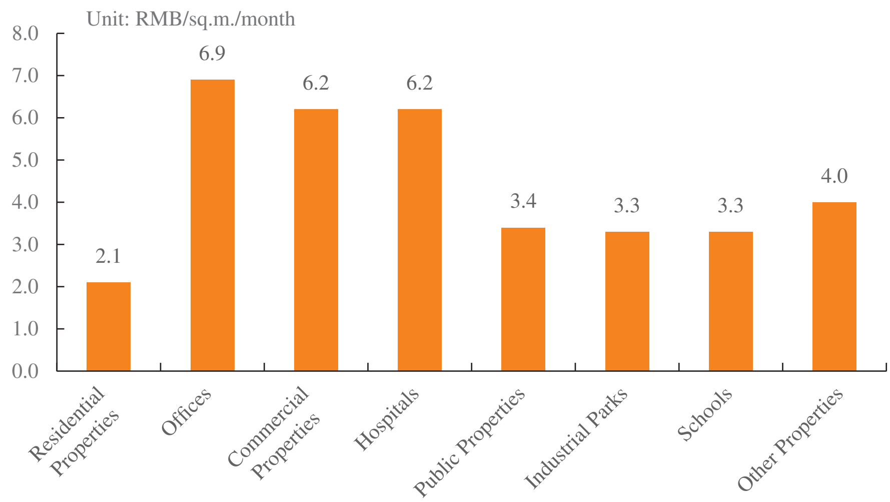
Source: CIA

With the rapid development of China's economy as well as the real estate market, the property management service industry maintains good growth momentum breaking records in both scale and growth rate. According to CIA, the GFA of residential properties under management in China increased from 13,975.1 million sq.m. in 2016 to 19,302.4 million sq.m. in 2020, and driven by the continuous progress of urbanization, is expected to further increase to 23,628.7 million sq.m. in 2025. The GFA of under management for commercial properties in China increased from 1,596.6 million sq.m. in 2016 to 2,259.0 million sq.m. in 2020, and is expected to further increase to 2,969.4 million sq.m. in 2025. While residential properties account for a majority of the total GFA under management of the Top 100 Property Management Companies, property management companies in China have also sought to diversify the types of properties they manage. In 2020, the GFA under management of non-residential properties by the Top 100 Property Management Companies represented 33.7% of the total GFA under management, accounting for an increase of 2.6 percent points as compared to 2019. In 2020, over 80% of the Top 100 Property Management Companies have commenced to manage commercial properties, over 70% of the Top 100 Property Management Companies have commenced to manage office buildings and approximately 50% of the Top 100 Property Management Companies served for properties in industrial parks, public properties and school properties. The chart below sets out changes in ratio of areas under management of the Top 100 Property Management Companies by types of properties from 2019 to 2020:



Source: CIA

According to CIA, property management fees are the main revenue source for most property management companies in PRC. In 2020, the average property management fees of the Top 100 Property Management Companies were RMB3.8 per sq.m. per month, among which the average property management fees for residential properties were RMB2.1 per sq.m. per month. In the PRC, the average property management fees for non-residential properties is generally higher than the average management fees for residential properties, according to CIA. The chart below sets forth the average property management fees of each type of properties managed by the Top 100 Property Management Companies for 2020.

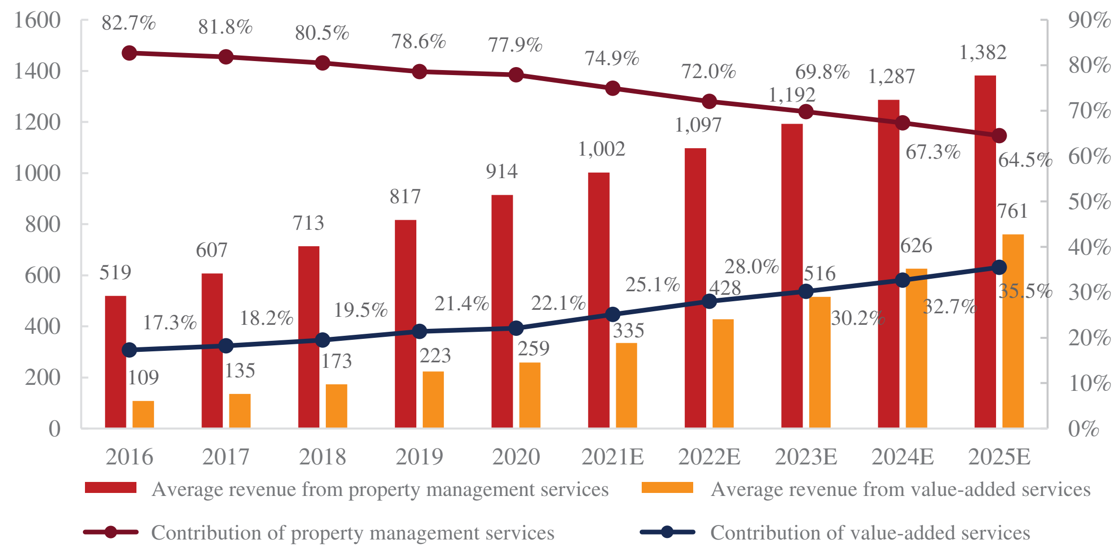


Source: CIA

Apart from providing property management services, the Top 100 Property Management Companies have evolved their business to a more diversified business model which includes various value-added services to both property owners and non-property owners. Value-added services to property owners include services provided to community property owners, such as community e-commerce and housekeeping services, and value-added services to non-property owners include sales office and display unit management and pre-delivery support services to property developers. In terms of income structure of the Top 100 Property Management Companies, the revenue contribution from property management services is decreasing while the revenue contribution from value-added services of higher profitability is increasing.

The chart below sets forth the average revenue of the Top 100 Property Management Companies from the property management services and value-added services for the years indicated:

Unit: RMB in millions, except for percentages



Source: CIA

The average revenue of the value-added services steadily grew at a CAGR of 24.3% from 2016 to 2020. In 2019 and 2020, the average revenue from community value-added services amounted to RMB101 million and RMB117 million, respectively, representing 45.3% and 45.1%, respectively of the average revenue of value-added services; and the average revenue from value-added services to non-property owners amounted to RMB122 million and RMB142 million, respectively, representing 54.7% and 54.9%, respectively, of average revenue from value-added services.

In the face of changing customer preferences and intense competition, property management companies in the PRC have devoted a tremendous amount of effort to improving service quality and accommodating customer needs. In terms of property management services, property management companies have endeavored to expand their service offerings and enhance customer experience through applying smart technologies, helping property owners and residents meet various needs in their daily life. In terms of value-added services, many of the Top 100 Property Management Companies are proactively exploring opportunities to provide real estate brokerage services, home-living services, home decoration and furnishing services, as well as elderly care services. Improved service quality and diversified services are conducive to maintaining or increasing the retention rates of the property management service contracts.

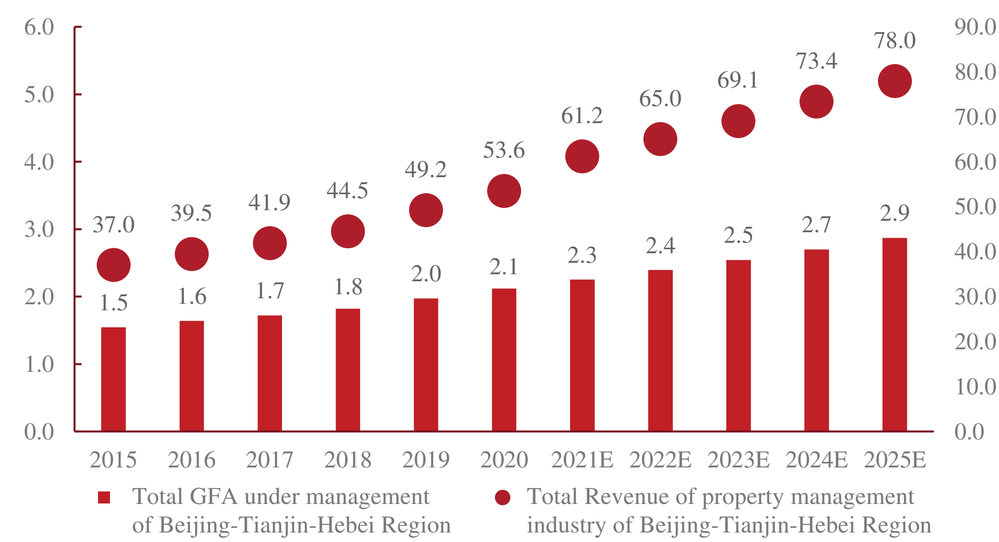
Beijing-Tianjin-Hebei Region

In recent years, the Beijing-Tianjin-Hebei Region has developed a profound coordination among regions by relieving Beijing from its non-essential function as a capital of the country, promoting integrated regional transportation and optimizing industrial structure, aiming to forge a collaborative innovation syndicate. In the first quarter of 2021, the economy of the Beijing-Tianjin-Hebei Region grew rapidly year-on-year, reaching a GDP of RMB2.1 trillion. Major service sectors continued to rebound post COVID-19. Based on the data of Beijing Statistic Bureau, the added value of the tertiary industry in the Beijing, Tianjin and Hebei Province grew at the rate of 14.6%, 11.0% and 15.7% year-on-year in the first quarter of 2021, respectively.

New industry, new business and new model have been growing in the Beijing-Tianjin-Hebei Region. The internal energy for economic growth are driving the enhancement of coordination among regions and promoting the quality regional development. As a result, the construction of "Two Wings" in the Beijing-Tianjin-Hebei Region has progressed steadily. On one hand, construction of the key projects in the Beijing Municipal Administrative Center accelerated and the development of Xiong'an New Area progressed to massive construction stage on another. The acceleration in construction of key projects are expected to accelerate the transformation of potential property management projects, which in turn benefits the expansion of leading property service providers in their growth in business scale.

The chart below sets forth GFA under management and revenue of property management industry in the Beijing-Tianjin-Hebei Region for the years indicated:

Unit: sq.m. in billions, RMB in billions

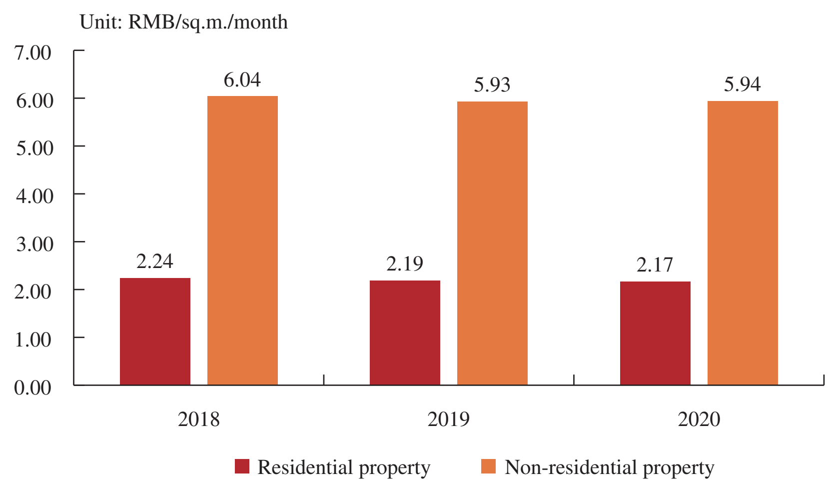


Source: CIA

Average Fee Rate for the Top 100 Property Management Companies in Beijing-Tianjin-Hebei Region

According to CIA, in 2018-2020, the average fee rate of residential properties charged by the Top 100 Property Management Companies in the Beijing-Tianjin-Hebei Region was RMB2.24, RMB2.19 and RMB2.17 per sq.m. per month, respectively; and the average property management fee for non-residential properties was RMB6.04, RMB5.93 and RMB5.94 per sq.m. per month, respectively.

The chart below set forth the average fee rate charged by the Top 100 Property Management Companies in the Beijing-Tianjin-Hebei Region:



Source: CIA

Industry Growth Drivers

According to CIA, growth of the property management industry in the PRC are primarily driven by the following factors:

Favorable policies

The promulgation of the Provisions on Property Management (《物業管理條例》) in June 2003 by the State Council was a milestone for the development of the regulatory framework for the property management industry in China. Subsequently, a series of favorable policies supporting the development of the property management industry have come into effect, including but not limited to 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》), which requires provincial level price administration authorities to abolish all price control or guidance policies on properties other than government-supported housing, housing reform properties, properties in old residential areas and preliminary property management service, and the Guiding Opinions of the General Office of the State Council on Accelerating the Development of the Resident Service Industry to Promote the Upgrading of

Consumption Structure (《國務院辦公廳關於加快發展生活性服務業促進消費結構升級的指導意見》), which aims to promote, among others, the standardization of the provision of property management services as part of the industrial upgrading and diversification of the resident service sectors. The Guidelines for Smart Communities Construction (Trial) (《智慧社區建設指南(試行)》) issued in 2014 by the MOHURD recognizes customers' need for the upgrade of traditional property management services through digitization and smart management. It broadens the scope of property management services and brings new opportunities for property management industry. On 14 October 2020, the NDRC and 14 other ministries jointly issued the Work Programme on The Promotional Fees for the Recent Expansion of Domestic Demand (《近期擴內需促消費的工作方案》), which provides external protection for the diversification of the property industry and is conducive to promoting the construction of intelligent communities and community life services for property management companies. The Notice of Ten Departments including the Ministry of Housing and Urban Rural Development on Strengthening and Improving 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》) issued by ten departments including the MOHURD in January 2021 encourages property management companies to use IoTs, cloud computing and other technologies to build intelligent property management service platform. It also encourages property management companies to expand service offering portfolio to nursery, housekeeping, real estate brokerage and other areas. In addition, the reform of power decentralization and transition of government's functions have generated additional demand for property management services for public and other properties, providing property management companies with new niches. These laws and policies collectively establish and will continue to improve a supportive and orderly market environment and accelerate the development of the industry and property management companies in the PRC. For further details, see "Regulatory Overview – Legal Supervision over Property Management Services".

Rapid urbanization, increasing per capita disposable income and development of commodity housing

The level of urbanization and per capita disposable income in the PRC have increased significantly in recent years and have expedited the growth of the property management industry. According to CIA, the urbanization rate (being the projected average rate of the size of the urban population over the given period of time) in China increased from 56.1% in 2015 to 60.6% in 2019. The PRC property management industry is expected to continue to grow in tandem with a rising level of urbanization. Moreover, according to CIA, China's rapid economic growth has spurred continuous growth in the per capita disposable income for the urban population, which increased to RMB43,834 in 2020, representing a CAGR of 6.9% since 2016. Consumers' aspiration for better living conditions and high-quality property management services is another underlying driver for the growth of the PRC property management industry.

Following the rapid urbanization and continuous growth in per capita disposable income, the supply of commodity residential properties (being residential properties developed for sale) also gradually increased in China. According to CIA, the total GFA of contracted sales from commodity residential properties in China increased from 1.38 billion sq.m. in 2016 to 1.55 billion sq.m. in 2020, representing a CAGR of 3.0%.

Further Development of Capital Markets in the PRC

The further development of capital markets in the PRC provides growth opportunities and diversified financing channels for the property management industry. Several policies regulating the management of capital markets have entered into force to improve the regulatory environment of capital markets, such as "Guidance on Further Standardizing the Operation of Issuance Review" (《關於進一步規範發行審核權力運行的若干意見》), "Guidance on Further Promoting the Development of the National SME Share Transfer System" (《關於進一步推進全國中小企業股份轉讓系統發展的若干意見》) and "Layered Management Measures for Listed Companies of the National SME Share Transfer System (Trial)" (《全國中小企業股份轉讓系統掛牌公司分層管理辦法(試行)》). As of July 31, 2021, one property management company listed on the Shanghai Stock Exchange, three property management company listed on the Shenzhen Stock Exchange and 48 property management companies listed on the Hong Kong Stock Exchange. The development of the capital markets provides the property management companies with diversified sources of funds and enables them with more funds to realise business operation expansion.

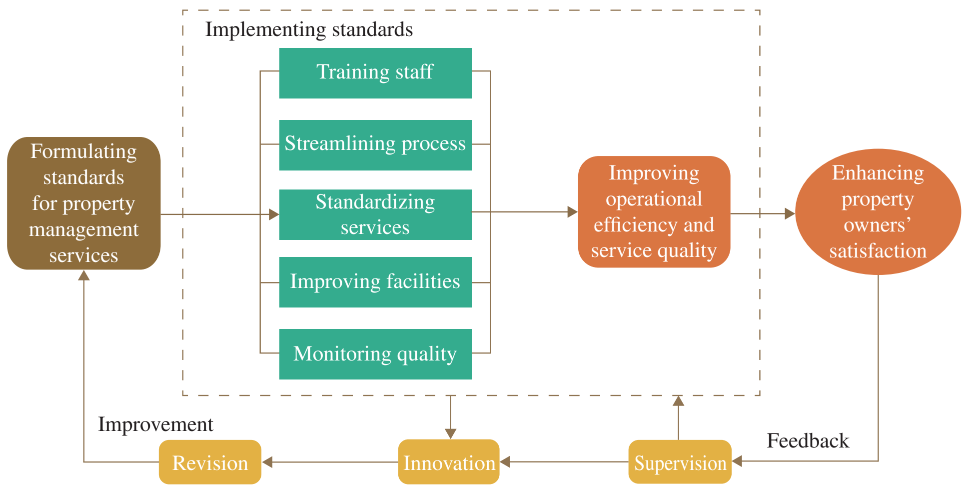
Market Trends

Critical market trends of the property management industry in the PRC include the followings:

- *Increasing market concentration*. With the rapid industry development, the property management services market in the PRC has become and will continue to become more concentrated. According to CIA, the market share of the Top 100 Property Management Companies in term of total GFA under management increased from 29.4% in 2016 to 49.7% in 2020. The total GFA under management of Top 100 Property Management Companies in the PRC grew at a CAGR of 15.7% from 2016 to 2020, while the total GFA under management of property management companies in the PRC increased at a CAGR of 8.8% during the same period.

- *More diversified and intelligent service offerings*. With the advent of an array of cutting-edged technologies such as IoT, big data analytics and cloud-based applications, property management companies have been vigorously exploring new business opportunities and expediting the process to upgrade their services, with a view to creating diversified revenue streams and achieving higher profitability. In the context of smart community development, some property management companies have extended their service scenarios in the residential communities they serve to various value-added services, such as common area operation, real estate brokerage services, community finance, housekeeping services and elderly care and nursing services, and therefore successfully optimized their revenue model and achieved scalable growth. According to CIA, the average revenue of Top 100 Property Management Companies generated from value-added services (including community value-added services and value-added services to non-property owners, according to CIA) increased at a CAGR of 24.3% from 2016 to 2020, which was higher than the CAGR for growth of revenue generated from property management services during the same period.

- *High degree of standardization*. To enhance service quality and reduce labor costs, property management companies continue to invest in the establishment and advancement of standardized operating and service procedures and the required information technology infrastructure. Set forth below is a flow chart that shows the standardization model typically adopted by the Top 100 Property Management Companies:



Source: CIA

- *High-quality staff*. With the increasing application of information technology and customers' increasing demand for high-quality services, property management companies need to recruit more qualified professionals to improve service quality and to guarantee stable future development. On the one hand, along with the rapid development of property management industry, new technologies such as artificial intelligence and virtual reality are increasingly being applied. Therefore, property management companies need more specialized staff and professionals to adapt to such industry trend. On the other hand, property management companies gradually subcontract specialized property management services, such as cleaning, greening and maintenance to third-party subcontractors while placing more emphasis on enhancing customer experience and service quality, for which purpose more high-quality staff is needed.

Industry Risks and Challenges

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

- *Increasing labor costs*. The property management industry in the PRC is labor-intensive. The percentage of staff cost to cost of sales of the Top 100 Property Management Companies was 57.8%, 59.1% and 58.3% for the years ended December 31, 2018, 2019 and 2020, respectively, according to CIA. The minimum wage in various regions in China has increased in recent years. To fuel their expansion initiatives, the Top 100 Property Management Companies need to absorb new talents and thus are expected to incur rising remuneration and relevant training and management expenses.

- *Shortage of human resources*. The property management industry also faces challenges with respect to recruitment of a large number of competent staff to improve service quality and enhance management efficiency. Development of property management companies may be hindered if they are unable to recruit sufficient qualified talents at reasonable costs.

- *Impact of COVID-19 pandemic.* The outbreak of COVID-19 has adverse impact on the property management service industry in the short term, according to CIA. This is primarily due to the increase in operating expenses and labor costs and close down of certain commercial properties and office buildings. However, the property management service industry will also embrace emerging opportunities in the long term, according to CIA, which mainly include: (i) market recognition of the value of the property management service industry, leading to more government support; (ii) the demand for contactless services, which will in turn facilitate the digitalization and intelligence development of the property management service industry; (iii) new lifestyle of people as a result of massive self-quarantine at home, which gives rise of new types of community value-added service models and business; and (iv) the improvement of overall management capabilities of the property management service industry after undergoing the great test on their emergency preparedness and response during the pandemic.

  In addition, the China market gradually resume norm after the central and local governments implemented several rounds of fiscal and monetary policies aiming to expand domestic demand and stimulate consumption, according to CIA. In 2020, the total retail sales of consumer goods amounted to RMB39.2 trillion, representing a year-on-year decrease of 3.9%, which was 7.5 percentage points less than the percentage of decrease of the first half of 2020 compared with the same period of 2019. The commodity retail sales in China decreased by 2.3% in 2020, which was 6.4 percentage points less than the percentage of decrease of the first half of 2020 compared with the same period of 2019.

For more information on industry related risks, see "Risk Factors – Risks Relating to Our Business and Industry".

COMPETITION

Competitive Landscape

The property management industry in the PRC is fragmented and competitive with approximately 200,000 market players in 2020, according to CIA. In 2020, the market share of the Top 100 Property Management Companies were 52.2% in terms of revenue. The market share in terms of GFA under management of the Top 100 Property Management Companies increased from 29.4% in 2016 to 49.7% in 2020. According to CIA, vast majority of the market participants in the PRC property management service industry are still focusing on residential property management but with intention to diversify the portfolio of properties and explore the property management market of non-residential properties. Residential properties, public premises and schools accounted for 66.3%, 2.3% and 2.8%, respectively, of the properties under management of the Top 100 Property Management Companies of 2021 in terms of GFA. We are a comprehensive property management company that is capable of serving a diversified types of properties, including residential and commercial properties as well as public premises, including historical and cultural sites.

The property management industry in the Beijing-Tianjin-Hebei Region are also fragmented with approximately 18,000 market players in 2020. The property management industry in the Beijing-Tianjin-Hebei Region has a market size in terms of GFA under management of approximately 2.12 billion sq.m. in 2020, with the top five market players commanding a total market share of only 8.2%. We are among these top five market players with market share of 1.2%. We are the market leader among the competitors in the Beijing-Tianjin-Hebei Region with solid foundation and experience facing increasingly fierce market competition. Not many property management companies in the Beijing-Tianjin-Hebei Region have capabilities to manage hutong, which is a special property type in Beijing, according to CIA. We, having our root deeply in Beijing, have the capability and experience in managing hutongs.

In line with the trend of the property management industry in the PRC which is becoming increasingly concentrated, both numbers and transaction amounts of merger and acquisitions among property management companies are increasing. In 2020, there were more than 100 merger and acquisitions among the Top 100 Property Management Companies, as compared to 70 in 2019; and the total transaction amount for those merger and acquisitions amounted to more than RMB10 billion in 2020 and GFA under management involved amounted to more than 300 million sq.m. As one of our development strategies, we intend to expand our business scale through strategic acquisitions or investments, thus are facing competition with industry peers, in particular those listed on the Stock Exchange which are actively looking for acquisition or investment targets. This would impose risks for us to materialize our acquisition plan of the targeted property management companies in the PRC. For details, see "Risk Factors – Risks Relating to Our Business and Industry – Our future acquisitions may not be successful and we may face difficulties in integrating acquired operations with our existing operation".

Our Market Position

We have become one of the leading property management companies of the Beijing-Tianjin-Hebei Region. According to CIA, in terms of overall strength, we ranked 24th among the Top 100 Property Management Companies in 2021. According to CIA, among the Top 100 Property Management Companies in 2021, we ranked third in terms of GFA under management in Beijing as of December 31, 2020, and among Top 100 Property Management Companies in 2021 which are based in the Beijing-Tianjin-Hebei Region, we ranked ninth in terms of total revenue in 2020 and sixth in terms of revenue from value-added services in 2020. The following tables set forth our rankings in terms of GFA under management in Beijing as of December 31, 2020 among Top 100 Property Management Companies in 2021, as well as total revenue in 2020 and revenue from value-added services in 2020 among the Top 100 Property Management Companies in 2021 based in the Beijing-Tianjin-Hebei Region:

Ranking of Top 100 Property Management Companies in Terms of GFA under Management in Beijing as of December 31, 2020

Ranking	Company	GFA under management in Beijing
		(sq.m. in millions)
1.	Competitor A	Over 40
2.	Competitor B	Over 24
3.	**Our Group**	**21.2**
4.	Competitor C	Over 20
5.	Competitor D	Over 18

Source: CIA

Ranking of Top 100 Property Management Companies Based in the Beijing-Tianjin-Hebei Region in Terms of Total Revenue in 2020

Ranking	Company	Total revenue
		(RMB in millions)
1.	Competitor E	Over 4,600
2.	Competitor F	Over 2,800
3.	Competitor G	Over 2,500
4.	Competitor H	Over 2,000
5.	Competitor I	Over 1,800
6.	Competitor J	Over 1,150
7.	Competitor K	Over 1,100
8.	Competitor L	Over 1,100
9	**Our Group**	**1,091**
10.	Competitor M	Over 1,000

Source:CIA

Ranking of Top 100 Property Management Companies Based in the Beijing-Tianjin-Hebei Region in Terms of Revenue from Value-added Services in 2020

Ranking	Company	Revenue from value-added services
		(RMB in millions)
1.	Competitor E	Over 1,800
2.	Competitor I	Over 900
3.	Competitor H	Over 680
4.	Competitor F	Over 660
5.	Competitor L	Over 400
6.	**Our Group**	**358**
7.	Competitor K	Over 300
8.	Competitor G	Over 290
9.	Competitor J	Over 255
10.	Competitor N	Over 250

Source: CIA

Ranking of Top 100 Property Management Companies in Terms of GFA under Management of the Residential Properties in the Beijing-Tianjin-Hebei Region in 2020

Ranking	Company	GFA under Management of the Residential Properties in the Beijing-Tianjin-Hebei Region	Market Share
		(sq.m. in millions)	
1	Competitor G	Over 35.0	Over 2.1%
2	Competitor A	Over 30.0	Over 1.8%
3	Competitor B	Over 23.0	Over 1.4%
4	Competitor O	Over 22.0	Over 1.3%
5	Competitor I	Over 21.0	Over 1.2%
6	**Our Group**	**Over 17.4**	**Over 1.0%**

Source:CIA

Entry Barriers

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

- *Brand*. Top 100 Property Management Companies have established their brand name through decades of services and operations. In contrast, newer entrants, without an established brand and cultivated business relationships with industry participants, face increasing difficulty in penetrating into the market.

- *Capital requirement.* Capital investment is required as the property management companies expand property management scale, adopt automation and intelligent technologies to improve their management efficiency. During the transitioning from traditional property management to smart community management, the availability of sufficient funding poses high barriers to new participants with limited financing ability.

- *Specialization of operations and management*. Leading property management companies have established significant competitive edges with their extensive experience managing large-scale property management projects, sophisticated application of information technology and sound financial management capability.

- *Specialized talents*. Management talents and technological specialists are essential for success in such a labor-intensive industry as property management services, especially in an era where major market players spare no effort to reshape the industry through transforming property management and value added services with emerging technologies. Both recruiting and retaining high-quality professional employees with expertise and experience required to support innovation-driven growth are considered as main hurdles for new entrants.

LEGAL SUPERVISION OVER PROPERTY MANAGEMENT SERVICES

Foreign Invested Property Management Enterprises

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

According to the Foreign Investment Law of the PRC (《中華人民共和國外商投資法》) (No. 26 Order of the President of the PRC), issued by the National People's Congress on March 15, 2019 and came into effect on January 1, 2020, which shall be applicable to the foreign investment within the territory of the PRC. For the purpose of this law, a foreign-funded enterprise refers to an enterprise that is incorporated under the Chinese laws within the territory of China and is wholly or partly invested by a foreign investor. The PRC Government adopts the management system of pre-establishment national treatment and negative list for foreign investment. The negative list refers to special administrative measures for access of foreign investment in specific fields as stipulated by the PRC Government. The PRC Government will give national treatment to foreign investments outside the negative list.

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

Investments activities in China by foreign investors are principally governed by the Catalogue for the Encouragement of Foreign Investment Industries (2020 Edition) (《鼓勵外商投資產業目錄(2020年版)》) (the "**Catalogue**") and the Special Administrative Measures for Access of Foreign Investment (Negative List) (2020 Edition) (the "**Negative List**") 《外商投資准入特別管理措施（負面清單）(2020年版)》, which were both promulgated by the MOFCOM and the NDRC and each became effective on January 27, 2021 and July 23, 2020. The Catalogue and the Negative List set forth the industries in which foreign investments are encouraged, restricted and prohibited. Industries that are not listed in any of these three categories are generally open to foreign investment unless otherwise specifically restricted by other PRC rules and regulations. Accordingly, property management service industry is a permitted foreign investment industry.

The Measures on Reporting of Foreign Investment Information (《外商投資信息報告辦法》) was issued by the Ministry of Commerce and State Administration for Market Regulation on December 30, 2019, which came into effect on January 1, 2020. Since January 1, 2020, for foreign investors carrying out investment activities directly or indirectly in the PRC, the foreign investors or foreign-invested enterprises shall submit investment information to the commerce authorities pursuant to such measures.

Qualification of Property Management Enterprises

According to the Regulations on Property Management (《物業管理條例》) (No. 379 Order of the State Council) issued by the State Council on June 8, 2003, came into effect on September 1, 2003 and revised on August 26, 2007 and February 6, 2016, a qualification system for companies engaging in property management activities has been adopted.

According to the Decision of the State Council on Canceling the Third Batch of Administrative Licensing Items Designated by the Central Government for Implementation by Local Governments (《國務院關於第三批取消中央指定地方實施行政許可事項的決定》) issued by the State Council on January 12, 2017 and came into effect on the same day, Level Two or below property management company qualifications acknowledged by Provincial and municipal government departments of Housing and Urban-Rural Development were cancelled.

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

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

On March 19, 2018, the State Council issued 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) has removed the qualification accreditation of the property management enterprises.

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 NDRC and the Ministry of Public Security 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.

According to the Fire Prevention 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 implemented on September 1, 1998, later amended on October 28, 2008, April 23, 2019 and April 29, 2021, the property management enterprises in residential areas shall maintain fire prevention facilities and ensure residents' safety. Pursuant to the Provisions on the Administration of Fire Control Safety of State Organs, Organizations, Enterprises and Institutions (《機關、團體、企業、事業單位消防安全管理規定》), property management enterprises in the residential areas shall perform the duties for fire control safety within the scope of administration, and other property management enterprises shall be responsible for the management work of public fire control safety within the entrusted scope of administration.

Appointment of Property Management Companies

According to the Civil Code of the PRC (《中華人民共和國民法典》) (No. 45 Order of the President of the PRC) issued by the National People's Congress on May 28, 2020 and came into effect on January 1, 2021, property owners can either manage the buildings and ancillary facilities by themselves or engage a property management company or custodians. As regards the property management company or any other custodians hired by the developer, property owners are entitled to alter it in accordance with law. Property management companies or other custodians shall manage the buildings and ancillary facilities within the area of the building as agreed with the property owners, and shall be subject to the supervision by them.

According to the Civil Code, a quorum for the general meeting of the property owners to engage or dismiss a property management enterprise, to change the usage of common space or to conduct operating activities in common space or to decide for certain other matters shall consist of the property owners who hold no less than two-thirds of the total GFA of the exclusive area of the community and represent no less than than two-thirds of the total number of property owners. A general meeting of the property owners of a community can engage or dismiss a property management enterprise with affirmative votes of property owners who participate in the voting and hold more than half of the total GFA of the exclusive area owned by the voting owners and who represent more than half of the total number of property owners participating in the voting. For other matters, such as changing the usage of common space or conducting operating activities in common space, the approvals requires the affirmative votes of property owners who participate in the voting and hold more than 75% of the total GFA of the exclusive area owned by the voting owners and who represent more than 75% of the total number of property owners participating in the voting. In addition, the Civil Code explicitly requires that any income generated from the usage of common space in properties under management, net of any reasonable operating costs, shall belong to the property owners. Under the Civil Code, the income from the buildings and ancillary facilities shall be distributed according to the property owners' agreement or based on their respective proportion of the total GFA of the exclusive area of the community if there is no agreement or the agreement is ambiguous.

According to the Regulations on Property Management (2018 revision) (《物業管理條例》) (2018年修正), a general meeting of the property owners of a community can engage or dismiss the property management companies with affirmative votes of owners who own more than half of the total GFA of the exclusive area of the community and who account for more than half of the total number of the property owners. Property owners' association, on behalf of the general meeting, shall sign property management contract with property management companies engaged at the general meeting. Before the engagement of a property management company by property owners and a general meeting of the property owners, a written preliminary service contract should be entered into between the property developer and the selected and engaged property management company. The preliminary property management contract may stipulate the contract duration. If the property management contract signed by the property owners' association and the property management company comes into force within the term of preliminary property management, the preliminary property management contract automatically terminates. Property developers of residential buildings shall enter into preliminary management contracts with property management enterprises through tender process in accordance with the Regulations on Property Management.

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

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

In addition, Interpretation of the Supreme People's Court on Several Issues the Specific Application of Law in the Trial of Cases of Disputes over Property Management Service (《最高人民法院關於審理物業服務糾紛案件具體應用法律若干問題的解釋》) that issued by the Supreme People's Court on May 15, 2009 and came into effect on October 1, 2009, stipulates the interpretation principles applied by the court when hearing disputes on specific matters between property owners and property management companies. For example, the preliminary property management contract signed according to the relevant laws and regulations by the developer and the property management company and the property management contract signed by the property owners' association and property management companies hired according to the relevant laws and regulations by the general meeting are legally binding on property owners, the people's court shall not support a claim if property owners plead as property owners are not a party to the contract. The court shall support a claim if property owners' association or property owners appeal to the court to confirm that the clauses of property management service contracts which exempt the responsibility of property management companies or which aggravate the responsibility or harm the rights of property owners' association or property owners are invalid.

Fees charged by Property Management Enterprises

According to the Regulations on Property Management (《物業管理條例》), the property owners shall pay property management fee based on the agreement of the property management service contract. As for the properties which have been completed but have not been sold or delivered to the purchasers of the properties, property management fee shall be paid by the developer.

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

The fees charged by property management companies nationwide are regulated by the competent price administration department and construction administration department of the State Council. The competent price administration department of the local people's governments at or above the county level and the competent property administration departments at the same level are responsible for supervising and regulating the fees charged by property management companies in their respective administrative regions.

The fees charged by property management companies shall be based on both the government guidance price and market regulated price on the basis of the nature and features of relevant properties. 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 direct municipality.

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

Property management companies shall charge service fees at an expressly marked prices according to the regulations of competent price administration departments of the people's government, revealing the service information, standards, charged items and standards to the public at prominent positions within the property management region.

According to the Provisions on Clearly Marking the Prices of Property Services (《物業服務收費明碼標價規定》), which was jointly issued by the NDRC and the Ministry of Construction on July 19, 2004 and came into effect on October 1, 2004, property management companies shall clearly mark the price, state service items and standards and relevant information on services (including the property management services as stipulated in the property management service agreement as well as other services requested by property owners) provided to the owners. If the charging standard changes, property management companies shall adjust all relevant information one month before implementing the new standard and indicate the date of implementing the new standard. If property management companies do not comply with government guidance prices or government marked price, they will be ordered to surrender all illegal incomes obtained therefrom, pay the penalty and even terminate the business until irregularities are corrected.

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

According to the Circular of NDRC on the Opinions on Liberalizing Price Controls in Certain Services (《國家發展和改革委員會關於放開部分服務價格意見的通知》), which was promulgated by NDRC and became effective on December 17, 2014, the competent price departments of all provinces, autonomous regions and direct municipalities under the PRC Government are supposed to perform relevant procedures to liberalize the prices of the following types of services that have met the relevant conditions:

(1) *Property management services for non-indemnificatory houses.* Property management fees are fees charged by property management service providers for the maintenance, conservation and management of non-indemnificatory houses, their ancillary facilities and equipment and the relevant sites thereof, maintaining the environment, sanitation, and order within the geographical scope of the managed properties, and other actions entrusted by the property owner in accordance with the property management service contract. The provincial price authorities shall, jointly with the housing and urban-rural development administrative authorities, implement government guidance prices for property management fees charged in relation to indemnificatory houses, houses under housing reform, older residential communities and preliminary property management services with regard to the actual situation.

(2) *Parking services in residential communities.* 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.

According to Interpretation of the Supreme People's Court on Several Issues concerning the Application of Law in Hearing Cases of Property Service Disputes (《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》) (Fa Shi [2020] No. 17), which was promulgated by the Supreme People's Court on May 15, 2009 and came into effect on October 1, 2009 and revised on December 29, 2020, where the property service enterprise has extended the range of charge, raised the charge standard or duplicated charges in violation of the property service contract or the laws, regulations and departmental rules without authorization, and the owners therefore plead against the property service enterprise for illegal charges, such plea shall be supported by the people's court. Where an owner claims against the property service enterprise to refund the illegal charges charged, such claim shall be supported by the people's court.

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》) jointly promulgated by the NDRC, the MOHURD and the Ministry of Transport on December 15, 2015 and came into effect on the same day, the fee charged in parking service shall be determined mainly 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.

Continuous Rectification and Regulation of the Real Estate Market Order

On July 13, 2021, MOHURD and other authorities promulgated Notice on the Continuous Rectification and Regulation of the Real Estate Market Order (關於持續整治規範房地產市場秩序的通知, the "**Notice**") (Jian Fang [2021] No. 55). The Notice requires to rectify and regulate the following key issues regarding property services: failing to provide services pursuant to the contents and standards agreed in the property services contract; failing to announce the relevant information such as fee rates for property services, business operation and earnings of the common area of the owners, usage of maintenance and repair funds etc. pursuant to the provisions; collecting fees which are beyond the agreement in the contract or announced fee rates; making use of the common area of the owners to carry out business activities without authorization, encroaching or misappropriating business earnings of the common area of the owners; refusal to exit the property services project without a proper reason upon rescission or termination of the property services contract pursuant to the law. The Notice also requires local authorities shall, in light of the actual conditions, innovate ideas, take multiple measures simultaneously, and carry out rectification pursuant to the laws and regulations. For property services enterprises that violate laws and regulations within their respective jurisdictions, measures such as warning and interview, suspension of business for rectification, revocation of business license and qualification certificate etc. shall be adopted pursuant to the laws and regulations, and shall be exposed to the public; any case constituting a criminal offence shall be referred to the public security and judicial authorities for investigation and punishment pursuant to the law.

Three-Red-Line Rule on Real Estate Developers

The People's Bank of China and the MOHURD announced in 2020 that they'd drafted new financing rules for real estate companies. Developers wanting to refinance are being assessed against three thresholds: (i) a 70% ceiling on liabilities to assets, excluding advance proceeds from projects sold on contract, (ii) a 100% cap on net debt to equity, (iii) a cash to short-term borrowing ratio of at least one. Developers will be categorized based on how many limits they breach and their debt growth will be capped accordingly. If a firm passes all three, it will be labeled as "Green", and can increase its debt a maximum of 15% in the next year; if a firm passes two of them, it will be labeled as "Yellow", and can increase its debt a maximum of 10% in the next year; if a firm passed one of them, it will be labeled as "Orange", and can increase its debt a maximum of 5% in the next year; if a firm failed to pass any of them, it will be labeled as "Red", and cannot increase any debt in the next year.

Real estate loan concentration management system

According to the "Notice on the establishment of real estate loan concentration management system for 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 "Notice No. 322") (Yinfa [2020] No. 322) issued by the People's Bank of China and China Banking and Insurance Regulatory Commission on December 28, 2020 and became effective on January 1, 2021, the proportion of the balance of real estate loans of banking financial institutions (excluding overseas branches) to the balance of various RMB loans (hereinafter referred to as the proportion of real estate loans) and the proportion of the balance of personal housing loans to the balance of various RMB loans (hereinafter referred to as the proportion of personal housing loans) shall meet the management requirements determined by the People's Bank of China and the China Banking and Insurance Regulatory Commission, namely it shall not exceed the upper limit of the proportion of real estate loans and the proportion of personal housing loans determined by the People's Bank of China and the China Banking and Insurance Regulatory Commission. Taking into consideration of the asset scale and type of banking financial institutions and other factors, Notice No. 322 sets different upper limits for the proportion of real estate loan balance and the proportion of personal housing loan balance for different grades of banking financial institutions, and sets a transition period for banking financial institutions that exceed the upper limit, and establishes regional differentiation mechanism.

LEGAL SUPERVISION OVER THE FOOD SAFETY AND LICENSING REQUIREMENT FOR CONSUMER FOOD SERVICES

On August 31, 2015, China Food and Drug Administration promulgated the Administrative Measures for Food Operation Licensing (《食品經營許可管理辦法》) (the "**Measures**"), which was amended on November 17, 2017. According to the Administrative Measures for Food Operation Licensing, a food operation license shall be obtained in accordance with the law to engage in food selling and catering services within the territory of the PRC. The principle of one license for one site shall apply to the licensing for food operation, that is, a food operator shall obtain a food operation license to engage in food operation activities in one operation site. Food and drug administrative authorities shall implement classified licensing for food operation according to food operators' types of operation and the degree of risk of their operation projects.

The issuance date of a food operation license is the date when the decision on granting the license is made, and the license is valid for five years. Food operators shall hang or place their food operation license originals in prominent places of their operation sites. Where the licensing items which are indicated on a food operation license change, the food operator shall, within ten working days after the changes take place, apply to the food and drug administrative authority which originally issued the license for alteration of the operation license. Where food operators need to extend the validity period of their lawfully obtained food operation license, they shall file applications with the food and drug administrative authorities which originally issued the license 30 working days before its expiry. Those who fail to obtain a food operation license and engage in food operation activities shall be punished by the local food and drug administrative authorities at or above the county level according to Article 122 of the Food Safety Law of the PRC. Where food operators fail to hang or place their food operation license in a prominent place of their operation sites in violation of Paragraph 2 of Article 26 of the Measures, the food and drug administrative authorities at or above the county level shall order such food operators to make corrections; where such food operators refuse to make corrections, a warning shall be issued. Where licensing matters indicated in a food operation license change, and the food operator fails to apply for the alteration of the operation license as prescribed in violation of Paragraph 1 of Article 27 of the Measures, the food and drug administrative authority which originally issued the license shall order such food operator to make corrections, and issue a warning; where such food operator refuses to make corrections, a fine of between RMB2,000 and RMB10,000 shall be imposed.

LEGAL SUPERVISION OVER THE SANITATION OF THE PUBLIC ASSEMBLY VENUE

The Regulation for the Administration of Sanitation of Public Places (《公共場所衛生管理條例》) effective on April 1, 1987 and as amended on February 6, 2016 and April 23, 2019, and the Implementation Rules for the Regulation for the Administration of Sanitation of Public Places (《公共場所衛生管理條例實施細則》) effective on May 1, 2011, and as amended on January 19, 2016 and December 26, 2017, were promulgated by the State Council and the Ministry of Health (later known as the National Health and Family Planning Commission of the PRC), respectively. The said regulations were adopted to create favorable and sanitary conditions for public places, prevent disease transmission and safeguard people's health. Depending on the requirements of the local health and family planning authorities, a restaurant is required to obtain a public places hygiene license from the local health and family planning authority above county level after it obtains a business license to operate its business.

The Decision of the State Council on the Integration of Hygiene Permits and Food Operating Licenses in Public Places for Restaurant Services (《國務院關於整合調整餐飲服務場所的公共場所衛生許可證和食品經營許可證的決定》), which was promulgated by the State Council on February 3, 2016, cancels the hygiene permits issued by the local health authorities to four kinds of public places, namely, restaurants, cafes, bars and teahouses, and integrates the contents of the food safety permits into the food operating licenses issued by the food and drug regulatory authorities.

LEGAL SUPERVISION OVER THE INTERNET INFORMATION SERVICES

According to the Administrative Measures on Internet Information Services (《互聯網信息服務管理辦法》), which was issued by the State Council on September 25, 2000 and came into effect on the same day and revised on January 8, 2011, Internet information service refers to the provision of information through Internet to web users, and includes two categories: commercial and non-commercial. Commercial internet information service refers to the service activities of charged provision to online subscribers through the internet of information or website production. Non-commercial Internet service refers to the provision free of charge of public, commonly-shared information through the Internet to web users.

Entities engaged in providing commercial Internet information service shall apply for a license for value-added telecommunication services of Internet information services. As for the operation of non-commercial Internet information services, record-filing is required. Internet information service provider shall provide services within the scope of their licenses or filing.

Non-commercial Internet information service providers shall not provide services with charge of payment. In case an Internet information service provider changes its services, website address, etc., it shall apply for approval or filing 30 days in advance at the relevant government department.

Where an entity provides commercial Internet information service without a license or provides service beyond the scope of the license, provincial telecommunication administrative department shall order it to make correction within a prescribed time limit. Where there are illegal gains, such gains shall be confiscated; and a fine more than three times but less than five times of such gains shall be imposed. Where there is no illegal gain or the gain is less than RMB50,000, a fine of RMB100,000 to RMB1 million shall be imposed. Where the circumstance is serious, the website shall be ordered to shut down. Where an entity provides non-commercial Internet information service without a filing, provincial telecommunication administrative department shall order it to make corrections within a prescribed time limit and to shut down the website if it refused to make corrections.

We are currently operating several websites or mobile applications to display our business information or for internal office use only. Since we do not engage in any business of provision services to Internet users for charges or website production or any other services, the PRC Legal Advisers are of the view that we do not engage in any commercial Internet information business and thus are not required to obtain a value-added telecommunication services license for Internet information services.

The National Internet Information Office ("**CAC**") released the Measures for Cybersecurity Review (Revised Draft for Comments) (《網絡安全審查辦法(修訂草案徵求意見稿)》) (the "**Consultation Draft**") in July 2021. Pursuant to the Consultation Draft, the cybersecurity review shall be conducted if national security is affected or could be affected when key information infrastructure operators purchase network products and services or carry out data processing activities. Further, key information infrastructure operators who hold personal information of more than one million users must report to the Network Security Review Office for cybersecurity review when they seek listing abroad.

Based on the Consultation Draft and the literal interpretation thereof, the PRC Legal Advisers advised us that the cybersecurity review is applicable under the following three circumstances:

- The Operators who purchase network products and services, which affect or may affect the national security;

- The Operators who carry out of data processing activities, which affect or may affect national security; and

- The Operators holding personal information of more than one million users seek listing abroad.

Based on the literal interpretation of the provisions in the Consultation Draft, the PRC Legal Advisers are of the view that the mandatory requirement for the cybersecurity review is not applicable to us for the following reasons:

- We do not purchase network products or services that have an important impact on the security of key information infrastructure as set out under the Consultation Draft;

- Our major business is provision of property management services rather than data processing. We collect, store and utilize the information of its customers to the extent necessary in our business. Based on the above, the PRC Legal Advisers are of the view that there is no circumstance for us in relation to data processing that affects or may affect national security; and

- Seeking listing on the Hong Kong Stock Exchange shall not be considered as an act to seek listing abroad for the purpose of Consultation Draft, considering that the Hong Kong is an inseparable part to the People's Republic of China under the Basic Law of the Hong Kong Special Administrative Region of the People's Republic of China.

The PRC Legal Advisers further advised us that the Consultation Draft is currently under the stage of consultation and has not yet become the law or regulation.

LEGAL SUPERVISION OVER REAL ESTATE BROKERAGE BUSINESS

According to the Urban Real Estate Administration Law of the PRC (《中華人民共和國城市房地產管理法》), issued by the SCNPC on July 5, 1994, came into effect on January 1, 1995 and revised on August 30, 2007, August 27, 2009 and August 26, 2019, real estate intermediate service agencies include real estate consultants, real estate evaluation agencies, real estate brokerage agencies, etc. Real estate intermediate agencies shall meet the following conditions: (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) other conditions specified by laws and administrative regulations.

According to the Administrative Measures for Real Estate Brokerage (《房地產經紀管理辦法》), issued by the MOHURD, the NDRC and the Ministry of Human Resources and Social Security on January 20, 2011, came into effect on April 1, 2011 and revised on March 1, 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 housing and urban-rural development (real estate) authority for handling the filing formalities within 30 days from the date of receiving business licenses.

Our PRC Legal Advisors and our Directors are of the view that, each of our subsidiaries engaging in real estate brokerage business has respectively filed its brokerage licenses to the competent housing and urban-rural development (real estate) authorities for its real estate brokerage services.

LEGAL SUPERVISION OVER THE HEATING SERVICES

According to the Provisions on the Municipal Gas and Central Heat Providing Enterprises Qualifications Management (城市燃氣和集中供熱企業資質管理規定), which became effective from July 1, 1996, the qualifications of municipal gas and heat providers were examined and approved by authorities at various levels. However, such regulations were abolished in 2004 and at the present the regulations with respect to such qualifications required by the heat services providers vary in different regions in China. As for our operating areas like Beijing, pursuant to the Measures of Beijing Municipality for Administration of Heat Supply and Use (北京市供熱採暖管理辦法) (No. 216 of the People's Government of Beijing Municipality) which became effective on April 4, 2010, the heat suppliers shall be registered at the administrative departments for municipal administration for the record, and the administrative departments for municipal administration shall disclose the relevant recorded information to the public.

According to the provisions of the Interim Measures of the Price Control of Municipal Heat Supply (城市供熱價格管理暫行辦法) which became effective on October 1, 2007, price of heat supply shall be government-guided or government-determined prices in principal and shall be formulated by the competent price department under provincial (district, municipal) government or authorized municipal or county government. As for the regions meeting the criteria, the price of heat supply may be determined by and between the heat services providers and the users. The regulations on the pricing of heat supply vary in different regions in China. As for Beijing, where one of our operating areas, according to the Notice by the Beijing Municipal Development and Reform Commission on the Issuance of the "Beijing Pricing Catalog" (北京市發展和改革委員會關於印發《北京市定價目錄》的通知), which became effective from April 1, 2018, the price of heat supplied by the city central heating pipe network and regional boiler shall be determined by the municipal price authority, and the price of heat supplied by new heating methods such as geothermal, heat pump, coal-water slurry, etc. is determined by the district government.

LEGAL SUPERVISIONS OVER LABOR PROTECTION IN THE PRC

According to the Labor Law of the PRC (《中華人民共和國勞動法》) which was issued by the SCNPC on July 5, 1994, came into effect on January 1, 1995 and 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 the 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 the pertinent qualifications. Employers should develop a vocational training system, the vocational training funds should be set aside and used in accordance with national regulations, and vocational training for employees should be carried out systematically based on the actual labor conditions of the company.

According to the Labor Contract Law of the PRC (《中華人民共和國勞動合同法》) issued by the SCNPC on June 29, 2007, came into effect on January 1, 2008 and revised on December 28, 2012, came into effect on July 1, 2013 and the Implementation Regulation on Labor Contract Law of the PRC (《中華人民共和國勞動合同法實施條例》) (No. 535 Order of the State Council), promulgated by the State Council on September 18, 2008 and became effective on the same day, regulate both parties through a labor contract, namely the employers and the employees, and contain specific articles involving the terms of the labor contract. Meanwhile, it is stipulated that labor contracts must be concluded in written forms, 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 the 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. Labor contracts concluded before the enactment of Labor Contract Law and existing during its effective term shall continue to be honored. With respect to circumstances where an employment relationship has already been established without the conclusion of a written labor contract before the enactment of Labor Contract Law, the written labor contract shall be concluded within one month from the date on the enactment of Labor Contract Law.

According to Interim Provisions on Labor Dispatch (《勞務派遣暫行規定》) which was promulgated on January 24, 2014 and came into effect since March 1, 2014, employers may employ dispatched workers in temporary, auxiliary or substitutable positions only, and shall strictly control the number of dispatched workers which shall not exceed 10% of the total number of its workers.

According to the Social Insurance Law of PRC (《中華人民共和國社會保險法》), which was promulgated by the SCNPC on October 28, 2010 and became effective on July 1, 2011 and further amended on December 29, 2018, employees shall participate in basic pension insurance, basic medical insurance and unemployment insurance. Basic pension, medical and unemployment insurance contributions shall be paid by both employers and employees. Employees shall also participate in work-related injury insurance and maternity insurance. Work-related injury insurance and maternity insurance contributions shall be paid by employers rather than employees. An employer shall make registration with the local social insurance agency in accordance with the provisions of the Social Insurance Law of PRC. For employers failing to conduct social insurance registration, the administrative department of social insurance shall order them to make corrections within a prescribed time limit; if they still fail to do so within the time limit, employers shall have to pay a penalty over one time but no more than three times of the amount of the social insurance premium payable by them, and their executive staffs and other directly responsible persons shall be fined RMB500 to RMB3,000. Also, it has consolidated the legal obligations and liabilities of employers who do not comply with relevant laws and provisions on social insurance have been stipulated in detail.

According to the Regulations on the Administration of Housing Provident Fund (《住房公積金管理條例》), issued 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, the housing provident fund contributions made by an individual employee and housing provident fund contributions made by his or her employer shall be owned by the individual employee. Employers shall timely pay the housing provident fund in full and overdue or insufficient payment shall be prohibited. Employers shall process the housing fund payments and deposit registrations with the housing provident fund administrative center. For enterprises who violate the laws and regulations and fail to apply for housing provident fund deposit registration or open housing provident fund accounts for their employees, the housing provident fund administrative center shall order the relevant enterprises to make corrections within a designated period. Those enterprises failing to process registration provident fund accounts for their employees within the designated period shall be subject to a fine ranging from RMB10,000 to RMB50,000. When enterprises violate those provisions and fail to pay the housing provident fund in full amount as due, the housing provident fund administrative center will order such enterprises to pay up the amount within a prescribed period; if those enterprises still fail to comply with the regulations upon the expiration of the above-mentioned time limit, further application will be made to the People's Court for mandatory enforcement.

According to the Reform Plan of the State Tax and Local Tax Collection Administration System (《國稅地稅徵管體制改革方案》), which was promulgated by the General Office of the Central Committee of the Communist Party of China and the General Office of the State Council on July 20, 2018, from January 1, 2019, all the social insurance premiums, including the premiums of the basic pension insurance, unemployment insurance, maternity insurance, work injury insurance and basic medical insurance, are collected by the tax authorities. According to the Notice by the General Office of the State Administration of Taxation (the "**SAT**") on Conducing the Relevant Work Concerning the Administration of Collection of Social Insurance Premiums in a Steady and Orderly Manner (《國家稅務總局辦公廳關於穩妥有序做好社會保險費徵管有關工作的通知》), which was promulgated on September 13, 2018, and the Urgent Notice of the General Office of the Ministry of Human Resources and Social Security on Implementing the Spirit of the Executive Meeting of the State Council in Stabilizing the Collection of Social Insurance Premiums (《人力資源社會保障部辦公廳關於貫徹落實國務院常務會議精神切實做好穩定社保費徵收工作的緊急通知》), which was promulgated on September 21, 2018, all the local authorities responsible for the collection of social insurance premiums are strictly forbidden to conduct self-collection of historical unpaid social insurance contributions from enterprises. In addition, the Notice of the SAT on Implementing Measures on Further Support and Serve the Development of Private Economy (《國家稅務總局關於實施進一步支持和服務民營經濟發展若干措施的通知》), which was promulgated on November 16, 2018, repeats that tax authorities at all levels shall not organize self-collection of arrears of taxpayers including private enterprises in the previous years.

LEGAL SUPERVISIONS OVER INTELLECTUAL PROPERTY IN THE PRC

Trademark Law

Trademarks are protected by the Trademark Law of the PRC (《中華人民共和國商標法》), issued by the SCNPC on August 23, 1982, came into effect on March 1, 1983 and amended on February 22, 1993, October 27, 2001, August 30, 2013 and April 23, 2019 and the Implementation Regulation of the PRC trademark Law (《中華人民共和國商標法實施條例》), adopted by the State Council on April 29, 2014 and came into effect on May 1, 2014). The trademark Office under the General Administration Department for Industry and Commerce 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 a trademark license contract. The trademark license agreements shall be submitted to the trademark office for recording. 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 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 law

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

The Computer Software Copyright Registration Measures (《計算機軟件著作權登記辦法》), promulgated by the National Copyright Administration on February 20, 2002, and came into effect on the same day, regulates registrations of software copyright, the exclusive licensing contracts for software copyright and transfer contracts of software copyright. The National Copyright Administration of PRC shall be competent authority for the registration and management of national software copyright and the Copyright Protection Center of China is the software registration organization authority. The Copyright Protection Center of China shall grant registration certificates to the computer software copyright applicants which conforms to the regulations of both the Computer Software Copyright Registration Measures and the Regulations on Protection of Computers Software (《計算機軟件保護條例》), issued by the State Council on June 4, 1991, and amended on December 20, 2001, and further revised on January 8, 2011 and January 30, 2013.

Provisions of the Supreme People's Court on Certain Issues Concerning the Application of Law in the Trial of Civil Cases Involving Disputes over Infringement of the Right of Dissemination through Information Networks (《最高人民法院關於審理侵害信息網絡傳播權民事糾紛案件適用法律若干問題的規定》), issued by the Supreme People's Court on December 17, 2012, came into effect on January 1, 2013 and revised on December 29, 2020, provides that web users or web service providers who, through information networks, create works, performances, or audio-video products in which the right holders enjoy the transmission right of information network without due authorization, they shall be deemed to have infringed upon the transmission right of information network by the people's court.

Domain Name

The Measures on the Administration of Domain Names (《互聯網域名管理辦法》), issued by the Ministry of Industry and Information Technology on August 24, 2017 and came into effect on November 1, 2017, the Ministry of Industry and Information Technology shall be responsible for managing Internet network domain names in PRC. 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 relating to the domain name to be applied for.

LEGAL REGULATIONS OVER TAX IN THE PRC

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

According to the EIT Law and the Implementing Regulations of the EIT Law, for dividends payable to investors that are non-resident enterprises (who do not have organizations or places of business in the PRC, or that have organizations and places of business in PRC but to whom the relevant income tax is not effectively connected), 10% of the PRC withholding tax shall be paid, unless 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)).

Value-added Tax

According to the Temporary Regulations on Value-Added Tax of the PRC (《中華人民共和國增值稅暫行條例》), issued on December 13, 1993 by the State Council, came into effect on January 1, 1994 and last amended on November 19, 2017 and the Detailed Rules for the Implementation of the Provisional Regulations on Value-Added Tax of the PRC (《中華人民共和國增值稅暫行條例實施細則》), issued on December 25, 1993 by the Ministry of Finance, and became effective on the same day and revised on December 15, 2008 and October 28, 2011 (collectively, the "**VAT Law**"), taxpayers who engaged in the sale of goods, the provision of processing, repairing and replacement services, sell service, intangible assets or immovables or import goods within the territory of the PRC must pay value-added tax. Other than those specified listed in the VAT law, tax rate for selling services or intangible assets is 6%.

Furthermore, in accordance with the Notice on Fully Launch of the Pilot Scheme for the Conversion of Business Tax to Value-Added Tax (《關於全面推開營業稅改徵增值稅試點的通知》), issued by the Ministry of Finance and the SAT on March 23, 2016, came into effect on May 1, 2016, the state started to fully implement the pilot program from business tax to value-added tax on May 1, 2016. All taxpayers of business tax in construction industry, real estate industry, financial industry and living service industry have been included in the scope of the pilot program and should pay value-added tax instead of business tax.

According to Notice on Implement Measures to Value-added Tax Rate 《關於調整增值稅稅率的通知》which was issued by the MOF and the SAT on April 4, 2018 and came into effect on May 1, 2018, the value-added tax rate of taxable sales service or import goods is adjusted. The original applicable value-added tax rate was 17% and 11%, and the tax rate is adjusted to 16% and 10% respectively.

According to the Announcement on Relevant Policies for Deepening Value-Added Tax Reform (《關於深化增值稅改革有關政策的公告》), which was issued by the MOF, the SAT and the General Administration of Customs on March 20, 2019 and came into effect on April 1, 2019, for value-added tax taxable sales or imported goods of value-added tax general taxpayer where the value-added tax rate of 16% applies currently, it shall be adjusted to 13% and the currently applicable value-added tax rate of 10% shall be adjusted to 9%.

City Maintenance and Construction Tax and Educational Surcharges

According to the Notice by the State Council on Unifying the System of Urban Maintenance and Construction Tax and Education Surcharge Paid by Domestic and Foreign-invested Enterprises and Individuals (《國務院關於統一內外資企業和個人城市維護建設稅和教育費附加制度的通知》), issued by the State Council on October 18, 2010 and came into effect on December 1, 2010, since December 1, 2010, the Temporary Regulation on Urban Maintenance and Construction Tax of the PRC (《中華人民共和國城市維護建設稅暫行條例》) issued in 1985 and the Temporary Provisions on the Collection of Educational Surcharges (《徵收教育費附加的暫行規定》) issued in 1986 and other rules and regulations issued by the State Council and other competent departments since 1985 and 1986 in charge of relevant financial and tax authorities shall apply to foreign-invested enterprises, foreign enterprises and foreign individuals.

According to the Temporary Regulation on Urban Maintenance and Construction Tax of the PRC (《中華人民共和國城市維護建設稅暫行條例》), issued by the State Council on February 8, 1985, retroactive to January 1, 1985 and revised on January 8, 2011, entities and individuals who pay consumption tax, value-added tax and business tax shall pay city maintenance and construction tax. The payment of city maintenance and construction tax is based on the actual amount of consumption tax, value-added tax and business tax paid by the entities and individuals and shall be paid at the same time along with the above taxes. If the location of the taxpayer is in city downtown area, the tax rate shall be 7%; if the location of the taxpayer is in a county or town, the tax rate shall be 5%; the tax rate shall be 1% for taxpayer located out of city downtown area, county or town.

According to the Temporary Provisions on the Collection of Educational Surcharges (《徵收教育費附加的暫行規定》), issued by the State Council on April 28, 1986, came into effect on July 1, 1986 and revised on June 7, 1990, August 20, 2005 and January 8, 2011, the tax rate of education surcharges shall be 3% of the actual amount of consumption tax, value-added tax and business tax paid by the entities and individuals and paid at the same time along with the above taxes.

LEGAL REGULATIONS OVER FOREIGN EXCHANGE IN THE PRC

The Regulations on Foreign Exchange Control of the PRC (《中華人民共和國外匯管理條例》) issued by the State Council on January 29, 1996 and implemented on April 1, 1996, which was revised on January 14, 1997 and August 5, 2008 respectively, is the key foreign exchange control regulation in force, applicable to the foreign exchange income and payment and foreign exchange operation activities of the domestic institutions and domestic individuals in China and the foreign exchange payment and collection and foreign exchange operation activities of the overseas institutions and overseas individuals in China.

The Regulations on Foreign Exchange Settlement, Sale and Payment (《結匯、售匯及付匯管理規定》) issued by PBOC on June 20, 1996 and implemented on July 1, 1996 set out requirements on the foreign exchange settlement, purchase, payment, opening of foreign exchange account and external payment by the domestic institutions, individual citizens, foreign institutions in China and foreigners in China.

According to the Decision of the State Council on Canceling and Adjusting A Batch of Items Requiring Administrative Approval (《國務院關於取消和調整一批行政審批項目等事項的決定》) issued by the State Council on October 23, 2014, SAFE and its branches canceled the review and approval on the foreign exchange settlement for the repatriation of funds raised abroad under the overseas listed foreign capital stock account.

In addition, according to the Notice of SAFE on Relevant Issue Concerning the Administration of Foreign Exchange for 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》) issued by the SAFE on December 26, 2014, the domestic companies shall register the overseas listing with the foreign exchange control bureau located at its registered address in 15 working days after the completion of the overseas listing and issuance. The funds raised by the domestic companies through overseas listing may be repatriated to China or deposited overseas, provided that the intended use of the fund shall be consistent with the contents of the document and other public disclosure documents.

According to the Notice of SAFE on Reforming and Standardizing Capital Account Foreign Exchange Settlement Administration 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 SAFE on June 9, 2016, it has been specified clearly in the relevant policies that, for the capital account foreign exchange income subject to voluntary foreign exchange settlement (including the repatriation of the proceeds from overseas listing), the domestic institutions may conduct the foreign exchange settlement at the banks according to their operation needs. The proportion of the capital account foreign exchange income subject to voluntary foreign exchange settlement was tentatively set as 100%, provided that SAFE may adjust the aforesaid proportion according to the international payment balance status in good time.

LAWS AND REGULATIONS RELATING TO PROTECTION OF PERSONAL INFORMATION

According to the Civil Code of the PRC (《中華人民共和國民法典》), which was promulgated on May 28, 2020 and came into effect on January 1, 2021, which replaced the General Provisions of the Civil Law of the PRC (《中華人民共和國民法總則》), the personal information of a natural person shall be protected by the law. Any organization or individual shall legally obtain the personal information of others when necessary and ensure the safety of such personal information, and shall not illegally collect, use, process or transmit the personal information of others, or illegally buy or sell, provide or make public the personal information of others.

OVERVIEW

Our history dates back to 1991 when we began providing property management services to properties developed by BUCC. Our Company was established as a joint stock company with limited liability in the PRC on December 22, 2020 and became the holding company of our Group with our business being conducted through our subsidiaries, with a business portfolio of property management services, value-added services to non-property owners and community value-added services.

BUSINESS DEVELOPMENT MILESTONES

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

Year	Event
1991	Beiyu Property, one of our Principal Operating Subsidiaries (as defined below), was established in Beijing, PRC and began providing property management services and heat energy supply services to properties developed by BUCC.
1999	Beiyu Property was accredited with ISO 9001:2000 Quality Management System Certification.
	Chengcheng Property, one of our Principal Operating Subsidiaries, was accredited with ISO 9002 Quality Management System Certification.
2001	Beiyu Property was one of the first batch of companies in the PRC to be accredited by the Ministry of Construction of the PRC as a property management company with Level One qualification certificate.
2004	BUCG Properties, one of our Principal Operating Subsidiaries, started providing property management service and asset operation service to Chengjian Plaza (城建大廈).
2005	BUCG Properties was accredited with ISO 9001:2000 Quality Management System Certification, ISO 14001:2004 Environment Management System Certification and GB/T 28001-2001 Occupational Health and Safety Management System Certification.

Year	Event
	Chengcheng Property was accredited with ISO 9001:2000 Quality Management System Certification, ISO 14001:2004 Environment Management System Certification and GB/T 28001-2001 Occupational Health and Safety Management System Certification.
2007	Beiyu Property was accredited with ISO 14001:2004 Environment Management System Certification and GB/T 28001-2001 Occupational Health and Safety Management System Certification.
	Chengcheng Property was accredited by the Ministry of Construction of the PRC as a property management company with Level One qualification certificate.
2010	Chengcheng Property was elected as "Director Unit of China Property Management Institute (中國物業管理協會理事單位)".
2012	BUCG Properties was accredited by the Ministry of Construction of the PRC as a property management company with Level One qualification certificate.
2014	Beiyu Property, Tiannuo Property and Beiyu Tengan, being subsidiaries of Beiyu Property, became the designated companies of government procurement project for property services of Beijing municipal administrative institutions.
	Tiannuo Property (a subsidiary of Beiyu Property) started providing the property management service of Shijia Hutong and Lishi Hutong in Beijing, PRC, and pioneered the concept of hutong property management service.
2015	Beiyu Property officially participated in the Beijing Municipal Administrative Center Project and became one of the first batch of property service companies in the Beijing Municipal Administrative Center area.
	Chengcheng Property started providing real estate brokerage services.

Year	Event
2017	Chengcheng Property started providing sales office management services. BUCG Properties started providing commercial operation and property management services for Zhongguancun Capital Building jointly with the Haidian District People's Government of Beijing Municipality (北京市海淀區人民政府).
2018	BUCG Properties and Beiyu Property started providing property management services for government office building projects of Beijing Municipal Administrative Center.
2019	Beiyu Property officially took charge of the urban and rural management center of Xiong'an New Area as one of the first batch of property management companies in Beijing to provide comprehensive property management service in Xiong'an New Area.
2020	Our Company was established.
2021	Our Company ranked 24th among China's Top 100 Property Management Companies according to CIA.

OUR PRINCIPAL OPERATING SUBSIDIARIES

We carry out our business through various subsidiaries in the PRC. As of the Latest Practicable Date, we had a total of 13 directly and indirectly owned subsidiaries, among which four subsidiaries were directly held and wholly owned by us (the "**Principal Operating Subsidiaries**"). Details of major corporate developments including major shareholding changes of our Principal Operating Subsidiaries are set out below:

1. Beiyu Property

Beiyu Property is principally engaged in the provision of property management services in the PRC.

Beiyu Property (formerly known as Housing Management and Repair Company of Beijing Housing Construction Corporation* (北京市住宅建設總公司房屋管理修繕公司)), was established as an enterprise owned by the whole people in the PRC on June 21, 1991, with an initial registered capital of RMB1 million. Upon establishment, the registered capital of RMB1 million had been appropriated by BUCC (formerly known as Beijing Housing Construction Corporation* (北京市住宅建設總公司)) to Beiyu Property.

After a series of increase in registered capital, Beiyu Property had its registered capital increased to RMB30 million on April 2, 2015.

On February 16, 2017, Beiyu Property was converted from an enterprise owned by the whole people to a wholly state-owned company with limited liability, which was wholly owned by BUCC.

On March 25, 2019, Beiyu Property had its registered capital increased from RMB30,000,000 to RMB30,300,000. The shareholding structure of Beiyu Property after the increase in registered capital remained unchanged.

Subsequently, for the promotion and establishment of our Company, BUCC transferred its 100% equity interests in Beiyu Property to our Company. For details, please see "– Reorganization" in this section.

2. Chengcheng Property

Chengcheng Property is primarily engaged in the provision of property management services in the PRC.

Chengcheng Property was established as a limited liability company in the PRC on May 8, 1995 with an initial registered capital of RMB0.5 million. Upon establishment, Chengcheng Property was owned as to 90% by Beijing Urban Construction Engineering Contracting Company* (北京市城建工程承發包公司) and 10% by Beijing Urban Construction Engineering Development Company* (北京市城市建設工程開發公司).

After a series of share transfers and increase in registered capital, Chengcheng Property became directly and wholly owned by BUCID on November 8, 2011, with its registered capital increased to RMB5 million. To replenish its capital, on July 9, 2019, Chengcheng Property had its registered capital increased to RMB15 million, and the shareholding structure of Chengcheng Property after the increase in registered capital remained unchanged.

Subsequently, for the promotion and establishment of our Company, BUCID transferred its 100% equity interests in Chengcheng Property to our Company. For details, please see "– Reorganization" in this section.

3. BUCG Properties

BUCG Properties is principally engaged in the provision of property management services in the PRC.

BUCG Properties was established as a limited liability company in the PRC on June 22, 2001 with an initial registered capital of RMB50 million. Upon establishment, BUCG Properties was owned as to 80% by BUCG and 20% by Beijing Urban Construction International Engineering Co., Ltd.* (北京城建國際工程有限責任公司).

After a series of share transfers, BUCG Properties became directly and wholly owned by BUCG on December 30, 2006.

Subsequently, for the promotion and establishment of our Company, BUCG transferred its 100% equity interests in BUCG Properties to our Company. For details, please see "– Reorganization" in this section.

4. Chongqing Property

Chongqing Property is primarily engaged in the provision of property management services in the PRC.

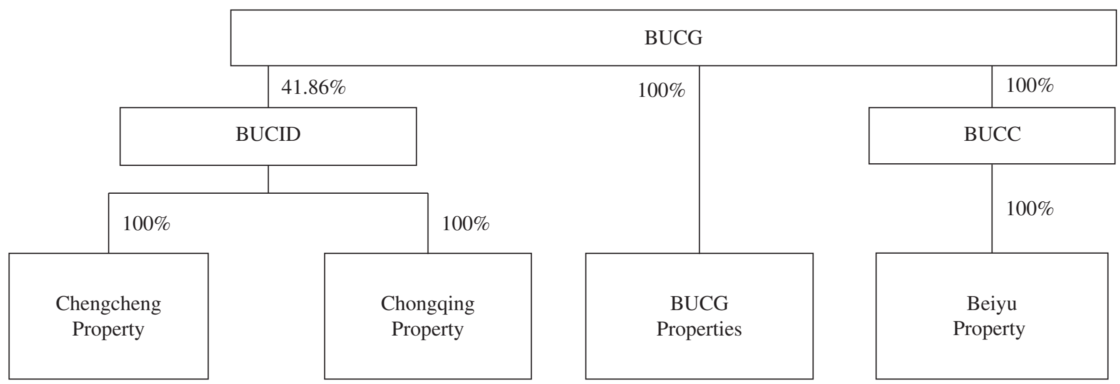
Chongqing Property was established as a limited liability company in the PRC on September 15, 1999 with an initial registered capital of RMB0.5 million. Upon establishment, Chongqing Property was owned as to 80% by Chongqing Yancheng Real Estate Development Co., Ltd.* (重慶燕城房地產開發有限責任公司) and 20% by Beijing Urban Construction Engineering Development Company* (北京市城市建設工程開發公司).

After a series of share transfers, Chongqing Property became directly and wholly owned by BUCID on October 14, 2011. To replenish its capital, on June 9, 2013, Chongqing Property had its registered capital increased to RMB3 million, and the shareholding structure of Chongqing Property after the increase in registered capital remained unchanged.

Subsequently, for the promotion and establishment of our Company, BUCID transferred its 100% equity interests in Chongqing Property to our Company. For details, please see "– Reorganization" in this section.

REORGANIZATION

The following diagram illustrates the shareholding structure of our Group immediately before the Reorganization:



In preparation of the Listing, our Company was established to become the holding company of our Group with our business being conducted through our subsidiaries.

Pursuant to a promoters agreement dated December 18, 2020 (the "**Promoters Agreement**") entered into among BUCG, BUCID, BUCC and Tianjie Group, our Company was established as a joint stock company with limited liability in the PRC on December 22, 2020 with a registered capital of RMB110,000,000 consisting of 110,000,000 issued Domestic Shares with a nominal value of RMB1.00 each.

The following steps were implemented by our promoters to establish our Company:

1. Pursuant to the Promoters Agreement and a transfer agreement dated December 25, 2020 entered into between our Company and BUCG, BUCG agreed to subscribe for 38,779,865 Domestic Shares in our Company with the 100% equity interests directly held by it in BUCG Properties being transferred to our Company. The consideration for the abovementioned transaction was determined after arm's length negotiation and with reference to the appraised value of BUCG Properties as of September 30, 2020. The relevant transaction was completed on March 31, 2021.

2. Pursuant to the Promoters Agreement and a transfer agreement dated December 25, 2020, entered into between our Company and BUCID, BUCID agreed to subscribe for 49,092,189 Domestic Shares in our Company with the 100% equity interests directly held by it in Chengcheng Property and Chongqing Property being transferred to our Company. The consideration for the abovementioned transaction was determined after arm's length negotiation and with reference to the appraised value of Chengcheng Property and Chongqing Property as of September 30, 2020. The relevant transactions for Chengcheng Property and Chongqing Property were completed on December 30, 2020 and January 11, 2021 respectively.

3. Pursuant to the Promoters Agreement and a transfer agreement dated December 24, 2020 entered into between our Company and BUCC, BUCC agreed to subscribe for 20,881,485 Domestic Shares in our Company with the 100% equity interests directly held by it in Beiyu Property being transferred to our Company and an additional cash contribution of RMB43 million. The consideration for the abovementioned transaction was determined after arm's length negotiation and with reference to the appraised value of Beiyu Property as of September 30, 2020. The relevant transaction was completed on December 29, 2020. During the Reorganization, Beiyu Property transferred certain properties (the "**Properties**") to BUCC at nil consideration pursuant to an asset transfer agreement dated December 1, 2020. The Properties were held by Beiyu Property for self-use or lease which were lack of sufficient title certificates. The Group reflected such transfer of the Properties as a deemed distribution to BUCG.

4. Pursuant to the Promoters Agreement, Tianjie Group agreed to subscribe for 1,246,461 Domestic Shares in our Company with a cash contribution of RMB10 million. The relevant transaction was completed on December 30, 2020.

The shareholding structure of our Company upon establishment is set out below:

Name of our promoters	Number of shares held	Percentage of shares held	Means of capital contribution
BUCG	38,779,865	35.25%	Equity interest
BUCID	49,092,189	44.63%	Equity interest
BUCC	15,521,702	14.11%	Equity interest
	5,359,783	4.87%	In cash
Tianjie Group	1,246,461	1.13%	In cash
Total	110,000,000	100%	–

The details of our promoters are set out below:

BUCG is a wholly state-owned enterprise under the People's Government of Beijing Municipality (北京市人民政府). Its predecessor was Beijing Urban Construction Engineering Corporation* (北京市城市建設工程總公司), which was established in June 1983. On November 8, 1993, BUCG was established in the PRC upon approval of the People's Government of Beijing Municipality. As of the Latest Practicable Date, its registered capital was RMB7,500,000,000. It is primarily engaged in authorized operation and management of state-owned assets, general contracting of various types of industrial, energy, transportation, civil and municipal engineering construction projects, contracting of overseas engineering projects and property development and other businesses.

BUCID is a non-wholly-owned subsidiary of BUCG. It is a joint stock company established in the PRC with limited liability on December 30, 1998, the shares of which are listed on the Shanghai Stock Exchange (stock code: 600266). As of the Latest Practicable Date, its registered capital was RMB2,256,537,600. As of the Latest Practicable Date, BUCID is held as to 41.86% by BUCG, and none of the remaining shareholders of BUCID holds more than 5% of its equity interests. It is primarily engaged in real estate development, sales of commercial housing, investment and investment management. As confirmed by BUCID, the approval from the shareholders of BUCID is not required for the Listing pursuant to the laws and regulations in the PRC, the Rules Governing the Listing of Stocks on Shanghai Stock Exchange and the articles of association of BUCID.

BUCC is a wholly state-owned company with limited liability. Its predecessor was Beijing Housing Construction Corporation* (北京市住宅建設總公司), which was established in May 1983. On October 5, 1993, BUCC was established in the PRC upon approval of the People's Government of Beijing Municipality. After the merger by absorption by BUCG in November 2019, BUCC has become a wholly-owned subsidiary of BUCG. As of the Latest Practicable Date, its registered capital was RMB1,743,035,000. It is primarily engaged in general contracting of various types of industrial, energy, transportation, municipal and civil engineering construction projects, contracting of overseas engineering projects and property development and other businesses.

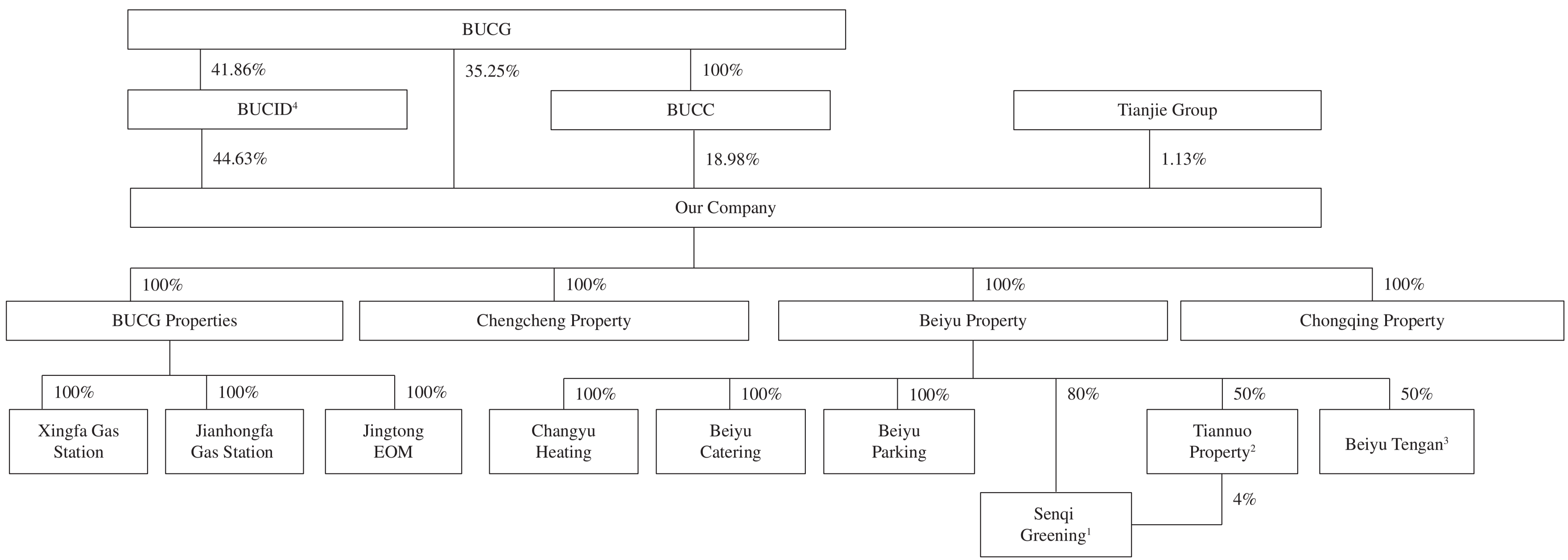
Tianjie Group is a wholly state-owned enterprise held as to 90% by the State-owned Assets Supervision and Administration Commission of Dongcheng District People's Government of Beijing Municipality (北京市東城區人民政府國有資產監督管理委員會) and 10% by Beijing Municipal Finance Bureau (北京市財政局). It was established in the PRC on August 16, 2004. As of the Latest Practicable Date, its registered capital was RMB2,845,117,647. It is primarily engaged in investment and asset management, real estate development, property management.

Our PRC Legal Advisers have confirmed that relevant approvals or filings have been obtained or made, as applicable, for the Reorganization in the PRC in respect of our Company as of the Latest Practicable Date.

Each of our Controlling Shareholders (namely BUCG, BUCC and BUCID) has undertaken to the Stock Exchange and us and all of them will be subject to the lock-up requirement under Rule 10.07 of the Listing Rules. See "Underwriting – Undertakings to the Stock Exchange pursuant to the Listing Rules" for details.

CORPORATE STRUCTURE

The following chart sets out our simplified corporate structure after completion of the Reorganization and immediately prior to the Global Offering (all entities in the chart are established in the PRC):



Notes:

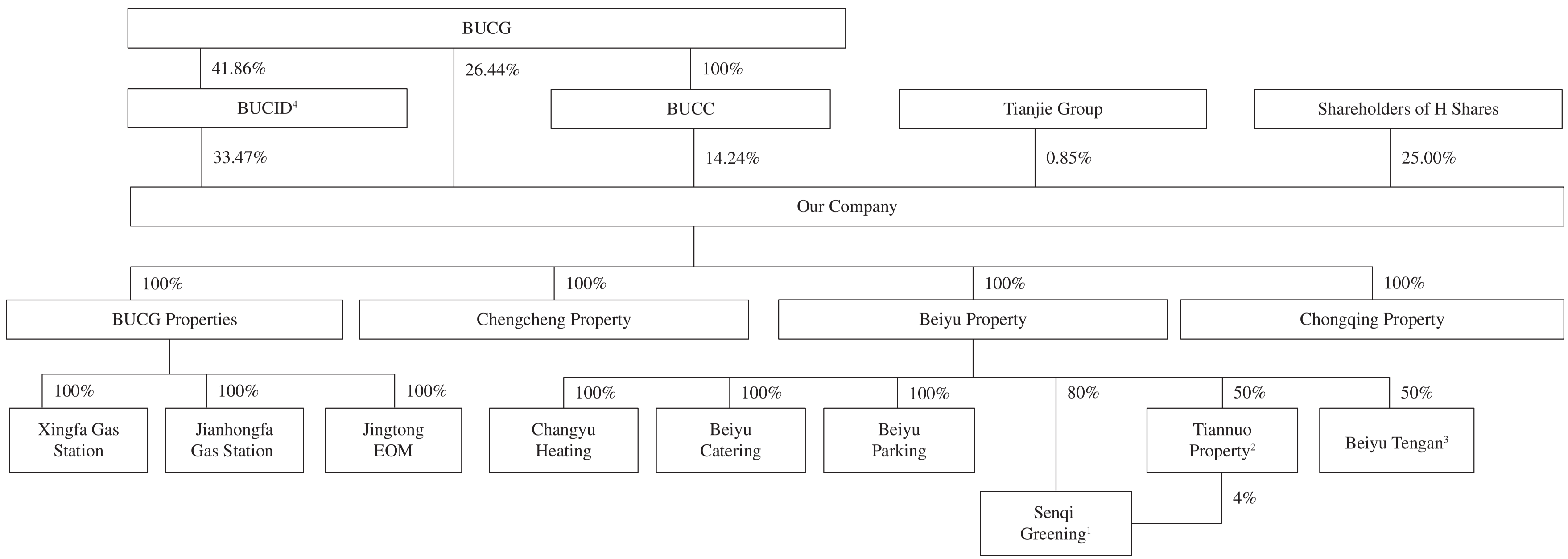
1. The remaining 16% equity interests in Senqi Greening is held by Beijing Hengqi Investment Management Co., Ltd.* (北京衡其投資管理有限責任公司), which is a wholly-owned subsidiary of BUCC, a Controlling Shareholder of the Company.

2. The remaining 50% equity interests in Tiannuo Property is held by Beijing Uni.-Construction Real Estate Development Co., Ltd.* (北京住總房地產開發有限責任公司), which is a subsidiary of BUCC (owned as to 96.57% by BUCC and its wholly-owned subsidiaries and as to 3.43% through its non-wholly-owned subsidiaries).

3. The remaining 50% equity interests in Beiyu Tengan is held as to 23% by Li Jianlou (李建樓), who also served as the chairman of the board of directors and general manager of Beiyu Tengan, 10% by Yuan Hui (袁慧), 10% by Chen Xiaofan (陳曉帆) and 7% by Liu Tiejing (劉鐵靜), and all of them are employees of our Group. Save as the aforesaid, these remaining shareholders of Beiyu Tengan had no other connected relationship with the Company.

4. None of the remaining shareholders of BUCID holds more than 5% of its equity interests.

The following chart sets forth the simplified corporate structure of our Company immediately upon completion of the Global Offering (assuming no Over-allotment Option is exercised) (all entities in the chart are established in the PRC):



Notes:

1. The remaining 16% equity interests in Senqi Greening is held by Beijing Hengqi Investment Management Co., Ltd.* (北京衡其投資管理有限責任公司), which is a wholly-owned subsidiary of BUCC, a Controlling Shareholder of the Company.
2. The remaining 50% equity interests in Tiannuo Property is held by Beijing Uni.-Construction Real Estate Development Co., Ltd.* (北京住總房地產開發有限責任公司), which is a subsidiary of BUCC (owned as to 96.57% by BUCC and its wholly-owned subsidiaries and as to 3.43% through its non-wholly-owned subsidiaries).
3. The remaining 50% equity interests in Beiyu Tengan is held as to 23% by Li Jianlou (李建樓), who also served as the chairman of the board of directors and general manager of Beiyu Tengan, 10% by Yuan Hui (袁慧), 10% by Chen Xiaofan (陳曉帆) and 7% by Liu Tiejing (劉鐵靜), and all of them are employees of our Group. Save as the aforesaid, these remaining shareholders of Beiyu Tengan had no other connected relationship with the Company.
4. None of the remaining shareholders of BUCID holds more than 5% of its equity interests.

OVERVIEW

We are an integrated property management service provider based in the capital city of China. With an operating history of over three decades, our subsidiaries have accumulated extensive experience in the property management services sector that drives our value growth and differentiates us from other market players. We have been continuously providing diversified property management services to enterprises, public institutions and residents in the capital of China. We are a well-known property management brand in China and the first property management service provider offering property management services for hutongs in Beijing, having undertaken property management and related services for influential projects in the market, including but not limited to, National Stadium (Bird's Nest) and offices and buildings for numerous government agencies and conglomerates controlled by SASAC.

As of May 31, 2021, our contracted GFA and GFA under management amounted to 32.3 million sq.m. and 30.5 million sq.m., respectively. As of the same date, our GFA under management in the Beijing-Tianjin-Hebei Region was 27.3 million sq.m., accounting for 89.4% of our GFA under management as of the same date. As of December 31, 2020, our contracted GFA and GFA under management amounted to 31.0 million sq.m. and 29.1 million sq.m., respectively, with a market share of 0.1% in terms of GFA under management in 2020 in the property management industry in China, according to CIA. As of the same date, our GFA under management in the Beijing-Tianjin-Hebei Region was 26.0 million sq.m., accounting for 89.3% of our GFA under management as of the same date. According to CIA:

- we ranked 24th among Top 100 Property Management Companies in 2021 in terms of overall strength[(1)];

- we ranked third among Top 100 Property Management Companies in 2021 in terms of GFA under management in Beijing as of December 31, 2020;

- we ranked ninth among Top 100 Property Management Companies in 2021 that are based in the Beijing-Tianjin-Hebei Region in terms of total revenue in 2020; and

- we ranked sixth among Top 100 Property Management Companies in 2021 based in the Beijing-Tianjin-Hebei Region in terms of revenue from value added services in 2020.

We offer diversified property management services to a variety of property types, creating unique competitive edges for building a distinctive service brand. As of May 31, 2021, we managed a total of 183 properties, consisting of 121 residential properties, 29 commercial properties, 26 public and other properties and seven hutong communities, with GFA under management of 21.4 million sq.m., 1.2 million sq.m., 1.6 million sq.m. and 6.4 million sq.m., respectively. As an extension of our property management services, we offer (i) value-added services to non-property owners such as sales office and display unit management and

(1) According to CIA, overall strength is assessed by taking into consideration a number of indicators, including management scale, operational performance, service quality, growth potential and social responsibility. See "Glossary of Technical Terms – Overall Strength" for more details.

pre-delivery support services, tenant sourcing and management services; and (ii) community value-added services such as heat energy supply services, catering services, real estate brokerage services and carpark space operation services. For each of the years ended December 31, 2018, 2019, 2020 and the five months ended May 31, 2021, our revenue from value-added services as a percentage of total revenue exceeded 32% and was significantly higher than the average level of Top 100 Property Management Companies in 2021, which amounted to 22%, according to CIA.

We achieved stable financial growth during the Track Record Period. Our revenue increased by 18.8% from RMB917.9 million in 2018 to RMB1,090.6 million in 2020, and our profit for the year increased by 66.2% from RMB41.4 million in 2018 to RMB68.8 million in 2020. In terms of revenue in 2020, our market share was 0.2% in the property management industry in China, according to CIA. Our revenue increased by 12.8% from RMB424.2 million for the five months ended May 31, 2020 to RMB478.5 million for the five months ended May 31, 2021 and our profit for the period increased from RMB36.9 million for the five months ended May 31, 2020 to RMB38.4 million for the five months ended May 31, 2021.

COMPETITIVE STRENGTHS

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

Expansion across the nation driven by deep roots in the Beijing-Tianjin-Hebei Region and outstanding service capabilities in the capital city of China

We are an integrated property management service provider based in the capital city of China. With a thirty-year operating history, our subsidiaries have accumulated extensive experience in the property management services sector that drives our value growth and differentiates us from other market players. We have been continuously providing diversified property management services to enterprises, public institutions and residents in the capital of China. Capturing opportunities brought by the coordinated development of the Beijing-Tianjin-Hebei Region, we have gradually established a service network centered in Beijing with a coverage across China. We are a well-known property management brand in China and the first property management service provider offering property management services for hutongs in Beijing, having undertaken property management and related services for influential projects in the market, including but not limited to, National Stadium (Bird's Nest) and offices and buildings for numerous government agencies and conglomerates controlled by SASAC. We have also served as the council member of the China Property Management Institute (中國物業管理協會) and the vice president institution of the Beijing Property Management Association (北京物業管理協會). We have been recognized as one of the Top 100 Property Management Companies and China's Leading Property Management Company for Featured Service (中國特色物業服務領先企業) by CIA for consecutive years. We have also been awarded numerous honorary titles, such as Enterprise with the Highest Growth Potential in China's Property Management Industry (中國物業管理最具成長潛力企業) by China Property Management (《中國物業管理》). A number of our residential projects and office building projects have been identified as national property management demonstration projects and/or Beijing property management demonstration projects.

As of May 31, 2021, our contracted GFA and GFA under management amounted to 32.3 million sq.m. and 30.5 million sq.m., respectively. As of May 31, 2021, our GFA under management in the Beijing-Tianjin-Hebei Region was 27.3 million sq.m., accounting for 89.4% of our GFA under management as of the same date. According to CIA, we ranked 24th in terms of overall strength and third in terms of GFA under management in Beijing as of December 31, 2020 among Top 100 Property Management Companies in 2021, ninth in terms of total revenue in 2020 and sixth in terms of revenue from value-added services in 2020 among Top 100 Property Management Companies in 2021 which are based in the Beijing-Tianjin-Hebei Region. We are also the industry leader and a standard-setter for hutong property management services. As of May 31, 2021, we had 183 projects under management in nine provinces and municipalities in China.

Capturing opportunities brought by the coordinated development of the Beijing-Tianjin-Hebei Region and vast potential for development in property management industry in the PRC, we fully leveraged the resource advantages of being based in the capital of China to continuously expand our GFA under management and achieved stable financial growth during the Track Record Period. Our revenue increased by 18.8% from RMB917.9 million in 2018 to RMB1,090.6 million in 2020, and our profit for the year increased by 66.2% from RMB41.4 million in 2018 to RMB68.8 million in 2020. Our revenue increased by 12.8% from RMB424.2 million for the five months ended May 31, 2020 to RMB478.5 million for the five months ended May 31, 2021, and our profit for the period increased from RMB36.9 million for the five months ended May 31, 2020 to RMB38.4 million for the five months ended May 31, 2021.

In the past few years, with the implementation of the national development strategies by the PRC Government, the number of construction projects of large-scale infrastructures (such as Beijing Daxing International Airport and public facilities for the 2022 Beijing Olympic and Paralympic Winter Games, Beijing Municipal Administrative Center and Xiong'an New Area) experienced significant growth, stimulating an increased level of demand for property management services in the Beijing-Tianjin-Hebei Region. At the local level, as the People's Government of Beijing Municipality successively introduced a series of policies to expand the coverage of property management services as well as to marketize military property management and hutong property management, the penetration rate of the property management services in the Beijing-Tianjin-Hebei Region increased significantly, according to CIA, demonstrating remarkable growth potential. It is expected by CIA that the total GFA under management in the Beijing-Tianjin-Hebei Region will reach approximately 2.9 billion sq.m. by the end of 2025, representing a CAGR of 6.2% from 2020, exceeding that of the national average. The market size of the Beijing-Tianjin-Hebei Region in terms of revenue is also expected to increase to RMB95.0 billion in 2025. Benefiting from the coordinated development of the Beijing-Tianjin-Hebei Region, we believe that, in the future, in addition to solidifying our leading position in the Beijing-Tianjin-Hebei Region, we will further expand our presence in the PRC and in particular, further establish our footprints in economically advanced regions in the PRC.

Sustainable business development and distinctive operation underpinned by resources and brand strengths of our Shareholders

Our Shareholders comprise BUCG and its subsidiaries (including BUCID and BUCC), BUCID and BUCC, as well as Tianjie Group, which have always been and will continue to be a great support our business development. The Reorganization exercise and the establishment of Our Company were against the backdrop of government initiatives with an objective to encourage the reform and innovation of state-owned enterprises and accelerate the mixed ownership reform of state-owned enterprises in the capital of China in accordance with the Three-Year Plan for State-owned Enterprises Reform, and have obtained strong support from Beijing SASAC and the Government of Dongcheng District.

BUCG is a leading construction company in the PRC and its subsidiaries include two listed companies, namely, BUCID (stock code: 600266.SH) and Beijing Urban Construction Design & Development Group Co., Limited (stock code: 1599.HK). BUCG's merger and reorganization with BUCC in 2019 further strengthened its service capabilities. After the reorganization, BUCG ranked 13th among the Top Global Contractors published by the ENR and the 177th among the Top 500 Chinese Enterprises. BUCG delivers solutions across industries and has an operation that spans nine business segments, including Construction, Real Estate, Design, Gardening, Properties, Capital Operation, International Business, Cultural & Tourism and Services, which have formed a complete industrial value chain. Total GFA of projects under construction developed or constructed by BUCG Group as of December 31, 2020 amounted to 75.4 million sq.m. As of December 31, 2020, total assets of BUCG Group was RMB347.5 billion. As of the same date, BUCG Group had a land bank of 50.3 million sq.m, and GFA under construction of 12.4 million sq.m. for real estate projects developed by BUCG Group. For the year ended December 31, 2020, BUCG Group recorded a revenue of RMB125.2 billion and a profit of RMB4.8 billion, with a total number of employees amounting to 33,432.

BUCID primarily engages in the real estate development business and is one of the Top 10 Chinese State-owned Real Estate Listed Companies in terms of brand value and the Top 100 Chinese Real Estate Listed Companies in terms of overall strength. BUCID focuses its business in the Beijing-Tianjin-Hebei Region and is expanding its coverage to other provinces and municipalities such as Sichuan, Chongqing, Shandong and Hainan. BUCC is a large-scale enterprise with proven track record in construction and installation, real estate development and modern services, and operates across industries and geographies. It has more than 30 wholly-owned subsidiaries, holding companies, associates and business units. Tianjie Group is the largest state-owned cultural and tourism enterprise in Dongcheng District, Beijing. As one of its major business focuses in its strategic layout, its cultural and tourism business mainly comprises cultural real estate, cultural asset management and cultural tourism, which provides a diverse platform for the in-depth integration and development of cultural sites, real estate, industrial parks and other new properties. Tianjie Group has successfully built up residential communities that integrates hutong culture with modern living concepts and a series of boutique cultural facilities including Qianmen Cultural Experiential Consumer District, Yuhe Cultural Industrial Park, Beijing Comedy Theater and Beijing Imperial City Art Museum. Tianjie Group is a crucial executor of the "prominent cultural district" and the "district for carrying out core functions of the capital" plans of Dongcheng District.

During the Track Record Period, we maintained a close cooperative relationship with BUCG Group and Dongcheng District through our diversified and distinctive property management services and value-added services provided to a number of projects developed, owned, constructed or being constructed and/or managed by them. As of May 31, 2021, our GFA under management of 18.3 million sq.m. was derived from BUCG Group and its respective joint ventures or associates, representing a steady growth and is expected to continue to increase. As of the same date, our GFA under management that was derived from BUCG Group and its respective joint ventures or associates accounted for 59.8% of our total GFA under management. In addition, we have been keeping pace with the industry trend of standardized management of construction sites to promote safe operation as required by the PRC Government and pioneered in carrying out standardized property management services on construction sites. As of May 31, 2021, we have offered property management services to a number of construction sites for office buildings of government agencies in Beijing. With BUCG Group's massive amount of land bank and GFA under construction, we believe that our prospects for carrying out property management on construction sites will be extensive. As of the same date, our GFA under management of approximately 280,000 sq.m. was derived from BUCG Group, accounting for approximately 19.3% of the total GFA of properties held by BUCG Group as of the same date. As we further penetrate into the untapped market of properties held by BUCG Group, we expect that our GFA under management and market share will continue to boom.

Leveraging resources brought by our Shareholders, we believe that the steady growth of real estate business of our Shareholders can provide a stable source of property management projects, while allowing us to further explore opportunities in managing historical and cultural properties and other property types. Moreover, close and long-term collaboration with our Shareholders enables us to locate high-quality projects more efficiently and effectively, which may in turn enhance our competitive edges in the property management industry in the Beijing-Tianjin-Hebei Region and in China. As a result, we are capable of creating a large-scale, quality and distinctive property management brand.

Diversified property management services offered to a variety of property types, creating unique competitive edges for building a distinctive service brand

Through our comprehensive service offerings, we are not only capable of serving residential and commercial properties, but also various property types including key infrastructure projects, offices for government agencies, corporate headquarters of large-scale enterprises, and historical and cultural sites. We were among the first batch of state-owned property management companies in the capital of China that served Beijing Municipal Administrative Center and the Xiong'an New Area and the first property management company that formulated the property management service standards for hutongs. Signature projects under our management include National Stadium (Bird's Nest), office buildings of PipeChina, and Shijia Hutong. As of May 31, 2021, our GFA under management for 183 properties amounted to 30.5 million sq.m., consisting of 121 residential properties, 29 commercial properties, 26 public and other properties and seven hutong communities with GFA under management of 21.4 million sq.m., 1.2 million sq.m., 1.6 million sq.m. and 6.4 million sq.m, respectively. We believe that our diversified services and comprehensive property type coverage will provide us with unparalleled competitive edges in achieving differentiation and establishing a distinctive brand as the cultural and tourism and historical sites are being increasingly valued, particularly in Beijing, with the further development and growth of property management industry.

Leveraging our extensive experience in property management, we offer various value-added services as an extension of our property management services, which include (i) value-added services to non-property owners such as sales office and display unit management and pre-delivery support services and tenant sourcing and management services; and (ii) community value-added services such as heat energy supply services, catering services, real estate brokerage services and carpark space operation services. To be specific, our sales office and display unit management and pre-delivery support services have a stable customer base, which brought us a well-recognized brand name in the capital city of China. As of the Latest Practicable Date, our heat energy supply services cover approximately 42,000 households with a total GFA of approximately 4.1 million sq.m. As with our catering services, "Likang Roast Duck Restaurant (立康烤鴨店)" has become a well-recognized and time-honored restaurant brand. For each of the years ended December 31, 2018, 2019, 2020 and the five months ended May 31, 2021, our revenue from value-added services as a percentage of total revenue exceeded 32% and was significantly higher than the average level of Top 100 Property Management Companies in 2021, which amounted to 22%, according to CIA.

Through continuously developing our value-added services to non-property owners and community value-added services, we will further enrich our service portfolio, enhance our service capabilities, explore value of services and provide personalized one-stop customer experience to our customers, which will in turn further optimize our brand reputation. We believe that our diversified service portfolio with comprehensive property type coverage can help us establish a distinctive property management brand, enhance customer experience, which will in turn gain us an established reputation and achieve additional brand premium.

Quality services and effective cost control measures through digitalization and intelligent information technology systems

We drive our business growth through the persistent pursuit of distinguished service quality. Our quality property management services not only bring a superior customer experience for customers and enhance their loyalty, but also lay a solid foundation for our comprehensive and diversified value-added service offerings to a large potential customer base. We ensure strict adherence thereto by having in place a comprehensive quality control system and a competent quality control team to supervise the service quality of our employees and suppliers. In addition, we have standardized operation manuals in place to guide the provision of our services.

We have been implementing upgrades of information technology infrastructure to strengthen our competitiveness and to reduce operational costs and reliance on manual labor. In line with the market trend of digitalization, we have developed our comprehensive intelligent management system that integrates our service platform offered to property owners and business partners with our internal systems for property management service and intelligent operation.

We have developed intelligent financial management system, intelligent patrolling and monitoring system and remote equipment management system and have applied them to our daily operation, and established the Smart Management Center (智慧管理駕駛艙) and E-lifestyle Service Platform (E生活服務平台), in an effort to further enhance our service quality. We have introduced intelligent robots and other intelligent solutions to enhance equipment operational efficiency, achieve automatic surveillance, reduce our operating costs and enhance our management efficiency. Our Immediate Response Service System (接訴即辦服務系統) efficiently handles customer enquiries and complaints, enhancing customer satisfaction. We will continue to build up our intelligent operational platform and proactively deploy intelligent software and hardware to create our core competitive edges through technology empowerment.

In recent years, despite the overall labor costs increase in the property management industry, we have effectively controlled our cost of sales through extensive use of technology and effective cost control measures and enhanced our overall management efficiency. During the Track Record Period, our staff costs as a percentage of our total revenue continued to decrease, amounting to 42.2%, 39.7%, 35.9% and 37.2% for the years ended December 31, 2018, 2019 and 2020 and the five months ended May 31, 2021, respectively.

A property management brand with distinctive Beijing Style built upon the location advantages of the capital city of China and specialization in hutong property management and urban renewal and upgrading projects

Based in Beijing, the capital city of the PRC, we are equipped with location and resources advantages in the property management industry. Beijing is China's political center, cultural center, international exchange center and scientific and technological innovation center. Pursuant to the policies issued by the PRC Government, Beijing shall fulfil its service obligation to the central government of China through Four Services (四個服務), namely, (i) services for the institutions and agencies of the Communist Party of China, the government and the army; (ii) services for the national and international communication; (iii) services for the national education, technology, culture and health undertakings; and (iv) services for improving the wellbeing of the people. The essence of our "Beijing Style" property management brand is our business focus that closely aligns with Four Services. Our state-owned background and established reputation enable us to actively fulfill our political and social responsibilities by serving and safeguarding the PRC Government, the Communist Party of China, and enterprises and residents in Beijing. Properties we manage include residential properties, government offices, commercial properties, hospitals, educational institutes and public and other properties. Set forth below are some examples of properties under our management:

- **Services for the institutions and agencies of the Communist Party of China, the government and the army**: Properties of the National Government Offices Administration and the Chinese People's Liberation Army Ground Force. We are the property management service provider of the National Government Offices

Administration from 2018 to 2020, the service provider of Chinese People's Liberation Army Ground Force Logistics Department, and the designated property service provider of Beijing municipal administrative institution in 2020-2022.

- **Services for the national and international communication**: Customs Complex of the Beijing Daxing International Airport and the National Stadium (Bird's Nest). We served the 70th National Day military parade, the National People's Congress and the Chinese People's Political Consultative Conference, the Belt and Road Forum, the Beijing Expo and other major international exchange events.

- **Services for national education, technology, culture and health undertakings**: The Affiliated High School of Peking University, Beijing Ditan Hospital and the Liulichang West Street. During the COVID-19 pandemic, we provided property management services for the reconstruction project of Beijing Ditan Hospital and Beijing Xiaotangshan Hospital. In addition, our service covers many cultural relics protection units and schools.

- **Services for improving the wellbeing of the people**: A number of residential and hutong properties. Our service offerings do not only cover property management services, but also value-added services to non-property owners and community value-added services.

As a leading state-owned property management service provider in the Beijing-Tianjin-Hebei Region, leveraging our geographical location advantage, we account for a considerable market share in the Beijing-Tianjin-Hebei Region with stable business growth. According to CIA, we will further benefit from the national strategy of coordinated development in the Beijing-Tianjin-Hebei Region, enabling us to develop our business at a faster pace. The new overall planning for Beijing sets out that it will create an urban development landscape of "One Core and Two Wings" through establishing the Beijing Municipal Administrative Center and Xiong'an New Area centering around the functional core area of the capital. With the 2022 Beijing Olympic and Paralympic Winter Games to be hosted in Beijing next year, the future development of the Beijing-Tianjin-Hebei Region will bring significant location and resources advantages for our growth. In addition, as of May 31, 2021, among the first batch of 12 office buildings in use in the Beijing Sub-City Center, five were constructed by BUCG Group, and six were managed by us with a total GFA under our management of approximately 800,000 sq.m. As of the same date, the BUCG Group had 119 projects under its construction in Beijing Municipal Administrative Center and Xiong'an New District, with a GFA of 10.4 million sq.m. Leveraging our vast property management service experience and support from our Shareholders, we will be able to grasp opportunities brought in the Beijing-Tianjin-Hebei Region.

The hutong properties of Beijing Style will bring us significant business increments. The Detailed Plan for The Core Area of the Capital (Street Level) (2018-2035) (《首都功能核心區控制性詳細規劃(街區層面)(2018年-2035年)》) was issued by Beijing Municipal Commission of Planning and Natural Resources in 2020, which sets out that it will coordinate the development of property management in the central government-owned properties, old communities and cottage areas by introducing market-oriented property management companies into these areas. For cottage areas, a pragmatic property management model should be established to achieve full coverage of property management service. Our hutong management history could be traced back to 2014 when we were the first professional property management company in Beijing providing hutong management services, according to CIA. As of May 31, 2021, we managed 335 hutongs with a GFA of approximately 6.4 million sq.m. In 2020, our total contract value for our management of hutong properties amounted to RMB70 million, accounting for over 30% of the total number of hutongs in Beijing, making us the market leader and standard-setter in the hutong property management service area. The Beijing Hutong Property Management Service Standards (《北京胡同物業服務標準》) and the Guidelines on Beijing Hutong Property Management Service (《北京胡同物業服務作業指導手冊》) issued by us have filled the industry standard gaps and further promoted development of property management for hutongs. To accredit our early movement and leading market position in hutong management, we were awarded China's Leading Featured Property Management Services Enterprise – Leading Innovation and Development of Hutong Property Management Services (中國特色物業服務領先企業–引領胡同物業服務創新發展) by CIA for four consecutive years from 2018 to 2021. According to CIA, driven by increasing demand for a better life of hutong residents as well as the government's intention in promoting professional and delicacy management of the city, Beijing government tends to involve professional property management service providers in more city management functions, such as hutong management. In light of this, the hutong property market size in Beijing is expected to reach RMB720 million by the end of 2025 with a total GFA of 31.8 million sq.m. We believe there are plenty of market opportunities in Beijing for the hutong management, especially for those property management service providers who have extensive experience in and are well-recognized in hutong management, like us. In addition, we view hutong management as a starting point for the development of urban community operations and services, especially in light of the establishment of three-level public service life circle of community-block-street. According to CIA, in light of the policy of promoting city governance system and modernization of governance capabilities, several cities in the PRC have already staged their policy in delicacy management of the city which encourage property management companies to participate the public service offerings and governance of the city. Since urban community operations and services impose higher requirements on professionalism of the property management service providers in terms of their scale of operation and capabilities in resource planning and allocation, property management companies which have extensive experience in cooperating with the government, managing public premises, such as hutongs, and serving the public, like us, will have the advantage of early-mover to expand the horizon of their services to undertake more city management functions according to CIA. Our ample experience in offering services to hutong residents and public will benefit us in extending our service offerings to the urban public as well as diversifying our service portfolio to urban sanitary and environment beautifying, maintenance of public order, urban gardening and greening and maintenance of municipal facilities and value-added services such as education, culture and tourism, child care and elderly care. We believe that our first-mover advantage and unparalleled leading position in hutong property management market will enable us to capture the development opportunities of hutongs and urban services and further expand our market share.

The rapid growth of demand for urban renewal and old neighborhood alternation in Beijing will bring us more market opportunities. The Outline of the 14th Five-Year Plan for National Economic and Social Development of the People's Republic of China and the Long-Range Objectives Through the Year 2035 (《中華人民共和國國民經濟和社會發展第十四個五年規劃和2035年遠景目標綱要》) sets out that the PRC Government will accelerate the urban renewal and upgrade the functions of undeveloped areas such as old communities, old factory areas, old blocks and urban villages. On July 1, 2020, four departments and committees including Beijing Municipal Commission of Housing and Urban-Rural Development jointly issued the Opinion on the Pilot Implementation of Dangerous and Old Buildings Alteration (《關於開展危舊樓房改建試點工作的意見》) to promote organic urban renewal and upgrade by renewing the unsafe and old buildings through renovation, alteration or proper addition. As of May 31, 2021, we successfully assisted in introducing government investment of RMB226.6 million for renewal and upgrade of 39 communities, thereby expanding our property management portfolio. The government investment was used in community greening and environment upgrading, renovation of culture, sports and other convenient facilities, upgrading of facial recognition and surveillance system, repair of community roads and exterior wall painting, which may also benefit us in reducing our operating costs in the long run. According to CIA, the market size of urban renewal and upgrade in Beijing is expected to reach RMB68.4 billion by the end of 2025 with a GFA of 8.0 million sq.m. With the further implementation of the urban renewal and upgrade and renovation of old neighborhoods policies at the national level, we will be deeply involved in relevant alternations, including elevators installation, greening services, equipments renovation, car park operation, external wall insulation to improve the community governance and environment and our service quality. Leveraging our leading position and extensive experience in residential property and hutong property management market, we believe that we are able to capture the future growth opportunities in urban renewal market in the capital city of China and establish a property management brand with distinctive Beijing style.

An experienced and professional management team supported by an effective human resources management system

Members of our senior management have on average nearly 20 years of experience in property management, real estate and construction industries and have rich and solid expertise in corporate governance, property management and financial management, enabling us to seize current and future development opportunities in property management industry and precisely determine our development priorities that best serve our long-term interest. Meanwhile, members of our core management team all came from our property management subsidiaries or BUCG. These core management members are equipped with outstanding resource coordination and integration capabilities who can facilitate the integration of resources from BUCG and property management services of our Company effectively and efficiently to fuel our business growth. In addition, our senior management is a highly educated management team, with all members holding a bachelor's degree and approximately two thirds of them holding a master's degree. Among our management team, 72% of the members are holding bachelor's degrees or above, and nearly 50% of the members are holding various professional qualification certificates and in possession of vast professional and technical experience. More than 64% of our employees have worked for us for more than five years, demonstrating a strong sense of corporate belonging. We inherit the distinctive corporate culture of BUCG that combines both military and school culture, and establish our core corporate value of "innovation, passion, integrity, responsibility and gratitude".

Our management team is led by Mr. Zhang Weize, the chairman of the Board and an executive Director, who holds a senior (professor level) title and has been engaged in real estate, property management and/or engineering and construction related industries since 1992, with approximately 30 years of industry experience. He served BUCC from 2011 to 2020 and has mature business and management experience in property management, real estate project management, operation management and overseas business management. Mr. Yang Jun, our general manager and an executive Director, has a senior professional title and has more than 30 years of experience in the real estate and property management related industries. Mr. Yang has been responsible for real estate development, property operation and management and other businesses since 1991. He has served as a representative of the 15th and 16th People's Congress of Haidian District of Beijing since 2011.

We have established a sound human resources management system that comprehends competitive remuneration plans, an effective internal evaluation system, as well as a sophisticated training and promotion system. We provide personalized trainings, performance evaluation and incentives for both junior employees and senior management pursuant to different skillset requirements, career aspirations and positions. We offer competitive compensation packages and have established a sound performance evaluation and promotion system to motivate employees. We believe that our established talent recruitment, training and evaluation systems enable us to identify employees who share our fundamental values and employees who are able to provide professional and high-quality services to customers, thereby distinguishing us from our competitors.

BUSINESS STRATEGIES

Our vision is to become a provider of best-in-class urban and lifestyle services with distinguished brand awareness nationwide. To this end, we have formulated the following business strategies:

Expand our project portfolio through multiple channels and consolidate our leading position in the Beijing-Tianjin-Hebei Region

Drawing on our deep roots in the property management services sector of Beijing, our expansion initiatives will be serving our strategic priorities to increase business penetration into the entire Beijing-Tianjin-Hebei Region, with a particular focus on cities of Beijing and Tianjin, and to gradually extend our footprints to other first-tier and new first-tier cities in China. We also seek to expand our geographical presence along the strategic development of BUCG Group across geographies and further explore new project opportunities in Chengdu, Chongqing, Qingdao, Baoding, Xiong'an New Area and Anshan, where we have certain residential and/or non-residential properties under management. Our brand recognition established through these projects will in turn play a pivotal role as we enter surrounding regional markets, in an effort to expedite our financial growth by way of achieving the economies of scale.

We intend to achieve scalable growth in our property management business through using 60% of our net proceeds from the Global Offering in investing in or acquiring providers of property management services or property management related services to further unleash the potential of resources integration and centralized management. Capitalizing on our background as a state-owned enterprise based in Beijing, we intend to bolster our tie with the local government in order to increase our penetration into public property management projects.

We will proactively develop new businesses and grow our customer base, with a focused goal in optimizing our business model and diversifying our service offerings through expanding our project portfolio of high-end residential and commercial properties. We will also dedicate substantial efforts to securing new property management service engagements in respect of public premises, including large-scale infrastructures, cultural and sports facilities, schools and hospitals, with a view to strengthening and expanding our brand awareness in the public property management services sector.

We believe that BUCG Group's rich resources across nine sectors and the collective strength of its diversified business portfolio are key drivers for our future growth. With a core commitment to synergistic development along the industry value chain, we seek to align our growth with BUCG Group's development in real estate, construction operations, architectural design, landscaping and culture and tourism sectors to give full play to the resources from BUCG Group's diversified business portfolio that are available to us. We also aim to play an active role in the metropolitan service chain of state-owned enterprises in Beijing and the supply chain throughout the entire process of property development projects, fueling our business development with the energies from Beijing's economic advantages as the capital city of the PRC as well as the synergistic development along BUCG Group's industry value chain. In addition to the stable source of property management projects brought by BUCG Group's real estate development business. Our next strategic focus is to leverage the scale of BUCG Group's construction operations business to establish China's first and foremost brand of construction site property management services – "Jingcheng E Home (京城E家)", which will lay a good foundation for us to seize a sizable share in this emerging property management services segment, creating a new growth momentum for our GFA under management.

Continue to extend our value chain and enrich our value-added services

We consider value-added services essential to our sustainable business growth in business in the future. As an extension to our property management services, we will further develop our value-added services by fully utilizing the available industry resources. We manage to enhance our profitability with the support of an increased level of specialization and scale in our heat energy supply services, catering services, real estate brokerage services, tenant sourcing and management services, sales office and display unit management and pre-delivery support services and landscape engineering services, and deliver true value to our customers through our innovation-driven business model. We intend to apply approximately 25% of our net proceeds from the Global Offering to financing the development of our value-added services.

In respect of value-added services to non-property owners, our priority is to further expand our presence in commercial properties held by BUCG Group to reinforce our capability to provide commercial operation services, such as tenant sourcing and management services and engineering operation and maintenance services, enriching our business mix and increasing our influence in the industry. In addition, we envisage that the real estate development business of BUCG Group will lend critical support as we continue to grow our preliminary planning and design consultancy services, sales office and display unit management and pre-delivery support services business as well as real estate brokerage services business, fostering a recognized "BUCG" service brand. Leveraging our established reputation and service experience, we believe we are better positioned to secure a larger share in the heat energy supply and catering services markets. We expect to further enhance our profitability through optimizing our business mix, such as enlarging the revenue share of our value-added services.

In respect of community value-added services, we will develop and expand our lifestyle services to address the diverse needs of property owners. Being just around the corner, we, as a property management services provider, understand property owners better and can react promptly to their requests. We seek to enhance the breadth and depth of our home-living services centered on the daily needs of the members of the communities under our management (such as housekeeping and repair and maintenance services, home decoration and furnishing services and community catering services). These advantages would also allow us to further explore new service scenarios and discover new growth opportunities through providing health care and elderly care services, e-commerce services and courier support services. With the extensive understanding of the demand of residents, we seek to forge a community ecosystem integrating the resources inside and outside the communities we manage, with a view to introducing the best-in-class products and services of BUCG Group and other state-owned enterprises through centralized procurement, establishment of joint ventures and other possible collaborations. In addition, our efforts dedicated to development of new service scenarios will be further strengthened. For instance, by effectively connecting our communities with the resources available in the municipal state-owned enterprise system and hospitals, we will explore the opportunities to provide services which cater to the needs of the elderly and children, such as healthcare services, custodian and nursing services and education and cultural services, so as to diversify our revenue streams and accelerate margin expansion.

Sharpen our competitive edge and enhance our operational efficiency through the application of IoT technologies

Looking forward, we will continue to scale up our strategic investments in technology and strive to improve our online services system and operation management system persistently. We will also proactively promote the construction of smart communities, where cutting-edged property management technologies will be introduced. We believe these efforts are meaningful investments which are conducive to reinforcing our competitive edge through improving our service quality and customer experience as well as enhancing our operation efficiency in the long run. In particular, we plan to upgrade our internal operation system to support the development of smart communities, digitalize our management processes for both our property management service offerings and our internal operation and management system so as to enhance the efficiency of our operation as well as quality of our services. We also plan to promote the application of IoT technologies in our daily operations, such as cleaning and patrolling robots and AI-empowered video surveillance data analytics. In this regard, we plan to allocate 10% of the net proceeds from the Global Offering for the continuous development and application of IoT, big data analytics, artificial intelligence and other smart technologies.

We will be focused on the construction of smart properties first. Our investments in the construction of smart properties will cover the funds required for continuous upgrade and iteration of the our operation system for property management services and the establishment of an intelligent property management service platform that integrates our operation system for property management services and the IoT platform to support our intelligent applications of property management services, public services and lifestyle services in the future. Through proprietary or commissioned research and development efforts, we seek to create an information technology system with proprietary intellectual property for the provision of intelligent service solutions for various scenarios such as smart building management, smart community management and smart construction site management. In particular, with the seamless integration of online and offline services, we may further extend our touchpoints with our customers as we continue to diversify our property management and commercial services portfolio and enhance public service quality. We believe through technology empowerment we are able to reinforce of competitive edge by pivoting our operations to stay ahead of the increasingly digitalized market dynamics.

Standardizing management processes will be our next strategic focus. Our operation system for property management services is designed to help realize our vision to achieve better community governance through providing standardized and quality property management services. We will adhere to the standards of quality, safety of environmental and occupational health developed and published by the International Organization for Standardization ("**ISO**"), and conduct quality improvement campaigns, strengthen service team building, prevent quality risks and improve our service quality assurance capability under the guidance of our comprehensive quality management philosophy. Through the establishment of a comprehensive quality responsibility system, we will implement various self-inspection and top-down inspection initiatives, while the application of intelligent patrolling system and intelligent equipment and facilities management system may ensure the conformity of our property management services with the required standard. We also manage to actively participate in the formulation of industry standards for management of properties such as hutongs in order to foster a more professional brand image.

Further improve our human resources management to support the execution of our corporate development strategies

We will continue to improve our human resources management system. Our efforts in this regard will be in line with the characteristics of property management services as well as our corporate development and internal control needs. We strive to align employees' personal development goals and our corporate interests through the establishment of a continuously evolving talent incentive mechanism that emphasizes value creation, so as to drive innovation of talents and realize our vision to achieve common growth.

We will further enhance the efficiency of human resources deployment. To this end, we will adopt performance-based criteria in our recruitment and promotion procedures to maintain a vibrant talent pool. We will also take further steps to regulate staff management to minimize the occupational safety risks, and enhance the efficiency of labor use and reduce staff costs through multiple technology and other practical measures.

We will endeavor to build up a capable and efficient management team. By adhering to the market-oriented recruitment system, we will actively absorb new talents with expertise in high-end property management, information technology, financial services and capital markets. A talent development system will be set up to conduct trainings for employees at different levels and in different categories, in an effort to nurture property management professionals with comprehensive skill sets. We also aim to optimize the structure of our workforce in terms of age, education background, professional qualifications and management hierarchy to establish a high-quality and professional team supporting our corporate strategic development.

OUR BUSINESS MODEL

We generated our revenue from three service lines during the Track Record Period, namely property management services, value-added services to non-property owners and community value-added services.

- **Property management services**. We provide a wide range of property management services primarily to property owners, residents, tenants and property developers, including, among others, security, cleaning, greening, gardening and repair and maintenance services and customer services. Our property management portfolio covers residential properties and non-residential properties, including (i) commercial properties, such as office buildings and shopping malls; (ii) public and other properties, such as government office buildings, schools, hospitals and stadiums; and (iii) hutongs. During the Track Record Period, we charged substantially all of our property management fees for property management services on a lump sum basis, with the remaining insignificant portion charged on a commission basis. For residential properties, we primarily charge our property management fee on a basis of unit price per sq.m per month. For some non-residential properties, we charge a package price of property management fees on a per project basis without reference to any unit price per sq.m. per month. Such package price is charged by taking into account factors such as the nature and scope of the specific property management services to be provided, our cost expected to be incurred, reasonable target profit margins and competition from peer companies. For more information, see "Business – Property Management Services – Pricing Policy". For the five months ended May 31, 2021, the average price for different types of non-residential properties (excluding hutongs) ranged from RMB4.5 per sq.m. per month to RMB22.6 per sq.m. per month, calculated by dividing our revenue from the respective property type for the five months ended May 31, 2021 by the GFA under management during the same period. During the Track Record Period, the property management fees charged by us complied with the relevant PRC laws and regulations in relation to such pricing control.

- **Value-added services to non-property owners**. We provide value-added services to non-property owners (primarily property developers), including, among others, (i) tenant sourcing and management services; (ii) sales office and display unit management and pre-delivery support services; (iii) landscape engineering services; and (iv) engineering operations and maintenance services; and (v) preliminary planning and design consultancy services.

- **Community value-added services**. We provide community value-added services mainly to property owners, residents and other users of properties under our management to address their daily needs, which mainly consist of: (i) heat energy supply services; (ii) carpark space operation services; (iii) catering services; (iv) property leasing services; (v) home decoration management services; and (vi) real estate brokerage services.

The following table sets forth a breakdown of our total revenue by service line for the periods indicated.

	Year ended December 31,						Five months ended May 31,			
	2018		2019		2020		2020		2021	
	RMB'000	%	*RMB'000*	%	*RMB'000*	%	*RMB'000*	%	*RMB'000*	%
Property management services	560,056	61.0	681,260	65.2	732,986	67.2	279,320	65.8	309,001	64.6
Value-added services to non-property owners	114,527	12.5	131,781	12.6	112,419	10.3	37,791	8.9	52,995	11.1
Community value-added services	243,289	26.5	232,372	22.2	245,149	22.5	107,116	25.3	116,455	24.3
Total	**917,872**	**100.0**	**1,045,413**	**100.0**	**1,090,554**	**100.0**	**424,227**	**100.0**	**478,451**	**100.0**

The following table sets forth a breakdown of our total revenue by type of ultimate paying customer for the periods indicated.

	Year ended December 31,						Five months ended May 31,			
	2018		2019		2020		2020		2021	
	RMB'000	%	*RMB'000*	%	*RMB'000*	%	*RMB'000*	%	*RMB'000*	%
BUCG Group and its joint ventures or associates	147,764	16.1	200,179	19.1	185,028	17.0	65,309	15.4	80,611	16.8
Non-BUCG Group or its joint ventures or associates	770,108	83.9	845,234	80.9	905,526	83.0	358,918	84.6	397,840	83.2
Total	**917,872**	**100.0**	**1,045,413**	**100.0**	**1,090,554**	**100.0**	**424,227**	**100.0**	**478,451**	**100.0**

During the Track Record Period, we provided services to and generated revenue from (i) BUCG Group and its joint ventures or associates; and (ii) other parties. Our customers other than BUCG Group and its joint ventures or associates mainly include property owners, residents, property owners' associations and property developers. We provide property management services and value-added services to these customers after the delivery of the residential properties by property developers, which are either BUCG Group and its joint ventures or associates, or other developers. The property owners may establish a property owners' association for the purpose of managing the residential properties. The property owners' association, if formed, will be operated by the property owners and will be independent of BUCG Group and may select and engage property management service providers at its own discretion.

PROPERTY MANAGEMENT SERVICES

Overview

Our history can be traced back to 1991 when we started to provide property management services in Beijing. As of May 31, 2021, we had extended our footprints across nine provinces and municipalities in the PRC, with a contracted GFA of 32.3 million sq.m., covering 195 properties in total, including 133 residential properties and 62 non-residential properties. As of the same date, we managed a total of 183 properties, including 121 residential properties and 62 non-residential properties, with an aggregate GFA under management of 30.5 million sq.m., covering nine provinces and municipalities in the PRC. During the Track Record Period, properties under our management were developed from (i) BUCG Group and its joint ventures or associates; and (ii) other independent property developers.

We achieved rapid growth in our revenue generated from property management services during the Track Record Period. For the years ended December 31, 2018, 2019 and 2020 and the five months ended May 31, 2020 and 2021, our revenue from property management services amounted to RMB560.1 million, RMB681.3 million, RMB733.0 million, RMB279.3 million and RMB309.0 million, respectively, representing 61.0%, 65.2%, 67.2%, 65.8% and 64.6% of our total revenue during the corresponding periods, respectively.

The following table sets forth the number of properties and GFA under management, as well as the number of properties we were contracted to manage and corresponding contracted GFA as of the dates indicated:

	As of December 31,			As of May 31,
	2018	2019	2020	2021
Contracted GFA (sq.m. in thousands)	28,708	31,328	30,959	32,326
GFA under management (sq.m. in thousands)	25,779	28,715	29,076	30,538
Number of properties contracted to manage	189	197	187	195
Number of properties under management	170	178	175	183

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

	As of or for the year ended December 31,												As of or for the five months ended May 31,							
	2018				2019				2020				2020				2021			
	Number	GFA	Revenue		Number	GFA	Revenue		Number	GFA	Revenue		Number	GFA	Revenue		Number	GFA	Revenue	
		sq.m.	*RMB*	*%*		*sq.m.*	*RMB*	*%*		*sq.m.*	*RMB*	*%*		*sq.m.*	*RMB*	*%*		*sq.m.*	*RMB*	*%*
	(in thousands, except for numbers and percentages)																			
BUCG Group and its joint ventures or associates	111	16,577	390,848	69.8	119	18,062	440,418	64.6	118	17,944	479,348	65.4	115	17,437	201,516	72.1	120	18,261	214,006	69.3
Non-BUCG Group or its joint ventures or associates	59	9,202	169,208	30.2	59	10,653	240,842	35.4	57	11,132	253,638	34.6	57	10,961	77,804	27.9	63	12,277	94,995	30.7
Total	**170**	**25,779**	**560,056**	**100.0**	**178**	**28,715**	**681,260**	**100.0**	**175**	**29,076**	**732,986**	**100.0**	**172**	**28,398**	**279,320**	**100.0**	**183**	**30,538**	**309,001**	**100.0**

The table below sets forth a breakdown of our revenue from property management services for the periods indicated, by property type and developer type:

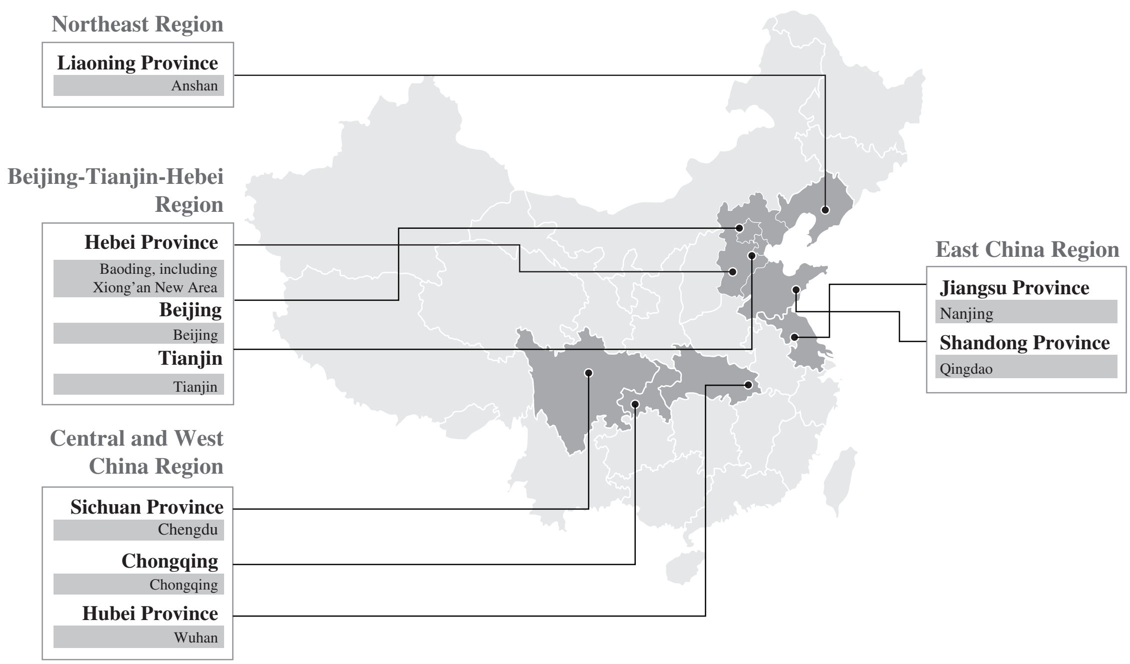
	Year ended December 31,						Five months ended May 31,			
	2018		2019		2020		2020		2021	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Residential properties	293,037	52.3	361,604	53.1	385,596	52.6	152,912	54.7	172,576	55.8
BUCG Group and its joint ventures or associates	269,425	48.1	310,506	45.6	331,654	45.2	136,309	48.8	148,704	48.1
Non-BUCG Group or its joint ventures or associates	23,612	4.2	51,098	7.5	53,942	7.4	16,603	5.9	23,872	7.7
Commercial properties	185,355	33.1	225,709	33.1	248,071	33.8	94,912	34.0	105,343	34.1
BUCG Group and its joint ventures or associates	112,636	20.1	122,853	18.0	141,248	19.3	64,127	23.0	64,858	21.0
Non-BUCG Group or its joint ventures or associates	72,719	13.0	102,856	15.1	106,823	14.6	30,785	11.0	40,485	13.1
Public and other properties	30,339	5.4	30,207	4.4	29,762	4.1	8,796	3.1	9,310	3.0
BUCG Group and its joint ventures or associates	8,787	1.6	7,059	1.0	6,446	0.9	1,080	0.4	444	0.1
Non-BUCG Group or its joint ventures or associates	21,552	3.8	23,148	3.4	23,316	3.2	7,716	2.8	8,866	2.9
Hutongs	51,325	9.2	63,740	9.4	69,557	9.5	22,700	8.1	21,772	7.0
BUCG Group and its joint ventures or associates	–	–	–	–	–	–	–	–	–	–
Non-BUCG Group or its joint ventures or associates	51,325	9.2	63,740	9.4	69,556	9.5	22,700	8.1	21,773	7.0
Total	**560,056**	**100.0**	**681,260**	**100.0**	**732,986**	**100.0**	**279,320**	**100.0**	**309,001**	**100.0**

The table below sets forth a breakdown of our revenue from property management services for the periods indicated, by property type and ultimate paying customers:

	Year ended December 31,						Five months ended May 31,			
	2018		2019		2020		2020		2021	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Residential properties	293,037	52.3	361,604	53.1	385,596	52.6	152,912	54.7	172,576	55.8
BUCG Group and its joint ventures or associates	8,898	1.6	19,571	2.9	21,733	3.0	11,274	4.0	11,616	3.8
Non-BUCG Group or its joint ventures or associates	284,139	50.7	342,033	50.2	363,863	49.6	141,638	50.7	160,960	52.1
Commercial properties	185,355	33.1	225,709	33.1	248,071	33.8	94,912	34.0	105,343	34.1
BUCG Group and its joint ventures or associates	63,128	11.3	61,384	9.0	63,926	8.7	18,566	6.6	18,849	6.1
Non-BUCG Group or its joint ventures or associates	122,227	21.8	164,325	24.1	184,145	25.1	76,346	27.3	86,494	28.0
Public and other properties	30,339	5.4	30,208	4.4	29,762	4.1	8,796	3.1	9,310	3.0
BUCG Group and its joint ventures or associates	19	0.0	50	0.0	40	0.0	–	–	–	–
Non-BUCG Group or its joint ventures or associates	30,320	5.4	30,158	4.4	29,722	4.1	8,796	3.1	9,310	3.0
Hutongs	51,325	9.2	63,740	9.4	69,557	9.5	22,700	8.1	21,772	7.0
BUCG Group and its joint ventures or associates	–	–	–	–	–	–	–	–	–	–
Non-BUCG Group or its joint ventures or associates	51,325	9.2	63,740	9.4	69,557	9.5	22,700	8.1	21,772	7.0
Total	**560,056**	**100.0**	**681,261**	**100.0**	**732,986**	**100.0**	**279,320**	**100.0**	**309,001**	**100.0**

Our Geographical Presence

Over the years, we have established a strong presence in the Beijing-Tianjin-Hebei Region and expanded our geographical coverage across nine provinces and municipalities in China as of May 31, 2021, with 183 properties or an aggregate GFA of 30.5 million sq.m. under our management. As of May 31, 2021, we had been contracted to manage 195 properties across nine provinces and municipalities in China, representing an aggregate contracted GFA of 32.3 million sq.m. The following map illustrates the locations of properties we managed or were contracted to manage as of May 31, 2021.



The following table sets forth the locations of the properties we managed or were contracted to manage in the PRC as of May 31, 2021 by city tier:

First-tier city	New first-tier cities	Second-tier cities	Others
Beijing	Tianjin Chongqing Wuhan Nanjing Qingdao Chengdu	Baoding	Anshan

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

	As of or for the year ended December 31,												As of or for the five months ended May 31,							
	2018				2019				2020				2020				2021			
	Number of projects	GFA	Revenue		Number of projects	GFA	Revenue		Number of projects	GFA	Revenue		Number of projects	GFA	Revenue		Number of projects	GFA	Revenue	
		sq.m.	*RMB*	%		*sq.m.*	*RMB*	%		*sq.m.*	*RMB*	%		*sq.m.*	*RMB*	%		*sq.m.*	*RMB*	%
										(in thousands, except for percentages)										
Beijing-Tianjin-Hebei Region	154	22,723	528,140	94.3	161	25,515	634,775	93.2	157	25,953	680,967	92.9	154	25,148	261,265	93.5	165	27,316	286,085	92.6
Central and West China Region[(1)]	11	2,462	30,329	5.4	13	2,651	40,983	6.0	14	2,632	45,293	6.2	15	2,805	15,146	5.4	14	2,731	19,515	6.3
East China Region[(2)]	2	383	357	0.1	2	383	4,271	0.6	3	429	5,480	0.7	2	383	2,459	0.9	3	429	2,884	0.9
Northeast Region[(3)]	3	211	1,230	0.2	2	166	1,231	0.2	1	62	1,246	0.2	1	62	450	0.2	1	62	517	0.2
Total	**170**	**25,779**	**560,056**	**100.0**	**178**	**28,715**	**681,260**	**100.0**	**175**	**29,076**	**732,986**	**100.0**	**172**	**28,398**	**279,320**	**100.0**	**183**	**30,538**	**309,001**	**100.0**

Notes:

(1) Includes Sichuan, Chongqing, and Hubei.

(2) Includes Jiangsu and Shandong.

(3) Includes Liaoning.

The following table sets forth a breakdown of our total GFA under management as of the dates indicated, and revenue from property management services by city tier for the periods indicated:

	As of or for the year ended December 31,									As of or for the five months ended May 31,					
	2018			2019			2020			2020			2021		
	GFA	Revenue		GFA	Revenue		GFA	Revenue		GFA	Revenue		GFA	Revenue	
	sq.m.	*RMB*	*%*	*sq.m.*	*RMB*	*%*	*sq.m.*	*RMB*	*%*	*sq.m.*	*RMB*	*%*	*sq.m.*	*RMB*	*%*
	(in thousands, except for percentages)														
First-tier city(1)	20,170	483,421	86.3	21,508	558,738	82.0	21,248	596,634	81.3	21,004	227,555	81.5	21,974	246,955	79.8
New first-tier cities(2)	5,386	75,114	13.4	7,029	116,658	17.1	7,754	127,180	17.4	7,320	46,430	16.6	8,490	59,179	19.2
Second-tier city(3)	12	291	0.1	12	4,633	0.7	12	7,926	1.1	12	4,885	1.7	12	2,350	0.8
Others(4)	211	1,230	0.2	166	1,231	0.2	62	1,246	0.2	62	450	0.2	62	517	0.2
Total	**25,779**	**560,056**	**100.0**	**28,715**	**681,260**	**100.0**	**29,076**	**732,986**	**100.0**	**28,398**	**279,320**	**100.0**	**30,538**	**309,001**	**100.0**

Notes:

(1) Include Beijing.

(2) Include Tianjin, Chongqing, Wuhan, Chengdu, Nanjing and Qingdao.

(3) Includes Baoding.

(4) Include Anshan and Yingkou.

Types of Properties under Our Management

In addition to residential properties, we manage a diverse portfolio of non-residential properties, including (i) commercial properties, such as office buildings and shopping malls; (ii) public and other properties, such as government office buildings, schools, hospitals and stadiums; and (iii) hutongs.

The following table set forth a breakdown of the number of properties under our management and the aggregate GFA of properties under our management as of the dates indicated, and the revenue generated from property management services for the periods indicated, by property type:

	As of or for the year ended December 31,												As of or for the five months ended May 31,							
	2018				2019				2020				2020				2021			
	Number	GFA	Revenue		Number	GFA	Revenue		Number	GFA	Revenue		Number	GFA	Revenue		Number	GFA	Revenue	
		sq.m.	*RMB*	*%*		*sq.m.*	*RMB*	*%*		*sq.m.*	*RMB*	*%*		*sq.m.*	*RMB*	*%*		*sq.m.*	*RMB*	*%*
	(in thousands, except for numbers and percentages)																			
Residential properties	**109**	**18,360**	**293,037**	**52.3**	**119**	**20,104**	**361,604**	**53.1**	**118**	**20,509**	**385,596**	**52.6**	**111**	**19,569**	**152,912**	**54.7**	**121**	**21,438**	**172,576**	**55.8**
Non-residential properties	**61**	**7,419**	**267,019**	**47.7**	**59**	**8,611**	**319,656**	**46.9**	**57**	**8,567**	**347,390**	**47.4**	**61**	**8,829**	**126,408**	**45.3**	**62**	**9,100**	**136,425**	**44.2**
– Commercial properties	31	1,022	185,355	33.1	29	1,139	225,709	33.1	29	1,151	248,071	33.8	30	1,144	94,912	34.1	29	1,159	105,343	34.2
– Public and other properties	24	1,257	30,339	5.4	23	1,542	30,208	4.4	21	1,276	29,762	4.1	24	1,545	8,796	3.1	26	1,551	9,310	3.0
– Hutongs	6	5,140	51,325	9.2	7	5,930	63,740	9.4	7	6,140	69,556	9.5	7	6,140	22,700	8.1	7	6,390	21,772	7.0
Total/Overall	**170**	**25,779**	**560,056**	**100.0**	**178**	**28,715**	**681,260**	**100.0**	**175**	**29,076**	**732,986**	**100.0**	**172**	**28,398**	**279,320**	**100.0**	**183**	**30,538**	**309,001**	**100.0**

Continuous Growth of the Portfolio of Properties under Our Management

We were committed to expediting our business growth in property management services during the Track Record Period. To this end, we continued to obtain new service engagements from property developers. Looking forward, we also seek to achieve strategic business expansion by acquiring property management companies with solid service capabilities and geographically complementary property profile.

The table below indicates the movement of our (i) contracted GFA; and (ii) GFA under management during the Track Record Period:

	Year ended December 31,						Five months ended May 31,	
	2018		2019		2020		2021	
	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 period	26,215	23,078	28,708	25,779	31,328	28,715	30,959	29,076
New engagements[1]	2,574	2,782	2,863	3,298	1,871	2,533	1,456	1,536
Terminations[2]	81	81	243	362	2,240	2,172	89	74
As of the end of the period	**28,708**	**25,779**	**31,328**	**28,715**	**30,959**	**29,076**	**32,326**	**30,538**

Notes:

(1) New engagements primarily include preliminary property management service contracts for new properties developed by property developers and property management service contracts with property owners' associations.

(2) Terminations during the Track Record Period were primarily attributable to BUCC's handing-over of its non-operating assets under our management, such as public housing properties, pursuant to governmental policies in Beijing. Our engagements to provide services in nil, three, and eight property management projects automatically terminated upon transfers of ownership for the years ended December 31, 2018, 2019 and 2020, respectively. As of December 31, 2020, BUCC had handed over all non-operating assets under our management.

(3) For the recent development of our property management services business, see "Summary – Recent Developments and No Material Adverse Change" for details.

Scope of Services

The property management services we provide are categorized as follows:

- **Security services**. We seek to ensure that the properties we manage are safe and in good order. The security services that we provide principally comprise preservation of general order, patrolling, electronic access control, video surveillance, carpark security, visitor management, fire safety management and emergency response. We primarily staff our security services with third-party subcontractors.

- **Cleaning services**. We provide general cleaning, garbage clearance and hygiene maintenance services to the affiliated carparks and common areas of the properties under our management, such as hallways, staircases, rooftops, and gardens, primarily through third-party subcontractors.

- **Greening and gardening services**. We provide pest control, fertilizing, greening and pruning services to the common areas of the properties we manage, primarily through our third-party subcontractors.

- **Repair and maintenance services**. The scope of our property repair and maintenance services typically includes (i) common area equipment and facilities, such as elevators, air conditioning and lighting systems; (ii) fire control and other 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 gates control. During the Track Record Period, we outsourced to subcontractors substantially all of the specialized repair and maintenance services in relation to elevators and fire control facilities.

- **Customer services**. Our personalized customer services primarily include reception services, concierge services, move-in and move-out support services, deficiency report services, decoration services, feedback collection services and complaints management services.

Revenue Model

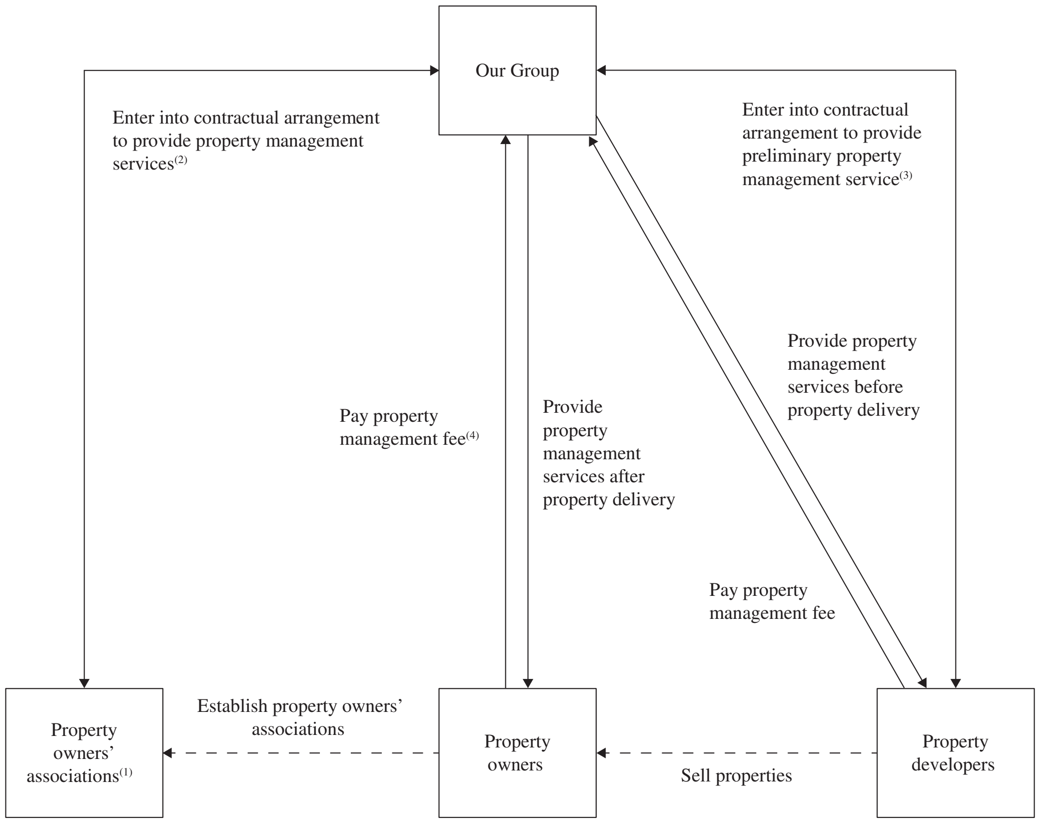
During the Track Record Period, our property management fees were charged either on a lump-sum basis or on a commission basis. For the years ended December 31, 2018, 2019 and 2020 and the five months ended May 31, 2020 and 2021, 99.7%, 99.6%, 99.6%, 99.4% and 99.7% of our revenue generated from property management services was derived from service fees charged on a lump-sum basis, respectively, while 0.3%, 0.4%, 0.4%, 0.6% and 0.3% of our revenue generated from property management services was derived from service fees charged on a commission basis for those same periods, respectively. For the years ended December 31, 2018, 2019 and 2020 and the five months ended May 31, 2020 and 2021, property management fees involving 98.9%, 99.0%, 98.3%, 98.4% and 98.3% of our total GFA under management were charged on a lump sum basis, respectively, with the remaining 1.1%, 1.0%, 1.7%, 1.6% and 1.7% of our total GFA under management being charged on a commission basis, respectively.

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

	As of or for the year ended December 31,									As of or for the five months ended May 31,					
	2018			2019			2020			2020			2021		
	GFA	Revenue		GFA	Revenue		GFA	Revenue		GFA	Revenue		GFA	Revenue	
	sq.m.	*RMB*	*%*	*sq.m.*	*RMB*	*%*	*sq.m.*	*RMB*	*%*	*sq.m.*	*RMB*	*%*	*sq.m.*	*RMB*	*%*
	(in thousands, except for percentages)														
Lump sum basis	25,499	558,204	99.7	28,440	678,839	99.6	28,572	730,016	99.6	27,953	277,562	99.4	30,034	308,034	99.7
Commission basis	280	1,852	0.3	275	2,421	0.4	504	2,970	0.4	445	1,758	0.6	504	967	0.3
Total	**25,779**	**560,056**	**100.0**	**28,715**	**681,260**	**100.0**	**29,076**	**732,986**	**100.0**	**28,398**	**279,320**	**100.0**	**30,538**	**309,001**	**100.0**

We take into account a number of factors in determining whether to charge property management fees on a lump-sum basis or a commission basis, including the types and stages of properties under management, local regulations and market conditions as well as 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 management service fee collection rate, projected profitability, fee rates charged by competitors as well as whether property management fees of the property were previously charged on a lump-sum basis or a commission basis.

The diagram below illustrates our relationships with various parties under our residential property management service contracts.



Notes:

(1) A property owners' association is authorized under the applicable PRC laws to act on behalf of the property owners.

(2) A property management service contract entered into between a property owners' association and us is legally binding on all property owners pursuant to the applicable PRC laws.

(3) A preliminary property management service contract entered into between a property developer and us before the property is delivered to property owners is legally binding on the future property owners in accordance with the applicable PRC laws.

(4) Under the lump-sum basis, all fees collected are recognized as revenue and expenses are borne by us. Under the commission basis, we recognize as revenue a pre-determined percentage or amount of property management service fees, and the rest are used to pay for the expenses stipulated in the property management service contract. Any balances or shortfalls are borne by the property owners.

Property Management Fees Charged on a Lump-sum Basis

Under the lump-sum basis revenue model, we generally charge a pre-determined and all-inclusive fee for our property management services quarterly or annually, which we provide in accordance with the property management service contracts we entered into. We are entitled to recognize the full amount of property management fees receivable from property developers, property owners and residents as revenue and bear the costs incurred in providing our property management services. According to CIA, the lump-sum basis revenue model is the dominant method of collecting property management fees for residential properties in China.

Before negotiating and entering into our property management service contracts, 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 costs, subcontracting costs and repair and maintenance costs. As a result, the costs incurred in the provision of property management services to a property in which service fees are charged on a lump-sum basis directly affects 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. During the Track Record Period, we incurred loss with respect to certain residential properties in which service fees are charged on a lump-sum basis. We had two residential property management projects that recorded losses from 2018 to 2020. For these projects, we incurred loss in an aggregate amount of RMB692,854, RMB127,766 and RMB517,443, respectively, for the years ended December 31, 2018, 2019 and 2020. Such losses were primarily attributable to higher management costs due to delay in construction and delivery of later phases of property development caused by the changes of property developers' development schedules. Our total revenue generated from such loss-making residential properties amounted to RMB3.1 million, RMB3.4 million and RMB3.1 million for the years ended December 31, 2018, 2019 and 2020, respectively, accounting for 0.6%, 0.5% and 0.4%, respectively, of our total revenue generated from the property management services for the same periods. For more information, see "Risk Factors – Risks Relating to Our Business and Industry – We may fail to effectively anticipate or control our costs in providing our property management services, for which we generally charge our customers on a lump-sum basis". For the five months ended May 31, 2021, these two aforementioned projects have become profitable. We have implemented various internal control measures to avoid recurrence of loss-making projects in the future, which include (i) creating detailed cost-control plans tailored to each project; (ii) utilizing technological solutions to resolve labor shortage issues and control labor costs; (iii) optimizing our staffing structure and schedules to ensure the greatest possible efficiency; (iv) purchasing relevant equipment and services through bulk purchasing to reduce costs; (v) embracing energy-saving measures; and (vi) adding termination or compensation clauses in relevant contracts to offset risks arising from change of schedule. To maintain the profitability of the non-commercial properties under our management, we have undertaken various cost-saving measures such as carrying out energy conservation programs and deploying smart technology in our ordinary course of business operations. For details, see "– Information Technology".

Property Management Fees Charged on a Commission Basis

During the Track Record Period, we derived revenue from a limited number of property management service contracts on a commission basis. We recognize a predetermined property management commission fee, generally representing 5% to 10% of the property management fees, as revenue, while the remainder serves as working capital to cover the property management costs incurred, which are borne by our customers who pay us property management fees. We essentially act as an agent, helping recruit, organize and coordinate various property management services.

Management office of each residential property typically uses our treasury function to process all transactions relating to such property. If the working capital balance of a property is insufficient to cover costs and expenses incurred, the shortfall is recognized as trade and other receivables and prepayments subject to impairment. When the ending balance after paying for all property management 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 commission, nor do we recognize any cost of sales under a commission basis in general.

Pricing Policy

We generally price our property management services by taking into account factors such as the nature, positioning and geographic locations of the properties, local pricing regulations, management fees charged in nearby and comparable communities, budgeted expenses, target profit margins, property owner, resident and/or tenant profiles and the scope of our services. During renewal negotiations for our property management service contracts 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 management fee rates.

In the PRC, property management fees charged for certain properties, such as residential properties, are regulated and supervised by the relevant PRC authorities. 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 residential properties, with certain exceptions. For more information, see "Regulatory Overview – Legal Supervision over Property Management Services". During the Track Record Period, the property management fees charged by us complied with the relevant PRC laws and regulations in relation to such pricing control. According to CIA, our service fees charged for property management services to residential properties were generally in line with the relevant market trends with respect to property management fees charged by property management companies in the PRC during the Track Record Period. For more information, see "Risk Factors – Risks Relating to Our Business and Industry".

The table below sets forth breakdown of our average price for residential properties by developer type and the market price of Top 100 Property Management Companies in Beijing-Tianjin-Hebei Region:

	Year ended December 31,			Five months ended May 31,
	2018	**2019**	**2020**	**2021**
	RMB/sq.m./month			
BUCG Group and its joint ventures or associates	2.1	2.1	2.2	2.3
Non-BUCG Group or its joint ventures or associates	2.9	2.8	3.0	2.7
Overall	**2.2**	**2.2**	**2.4**	**2.4**
Average market price	2.24	2.19	2.17	2.18
Market price range	0.5-18.8	0.5-18.8	0.5-18.8	0.5-18.8

The relatively higher average price of the projects developed by non-BUCG Group or its joint ventures or associates than BUCG Group and its joint ventures or associates during the Track Record Period was primarily attributable to (i) the fact that most of the properties owned by non-BUCG Group or its joint ventures or associates are newly constructed with relatively higher building standards, for which we are able to charge a comparatively higher fee; and (ii) lower fee we charge for certain residential properties owned by BUCG Group and its joint ventures and associates, primarily the affordable housing properties which are subject to price control imposed by the PRC government, in order to undertake certain social responsibilities as a state-owned enterprise.

As advised by CIA, our average property management fee rates for residential properties during the Track Record Period were generally in line with the average property management fee rate charged by Top 100 Property Management Companies for residential properties in the Beijing-Tianjin-Hebei Region.

The following table sets forth the number and GFA under management of the property management projects subject to pricing controls as of the dates indicated and revenue generated therefrom for the periods indicated:

	As of/Year ended December 31,												As of/Five months ended May 31,			
	2018				2019				2020				2021			
	Number	GFA	Revenue		Number	GFA	Revenue		Number	GFA	Revenue		Number	GFA	Revenue	
		sq.m.	*RMB*	%		*sq.m.*	*RMB*	%		*sq.m.*	*RMB*	%		*sq.m.*	*RMB*	%
	(in thousands, except for numbers and percentages)															
Property management projects subject to pricing controls	8	2,654	29,146	3.2	8	2,654	32,262	3.1	8	2,654	33,228	3.0	8	2,654	13,699	2.9

All property management projects subject to pricing controls are affordable housing properties in Beijing. Pursuant to the Notice on the Announcement of Property Service Charge Management Measures (Trial) of Beijing Municipal and Standards on Beijing Municipal Government's Guided Price for Property Service Charges in respect of Property Service for Affordable House Communities (Jing Fa Gai [2005] No. 2662) (《關於發佈北京市物業服務收費管理辦法(試行)和北京市經濟適用住房小區物業服務收費政府指導價收費標準的通告》(京發改[2005]2662號)) issued by the Beijing Municipal Commission of Development and Reform on December 19, 2005, the government's guided price for property service charges shall be implemented based on the standard on the government's guided price for property service charges in respect of affordable house communities in Beijing prior to the establishment of a property owners' association of the affordable house communities and the redevelopment and relocation communities for dangerous houses. However, such management measures and charging standards have been abrogated since January 1, 2016 according to the Notice of the Beijing Development and Reform Commission on Documents for Abolishing the Relevant Fees (《北京市發展和改革委員會關於廢止有關收費文件的通知》(京發改[2015]2617號)). According to the Notice of the Beijing Municipal Commission of Housing and Urban-Rural Development on Issues Concerning the Charges for Affordable Housing Property Services (《北京市住房和城鄉建設委員會關於經濟適用住房物業服務收費有關問題的通知》(京建發[2016]4號)) issued by the Beijing Municipal Commission of Housing and Urban-Rural Development on January 8, 2016, for affordable house communities and redevelopment and relocation communities for dangerous houses, where property owners' associations have not been established, property service shall be charged at the standards stated in the addendum of Notice on the Announcement of Property Service Charge Management Measures (Trial) of Beijing Municipal and Standards on Beijing Municipal Government's Guided Price for Property Service Charges in respect of Property Service for Affordable House Communities (Jing Fa Gai [2005] No. 2662) (《關於發佈北京市物業服務收費管理辦法(試行)和北京市經濟適用住房小區物業服務收費政府指導價收費標準的通告》(京發改[2005]2662號) as it is originally stated and shall not be raised by enterprises without permission. For affordable house communities and redevelopment and relocation communities for dangerous houses, where property owners' associations have been established, property service shall be charged at market adjusted price, which is agreed between the property owners and the property service enterprise in a property service contract. Pursuant to the Regulation of the Beijing Municipality on Property Management (《北京市物業管理條例》), which became effective on May 1, 2020 and our PRC Legal Advisers' consultation with Beijing Municipal Commission of Housing and Urban-Rural Development, market adjusted price can be charged for communities where property owners' association has not been established but a property management committee has been formed to organize for the entering into a property service contract in respect of property service charges.

For the years ended December 31, 2018, 2019 and 2020 and the five months ended May 31, 2021, our average property management fee rates for property management projects subject to pricing controls were RMB1.12 per sq.m. per month, RMB1.12 per sq.m. per month, RMB1.12 per sq.m. per month and RMB1.12 per sq.m. per month, respectively, remaining stable.

For commercial properties, public properties and hutongs we manage, we primarily charge a package price of property management fees on a per project basis without reference to any unit price per sq.m. per month. Such package price is charged by taking into account factors such as the nature and scope of the specific property management services to be provided, our cost expected to be incurred, reasonable target profit margins and competition from peer companies (including pricing of property management services provided to comparable properties). The cost we generally take into account when formulating the package price mainly include the salaries and labor cost for the management personnel, maintenance and operation cost of the public facilities, cleaning cost, green maintenance cost, security cost, depreciation of the equipment, insurance, tax and other office and administrative expenses. When determining the reasonable target profit margins, we generally do not take into account whether the project is developed or owned by BUCG Group and its joint ventures or associates or other parties. For commercial properties, we enter into property management contracts with property owners or tenants after the properties are leased out. During the Track Record Period, we entered into property management contracts primarily with property owners (mainly BUCG Group and its joint ventures or associates) for the commercial properties developed by BUCG Group and its joint ventures or associates; and primarily with tenants for the commercial properties developed by non-BUCG Group or its joint ventures or associates. The terms of the property management contracts we entered into during the Track Record Period for commercial properties, including prices, were commercial terms, and were determined by arm's length negotiations with the customers. The procedure for bidding and tendering process for commercial property management service contract is similar to those for obtaining preliminary property management service contract for residential properties in material aspects, except for no filing with relevant local authority is required. The procedure for commercial negotiation with our customers mainly consists the following steps: (i) understanding the demand of our customers: the customers generally propose the scope of services they need, including the basic property management services they need, requirements on the services in terms of staffing, frequency and quality and any other tailor-made services they required; (ii) formulating proposed prices in accordance with our pricing policy for delivery the services demanded; (iii) negotiating with customers on the prices, scope and other terms of property management contracts; and (iv) signing the property management contracts. The procedures for negotiating with that customers that are associated with BUCG Group and independent customers are similar. During the Track Record Period, no losses were incurred for property management projects charging package price.

We only managed four commercial properties developed by non-BUCG Group or its joint ventures or associates during the Track Record Period, among which three were banks. Comparing to other types of commercial properties, such as offices and shopping malls, banks generally require services of higher standard, especially in terms of security. For example, comparing with services we provided to other commercial properties, we are required by banks to (i) equip with management personnel of higher quality in terms of their image, capability and age; (ii) provide conference services; and (iii) provide cleaning services of higher frequency and quality, such as additional cleaning services to indoor office area particularly during after working hours, daily vacuum, monthly carpet cleaning and quarterly marble surface maintenance. In line with an increased cost in maintaining high quality services to banks, we charge a relatively higher property management fee rate, so that for the five months ended May 31, 2021, the average property management fees for the commercial properties developed by non-BUCG Group or its joint ventures or associates (calculated by dividing our revenue from the respective property for the five months ended May 31, 2021 by the GFA under management during the same period) was RMB22.6 per sq.m. per month, significantly higher than RMB11.6 per sq.m. per month, the average property management fee for the commercial properties developed by BUCG Group and its joint ventures or associates. As confirmed by CIA, our property management fee level charged for the commercial properties developed by BUCG Group and its joint ventures or associates was in line with industry norm. Since we implement the same pricing policy consistently between the projects developed by BUCG Group and its joint ventures or associates and other developers, our Directors confirm, and the Sponsor concurs, that we charge the similar price for the similar property management services with respect to the similar types of properties developed by BUCG Group and its joint ventures or associates or other developers. Our Directors further confirm, and CIA and the Sole Sponsor concur, that the package prices we charged on commercial properties developed or owned by the BUCG Group are similar to those charged by other independent property management service providers for the similar scope and quality of services with respect to the similar types of properties in the similar location.

The public properties we managed which are developed by non-BUCG nor its joint ventures or associates include, among others, schools, hospitals, government buildings, military buildings, parks and stadiums; while the public properties we managed which are developed by BUCG Group and its joint ventures or associates include industrial parks and kindergartens. Since the services provided to public and other properties as well as their quality requirements vary significantly among different types of properties, the average property management fee rates for the public and other properties developed by BUCG Group and its joint ventures or associates were not comparable to those developed by non-BUCG Group or its joint ventures or associates.

Payment and Credit Terms

We may charge property management fees on a quarterly or yearly basis, depending on the terms of our property management service contracts. We typically do not grant credit terms to customers for the property management fees we charge. Property owners or residents are generally required to make the payment on or before the date specified in the quarterly or annual bill we issue to them. We send reminders and notifications to property owners whose property management fees are overdue by phone or through home visit by staff. In the event of significant or malicious payment delays after repeatedly failed collection attempts, we may send a demand letter through our attorney, or even file a lawsuit to claim the outstanding amounts if necessary.

We primarily accept payments for property management fees through bank transfers, auto-pay, credit card or third-party online payment platforms such as WeChat Pay and AliPay. Payment of property management fees can also be made to us in cash.

For the years ended December 31, 2018, 2019, 2020 and the five months ended May 31, 2021, our collection rate for property management fees with respect to properties, calculated as a percentage of the property management fees cumulatively collected by the end of the relevant period in the total property management fees receivable for the corresponding period, was 90.6%, 94.0%, 93.0% and 90.7%, respectively. Our Directors believe that, with our continual fee collection efforts, we had maintained a satisfactory property management fee collection level during the Track Record Period. See "Risk Factors – Risks Relating to Our Business and Industry – We may not be able to collect service fees from customers and as a result, may incur impairment losses on receivables" in this Prospectus for details.

Our Property Management Service Contracts

Property Management Service Contracts for Residential Properties

For the provision of our property management services to residential properties, we generally enter into (i) preliminary property management service contracts with property developers at the construction and pre-delivery stage of residential property development projects; or (ii) property management service contracts with property owners' associations which act on behalf of property owners after the formation thereof.

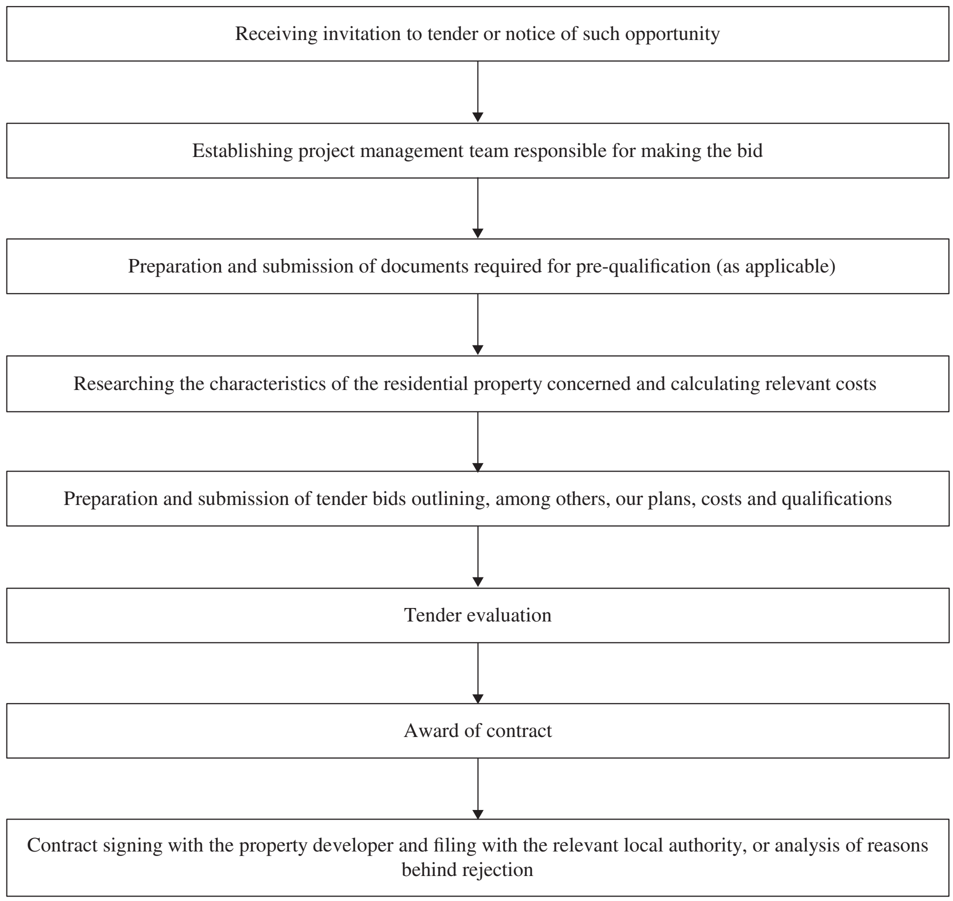
Preliminary Property Management Service Contracts with Property Developers

During the Track Record Period, we procured a majority of our preliminary property management service contracts from property developers through tender and bidding procedures regulated by the applicable PRC laws. We believe we are able to leverage the below competitive edge in the tendering and bidding process: (i) we have the qualifications that enable us to participate the tendering and bidding process of property management projects in various types and scales; (ii) we have extensive experience and maintain a good track record in providing property management services to different types of projects; (iii) we are equipped with talents of extensive qualification and experience; (iv) we have strong capital resources including our registered capitals and sufficient cash; and (v) we have strong capabilities in cost control, especially our intelligent and digital management capabilities, enable us to formulate an efficient and competitive quotation in the tendering and bidding process.

According to applicable PRC laws and regulations, certain residential property management projects are not required to go through tender and bidding process. Besides the abovementioned projects, as of May 31, 2021, 95.5% of the projects we procured went through tender and bidding process and the several remaining projects went through commercial negotiation.

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 a tender and bidding process. If there are fewer than three bidder 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 CIA, the property developers usually initiate tendering procedures to engage property management companies after they have obtained the land use rights of land parcel 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 after the appraisal of the property management fee and before the commencement of pre-sales.

Set forth below is a flow chart illustrating each stage of our typical tender process for obtaining preliminary property management service contracts:



Upon engagement by the property developers, we as the property management company will generally need to make registration of the preliminary property management service contracts (together with the proposed property management 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 management service contracts, these contracts are nonetheless legally binding on the future residential property owners as the property developers lawfully enter into such contracts with property management service providers and the property sale and purchase agreements that residential property owners enter into with property developers shall incorporate the terms of the preliminary property management service contracts. Accordingly, it is a contractual obligation for residential property owners to pay property management fees directly to us.

The key terms and arrangements of our preliminary property management service contracts entered into with property developers for residential properties typically include the following:

- *Scope of services*. The preliminary property management service contracts set forth the scope of preliminary property management service to be provided by us, which includes security, cleaning, greening, repair and maintenance, customer services and the operation of common area facilities. We may also be responsible for providing other auxiliary property management services such as services in relation to the usage of car park spaces and archive management.

- *Performance standards*. The preliminary property management service contracts set forth the expected standards for our property management services, including the areas to which our services relate, as well as the frequency of service performance.

- *Property developer's obligations*. Property developers may supervise our work based on the performance standards set forth in the contracts. In addition, the property developers are primarily responsible for, among other things, (i) ensuring that its property purchasers understand and commit to their obligations under the preliminary property management service contract, (ii) ensuring the quality of the common area equipment and facilities delivered to a property and assuming warranty responsibility within the warranty period as required under PRC laws, (iii) paying property management fee for a deliverable but unsold property unit, and (iv) providing other support necessary for carrying out our services.

- *Property management fees*. The preliminary property management service contracts set forth a fixed property management fee, which is typically payable on a monthly or quarterly basis, which generally begin to incur when the property becomes deliverable but unsold.

- *Term of services*. Our preliminary property management service contracts generally do not have a fixed term and can be terminated when the property owners select another property management service provider through the property owners' general meeting and a replacing property management service contract takes effect.

- *Dispute resolution*. Both parties are typically required to resolve any contractual disputes through negotiations and mediations first before resorting to litigation.

As of May 31, 2021, 43 residential properties under our management had established property owners' associations, accounting for approximately 35.5% of the total number of residential properties under our management. During the Track Record Period, no residential property management service contract was terminated by property owners or property owners' association. As advised by our PRC Legal Advisers, in cases where we have signed preliminary property management service contracts without fixed terms and no property owners' association is formed after delivery of the properties, property owners are also legally obligated to pay property management fees directly to us for the services we continue to render.

Property Management Service Contracts with Property Owners' Associations

After the delivery of the residential properties by property developers to the property owners, property owners may, under the applicable PRC laws, initiate a property owners' general meeting and vote for the establishment of a property owners' association to manage the residential properties on behalf of the property owners, including the daily communication with residential property management service providers. Under the applicable PRC laws, residential property owners may engage a property management company through the property owners' general meeting. The property owners' association will then be authorized by the property owners to enter into a property management service contract with the property management service provider engaged on behalf of the property owners. Property owners' associations are independent from us. In order to secure and/or continue to secure property management service contracts, we must consistently provide quality services at competitive prices.

Our property management service contracts with property owners' associations typically include the following key terms and arrangements:

- *Scope of services*. The property management service contracts set forth the scope of property management service to be provided by us, which includes security, cleaning, greening, repair and maintenance, customer services and the operation of common area facilities. We may also be responsible for providing other auxiliary property management services such as services in relation to the usage of car park spaces and archive management.

- *Performance scope and standards*. The property management service contract set forth the scope and expected standards for our property management services, including the areas to which our services relate, as well as the frequency of performance of services such as cleaning communal areas and inspecting facilities such as power supply and distribution systems, water supply and drainage systems and fire extinguishing systems.

- *Property management fees*. The property management service contracts set forth a fixed property management fee.

- *Our rights and obligations*. The rights and obligations of us mainly include: (i) providing property management service complied with expected standard; (ii) receiving timely payment of property management fee; (iii) subcontracting certain portion of services to third parties; (iv) disclosing major matters and handling complaints concerning property management services.

- *Rights and obligations of property owners' association*. The rights and obligations of property owners' association mainly include: (i) supervising our property management services; (ii) participating in the election of property owners committee; (iii) providing necessary support and budget approval for property management service purposes; (iv) ensuring timely payment of property management fees.

- *Terms of service and termination*. The contracts we enter into with property owners' associations usually have fixed terms ranging from one to five years. A 90-day notice period is typically required if the property owner's association wishes to extend or early terminate the contract.

- *Dispute resolution*. Both parties are typically required to resolve any contractual disputes through negotiations and mediations first before resorting to litigation.

According to the applicable PRC laws and regulations, the establishment of the property owners' association is a result of the election by the property owners. The property owners' association represents their interest in matters concerning property management. The property owners' association's decisions are binding on all property owners. As advised by our PRC Legal Advisers, contracts between property owners' associations and property management companies selected by the general meetings of property owners, including the legal rights and obligations of property owners under such contracts, are valid and legally binding on property owners, even if the property owners are not parties to such contracts. As a result, we have legal claims against property owners for accrued and outstanding property management fees. Property owners and residents have the right to be informed of and supervise the use of public funds and the management of common areas and public facilities.

Property Management Service Contracts for Non-Residential Properties

As advised by our PRC Legal Advisers, under applicable PRC laws and regulations, unlike residential properties, for commercial properties with a sole ownership structure, it is not required for property developers to go through tender process to engage commercial property management service providers. A public tender process may be required under PRC laws and regulations for PRC government, public institutions and bodies with public fiscal funds to engage property management service providers for such properties as government office buildings, other public service facilities and hutong.

We enter into property management service contracts with customers such as property owners and property developers for the management of non-residential properties. The following summarized the general terms of our property management service contracts for non-residential properties:

- *Scope of services*. The property management service contracts set forth the scope of non-residential property management service to be provided by us, which includes security, cleaning, greening, repair and maintenance, customer services and the operation of common area facilities.

- *Performance scope and standards*. The property management service contract set forth the scope and expected standards for our property management services, including the areas to which our services relate, as well as the frequency of performance of services such as cleaning communal areas, inspecting facilities and patrolling securities.

- *Property management fees*. The property management service contracts set forth a fixed property management fee which is typically payable on a quarterly or monthly basis.

- *Our rights and obligations*. The rights and obligations of us mainly include: (i) providing property management service complied with expected standard; (ii) receiving timely payment of property management fee.

- *Rights and obligations of property owners*. The rights and obligations of property owners mainly include: (i) supervising our property management services; (ii) conducting assessment on our service manner and quality (iii) providing necessary support and budget approval for property management service purposes; (iv) ensuring timely payment of property management fees and (v) complying with the formulated management rules.

- *Terms of service and termination*. The contracts we enter into with property owners or property developers usually have fixed terms ranging from one to five years.

- *Dispute resolution*. Both parties are typically required to resolve any contractual disputes through negotiations and mediations first before resorting to litigation.

We manage the public area of hutong. Different from property management service contracts for other types of non-residential properties, the property management service contracts of hutong is generally entered into between the government and us. Pursuant to the property management contracts, the government shall bear the property management fees for our services which are enjoyed by the hutong residents, and our services are offered in accordance with industrial standards specifically for hutong management, i.e. Beijing Hutong Property Service Standards. Other than that, the general terms of property management service contracts of hutong management is similar to the above general terms, including the scope of services we offer.

Expiration Schedule of Property Management Service Contracts

The following table sets out the expiration schedule of property management service contracts for residential property management projects we were contracted to manage as of May 31, 2021:

	Contracted GFA		Number of contracts	
	(sq.m. in thousands)	%		%
Property management service contracts without fixed term[(1)]	**21,098**	**90.8**	**121**	**91.0**
Property management service contracts expiring in	**2,128**	**9.2**	**12**	**9.0**
Year ending December 31, 2021	798	3.4	3	2.3
Year ending December 31, 2022	685	2.9	3	2.3
Year ending December 31, 2023 and beyond	645	2.8	6	4.5
Total	**23,226**	**100.0**	**133**	**100.0**

Note:

(1) A property management service contract without fixed term primarily refers to a preliminary property management service contract 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 management service contract entered into by the property owners' association.

The following table sets out the expiration schedule of property management service contracts for non-residential property management projects we were contracted to manage as of May 31, 2021:

	Contracted GFA		Number of contracts	
	(sq.m. in thousands)	%		%
Property management service contracts without fixed term	**206**	**2.3**	**7**	**11.3**
Property management service contracts expiring in	**8,894**	**97.7**	**55**	**88.7**
Year ending December 31, 2021	2,281	25.1	25	40.3
Year ending December 31, 2022	6,127	67.3	20	32.3
Year ending December 31, 2023	486	5.3	10	16.1
Total	**9,100**	**100.0**	**62**	**100.0**

Retention and Renewal of Property Management Service Contracts

The following table sets forth the retention rates in connection with our property management service contracts during the Track Record Period:

	Year ended December 31,			Five months ended May 31,
	2018	**2019**	**2020**	**2021**
Retention rate[1]	96.9%	94.3%	93.0%	98.0%

Note:

(1) We retained 189 out of 195 contracts for the year ended December 31, 2018, 197 out of 209 contracts for the year ended December 31, 2019, 187 out of 201 contracts for the year ended December 31, 2020, and 195 out of 199 contracts for the five months ended May 31, 2021. In 2019 and 2020, pursuant to governmental policies in Beijing, BUCC handed over certain of its non-operating assets, such as public housing properties, to one designated government body, which led to the auto-termination of three and eight contracts, respectively.

The following table sets forth the renewal rates in connection with our property management service contracts during the Track Record Period:

	Year ended December 31,			Five months ended May 31,
	2018	**2019**	**2020**	**2021**
Expired	31	32	30	24
Renewed	25	27	28	22
Renewal rate	80.6%	84.4%	93.3%	91.7%

For the years ended December 31, 2018, 2019 and 2020 and the five months ended May 31, 2021, six, five, two and two of our property management service projects were not renewed. The following table sets forth the number of non-renewal projects and their respective reasons during the Track Record Period.

No.	**Reason for Non-renewal**	**Number of Project(s)**
1.	We did not attend the bidding process or win the tender due to unfavorable price provided by the customer after the customer initiated the tender process upon the expiration of the existing property management contract.	12
2.	The use and function of the properties were changed by the customers and our services were no longer required.(1)	2
3.	The customers did not renew the leases of the properties that we managed and our services terminated upon the expiration of the existing leases.	1

Note:

(1) The function of two military buildings under our management were changed and it was no longer suitable for us to manage the buildings.

The following table sets forth a breakdown of retention rate and renewal rate of each type of properties during the Track Record Period and up to the Latest Practicable Date:

	Year ended December 31,			Five months ended May 31,	From January 1, 2021 and up to October 23,
	2018	2019	2020	2021	2021
			%		
Retention Rate	96.9	94.3	93.0	98.0	97.1
Residential properties	98.5	99.3	95.6	98.5	98.5
Non-residential properties	93.8	84.7	87.9	96.9	94.3
Renewal Rate	80.6	84.4	93.3	91.7	86.2
Residential properties	100.0	83.3	100.0	100.0	100.0
Non-residential properties	76.9	84.6	92.3	90.9	85.2
Residential properties having property owners' associations	100.0	100.0	100.0	100.0	100.0

The following table sets forth the retention rates in connection with our property management service contracts entered into with BUCG Group and its joint ventures or associates during the Track Record Period.

	Year ended December 31,			Five months ended May 31,
	2018	2019	2020	2021
Retention rate[(1)]	99.2%	98.4%	97.6%	99.2%

Note:

(1) We retained 122 out of 123 contracts for the year ended December 31, 2018, 125 out of 127 contracts for the year ended December 31, 2019, 121 out of 124 contracts for the year ended December 31, 2020, and 127 out of 128 contracts for the five months ended May 31, 2021. In 2019 and 2020, pursuant to governmental policies in Beijing, BUCC handed over certain non-operating assets, such as public housing properties, to one designated government body, which led to the auto-termination of three and eight contracts respectively.

The following table sets forth the renewal rates in connection with our property management service contracts entered into with BUCG Group and its joint ventures or associates during the Track Record Period:

	Year ended December 31,			Five months ended May 31,
	2018	2019	2020	2021
Expired	9	9	12	8
Renewed	9	8	12	8
Renewal rate	100%	88.9%	100.0%	100%

During the Track Record Period, a majority of our property management service contracts in respect of both properties developed by BUCG Group and its joint ventures or associates and properties developed by other independent property developers were awarded through a standard tender process. For the years ended December 31, 2018, 2019, 2020 and the five months ended May 31, 2021, our bid win rates for properties developed by BUCG Group and its joint ventures or associates were 100.0% (out of four bids submitted), 100.0% (out of two bids submitted), 100.0% (out of eight bids submitted), and 100% (out of five bids submitted), respectively. Our high bid win rates for properties developed by BUCG Group and its joint ventures or associates were primarily attributable to our years of close collaboration with BUCG Group and our capability of delivering quality property management services to customers in a manner that aligns with their business philosophy.

Our Strategic Business Relationship with BUCG Group

Overview

For years, we maintained a close cooperative relationship with BUCG Group which has benefited our business development all along. See "– Competitive Strengths – Sustainable business development and distinctive operation underpinned by resources and brand strengths of our Shareholders" for more details. We provide property management services and value-added services to BUCG Group and its joint ventures or associates and the BUCG Group was our single largest customer during the Track Record Period. For the years ended December 31, 2018, 2019 and 2020 and the five months ended May 31, 2021, our revenue derived from services provided to BUCG Group amounted to RMB147.7 million, RMB200.1 million, RMB181.3 million and RMB80.6 million, respectively, accounting for approximately 16.1%, 19.1%, 16.6% and 16.8% of our total revenue, respectively. During the Track Record Period, a significant portion of our revenue from property management services was derived from properties developed by BUCG Group and its joint ventures or associates, which accounted for 69.8%, 64.6%, 65.4% and 69.3%, respectively, of our revenue from property management services in 2018, 2019 and 2020 and the five months ended May 31, 2021, respectively.

Mutually beneficial and complementary business relationship with BUCG Group

According to CIA, most of the property management service providers in the PRC rely on their controlling shareholders or affiliates engaging in property development business for source of project and thereby generate significant portion of their revenue from their controlling shareholders or affiliates. In line with this industry norm, a large portion of our service contracts were related to the management of properties developed or owned by BUCG Group and its joint ventures or associates. Meanwhile, a large number of the properties developed by BUCG Group were managed by us. We believe our close cooperative relationship with BUCG Group was mutually beneficial and complementary to each other. Going forward, we expect to continue to benefit from our concrete cooperative relationship with BUCG Group and BUCG Group will continue to remain a primary source of our property management portfolio.

As of December 31, 2020, BUCG Group had a land bank of approximately 50.3 million sq.m. and a total GFA of approximately 12.4 million sq.m. for real estate projects under construction. We selectively attend tendering and bidding process for the projects developed by BUCG Group and its joint ventures and associates. During the Track Record Period, we chose not to bid for some of the projects that (i) were located in the region where we have little presence and could not manage the project cost-efficiently; (ii) had relatively lower budget and may not be able to generate promising profits for us; (iii) were not the types of properties we had previous experience in, such as hotels; and (iv) were developed under cooperation with other property developers and there is little possibility that we would win the bid for the project.

The following table sets forth a breakdown of the number of projects and contracted GFA developed by BUCG Group and its joint ventures or associates as of May 31, 2021 by identity of property management service providers:

	Number of projects	**Contracted GFA**
		sq.m'000
Managed by our Group	127	20,007
Managed by property management service providers independent from BUCG Group and its joint ventures or associates	108	20,024
Managed by BUCG Group and its joint ventures or associates other than us	9	704
Total	**244**	**40,735**

As of May 31, 2021, we were contracted to manage 127 property projects developed by BUCG Group and its joint ventures or associates, consisting of 120 projects under management with an aggregate GFA under management of 18.3 million sq.m. and seven contracted but undelivered projects with an aggregate contracted GFA of 1.2 million sq.m. After having made reasonable enquiry to BUCG Group and its joint ventures or associates, we set out below the expected delivery schedule for these contracted but undelivered projects developed by BUCG Group and its joint ventures or associates. However, this schedule is subject to changes, as it relates to the subsequent developments of BUCG Group and its joint ventures or associates and actual deliveries to us, which are beyond our control.

	Number of contracts	**GFA expected to be delivered**	**Location**
		sq.m.'000	
Property management contracts will be delivered			
During the year ending December 31, 2021	2	201	Beijing, Tianjin
During the year ending December 31, 2022	5	1,035	Beijing

As a manifesto of our long-lasting mutual beneficial and complementary cooperation with BUCG Group, we agreed to provide certain property management services to BUCG and its associates for a term commencing from the Listing Date to December 31, 2023, which constitutes continuing connected transactions under Chapter 14A of the Listing Rules after the Listing. See “Connected Transactions” for more details.

In addition, we believe high quality property management services not only enhance the residents’ satisfaction but also add value to the marketability and reputation of the property developer, therefore the market developers tend to work with well-sourced property management companies which could well understand the positioning of the property as well as the demands fitting different lifestyles of the targeting property owners. We had been working with BUCG Group for over 20 years, during which we had built up our mutual trust and deep understanding of each other. We provide high quality services to our customers, especially those of the projects developed by BUCG Group where we could leverage our familiarity of BUCG Group’s standards and requirements so as to deliver our services in line with the development philosophy of BUCG Group. Our alliance with BUCG Group enables us to build up our own reputation as a high quality service provider thereby reinforce our market position and our competitiveness against our competitors, which in turn allow us to seek a diversified source of projects in the market.

Effort to diversify the sources of property management projects

Leveraging our extensive experience in managing various types of properties, we also endeavor to secure property management projects from Independent Third Parties. For the years ended December 31, 2018, 2019 and 2020 and the five months ended May 31, 2021, we participated in six, eleven, four and nine tender and bidding processes, respectively, and our bid win rates for the corresponding periods were 100%, 100%, 100% and 77.8%, respectively. From 2018 to 2020, we focused on participating in tendering and bidding process of residential properties, on which we have extensive competitive edge, and thus maintained a high winning rate. Starting from 2021, we exert more efforts on exploring opportunities from independent customers and therefore attend more tending and bidding process, residential or non-residential. In light of the fierce competition with more market players of property management industry intending to achieve a fast integration and growth in scale through participating the tendering the bidding process according to CIA, our winning rate decreased during the five months ended May 31, 2021. Looking forward, we intend to adopt the following measures to further explore opportunities in various segments of property management service markets and diversify our project sources: (i) continuously improving service quality and managerial effectiveness to sharpen our brand image; (ii) setting up a sound incentive and evaluation system that aligns employees' career growth with our expansion objectives; (iii) expanding our national presence and establishing strategic cooperation with high quality Independent Third Parties; (iv) pay close attention to publically available bidding information and participate in tender and bidding process for projects as appropriate; and (v) establishing joint ventures and other forms of business cooperation with Independent Third Party property management companies or acquiring property management companies with engagements to provide property management services to properties developed or owned by Independent Third Parties.

In addition to expand the source of our property management projects, we also endeavor to expand our value-added services to independent customers. We plan to (i) leverage our market-oriented operations as well as our high quality services to actively participate the tender and bidding process for value-added service projects from independent customers; (ii) expand the scope of our value-added services and develop new types value-added services so that we could offer more services to a diversified customer base including both existing customers and independent customers newly developed; (iii) leverage our existing projects (including both property management projects and value-added service projects) to enhance the radiation of our value-added services to vicinity communities; and (iv) develop value-added services for newly acquired property management projects of independent customers.

Taking into account (i) our past achievements in seeking engagements from Independent Third Party property developers, including the consistently high bid win rates for properties developed by Independent Third Party property developers during the Track Record Period; and (ii) our plan to expand collaboration with Independent Third Party property developers as detailed above our Directors are of the view, and the Sole Sponsor concurs, that our measures to reduce reliance on properties developed by the BUCG Group are realistic and effective and we will be able to expand our cooperation with Independent Third Party property developers.

VALUE-ADDED SERVICES TO NON-PROPERTY OWNERS

Capitalizing on our property management expertise, we provide value-added services to non-property owners. Our service offerings principally comprise: (i) tenant sourcing and management services; (ii) sales office and display unit management and pre-delivery support services; (iii) landscape engineering services; (iv) engineering operations and maintenance services; and (v) preliminary planning and design consultancy services. Credit terms of service fees for our value-added services to non-property owners generally range from three to six months.

For the years ended December 31, 2018, 2019 and 2020 and the five months ended May 31, 2020 and 2021, our revenue generated from value-added services to non-property owners amounted to RMB114.5 million, RMB131.8 million, RMB112.4 million, RMB37.8 million and RMB53.0 million, respectively, accounting for 12.5%, 12.6%, 10.3%, 8.9% and 11.1% of our total revenue for the respective periods. During the Track Record Period, we generated our revenue of value-added services to non-property owners primarily from BUCG Group and its joint ventures or associates. Going forward, we intend to diversify the source of our engagements in relation to value-added services to non-property owners by extending our service offerings to Independent Third Party property developers and property management companies.

The table below sets forth a breakdown of revenue generated from value-added services to non-property owners for the periods indicated, by type of services:

	Year ended December 31,						Five months ended May 31,			
	2018		2019		2020		2020		2021	
	RMB'000	%	*RMB'000*	%	*RMB'000*	%	*RMB'000*	%	*RMB'000*	%
Tenant sourcing and management services	37,412	32.7	43,350	32.9	52,856	47.0	20,325	53.8	24,014	45.3
Sales office and display unit management and pre-delivery support services	33,632	29.4	54,106	41.1	36,109	32.1	10,550	27.9	19,753	37.3
Landscape engineering services	28,657	25.0	18,562	14.1	10,549	9.4	2,689	7.1	3,773	7.1
Engineering operations and maintenance services	11,443	10.0	5,548	4.2	6,079	5.4	2,295	6.1	3,322	6.3
Preliminary planning and design consultancy services	482	0.4	5,874	4.5	2,093	1.9	1,557	4.1	563	1.1
Others	2,901	2.5	4,341	3.3	4,733	4.2	375	1.0	1,570	2.9
Total	**114,527**	**100.0**	**131,781**	**100.0**	**112,419**	**100.0**	**37,791**	**100.0**	**52,995**	**100.0**

During the Track Record Period, we obtain contracts for value-added services to non-property owners through both tender and bidding process and commercial negotiation. We went through tender and bidding process in securing contracts for sales office and display unit management and pre-delivery support services, landscape engineering services and engineering operations and maintenance services. The tender and bidding process for obtaining contracts of value-added services to non-property owners is similar to that for obtaining preliminary property management service contracts, with key stages include receiving invitation to tender or notice of such opportunity, preparation and submission of documents required for pre-qualification (if applicable), calculating relevant costs, preparation and submission of tender bids outlining, tender evaluation, award of contract and contract signing. For the years ended December 31, 2018, 2019 and 2020 and the five months ended May 31, 2021, the success rate in obtaining contracts of value-added services to non-property owners in the tender and bidding process were 100.0% (out of seven bids submitted), 100.0% (out of eight bids submitted), 100.0% (out of five bids submitted) and 66.7% (out of six bids submitted), respectively.

Tenant Sourcing and Management Services

We are entrusted by property developers of certain office buildings that we manage to provide tenant sourcing and management services. We identify and solicit target tenants, assist property developers in tenancy agreement negotiations and subsequent fee collection processes, as well as provide tenants hassle-free move-in and move-out support services. We are also responsible for managing tenant relations on behalf of the property developers through various channels, such as regular collection of customer feedback and handling of complaints and suggestions. We typically charge a commission fee equivalent to 5% of the total rental income for a year plus an amount equivalent to rent payables for two months (in case of the entering into of a new tenancy agreement) or 0.6 month (in case of renewal).

Sales Office and Display Unit Management and Pre-delivery Support Services

We offer property management services to sales offices and display units of the property developers, which include, among others, visitor reception, cleaning, and security services. We also perform cleaning tasks on behalf of property developers before the delivery of property units to property owners. We typically charge property developers a fixed service fee taking into consideration a basket of factors such as the service scope, service standards and staffing requirements.

Landscape Engineering Services

We offer efficient landscape engineering solutions to residential and commercial properties and cultural facilities, which cover hardscape and softscape constructions, irrigation, pruning and drainage management, helping our customers to create an aesthetically pleasing and eco-friendly environment while satisfying specific engineering and performance goals. We generally charge a lump-sum-based fixed fee calculated based on costs of materials used and the nature and complexity of our services.

Engineering Operations and Maintenance Services

Our engineering operations and maintenance services primarily include (i) engineering operations services for various buildings, facilities and equipment, (ii) management of the daily repair and maintenance, the use, replacement and management of the buildings, facilities and equipment, and (iii) energy control management for the buildings to reduce energy consumption and carbon emission through technical renovation or management improvement. Our engineering, repair and maintenance services typically cover exterior walls, common area and public equipment and facilities which consist of water supply and drainage system, electromechanical system, fire protection system, as well as special equipment such as elevators and boilers.

We also devise annual repair and maintenance management plan of the overall engineering services for our customers for the purposes of (i) maintaining the building equipment and facilities so that they can operate in an optimum condition and (ii) minimizing the occurrence of failure or break-downs. We generally charge a fixed annual fee calculated based on the scope of our services.

Preliminary Planning and Design Consultancy Services

Leveraging our front-line experiences interacting with property owners and residents during the course of providing property management services, we offer a variety of preliminary planning and design consultancy services, enabling our clients to better adapt their properties to the ever-changing needs of the end users. For instance, at the preliminary planning stage, we advise on traffic planning and garbage clearance of the residential communities. Our consultancy services also involve review of construction blueprints from multiple perspectives, such as the engineering design of property management premises, landscaping, decoration and display units design. We generally charge a fee calculated based on a unit price and the GFA of each project for our preliminary planning and design consultancy services.

COMMUNITY VALUE-ADDED SERVICES

As an extension of our property management services, we provide community value-added services mainly to property owners, residents and other users of our managed properties to address their daily needs and create a more convenient and livable community environment. The community value-added services we provide primarily include (i) heat energy supply services; (ii) carpark space operation services; (iii) catering services; (iv) property leasing services; (v) home decoration management services; and (vi) real estate brokerage services. The individual service contracts we enter into with our customers for the provision of community value-added services are of on-demand nature and generally independent from the property management service contracts. During the Track Record Period, we obtain contracts of community value-added services primarily through commercial negotiations with potential customers.

We went through tender and bidding process in securing contracts for catering services as well. The tender and bidding process for obtaining contracts for catering services is similar to that for obtaining preliminary property management service contracts. From 2018 to 2020, we did not participate in tender and bidding for securing contracts for catering services. For the five months ended May 31, 2021, the success rate in obtaining contracts for catering services in the tender and bidding process were 75.0% (out of four bids submitted).

For the years ended December 31, 2018, 2019 and 2020 and the five months ended May 31, 2020 and 2021, revenue generated from our community value-added services amounted to RMB243.3 million, RMB232.4 million, RMB245.1 million, RMB107.1 million and RMB116.5 million, respectively, accounting for 26.5%, 22.2%, 22.5%, 25.3% and 24.3% of our total revenue for the respective periods. The table below sets forth a breakdown of revenue generated from community value-added services for the periods indicated, by type of services:

	Year ended December 31,						Five months ended May 31,			
	2018		2019		2020		2020		2021	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Heat energy supply services	117,106	48.1	123,192	53.0	121,673	49.6	72,071	67.3	75,846	65.1
Carpark space operation services	25,642	10.5	26,646	11.5	56,456	23.0	12,812	12.0	14,949	12.8
Catering services	17,585	7.2	22,201	9.6	25,572	10.4	7,464	7.0	14,096	12.2
Property leasing services	65,461	26.9	39,299	16.9	21,573	8.8	8,816	8.2	3,471	3.0
Home decoration management services	8,298	3.4	10,044	4.3	9,509	3.9	3,012	2.8	3,076	2.6
Real estate brokerage services	3,947	1.6	4,786	2.1	5,015	2.0	741	0.7	2,468	2.1
Others	5,250	2.2	6,204	2.7	5,351	2.2	2,200	2.0	2,549	2.2
Total	**243,289**	**100.0**	**232,372**	**100.0**	**245,149**	**100.0**	**107,116**	**100.0**	**116,455**	**100.0**

Heat Energy Supply Services

We manage and operate 10 gas-fired heat energy generation plants which are owned by BUCG Group and its joint ventures and associates and sell the heat energy to customers in Beijing, primarily including property owners of residential communities. As of May 31, 2021, our heat energy supply business had a consolidated installed heat energy generation capacity of 285.9 MW, serving approximately 42,000 households. According to the relevant regulations issued by the People's Government of Beijing Municipality, the statutory heat supply period of Beijing commences on November 15 each year and ends on March 15 of the following year, which is extendable by the People's Government of Beijing Municipality in light of the specific weather conditions. The purchase price of heat energy we charge our customers is generally calculated based on a unit price fixed or guided by the government and the GFA occupied by them, which is payable by customers on an annual basis.

Pursuant to the agreements with the owners of heat energy generation plants, we operate and manage the heat energy generation plants at our own costs and charge the consumers a fee based on the unit price in accordance with the guidance price of the local government and the GFA of property occupied by the consumer. Pursuant to the agreements, we are in charge of maintaining the equipment to ensure a safe and stable supply of heat energy as well as equipment repair. Our costs for the operation and management of the energy generation plants include, among other items, the cost for routine maintenance and overhaul of heat energy generation plants, depreciation costs of related assets, the recruitment cost and the cost for management of qualified service personnel and utilities expenses. Considering the age of the communities which those heat energy generation plants serve, the depreciation and renovation cost of heat energy generation plants and other cost for the operation of the heat energy generation plants, we pay the consideration up to RMB3 million annually to the owner. The cost for operating and managing the heat energy generation plants, including the consideration paid to the owners, were accounted for as cost of sales in our consolidated statement of profit or loss and other comprehensive income. Our agreements with the owner of the heat energy generation plants generally have a term ranging from five to 20 years. We provide the heat from three of the gas-fired heat energy generation plants we operate exclusively to the residents of the properties under our management.

Carpark Space Operation Services

Our automated carpark operation system allows drivers to gain access to and exit from the parking lots with the use of a license plate auto-identification system that activates the outer doors, saving time and labor costs, while enhancing the efficiency in collection of parking fees. We operate, and manage the leasing of carpark spaces of the residential properties under our management for the owners (mainly property developers) and receive rent on behalf of the owners. We also charge a service fee from users of the carpark.

In 2020, we purchased a total 190 parking lots (the "**Parking Lots**") from a subsidiary of BUCG Group which is also the property developer of one of the residential properties that we manage in Beijing. Those Parking Lots are underground carpark spaces. We believe the seller sold the remaining Parking Lots in a lump sum to us primarily for quick settlement of the project at the later stage of development and retrieving the capital invested. We, on the other hand, could leverage our advantage as the property manager having easy access to the potential customers in the property to facilitate the promotion and marketing the sale of the Parking Lots. This business model allows us to enjoy a premium derived from carpark spaces selling as well as the rental income from the lease of carparks before they are sold out. As of May 31, 2021, we had sold 103 parking lots at an average price of RMB233,540 (tax inclusive) per lot. After we sold the rest of the Parking Lots on hand, we currently do not have any plan to seek similar business opportunities, while we do not rule out possibility to further carry out this business going forward, as the case may be. For the years ended December 31, 2018, 2019 and 2020 and the five months ended May 31, 2021, we generated a revenue of nil, nil, RMB23.6 million and nil, respectively, from selling the Parking Lots and a revenue of RMB25.6 million, RMB26.6 million, RMB33.5 million and RMB14.9 million, respectively, from other carpark space operation services.

Catering Services

As of May 31, 2021, we managed and operate 11 canteens and one restaurant. Our reputable restaurant, "Likang Roast Duck Restaurant (立康烤鴨店)", offers fusion cuisine that blends the culinary traditions of northern and southern China to our discerning customers. For canteens we operate, we charge the property owners an annual fee calculated based on staffing requirements, meal standards and number of meals served. For restaurants under our management, we receive payments for the food ordered by individual customers. We have obtained all requisite licenses and permits to provide catering services and in relation to food safety.

Property Leasing Services

As a state-owned enterprise, we undertake certain unique social responsibilities and play an active role in the housing security system of the PRC. During the Track Record Period, we managed the leasing service of certain public housing properties owned by BUCC to qualified tenants pursuant to applicable PRC laws and regulations. Pursuant to the agreements we entered into with BUCC, we were responsible for managing the leasing of these public housing properties and thus were entitled to relevant service fee for managing the leasing of these public housing properties. For the years ended December 31, 2018, 2019 and 2020, revenue generated from these 11 public housing properties amounted to RMB9.1 million, RMB5.2 million and RMB3.2 million, respectively. In China, public housing properties such as those owned by BUCC are more affordable than private renting and usually provide more secure and long-term tenancies. We charge government regulated rents for each public housing property unit leased out, which are generally payable to us on a monthly basis. Pursuant to governmental policies in Beijing, BUCC had handed over all 11 public housing properties to one designated government body as of December 31, 2020, thus we currently do not operate nor have plan to develop the business of public housing property leasing services in the future.

In addition, we also lease out miscellaneous properties we own, such as residential properties and commercial properties. Rents we charge from tenants are generally payable to us in accordance with terms as stipulated in the contract. As of August 31, 2021, we owned four properties for lease, among which one was residential properties and three were commercial properties (including shops and offices). For details of these four properties we own, see "Appendix III – Property Valuation Report".

The table below sets for the range of monthly rents and major terms of the rental agreements with tenants:

Type of Properties	Range of Rent *(per sq.m. per day)*	Major Terms
Public Housing[1]	RMB0.1	The rental agreements generally do not have a fixed term. The rent is paid on a monthly basis.
Residential	RMB2.0	The rental agreement generally have a term of one year. The rent is paid on a monthly basis.
Commercial	RMB4.0-RMB5.2	The terms of the rental agreements are primarily subject to the negotiations between parties, ranging from one year to two years. The rent is paid bi-monthly, quarterly or annually in advance. We normally grant a rental free period up to two months to the tenants.

Note:

(1) We no longer provide public housing property leasing services after BUCC handed over public housing properties to one designated government body in 2019 and 2020.

Home Decoration Management Services

We perform inspection procedures to make sure decoration work carried out in each property unit in the residential properties we manage practices the required standards of building safety and hygiene. We also provide hassle-free post-decoration cleanup services, including garbage clearance services. We enter into separate home decoration management services agreements, pursuant to which we are entitled to collect from property owners a fixed management fee.

Real Estate Brokerage Services

We offer real estate brokerage services to property owners of the residential communities under our management for home sale and home leasing transactions. Upon the closing of a secondary sale of property, we charge a commission equal to a pre-determined percentage of the purchase price, which is typically borne by both the purchaser and the seller. Upon the closing of a rental transaction, we typically charge a pre-determined commission from either the landlord or the tenant.

EFFECTS OF THE COVID-19 PANDEMIC

Effects of the COVID-19 Pandemic on Our Business Operations

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, which have adversely affected the macroeconomic conditions. Since early 2020, the PRC Government has implemented a series of fiscal and monetary policies to stabilize the social sentiment and expedite the resumption of economic growth, while state-owned enterprises took the initiative in making rent concessions to merchants (in particular small- and medium-sized enterprises) in the first half of 2020 to help businesses stay afloat. These efforts have played a meaningful role in mitigating the negative impact of the COVID-19 pandemic.

The PRC real estate market in general, according to CIA, had been adversely affected in the short term by the COVID-19 pandemic. The development of the PRC real estate market slowed down and the projects delivery was delayed, which in the meanwhile caused the delay in delivery of certain property management projects of some property management companies. During the six months ended June 30, 2020, the total GFA of completed properties in China was 290.3 million sq.m., representing a decrease of 10.5% as compared to the corresponding period in 2019, according to CIA. During the same period, the total GFA of commodity properties transacted in China amounted to 611.2 million sq.m., representing a decrease of 7.7% from the same period in 2019, according to CIA. Nevertheless, China's real estate market has gradually recovered since April 2020 along with the resumption of growth of China's economy. In particular, investment in real estate developments in Beijing Region increased by 4.0% in the six months ended June 30, 2020 as compared to the corresponding period in 2019; and the total GFA under management by property management service companies in the Beijing-Tianjin-Hebei Region increased by 7.4% to 2.12 billion sq.m. as of December 31, 2020 as compared to December 31, 2019, according to CIA. It is expected that the COVID-19 pandemic would not materially or adversely affect the property management industry in China.

We managed to achieve steady growth in terms of business scale and financial performance after the COVID-19 pandemic broke out. Our GFA under management increased by 1.3% from 28.7 million sq.m. as of December 31, 2019 to 29.1 million sq.m. as of December 31, 2020 and further increased by 5.0% to 30.5 million sq.m. as of May 31, 2021. For the year ended December 31, 2020, our revenue increased steadily by 4.3% to RMB1,090.6 million from RMB1,045.4 million for the year ended December 31, 2019. The average property management fee of residential properties increased from RMB2.2 per sq.m. per month in 2019 to RMB2.4 per sq.m. per month in 2020. The increase in both our GFA under management and average property management fee from 2019 to 2020 was primarily attributable to our steadily growth of business, especially the acquisition of new property management projects which were priced at higher market price. For the five months ended May 31, 2021, our revenue increased steadily by 12.8% to RMB478.5 million from RMB424.2 million for the five months ended May 31, 2020, primarily due to the continuous increase in our GFA under management.

Nevertheless, the COVID-19 has to a limited extent affected our operations. There were certain confirmed COVID-19 cases at the residential properties under our management. In order to minimize the number of infected cases, we have introduced targeted and tightened sanitary and monitory protocol and implemented the local governments' epidemic disease control and prevention measures to the ground. Since the outbreak of the COVID-19 pandemic and up to the Latest Practicable Date, we did not encounter material disruptions to the services provided by our subcontractors and utilities service providers and the supply of materials from our suppliers. Our Directors confirm that we did not encounter and are not expected to experience any labor shortage as a result of the outbreak of COVID-19 pandemic. In view of such, our Directors believe that our Group can continue to provide our services and discharge our obligations under existing contracts.

The COVID-19 pandemic, has to a limited extent affected our results of operations. The order in relation to restrictions on public activities issued by the PRC Government adversely affected our business operations to a limited extent. There was a loss of revenue of RMB6.8 million attributable to rent relief we granted to the tenants. The COVID-19 pandemic has inevitably increased our costs in managing properties and providing other related services. To comply with government regulations and measures to combat the COVID-19 pandemic, we incurred additional operating costs of approximately RMB22.4 million, including (i) costs associated with enhanced hygienic and precautionary measures across the properties under our management in the amount of RMB6.0 million; and (ii) overtime wages, allowances and other related employee benefits in the amount of RMB16.4 million. On the other hand, we benefited from government relief of social security payments for employment support relating to the COVID-19 pandemic, which amounted to RMB29.2 million in 2020, thereby reducing our staff costs. Taking into consideration the combined effect of the above, the continuous growth of our business in 2020, the transmission of the disease being under good control in the PRC, the nationwide COVID-19 vaccination efforts, as well as the continuous growth of our business in 2020, our Directors are of the view that the negative impact of COVID-19 on our business operations and financial condition were temporary and manageable.

To the best knowledge of our Directors after consulting BUCG Group, while the development schedules of certain projects could be affected to a limited extent by the epidemic control measures implemented by the PRC in the first half of 2020, there will be no material delay in the delivery of the properties developed by BUCG Group. Our Directors are not aware of circumstances that would suggest otherwise after having made reasonable enquiry to BUCG Group, and are of the view that the effects of the COVID-19 pandemic on the development schedules of other projects we were contracted as of the Latest Practicable Date will unlikely have a material adverse impact on the results of operations and financial condition of our Group.

Our Contingency Plan and Responses towards the COVID-19 Pandemic

The COVID-19 pandemic has been a great test of our crisis management capability. We have promulgated epidemic prevention and control plan and adopted the following hygiene and precautionary measures across the properties under our management since January 2020 to safeguard the wellbeing of our customers and employees.

- *Logistics support*. We regularly store epidemic control supplies such as sanitizers, surgical masks, plastic gloves, body temperature measurement equipment at each property under our management and designate persons-in-charge to administer the procurement and use thereof.

- *Exit and entry management*. We implement visitor and vehicle control measures subject to the developments of the disease. Visitors and employees are required to scan health QR code to declare their health status, while security guards will measure their body temperatures at the entrance gates. Those with abnormal body temperatures are not allowed to enter into the properties we manage and shall be subject to temporary quarantine measures immediately.

- *Disinfection and ventilation*. We routinely disinfect and maintain cleanliness and good ventilation of common areas of the properties, canteens and restaurants under our management.

- *Specialized team*. We set up a specialized epidemic prevention and control task force to formulate the related work plan, conduct daily inspection and management, and report on implementation of the contingency plan and control measures.

Our Directors confirm that the additional costs associated with the enhanced measures will not have a significant impact on our Group's financial position or results of operations.

Effects of the COVID-19 Pandemic on Our Business Strategies

According to CIA, although the outbreak of the COVID-19 pandemic has caused short-term economic slowdowns in the PRC, it is expected that once the outbreak is effectively contained, the outlook for the property management services remain positive. Our Directors therefore confirm that the COVID-19 pandemic will not cause any major disruptions to the implementation of our business strategies set out in "– Business Strategies" and our Group will utilize the net proceeds from the Global Offering in the same manner as envisaged in "Future Plan and Use of Proceeds".

We believe that the outbreak of the COVID-19 pandemic has provided a unique opportunity for us to meditate on how we could deliver real value to our customers and refine our development strategies for the years ahead. During the fight against the spread of the virus, property management companies served as a bridge among government authorities, community workers and residents. Our efforts in containing the virus have enabled us to establish a closer tie with the property owners, residents and tenants, through which we could better understand their needs and strengthen our service capability. The pandemic has also signaled a new wave of technology transformation among property management companies given the demonstrated success of smart management products in enhancing the efficiency of disease control and prevention measures implemented at the community level. Hence, looking forward, we manage to take a more technology-oriented approach to broaden our service offerings, enhance customer experience and improve operation efficiency.

INFORMATION TECHNOLOGY

We have been implementing upgrades of information technology infrastructure to strengthen our competitiveness and to reduce operational costs and reliance on manual labor. Our professional team focuses on digitalizing our service and management processes with a view to continuously improving operational efficiency, enhancing customers' experience and ensuring the security of sensitive data.

Our Smart Management Efforts

The table below sets forth our smart management efforts which are critical to our daily operations:

Scenario	Smart technology	Features
Security management	• Intelligent patrolling and monitoring system	• We have introduced patrolling robots in a number of residential premises under our management to move along designated foot patrol routes automatically anytime during the day. Equipped with a built-in surveillance system, our patrolling robots can transmit images of its surroundings to our security management team. Our application of live video analytics technology transforms traditional video surveillance network into a smart security management system, which is capable of alerting our security management team when a security risk is identified, enabling effective emergency response and remote resource deployment.
Facilities management	• Remote equipment management system	• Our remote equipment management system enables us to digitalize our management of equipment and facilities along their entire life cycle. This system is a typical application of IoT technology which collects and visualizes key operating data of our equipment and facilities through sensors, allowing us to centralize the oversight of equipment operations and largely replace manual inspections. Our on-site engineers will receive instant notification where system failures arise and immediately initiate maintenance measures, significantly reducing maintenance costs.

Scenario	Smart technology	Features
Internal control	• Intelligent financial management system	• We have established a proprietary intelligent financial management system to standardize our financial management processes and optimize our cost control measures through timely collection, monitoring and analysis of operating and financial data.
Customer services	• Information management system for customer services	• Our information management system for customer services represents a combination of our online platform and service hotline, upon which we rely to handle enquiries and complaints and conduct customer satisfaction surveys in order to understand the changing preferences of property owners, tenants and residents. We regard feedbacks collected from our customers as valuable business intelligence and frequently synthesize and analyze them evaluate the performance of each property management project and empower our continuous effort in enhancing service quality.

Privacy and Data Security Protection

With the consent of the customers, we only collect customer data to the extent necessary for us to provide our services, mainly including customer name, ID number, telephone number and address. We have adopted strict internal control measures to protect data stored in the internal information system and network from different types of threats, interference and destruction, and ensure the availability, confidentiality and reliability of the data. We formulate different control strategies for system access with different risk levels and restrict access to important systems so as to ensure the data we collected is used exclusively by us to facilitate our service offering. We classify our staff based on their positions and responsibilities and grant them different access rights and adopt password control, operation log management and other technical means to information technology system so that only certain staff could gain access to certain confidential information on a need-to-know basis. In addition, we monitor account permissions, networks, servers, and emails of important systems, and promptly alert users in case there are data leakage or risks of data leakage. We actively detect and repair system vulnerabilities to further ensure server security.

The PRC regulatory requirements regarding cybersecurity are evolving. In addition to Cybersecurity Law promulgated in 2016, the National Internet Information Office released the Measures for Cybersecurity Review (Revised Draft for Comments) (《網路安全審查辦法(修訂草案徵求意見稿)》) in July 2021. See "Regulatory Overview" for details.

During the Track Record Period and up to the Latest Practicable Date, we did not encounter any attack of our information system nor any leakage of the personal information of our customers. Based on the aforementioned, our Directors, after consulting our PRC Legal Advisers, confirm that we were in compliance with applicable data privacy laws and regulations in the PRC during the Track Record Period and up to the Latest Practicable Date.

SALES AND MARKETING

Our sales and marketing team is primarily responsible for planning and developing our overall marketing strategy and attending tender and bidding process to acquire new projects. During the Track Record Period, we generated most of the revenue from properties developed by BUCG Group. We expect that properties developed by BUCG Group and its joint ventures or associates will remain a stable source of revenue in the foreseeable future. In addition to maintaining long-term and stable cooperation with BUCG Group, we seek to diversify our service profile by enhancing our exposure to projects from third-party property developers. To this end, we have a number of incentive measures in place to encourage our employees to take the initiative in obtaining new engagements from external sources.

CUSTOMERS

Overview

We have a steadily growing customer base primarily consisting of property owners and residents, property developers, property owners' associations and tenants. The table below sets forth the types of our major customers for each of our business segments:

Service Line	Major Customer
Property Management Services	Property owners and residents, property developers, property owners' associations and tenants
Value-added Services to Non-property Owners	Property developers
Community Value-added Services	Property owners and residents

For the years ended December 31, 2018, 2019 and 2020 and the five months ended May 31, 2021, revenue generated from our five largest customers amounted to RMB221.6 million, RMB294.4 million, RMB281.2 million and RMB132.1 million, respectively, representing 24.1%, 28.2%, 25.8% and 27.6% of our total revenue for the corresponding periods, respectively. For the years ended December 31, 2018, 2019 and 2020 and for the five months ended May 31, 2021, revenue generated from our largest customer, BUCG Group, amounted to RMB147.7 million, RMB200.1 million, RMB181.3 million and RMB80.6 million, respectively, representing 16.1%, 19.1%, 16.6% and 16.8% of our total revenue for the corresponding periods, respectively. The transactions with BUCG Group constituted connected transactions. For details, see "Connected Transactions", "Relationship with Controlling Shareholders" and "Risk Factors – Risks Relating to Our Business and Industry" of this Prospectus.

Other than BUCG Group, the remaining customers among the five largest customers during the Track Record Period were Independent Third Parties. As of the Latest Practicable Date, we were not aware of any arrangements or incidents which would lead to cessation or termination of our relationships with any of our five largest customers during the Track Record Period. As of the Latest Practicable Date, none of our Directors, Shareholders, members of senior management, their respective close associates or any other member of our Group who, to the best knowledge of our Directors, owned more than 5% of our issued share capital held any interest in any of the five largest customers other than BUCG Group.

Our Top Five Customers

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

Rank	Customer	Business nature	Major services provided	Commencement of business relationship	Payment terms	Revenue	Percentage of total revenue
						RMB'000	*%*
1.	BUCG Group	Comprehensive state-owned conglomerate with business in construction operations, real estate, architectural design, landscaping and culture and tourism	Tenant sourcing and management services; property management services	2002	By month/ quarter/ half year/ year	147,729	16.1

Rank	Customer	Business nature	Major services provided	Commencement of business relationship	Payment terms	Revenue	Percentage of total revenue
						RMB'000	*%*
2.	Customer A	Government agency which administrates municipal government's logistic matters	Property management services; engineering operations and maintenance services	2018	by half-year	25,955	2.8
3.	Customer B	Bank, one of the leading banks in the PRC with net profit exceeding RMB300 billion in 2020.	Property management services	2008	by month	23,756	2.6
4.	Customer C	Government agency which administrates local community matters	Property management services	2018	by quarter	12,266	1.3
5.	Customer D	Government agency which administrates local community matters	Property management services	2018	by quarter	11,878	1.3
Total						**221,584**	**24.1**

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

Rank	Customer	Business nature	Major services provided	Commencement of business relationship	Payment terms	Revenue	Percentage of total revenue
						RMB'000	*%*
1.	BUCG Group	Comprehensive state-owned conglomerate with business in construction operations, real estate, architectural design, landscaping and culture and tourism	Tenant sourcing and management services; property management services	2002	By month/ quarter/ half year/ year	200,141	19.1
2.	Customer A	Government agency which administrates municipal government's logistic matters	Property management services; engineering operations and maintenance services	2018	by half-year	37,585	3.6
3.	Customer B	Bank, one of the leading banks in the PRC with net profit exceeding RMB300 billion in 2020.	Property management services	2008	by month	27,605	2.7
4.	Customer C	Government agency which administrates local community matters	Property management services	2018	by quarter	17,070	1.7
5.	Customer D	Government agency which administrates local community matters	Property management services	2018	by quarter	12,020	1.1
Total						**294,421**	**28.2**

The following table sets forth certain details of our top five customers for the year ended December 31, 2020.

Rank	Customer	Business nature	Major services provided	Commencement of business relationship	Payment terms	Revenue	Percentage of total revenue
						RMB'000	*%*
1.	BUCG Group	Comprehensive state-owned conglomerate with business in construction operations, real estate, architectural design, landscaping and culture and tourism	Tenant sourcing and management services and property management services	2002	By month/ quarter/ half year/ year	181,332	16.6
2.	Customer A	Government agency which administrates municipal government's logistic matters	Property management services; engineering operations and maintenance services	2018	by half-year	35,261	3.2
3.	Customer B	Bank, one of the leading banks in the PRC with net profit exceeding RMB300 billion in 2020.	Property management services	2008	by month	28,298	2.6
4.	Customer E	Government agency which administrates commerce matters at district level	Property management services	2019	by year	20,208	1.9
5.	Customer C	Government agency which administrates local community matters	Property management services	2018	by quarter	16,147	1.5
Total						**281,246**	**25.8**

The following table sets forth certain details of our top five customers for the five months ended May 31, 2021.

Rank	Customer	Business nature	Major services provided	Commencement of business relationship	Payment Terms	Revenue	Percentage of total revenue
						RMB'000	*%*
1.	BUCG Group	Comprehensive state-owned conglomerate with business in construction operations, real estate, architectural design, landscaping and culture and tourism	Tenant sourcing and management services and property management services	2002	By month/ quarter/ half year/ year	80,611	16.8
2.	Customer A	Government agency which administrates municipal government's logistic matters	Property management services; engineering operations and maintenance services	2018	by half-year	27,841	5.8
3.	Customer B	Bank, one of the leading banks in the PRC with net profit exceeding RMB300 billion in 2020.	Property management services	2008	by month	10,441	2.2
4.	Customer E	Government agency which administrates commerce matters at district level	Property management services	2019	by year	8,420	1.8
5.	Customer C	Government agency which administrates local community matters	Property management services	2018	by quarter	4,799	1.0
Total						**132,112**	**27.6**

SUPPLIERS

Overview

During the Track Record Period, our suppliers are generally subcontractors providing cleaning, security, gardening and repair and maintenance services.

For the years ended December 31, 2018, 2019 and 2020 and the five months ended May 31, 2021, total purchase attributable to our five largest suppliers amounted to RMB169.7 million, RMB241.8 million, RMB304.9 million and RMB78.1 million, respectively, representing 23.4%, 28.8%, 35.3% and 21.6% of our total cost of sales, respectively; purchase attributable to our single largest supplier amounted to RMB70.2 million, RMB86.6 million, RMB90.5 million and RMB28.6 million, respectively, representing 9.7%, 10.3%, 10.5% and 7.9% of our of our total cost of sales.

Except for BUCG Group, all other suppliers among our five largest suppliers during the Track Record Period were Independent Third Parties. We did not encounter any acute supply shortages or material delay during the course of business relating to our suppliers, or any material claims attributable to our suppliers. As of the Latest Practicable Date, none of our Directors, Shareholders, members of senior management, their respective close associates or any other member of our Group who, to the best knowledge of our Directors, owned more than 5% of the our issued share capital held any interest in any of the five largest suppliers.

Our Top Five Suppliers

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

Rank	Supplier	Major services/ goods provided	Commencement of business relationship	Transactional amount	Percentage of total cost of sales
				RMB'000	*%*
1.	Supplier A	labor dispatch services	2009	70,221	9.7
2.	Supplier B	gas supply	2001	44,511	6.1
3.	Supplier C	security services	2011	31,632	4.4
4.	Supplier D	cleaning services	2012	12,245	1.7
5.	Supplier E	cleaning services; greening and gardening services; engineering operations and maintenance services	2015	11,137	1.5
Total				**169,746**	**23.4**

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

Rank	Supplier	Major services/ goods provided	Commencement of business relationship	Transactional amount	Percentage of total cost of sales
				RMB'000	*%*
1.	Supplier F	labor dispatch services	2018	86,603	10.3
2.	Supplier B	gas supply	2001	77,693	9.3
3.	Supplier C	security services	2011	37,176	4.4
4.	BUCG Group	construction operation services; property leasing services; repair and maintenance services	1995	25,904	3.1
5.	Supplier D	cleaning services	2012	14,421	1.7
Total				**241,797**	**28.8**

The following table sets forth details of our top five suppliers for the year ended December 31, 2020:

Rank	Supplier	Major services/ goods provided	Commencement of business relationship	Transactional amount	Percentage of total cost of sales
				RMB'000	*%*
1.	BUCG Group	construction operation services; property leasing services	1995	90,543	10.5
2.	Supplier F	labor dispatch services	2018	87,956	10.2
3.	Supplier B	gas supply	2001	62,142	7.2
4.	Supplier C	security services	2011	42,362	4.9
5.	Supplier G	security services	2012	21,880	2.5
Total				**304,883**	**35.3**

The following table sets forth certain details of our top five suppliers for the five months ended May 31, 2021.

Rank	Suppliers	Major services/ goods provided	Commencement of business relationship	Transactional amount	Percentage of total cost of sales
				RMB'000	*%*
1.	Supplier F	labor dispatch service	2018	28,550	7.9
2.	Supplier H	electricity supply	2002	18,893	5.2
3.	Supplier C	security services	2011	12,185	3.4
4.	BUCG Group	construction operation services; property leasing services; repair and maintenance services	1995	11,659	3.2
5.	Supplier G	security services	2012	6,821	1.9
Total				**78,108**	**21.6**

Our five largest suppliers generally grant us credit terms ranging from one to 12 months per contract, and payment to our suppliers are typically settled by wire transfer. Our purchase from BUCG Group significantly increased from RMB25.9 million in 2019 to RMB90.5 million in 2020, primarily attributable to our purchase of carpark spaces from BUCG Group.

SUBCONTRACTING

We delegate certain labor-intensive services, primarily including cleaning, security and repair and maintenance services, to subcontractors on an as-needed basis, in order to reduce our operating costs, improve service quality, dedicate more resources to management and other value-added services and enhance the overall profitability of our operations. For the years ended December 31, 2018, 2019 and 2020 and for the five months ended May 31, 2020 and 2021, our subcontracting costs amounted to RMB174.6 million, RMB234.8 million, RMB240.3 million, RMB80.7 million and RMB106.8 million, respectively, representing approximately 24.0%, 28.0%, 27.8%, 25.6% and 29.6%, respectively, of our total cost of sales, respectively.

Selection and Management of Subcontractors

We have established internal policies and procedures for hiring, managing and evaluating subcontractors. We maintain a qualified supplier list, which is re-evaluated and renewed on a yearly basis. We select suppliers, including subcontractors, from the list of qualified suppliers through direct appointment, negotiation, and tendering. In adoption of tendering process, we assess the bids by considering a wide range of factors, including financial condition, service quality, price, past performance, industry reputation of the subcontractors and the consideration amount of the certain procurements. After a selected subcontractor commences to provide the products or services. If a subcontractor does not meet our standard in a given year, it will be removed from our qualified supplier list and will not be allowed to participate in the selection process in the subsequent year.

Key Terms of Agreements with Our Subcontractors

Our agreements with suppliers typically include the following key terms:

- *Service scope and performance standards*. The agreements with our subcontractors would set forth the scope and standard requirements of the subcontractor's services or goods. These requirements would typically include the areas which the subcontracting services cover. We also require our subcontractors to adhere to certain service standards, such as those in relation to quality, reporting times, uniforms and etiquette guidelines.

- *Our rights and obligations*. Generally, we have both the right and obligation to supervise and evaluate our subcontractors. We are also responsible for providing them with the necessary support to complete their services. Generally, as stipulated in the service contract, we settle payments with our subcontractors on a monthly basis. We are entitled to collect damages for breach of contract or deduct subcontracting fees if our subcontractors fail to adhere to our performance scope and standards.

- *Rights and obligations of subcontractors*. Subcontractors are responsible for providing services in accordance with the scope, standards and frequency prescribed in the relevant subcontracting agreements. In addition, subcontractors are responsible for obtaining all licenses, permits and certificates necessary for conducting their business operations in compliance with applicable laws and regulations.

- *Risk allocation*. As stipulated in our agreements, subcontractors are required to manage their staff providing the contracted services and there is no employment relationship between us and the staff of our subcontractors. Our subcontractors are responsible for compensating their own employees who suffer personal injury or property loss in the course of providing the contracted services. They are also responsible for damages to, or losses of, any person or property arising out of the default of such subcontractor in the course of providing the contracted services.

- *Term of services*. The term of our agreements with subcontractors generally ranges from one year to two years and may be renewed by mutual consent. We will consider re-engaging the subcontractors based on the quality of their services or goods.

- *Termination and renewal*. We monitor and review the performance of subcontractors on a monthly basis. Generally, we have the right to terminate the agreement if our subcontractors fail to adhere to their stipulated rights and obligations, receive repeated unsatisfactory score in their assessments.

CUSTOMER/SUPPLIER OVERLAP

BUCG Group, our largest customer during the Track Record Period, was also one of our top five suppliers in 2019 and 2020. During the Track Record Period, we provided, among others, tenant sourcing and management services and property management services to BUCG Group. For the years ended December 31, 2018, 2019 and 2020 and for the five months ended May 31, 2021, revenue derived from BUCG Group amounted to RMB147.7 million, RMB200.1 million, RMB181.3 million and RMB80.6 million, respectively, accounting for approximately 16.1%, 19.1%, 16.6% and 16.8% of our total revenue for the corresponding periods, respectively. For the years ended December 31, 2018, 2019 and 2020 and for the five months ended May 31, 2021, purchases from BUCG Group amounted to RMB7.3 million, RMB25.9 million, RMB90.5 million and RMB11.7 million, respectively, accounting for approximately 1.0%, 3.1%, 10.5% and 3.2%, of our total cost of sales for the corresponding periods, respectively. For our relationship with BUCG Group, see "Relationship with Controlling Shareholders" in this Prospectus.

QUALITY CONTROL

We drive our business growth through the persistent pursuit of distinguished service quality. We standardize our service procedures and ensure strict adherence thereto by having in place an all-round quality control system and a competent quality control team to monitor the service quality of our employees and suppliers.

Quality Control over Property Management Services

We operate our property management service business in accordance with ISO 9001:2015 Quality Management System Certification. We have also obtained GB/T24001-2016/ISO 14001:2015 Environment Management System Certification and ISO 45001:2018 Occupational Health and Safety Management System Certification, which collectively serve as the foundation for the establishment of our internal management system in respect of environmental protection and employees' health and safety. Drawing on our property management experience, we have established property management service guidelines for different types of properties we manage, which have been embedded in our information system to integrate our online monitoring and offline implementation efforts. In addition, to the establishment of comprehensive quality standards, we spare no effort to execute them down to the ground through conducting training programs and quality assessments on a regular basis. We value the feedback and complaints from our customers and have set up various channels to collect their input on how we could serve them better in the future. Our customers may share with us their suggestions or raise their complaints by dialing our national service hotline.

Quality Control over Subcontractors

Our expected quality standards for outsourced services are typically stipulated in our agreements with subcontractors. We closely monitor the quality of services rendered by our subcontractors and periodically evaluate their performance. We also conduct customer surveys to collect first-hand information in connection with the quality of services provided by subcontractors, and our payment of service fees with subcontractors is generally conditional upon the results thereof. In the event of substandard performance, we may require our subcontractors to take appropriate and necessary rectification measures, or even remove them from our approved subcontractor list. For details, see "– Subcontracting – Key Terms of Agreements with Our Subcontractors".

INTELLECTUAL PROPERTY

We regard intellectual property rights key to our business. We primarily rely on the applicable laws and regulations on trademarks, trade secrets as well as confidentiality agreements to protect our intellectual property rights. As of the Latest Practicable Date, we had five domain names, 13 software copyrights and eight trademarks in China, which we believe are material to our business operation. For more information about our registered intellectual property and intellectual property applications, see "Appendix VII – Statutory and General Information – 3. Further Information about Our Business – B. Intellectual Property Rights".

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 disputes with third parties with respect to intellectual property rights.

AWARD AND RECOGNITION

The following table sets forth a selection of the notable awards and accreditations we received as of the Latest Practicable Date:

Year(s)	**Award/Recognition**	**Awarding entity**
2021	China's Leading Property Management Services Enterprise – Property Management Services for Construction Sites (中國特色物業服務領先企業–施工現場物業化)	CIA
2018-2021	Top 100 Property Management Companies	CIA
2018-2021	China's Leading Featured Property Management Services Enterprise – Leading Innovation and Development of Hutong Property Management Services (中國特色物業服務領先企業–引領胡同物業服務創新發展)	CIA
2018, 2021	China's Socially Responsible Property Management Services Enterprise of the Year (中國物業服務年度社會責任感企業)	CIA
2020	China Property Management Services Industry Model Base (Beijing Tiannuo Property Management Fatou Old Section) (中國物業服務行業示範基地(北京天諾物業垡頭老區))	CIA
2020	China Property Management Services Enterprise Featured Brand – Renovation of Old Neighborhoods (中國物業服務特色品牌企業–老舊小區改造)	CIA

COMPETITION

The property management industry in the PRC is fragmented and competitive with approximately 200,000 market players in 2020, according to CIA. We have become one of the leading property management companies of the Beijing-Tianjin-Hebei Region. According to CIA, we ranked 24th in terms of overall strength and third in terms of GFA under management in Beijing among the Top 100 Property Management Companies in 2021. According to CIA, among the Top 100 Property Management Companies in 2021 which are based in the Beijing-Tianjin-Hebei Region, we ranked ninth in terms of total revenue in 2020 and sixth in terms of revenue from value-added services in 2020.

For details relating to the industry and markets in which we operate, see "Industry Overview" in this Prospectus.

EMPLOYEES

We believe the high-quality employees with considerable expertise and rich experience are key to our business growth. We have established a series of policies and measures to acquire and train talents suitable for our development.

As of May 31, 2021, we had a total of 2,020 employees in the PRC. The following table sets forth a breakdown of our employees by function:

Function	Number of employees	% of our employees
Senior Management	30	1.5
Project Management Function	144	7.1
Business Department	383	19.0
Service Department	989	49.0
Maintenance Department	474	23.5
Total	**2,020**	**100.0**

As of the Latest Practicable Date, our employees have formed a labor union. During the Track Record Period and up to the Latest Practicable Date, we did not experience any significant difficulties in recruiting suitable employees for our business operations. Neither did we have any material disputes with our employees, or experience any strike, labor disputes or industrial actions that may have a material adverse effect on our business, financial position and results of operations.

We regard high quality personnel as a key component to the stable development of our business, and therefore, we put great emphasis on recruiting and training quality employees. We have established a sound human resources management system which comprehends a variety of elements essential to our common growth with our talents, including recruitment, training, remuneration, individual performance evaluation and employee relations management. We enter into individual employment contracts with our full-time employees. Our employees are paid a fixed salary and may be granted other allowances, based on their positions. In addition, discretionary bonuses may also be awarded to our employees based on their annual performance reviews and/or other contributions to our business development.

In an effort to react promptly to the changing regulatory environment and competitive landscape of the property management services sector, we regularly host comprehensive and personalized internal staff training programs for our staff to enhance their technical and service skills required in different service scenarios, as well as to provide them with the knowledge of industry quality standards and workplace safety standards, enabling them to realize their career development goals and achieve personal growth. We provide orientation training to new hires, introducing them to our corporate culture, coaching them on our teamwork model, and teaching them our service standards and procedures. We provide training courses and regular seminars on various aspects of our business operations, such as quality control and customer relationship management, to our employees.

We procure labor dispatch services from time to time because it is cost-efficient for us to hire dispatched staff for positions with supporting nature, such as cleaning and security staff. As confirmed by CIA, such practice is in line with the industry norm. As advised by our PRC Legal Advisers, as of the Latest Practicable Date, we have complied with all applicable PRC laws and regulations in relation to labor dispatch.

SOCIAL, HEALTH, SAFETY AND ENVIRONMENTAL MATTERS

We are committed to operating our business in compliance with applicable PRC laws and regulations in relation to labor, safety and environmental protection matters. We have conducted our operations in accordance with standards represented by GB/T24001-2016/ISO 14001:2015 Environment Management System Certification. We have adopted internal policies for occupational safety and employee health management. During the Track Record Period and up to the Latest Practicable Date, we had complied with PRC laws and regulations in relation to workplace safety in all material respects and had not had any incidents that have materially and adversely affected our operations.

We consider the environmental protection important and are committed to operating our business in compliance with applicable environmental protection laws and regulations. In addition, we have implemented reasonable measures in our business operations to comply with all applicable requirements. Given the nature of our operations, we do not believe we are subject to material environmental liability risk or compliance costs. During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any material administrative penalties for non-compliance of PRC environmental laws or regulations in the PRC.

We emit wastes during the course of providing heat energy supply services. We have obtained the emission permits with respect to all of our heat energy generation plants, and complied with the relevant laws and regulations in terms of the waste discharged during the Track Record Period. We closely monitor the pollutants discharged, prepare an environmental management ledger and published it on the Public End of the National Emission Permit Management Information Platform (《全國排污許可證管理信息平臺公開端》). In the daily operation of our heat energy generation plants, we have established a full set of top-to-bottom environmental protection testing, supervision and control system, equipped with an environmental specialist responsible for the filing and auditing of emission permits, and the inspection and supervision of environmental management. In addition, we also established a production responsibility system to request the manager of heat energy generation plants to implement the environmental protection system. During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any material administrative penalties for or in connection with non-compliance of emission in the PRC.

We implemented multiple measures in our daily operation, effectively boosted the construction of enterprise culture, and actively shouldered its responsibilities towards the state, employees, customers and other stakeholders, while conscientiously safeguarding the rights and interests of shareholders so as to promote the coordinated and sustainable development of our Group and the society. We not only actively promote environmental protection concept and cultivates ecological civilization, but also adhere to the people-oriented philosophy and protect the legitimate rights and interests of employees in accordance with law and boosts scientific management of human resource. Furthermore, we insist on compliance operation according to law and being responsible for the market, customers and shareholders. We will continue to put our efforts in our development in environment, social responsibility and corporate governance and improve our construction in our design, execution and supervision of relevant systems. We aim to gradually form a solid and comprehensive system of environment, social responsibility and corporate governance with clear guidance on measurable and achievable actions.

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 to cover liabilities for 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.

We believe we have maintained 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 refer to the section headed "Risk Factors – Risks Relating to Our Business and Industry – Our insurance coverage may not sufficiently cover the risks related to our business" in this Prospectus.

OUR CASH MANAGEMENT POLICY

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 subsidiaries and branch offices to settle transactions through bank transfers to lower the risks relating to managing cash. Our employees are required to deposit cash received into the relevant bank accounts on the day of receipt, and must seek approval for withdrawal and usage of such cash.

Set forth below are our cash handling policies and internal control measures for different types of cash flow transactions.

Cash flow transactions	Cash handling policies and internal control measures
Cash inflow relating to payments of property management fees, deposits, rent or service fees from our customers	We typically have designated cashiers or customer service personnel for cash collection who verify that the correctness of cash amount collected prior to issuing receipts. Each transaction is required to be duly recorded and subject to the review of the relevant supervisors.
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 must be pre-approved by the responsible supervising personnel at a higher level. Once approved, such payments must be made directly from the bank accounts of our subsidiaries and branches.
Cash inventories and deposits	Our subsidiaries and branch offices are typically not allowed to keep more than RMB50,000 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 they are received. We check cash balances in inventory on a daily basis, and assign accounting personnel to report, analyze and resolve discrepancies or other issues they discover and record the results of their findings.

Cash flow transactions	Cash handling policies and internal control measures
Cash transfers to the bank accounts of our subsidiaries and branch offices	We receive cash through online payments, credit or debit card payments, bank transfers and other methods. Cash collected from these methods are directly deposited into the bank accounts of our subsidiaries and branch offices.
Opening and managing bank accounts of our subsidiaries and branch offices	Our subsidiaries and branch offices must adhere to our internal policies and procedures when it comes to the opening of bank accounts. They are typically required to complete an application form before opening any bank accounts. Our subsidiaries and branch offices are typically required to reconcile and check bank balances on a monthly basis.

PROPERTIES

The Property Valuation Report from Cushman & Wakefield Limited, an independent property valuer, set out in Appendix III of this Prospectus, sets out details of the properties we held for investment purposes as of August 31, 2021. For details, see "Appendix III – Property Valuation Report".

Owned Properties

As of the Latest Practicable Date, we owned four properties in the PRC with an aggregated GFA of approximately 3,508 sq.m., which we held for self-use or lease. We have obtained the building title certificates for properties we own.

Leased Properties

As of the Latest Practicable Date, we leased 33 properties in various locations with an aggregated GFA of approximately 6,444 sq.m., which are primarily used as offices and employee dormitories. As of the Latest Practicable Date, we had not registered the lease agreement for certain of our leased properties. For details, see "Risk Factors – Risks Relating to Our Business and Industry – Some of our lease agreements were not registered with the relevant government authorities and may in turn subject us to administrative penalties".

CERTIFICATES, LICENSES AND PERMITS

As advised by our PRC Legal Advisers, our Directors confirm that during the Track Record Period and up to the Latest Practicable Date, we had obtained all material certificates, licenses and permits from relevant authorities for our operations in all material respects as required by applicable PRC laws and regulations. We are required to renew such certificates, licenses, approvals and permits from time to time, and we do not expect any material difficulties in such renewals so long as we comply with the applicable requirements and conditions set by the relevant laws and regulations. The following table sets forth the material licenses required for our business operations.

License	Receiving entity	Issuing authority	Grant date	Expiration date
Heating Operation Entity Record Registration Certificate (供熱運行單位備案登記證書)	Chengcheng Property	Beijing Haidian District Appearance Management Committee	November 15, 2014	N/A[1]
Heating Operation Entity Record Registration Certificate	Changyu Heating	Beijing Chaoyang District City Management Committee	October 15, 2021	N/A[1]
Heating Operation Entity Record Registration Certificate	Changyu Heating	Beijing Chaoyang District City Management Committee	October 15, 2021	N/A[1]
Heating Operation Entity Record Registration Certificate	Chengcheng Property	Beijing Chaoyang District City Management Committee	October 23, 2020	N/A[1]
Heating Operation Entity Record Registration Certificate	Chengcheng Property	Beijing Chaoyang District Appearance Management Committee	October 31, 2013	N/A[1]

License	Receiving entity	Issuing authority	Grant date	Expiration date
Food Business License (食品經營許可證)	Beiyu Catering	Beijing Chaoyang District Food and Drug Administration	November 20, 2017	November 19, 2022
Food Business License	Beiyu Catering	Beijing Chaoyang District Food and Drug Administration	August 21, 2017	August 20, 2022
Parking Lot Operation License (經營性停車場許可證)	BUCG Properties	Beijing Haidian District Transportation Committee	October 14, 2021	October 13, 2022
Work Safety Standardization Level Two Enterprise (Heat Energy Supply Services) (安全生產標準化二級企業(供熱))	Changyu Heating	Beijing Emergency Science and Technology Development Association	April 2021	April 2024
Work Safety Standardization Level Two Enterprise (Heat Energy Supply Services)	Chengcheng Property	Beijing Emergency Science and Technology Development Association	April 2021	April 2024

Note:

(1) Expiration date is inapplicable to such license.

LEGAL PROCEEDINGS AND COMPLIANCE

Legal Proceedings

From time to time we may be involved in legal proceedings or disputes in the ordinary course of business. During the Track Record Period and up to the Latest Practicable Date, there were no litigation, arbitration proceedings or administrative proceedings pending or threatened against us or our Directors which may have a material adverse effect on our business, financial condition or results of operations.

Non-compliance

Save for the following historical non-compliance incidents, our Directors are not aware of any material non-compliance of our Group with the applicable laws and regulations during the Track Record Period and as of the Latest Practicable Date:

Social Insurance and Housing Provident Fund Contributions

Non-compliance Incidents and Reasons for the Non-compliance

During the Track Record Period, we did not register for and/or make full contributions to social insurance and housing provident funds for certain employees primarily because some of our employees declined to make their social insurance and housing provident fund contributions of their own accord.

Legal Consequences and Potential Maximum Penalties

Under the Regulations on Administration of Housing Provident 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 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 penalty rate of 0.05% compounded daily 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 of the outstanding contribution amount. Based on the outstanding amount of our social insurance and housing provident funds contribution of RMB6.6 million (which we have made provision in our consolidated statements of profit or loss and other comprehensive income) for the years ended December 31, 2018, 2019 and 2020 and the five months ended May 31, 2021, the potential maximum fine which may be imposed on us if we fail to make required payment within the prescribed period as required by relevant authorities equals to three times of the outstanding amount of our social insurance contribution.

Remedies and Rectification Measures

We made provisions in the amounts of RMB1.2 million, RMB1.2 million and RMB0.3 million on our financial statements in respect of such potential liabilities in 2018, 2019 and 2020, respectively. Our Company and most of our subsidiaries have obtained written confirmations from local social insurance and housing provident fund authorities (being the social insurance department and housing provident fund management center at city or district level), each stating that no administrative penalty has been imposed. Our PRC Legal Advisers are of the view that the relevant confirmations were issued by the competent authorities.

Our Directors have considered the following in assessing our exposures relating to social insurance and housing provident fund contributions: (i) written confirmations from local social insurance and housing provident fund authorities as stated above; (ii) their assessment of various factors including the nature and amount involved; and (iii) during the Track Record Period and up to the Latest Practicable Date, we had not received any notification from relevant PRC authorities alleging that we had not fully contributed to the social insurance premiums and housing provident funds and demanding payment of the same before a stipulated deadline; BUCG has undertaken that in the event that we receive requests from the relevant authorities to pay the overdue social insurance and housing provident funds contributions, or that we are required to pay any late charges or penalties as a result of such overdue contributions, they will indemnify us against the overdue contributions and any late charges and penalties imposed by the relevant authorities to the extent the provisions we made are insufficient to cover such overdue contributions, late charges and penalties. During the Track Record Period and up to the Latest Practicable Date, we were also not aware of any complaints from relevant PRC authorities made by our employees or demands from our employees for payment of social insurance premiums and housing provident fund contributions, nor had we received any legal documentation from the labor arbitration tribunals or the PRC courts regarding material disputes in this regard. Nevertheless, in the event that we are required by the relevant authorities to make full contributions, we will proceed accordingly.

In addition, we have implemented relevant internal controls to ensure that we will make full contributions in relation to the social insurance and housing provident funds. We have established internal policy about social insurance and housing provident funds under the Labor Law of the PRC and related regulations to monitor our compliance with such laws and regulations. We will review the calculation result of social insurance and housing provident funds for all eligible employees and communicate with local human resources, social insurance bureau and housing provident fund management center on a regular basis, to ensure we acquire the most updated information about the relevant laws and regulations. Starting from August 1, 2021 and up to the Latest Practicable Date, we made full contribution to the social insurance and housing providence funds for all of our employees.

As advised by our PRC Legal Advisers, we had no material non-compliance incidents and were not subject to any material litigation or material administrative penalties in relation to the contribution of social insurance fund or housing provident fund which had a material adverse effect on our business operations during the Track Record Period and up to the Latest Practicable Date. In view of the above, our Directors, having consulted our PRC Legal Advisers, are of the view that the aforesaid failure to register for and/or make full contributions to social insurance and housing provident funds for certain employees will not have a material adverse effect on our business operations.

RISK MANAGEMENT AND INTERNAL CONTROL

We face various risks during our business operations, see "Risk Factors – Risks Relating to Our Business and Industry." 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: Mr. Kong Chi Mo, Mr. Xie Ping and Mr. Kong Weiping. For the qualifications and experiences of these members, see "Directors, Supervisors and Senior Management";

- establishing a risk and compliance management committee under the Board to assist the Board in establishing a comprehensive risk management system, performing internal control and compliance management duties. Our risk and compliance management committee consists of five members: Mr. Zhang Weize, Mr. Yang Jun, Mr. Xie Ping, Mr. Yao Xin and Mr. Kong Weiping. For the qualifications and experiences of these members, see "Directors, Supervisors 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; and

- organizing training seminars for our Directors and senior management to satisfy the requirements of the Listings Rules.

We have appointed an internal control consultant to (i) review the internal control over financial reporting relating to our major business processes as agreed with the Sole Sponsor and the Company; (ii) report on any deficiencies identified and provide recommendations for the rectification measures; and (iii) review the implementation of the recommended rectification measures. We have substantially implemented the recommended rectification measures and no internal control deficiencies in connection with those enhanced internal control measures were identified by our internal control consultant during its follow-up visit. We intend to fully implement the remaining recommendations made by our internal control consultant prior to the Listing.

Anti-corruption and Anti-bribery Measures

In order to comply with applicable anti-corruption and anti-bribery laws and regulations of the PRC, we have formulated and implemented an anti-corruption and anti-bribery regime. Key anti-corruption and anti-bribery measures include the following:

- we distribute our anti-corruption and anti-bribery policy to all employees through employee handbooks and announcements;

- 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, 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.

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 were not subject to any administrative penalties or investigations from any regulatory authorities in respect of such activities.

Anti-money Laundering Measures

Our anti-money laundering policies were formulated to ensure our business activities are conducted in strict compliance with the relevant anti-money laundering laws and regulations in the PRC. Highlights of our anti-money laundering policies include the following:

- members of our senior management and finance department are responsible for anti-money laundering matters. Their main duties are to formulate our anti-money laundering policies, review our anti-money laundering procedures, report any suspected money laundering incidents to government authorities, and assess our anti-money laundering risks arising from our business operations;

- to raise our employees' awareness of the utmost importance of preventing money laundering activities, we provide them with regular training sessions on the latest developments of the relevant laws and regulations as well as our internal anti-money laundering procedures; and

- if we have reasonable grounds to suspect that our customers are engaging in money laundering activities, we may suspend or terminate our business relationship with them and promptly report facts we discovered to the competent authorities in the PRC.

Our Directors confirm that, during the Track Record Period and up to the Latest Practicable Date, we were in compliance with anti-money laundering laws and regulations in the PRC, and were not subject to any administrative penalties or investigations from any regulatory authorities in respect of such activities.

RECENT REGULATORY DEVELOPMENT

Starting from early 2021, the PRC government promulgated a series of regulatory notices to regulate the real estate market as well as property management industry, aiming to promote the stable and healthy development of the property management industry. These regulatory notices include the Notice on Strengthening and Improving Residential Property Management (《關於加強和改進住宅物業管理工作的通知》) (Jian Fang Gui [2020] No. 10) (the "**Notice 10**") and the Notice on Continued Regulation and Standardization of the Real Estate Market Order (《住房和城鄉建設部等8部門關於持續整治規範房地產市場秩序的通知》) (Jian Fang [2021] No. 55) (the "**Notice 55**") issued by the Ministry of Housing and Urban-Rural Development and other competent departments.

The Notice 10 clarifies the price forming mechanism for property management services as well as imposes requirements on the areas of integrating grassroots in the social governance system; improving governance structure of property owners' associations; promoting property management service quality; promoting and developing living services; regulating the use and management of repair fund and reinforcing supervision and management of property management services. According to CIA, the Notice 10 provides a clear path for the development of residential property management as well as releases a positive signal in terms of marketization of property management fees, promotion of the integration of online and offline services, and encouraging property management services providers to explore "property services + living services" model. CIA further advise us that the implementation of Notice 10 will have a positive impact on the property management service industry in the aspect of, among others, management scale, quality of services, development of intelligent property management, professionalize of management personnel, marketization of prices, value-added services exploration, and standardization of management.

The Notice 55 reinstated several requirements to regulate the real estate market as well as property management industry in the PRC. The key issues in relation to provision of property management services identified in the Notice 55 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 terminate the service contracts without a proper reason upon rescission or termination of such property services contracts. According to CIA, the Notice 55 represents the continuous efforts of the PRC government to regulate the property management services market and the requirements imposed therein were not new to the property management service providers in the PRC, but rather a reiteration of the existing laws and regulations. Nevertheless, the Notice 55 does not have negative impacts to the property management companies offering high quality services, constantly operating in compliance with laws and regulations, and having a relevant internal control policies in place to ensure the compliance, like us. Moreover, we as a high quality property management company will show our competitive edge against other market players after the implementation of the Notice 55.

After the promulgation of the Notice 10 and the Notice 55, we conducted self-inspection and the PRC Legal Advisers carried out its due diligence inspection as appropriate, and no material violation of the Notice 10 and the Notice 55 was found. Based on the results of the self-inspection and due diligence inspection carried out by the PRC Legal Advisers, and the fact that each subsidiary of our Company has obtained the compliance letter from the administrative authority of property management services confirming that there is no major administrative penalty imposed by the administrative authority of the property management services during the Track Record Period, the PRC Legal Advisers are of the view that, we are in compliance with the requirements in relation to property management services in the Notice 10 and the Notice 55 in all material aspects.

To ensure continuous compliance with the requirements set out in the Notice 10 and the Notice 55, we have already formulated and implemented, and perfected in accordance with the Notice 10 and the Notice 55, the relevant internal policy and system, requiring the subsidiaries providing property management services to continuously and strictly comply with the relevant requirements in the Notice 10 and the Notice 55; as well as established a supervisory mechanism to conduct examination regularly. Based on the above, the PRC Legal Advisers are of the view that the Company has established corresponding internal policy and mechanism to ensure the continuous compliance with the relevant requirements in the Notice 10 and Notice 55 going forward.

On the basis of the above, particularly the view of CIA and the PRC Legal Advisers, the Directors are of the view, and the Sole Sponsor concurs, that the Notice 10 and Notice 55 do not have any material adverse impact on our Group's operation and financial performance.

In addition, as part of the cautious measures taken by the PRC government towards the improvement of financial health of real estate sector, the MOHURD and the PBOC announced the restrictive rules (the "**Three-Red-Line Rule**") in 2020 that limits the growth of real estate companies' interest-bearing debt and financing activities. The rule lay out Three-Red-Line standards with respect to debt-to-asset ratio, net gearing ratio and cash to short-term debt ratio. For details, see "Regulatory Overview – Legal Supervision Over Property Management Services – Three-Red-Line Rule on Real Estate Developers."

According to CIA, the Three-Red-Line Rule is primarily for the purposes of restrain the blindly expansion of some property developers, and enhance the marketization, regulation and transparency of financing of property developers. For the development of real-estate industry, the Three-Red-Line Rule is expected to speed up real estate companies' deleveraging process and promote the healthy and steady development of the industry. In light of the Three-Red-Line Rule, the short-term investment in real estate sector is expected to slow down as well as the short-term financing of property developers, but in the long run, the land-auction market is expected to become more healthy and stable and the costs for long-term financing tend to decrease. The implementation of Three-Red-Line Rule makes it difficult for some property developers to achieve a quick and massive expansion through financial leverage, but is expected to be favorable to large real estate companies and state-owned enterprises as they have advantages in capital sufficiency. This may in turn positively affect the property management service providers affiliated to those large real estate companies and state-owned enterprises. In contrast, the Three-Red-Line Rule may pose challenges to small- and medium-sized companies and private enterprises as they may not be able to take advantage of high financial leverage to achieve rapid expansion or even survive, which in turn pose challenges to property management service providers that rely on these companies for source of projects. After the implementation of Three-Red-Line Rule, light-asset business, such as property management business, will become attractive and the property management companies may need to focus on developing existing projects from independent customers, diversifying service lines and achieving development in scale to increase profit margin.

Our Controlling Shareholder, BUCG Group, is a large-scale conglomerate providing comprehensive urban construction services along the industry chain from prophase investment and planning to later-stage operation and servicing. The principal business of BUCG is construction operation, which contributed more than 50% of the revenue of BUCG Group in 2020 while the revenue from property development business only contributed to 25.6% of the total revenue of BUCG Group during the same period. In 2020, BUCG ranked 13th among the Top Global Constructors published by the ENR. As advised by the PRC Legal Advisors and King & Wood Mallesons, the PRC legal advisors of the Sole Sponsor, the Three-Red-Line Rule is the restrictive rule announced in a symposiums jointly held by the MOHURD and the PBOC with the intention to regulate the financing activities of real estate companies. Accordingly, it is unlikely to impose legal restrictions as to the financing activities for those companies with diversified business segments and not having real estate business as its principal business. In addition, according to CIA, based on the public information available, it is given to understand that Three-Red-Line Rule only applies to companies having the principal business in property development. Based on the above, our Directors believe, and the Sole Sponsor concurs, that Three-Red-Line Rule is not directly applicable to BUCG Group as a whole. BUCG Group, as a state-owned enterprise, is under strict supervision of Beijing SASAC, including a rigid requirement on its liquidity. As requested by Beijing SASAC, BUCG Group has implemented measures to deleverage, decrease inventory and trade receivables, decrease its costs and reduce losses, which had helped BUCG Group to realize a healthy development in the past years. From 2018 to 2020, BUCG Group had achieved a growth in revenue from RMB75.8 billion to RMB125.2 billion and growth in profit from RMB3.6 billion to RMB4.8 billion. In 2020, BUCG ranked 13th among the Top Global Contractors published by the ENR, as compare to 31st in 2018; and the 177th among the Top 500 Chinese Enterprises, as compare to 243rd in 2018. In addition to strong support from BUCG Group, we also achieved a decrease in the contribution of GFA under management from the project developed by BUCG Group and its joint ventures or associates during the Track Record Period. Among the projects we contracted to manage, we had not incurred nor expect to incur any project suspension or incompletion nor any delay in delivery as of the Latest Practicable Date. We plan to leverage our well-recognized market position in Beijing-Tianjin-Hebei Region to actively develop projects from independent customers as well as diversify our value-added services. Based on the above, the Directors believe and the Sole Sponsor concurs that the Three-Red-Line Rule would not have a material adverse impact on the operation and financial performance of BUCG Group as a whole nor us.

The PBOC and China Banking and Insurance Regulatory Commission also issued a notice (the "**Mortgage Notice**") on December 28, 2020 imposing a limitation on the proportion of balance of real estate loans and personal housing loans to the total loan balance of the financial institutions. In light of this notice, some banks and financial institutions are reluctant to provide financing to real estate business and personal housing mortgages. See "Regulatory Overview – Legal Supervision Over Property Management Services – Real estate loan concentration management system" for more details. As discussed above, property development only constitutes small part of BUCG Group's business. The Mortgage Notice would not have any material adverse impact on operation and financial performance of BUCG Group. Considering that (i) in addition to residential properties on which the Mortgage Notice mainly impact, our property management portfolio includes a wide range of property types covering commercial, public properties and hutongs; (ii) we offer a wide scope of value-added services; and (iii) we are well-positioned to obtain existing projects from independent third parties, we consider the Mortgage Notice would not have any material adverse impact on our operation and financial performance.

On October 23, 2021, the Standing Committee of NPC granted the authority to the State Council to implement the reformation of the policy of property tax in certain pilot regions ("**Property Tax Reforming Policy**"). According to the Property Tax Reforming Policy, property tax is proposed to impose on land users and property owners of various types of properties, residential or non-residential, except for rural homestead and buildings. However, as of the date of this Prospectus, the Property Tax Reforming Policy had not yet specified the pilot regions, tax base or rate and other details on property tax. The Property Tax Reforming Policy is another step taken by the PRC government in its long-term effort to curb overheated real estate market and property speculation, with an aim to promote a healthy and stable property market. According to CIA, the imposition of property tax is expected to impact the property market of the pilot regions, the extent of which hinges on the regions' dependence on property development, as well as the current condition and development of their property market. In general, the imposition of property tax is expected to reduce the reliance on property development, affect property transactions in the pilot regions in a short run, and alleviate sharp increase in property prices in the pilot regions. In terms of land supply, according to CIA, the imposition of property tax will, to certain extent, have the effect of replacing the premiums for land use right, benefit the finance of the local governments in reducing their reliance on land use right transfer and promote a reasonable demand and supply of land. The increase in cost for holding properties is expected to reshape the appetite of property buyers which would in turn cause property developers to adjust their supply of properties based on real market demand. Together with the decrease in transaction cost for properties, the imposition of property tax is expected to increase the supply of second hand properties and promote the liquidity of property market, in light of which, the demand and supply conflict in certain large cities will be relieved and property prices will be stabilized.

The promotion of property tax legislation and reformation may to certain extent affect the availability of newly constructed projects for property management, however, these policies are not expected to change the landscape for property demand and supply in the long run while benefit the development of a healthy and stable property market as well as a healthy, orderly and high-quality property management market. In addition to Property Tax Reforming Policy, the PRC government also implement many other policies to promote a balanced development of property market, such as the promotion of affordable housing, which may provide another important source of projects for property management companies, especially state-owned companies like us. Based on the above, the Directors are of the view, on which the Sole Sponsor concurs, that the Property Tax Reforming Policy is not expected to have a material adverse impact on our operation and financial performance.

OVERVIEW

As of the Latest Practicable Date, BUCG, BUCID (a non-wholly-owned subsidiary of BUCG) and BUCC (a wholly-owned subsidiary of BUCG) collectively held a total of approximately 98.87% of our total issued share capital, thus are a group of Controlling Shareholders of our Company under the Listing Rules. Immediately following the completion of the Global Offering, BUCG, BUCID and BUCC will collectively hold a total of approximately 74.15% of our enlarged issued share capital (assuming that the Over-allotment Option is not exercised). As such, BUCG, BUCID and BUCC will continue to be our Controlling Shareholders immediately following the completion of the Global Offering.

BUCG

BUCG is a wholly state-owned enterprise under the People's Government of Beijing Municipality (北京市人民政府), is our ultimate Controlling Shareholder and is principally engaged in authorized operation and management of state-owned assets, general contracting of various types of industrial, energy, transportation, civil and municipal engineering construction projects, contracting of overseas engineering projects and property development and other businesses. Beijing Urban Construction Design & Development Group Co., Limited* ("**UCD**"), a non-wholly-owned subsidiary of BUCG, is a company established under the laws of the PRC whose shares are listed on the Stock Exchange (stock code: 1599). As of the Latest Practicable Date, UCD is directly owned as to 42.34% by BUCG. It is principally engaged in design, survey and consultancy business for urban rail transit engineering, industrial and civil construction and municipal engineering as well as project contracting business for urban rail transit engineering.

BUCID

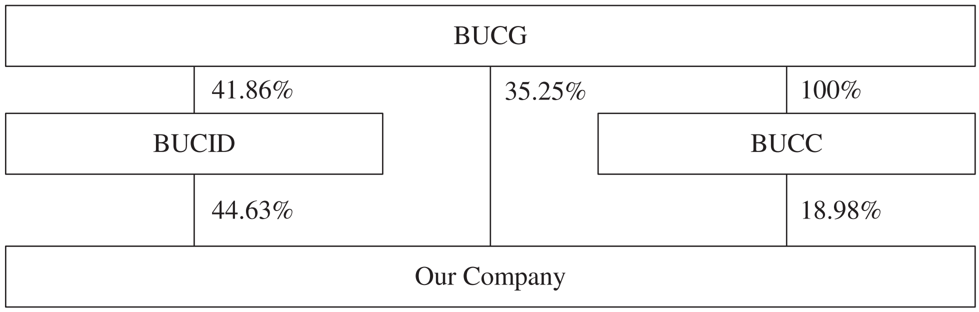
BUCID, a non-wholly-owned subsidiary of BUCG, is a company established under the laws of the PRC whose shares are listed on the Shanghai Stock Exchange (stock code: 600266). As of the Latest Practicable Date, BUCID is directly owned as to 41.86% by BUCG. It is principally engaged in real estate development, sales of commercial housing, investment and investment management.

BUCC

BUCC, a wholly-owned subsidiary of BUCG, is a wholly state-owned company with limited liability established under the laws of the PRC and is principally engaged in general contracting of various types of industrial, energy, transportation, municipal and civil engineering construction projects, contracting of overseas engineering projects and property development and other businesses.

Except for UCD and BUCID, there is no other company controlled by our Controlling Shareholders that is a public company listed on any stock exchange.

As of the Latest Practicable Date, the simplified corporate structure regarding the relationship among our Company, BUCG, BUCID and BUCC is set out below:



INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS AND THEIR RESPECTIVE CLOSE ASSOCIATES

Having considered the following factors, our Directors are of the view that our Group is capable of carrying on our business independently from our Controlling Shareholders and their respective close associates following the completion of the Global Offering, details of which are set out below:

Business and operational independence

Majority of our customers are property owners who are Independent Third Parties

The vast majority of our customers are property owners who are Independent Third Parties. Although almost 59.8% of our GFA under management was attributable to properties developed, solely or jointly with other parties, by BUCG Group and its joint venture or associates (the "**Internal Projects**") as of May 31, 2021, given that the property management fees are payable by individual property owners after the properties are delivered, the vast majority of our customers are third-party property owners who are independent from our Controlling Shareholders. Accordingly, most of our revenue was derived from Independent Third Parties during the Track Record Period which accounted for over 80% of our total revenue for the respective periods.

Set out below is a breakdown of our total revenue by type of ultimate paying customer for the years ended December 31, 2018, 2019 and 2020 and for the five months ended May 31, 2021:

	Year ended December 31,						Five months ended May 31,	
	2018		2019		2020		2021	
	Revenue	% of total revenue	Revenue	% of total revenue	Revenue	% of total revenue	Revenue	% of total revenue
	(RMB'000)		*(RMB'000)*		*(RMB'000)*		*(RMB'000)*	
BUCG Group and its joint ventures or associates	147,764	16.1	200,179	19.1	185,028	17.0	80,611	16.8
Non-BUCG Group or its joint ventures or associates	770,108	83.9	845,234	80.9	905,526	83.0	397,840	83.2
Total	**917,872**	**100.0**	**1,045,413**	**100.0**	**1,090,554**	**100.0**	**478,451**	**100.0**

In addition to maintaining our current business cooperation with BUCG Group, we endeavor to enhance our market development capabilities and to diversify our property management portfolio. To this end, we intend to actively obtain property management service contracts of property projects developed and controlled by other third parties (i.e. those which are not from BUCG Group or its joint ventures or associates) (the "**External Projects**") by way of, amongst others, participating in tender and bidding processes for External Projects, forming joint ventures and other forms of business cooperation with property management companies who are Independent Third Parties, and acquiring property management companies with existing property management services contracts for External Projects.

During the Track Record Period, we had been endeavoring to increase our participation in External Projects and had achieved a continuous increase in both of (i) the GFA under management of External Projects; and (ii) the percentage of GFA under management of External Projects to the total GFA under our management. Please refer to the below table for further details:

	As of December 31,			As of May 31,
	2018	2019	2020	2021
GFA under management of External Projects *(million sq.m.)*	9.2	10.6	11.1	12.3
Percentage of GFA under management of External Projects to the total GFA under our management *(%)*	35.7	37.0	38.3	40.2

Taking into account of the above, our Directors believe that our reliance on BUCG Group will be further reduced in future.

Standard tender process directed by the PRC government

According to the Regulation on Property Management (《物業管理條例》), Interim Measures for Bidding Management of Pre-property Management (《前期物業管理招標投標管理暫行辦法》) and other relevant regulations, property developers in the PRC typically enter into preliminary property management service contracts (the "**Preliminary Contracts**") with property management service providers before sale and delivery of the newly developed properties. Under the PRC laws and regulations, residential property developers are required to engage property management service providers through a tender and bidding process unless otherwise approved by the competent PRC authorities. According to CIA, such tender and bidding process is well-established and the selection of the winning bidder is based on merits of the bidders' profiles and proposals. Under the PRC laws, a bid evaluation committee shall be formed to consider and make tender decision. The committee shall consist of an odd number of members. Further, the committee shall consist of the property developer's representatives and independent experts in property management and the number of the committee members shall be no less than five, and the number of the independent experts in property management shall not be less than two-thirds of the total number of members of the committee. The experts are selected on a random list compiled by the local real estate administrative department.

There are no regulatory requirements on property developers to conduct tender and bidding process for the procurement of property management services for commercial properties. Nonetheless, we still have to go through a selection process in order to obtain the contracts for commercial property management services. In general, the selection process includes: (i) submission of a proposal by our Group regarding the provision of commercial property management services upon receiving invitation from the property developer; and (ii) review and assessment of the proposal by the relevant property developer as to whether or not to award the contracts to our Group based on various factors, including but not limited to, our experience, the scope and quality of services provided, pricing standard and brand image. The renewal of the relevant contracts is determined pursuant to the termination and renewal clause of the relevant contracts and may be automatic or may require a selection process as provided therein.

During the Track Record Period, we had, according to the industry practice, obtained most of the Preliminary Contracts through the standard tender process under the regulation of the applicable PRC laws and regulations. Although most of the Preliminary Contracts of our Group during the Track Record Period were related to Internal Projects, in view of the above regulations on the tender and bidding processes, such Preliminary Contracts were granted to us based on merits of our profile and proposal and regardless of our shareholding relationship with BUCG Group. We do not enjoy a preferential right to be engaged as the management service provider for Preliminary Contracts and will not be automatically awarded with such contracts simply by reason of our relationship with BUCG Group.

Property owners' choice

After properties are delivered by property developers, we provide property management services directly to independent individual property owners, who may be represented by property owners' associations. The property owners' association, once formed, will be operated by the property owners, and will be entitled to enter into the property management contract with the property management service provider selected by the general meeting on behalf of the property owners. The property owners' association, which is independent of BUCG Group, has the right to engage or dismiss us as the property management service provider after reviewing and evaluating our performance. According to the Civil Code (《民法典》) of the PRC, to engage or dismiss a property management service provider, two-thirds or more of the total number of owners with private areas accounting for two-thirds or more of the total area of the building must participate in the voting and consent shall be obtained from more than half of all owners participating in the voting with private areas accounting for more than half of the total areas participating in the voting. The general meeting of the property owners of a property can initiate the selection of a new property management service provider through a public tender procedure or enter into contract with a specific property management service provider directly, based on certain selection criteria, including the term of the services, the overall service quality and the service fee. After obtaining the approval from the general meeting of the property owners, the property owners' association will enter into a contract with the selected property management service provider. Accordingly, BUCG Group and their respective close associates (as the property developers) do not have any material influence over the selection (or replacement) of the property management service provider by individual property owners.

The fact that a substantial amount of our GFA under management is from properties developed by BUCG Group should not be regarded as material reliance of our Group on our Controlling Shareholders. On the contrary, it reflects our experience and ability which enable us to prevail as the relevant property management and/or commercial operational services provider in a tender process directed by the PRC government under a selection process. This is also supported by the fact that, the retention rates in connection with our property management service contracts for the three years ended December 31, 2018, 2019 and 2020 and for the five months ended May 31, 2021 are 96.9%, 94.3%, 93.0% and 98.0%, respectively, which shows that we have been able to renew our mandate with Independent Third Parties. We believe the retention rate is an accurate reflection of property owners' genuine demand for our services as the property owners are entitled to form property owners' associations and to conduct their own evaluation procedures in engaging/dismissing the residential property management services providers.

Continuing connected transactions with Controlling Shareholders

Save for certain continuing connected transactions conducted in the ordinary course of business of our Group as set out in the section headed "Connected Transactions" in this Prospectus, our Directors do not expect that there will be any other continuing connected transactions between our Group and our Controlling Shareholders or their respective close associates upon or shortly after completion of the Global Offering. The continuing connected transactions will be conducted on normal commercial terms in accordance with the pricing policy of our Group, our Controlling Shareholders and their respective close associates, and are not prejudicial to the interests of any of the parties. Accordingly, such continuing connected transactions are not expected to affect our business and operational independence.

We have been providing property management and other related value-added services to BUCG Group for over 20 years, and both have developed a mutual and deep understanding of each other's business operations. Accordingly, we consider that we are familiar with the specific requirements and expected deliverables of BUCG Group, which helps reduce communication costs, accumulate tacit knowledge of service provisions and establish mutual trust and has enabled us to provide high-quality services that could satisfy their specific requirements. As a result, we have the competitive advantage which distinguishes us from other competitors, and it is expected that BUCG Group will continue to engage us for provision of property management and other related value-added services. During the Track Record Period, we had continuously achieved a high success rate of 100% in the tendering and bidding for Preliminary Contracts for properties developed by BUCG Group.

Going forward, given (a) the long standing cooperation relationship between our Group and BUCG Group; (b) our familiarity with the requirements of BUCG Group and our capability to provide quality services; (c) the mutual benefits for our Group and BUCG Group to maintain such reciprocal relationship; and (d) both are state-owned enterprises which have relatively stable controlling ownership, we expect to maintain our current business relationship with BUCG Group, and it is unlikely for such relationship to be materially and adversely changed or terminated.

Licenses required for operations

As advised by our PRC Legal Advisers, we hold and enjoy the benefit of the relevant licenses and permits that are material to our business operations in the PRC.

Operational facilities

As of the Latest Practicable Date and save as disclosed in the section headed "Connected Transactions" in this Prospectus, all necessary properties and facilities required for our business operations are independent of our Controlling Shareholders and their respective close associates.

Access to customers, suppliers and business partners

We have a large and diversified base of customers that are unrelated to our Controlling Shareholders and/or their respective close associates. We have independent access to such customers, our suppliers as well as our other business partners.

Employees

As of the Latest Practicable Date, our full-time employees were recruited primarily through independent recruitment methods, such as recruitment websites, recruitment programs, advertisements, recruitment agencies and internal referrals.

Financial independence

All loans, advances and balances due to or from our Controlling Shareholders or their close associates which were not arising out of the ordinary course of business will be fully settled before the Listing. As of the Latest Practicable Date, there was no asset pledge or financial guarantee given by our Controlling Shareholders for our Group.

We have our own internal control and financial and accounting departments and respective systems, which are independent from those of our Controlling Shareholders and their respective close associates. Accounting functions and financial decision making will be carried out by our Group independently and according to our own business needs and financial conditions. In addition, we have in place independent internal control and independent treasury function for cash collection and payment. Accordingly, we believe we are able to maintain financial independence from our Controlling Shareholders and their respective close associates.

Management independence

The Board comprises nine Directors with four executive Directors, two non-executive Directors and three independent non-executive Directors. Our Directors and members of senior management possess relevant management and/or industry-related experience to act as Directors or senior management of our Company. For further details of our Directors, see the section headed "Directors, Supervisors and Senior Management".

Save as disclosed below, none of our Directors or senior management holds any position in our Controlling Shareholders or their close associates.

Name	Position in our Company	Controlling Shareholders and/or their relevant close associates	Position held in the Controlling Shareholders and/or their relevant close associates
Yang Jun	Executive Director and general manager	Beijing Evergreen International Senior Apartment Co., Ltd. (北京長青國際老年公寓有限公司), a wholly-owned subsidiary of BUCG	Director, chairman and secretary of the party branch
Xie Ping	Non-executive Director	BUCG	Director of the corporate management department (企業管理部)
Mao Lei	Non-executive Director	BUCID	Director of the enterprise development department (企業發展部)

We believe that our Directors and senior management are able to perform their roles in our Company independently of our Controlling Shareholders and that our Company is therefore capable of managing its business independently of our Controlling Shareholders after the Listing for the following reasons:

- Except that Yang Jun, an executive Director and the general management of our Company, is also the director, chairman and secretary of the party branch of Beijing Evergreen International Senior Apartment Co., Ltd. (北京長青國際老年公寓有限公司) (a wholly-owned subsidiary of BUCG) and will remain in his existing role in the aforesaid company after the Listing, none of our other executive Directors is currently holding and/or will hold any directorship or executive or management position with our Controlling Shareholders and/or their close associates after the Listing. Our four executive Directors will be responsible for overseeing the day-to-day operation and management of our Group;

- Mr. Xie Ping and Mr. Mao Lei, our non-executive Directors who hold management positions with our Controlling Shareholders, do not and will not participate in the daily operations and management of our Company after the Listing. It is expected that our non-executive Directors will take up a strategic role in formulating our development plans and in particular, the development of possible further synergies between our Group and our Controlling Shareholders and their respective close associates;

- We have appointed three independent non-executive Directors, comprising not less than one-third of our Board with a view to overseeing affairs of our Company and the interests of our Company and the Shareholders as a whole;

- The corporate governance procedures of the Board set out in our Articles of Association include provisions to manage potential conflicts of interest by providing, among other things, that, in the event of a conflict of interest, such as resolutions regarding transactions with our Controlling Shareholders and/or their other associates, the relevant Director(s) who are connected with our Controlling Shareholders and/or their other associates shall abstain from voting on such matters and shall not be counted toward the quorum. Further, when considering connected transactions and competition matters, the independent non-executive Directors will review the relevant transactions; and

- Our Directors are well aware of their fiduciary duties which, among other things, require them to act in the best interests of our Group and the Shareholders as a whole.

On the basis of the above, our Directors are of the view that our management will be independent from our Controlling Shareholders upon Listing.

DELINEATION OF OUR BUSINESS FROM OUR CONTROLLING SHAREHOLDERS AND THEIR RESPECTIVE CLOSE ASSOCIATES

Each of our Controlling Shareholders and their respective close associates is engaged in separate and distinct business area which does not overlap with our Group's business, save for certain excluded business as explained below.

Excluded Business

During the Track Record Period, the following entities of BUCG Group (collectively, the "**Excluded Companies**") also provided property management services in respect of certain properties in the PRC (the "**Excluded Business**").

Details of the Excluded Companies and their respective Excluded Business are set out below:

i. Beijing Jinyuhong Property Management Co., Ltd.* (北京金宇宏物業管理有限責任公司) ("**Jinyuhong Property Management**"), which provides property management services;

ii. Beijing Deyijia Property Management Co., Ltd.* (北京市德意嘉物業管理有限責任公司) ("**Deyijia Property Management**"), which provides property management services;

iii. Beijing Dongyue Property Management Co., Ltd.* (北京東岳物業管理有限責任公司) ("**Dongyue Property Management**"), which provides property management services;

iv. Beijing Borui Xianghe Property Management Co., Ltd.* (北京博瑞祥合物業管理有限公司) ("**Borui Xianghe Property Management**"), which provides property management services;

v. Urban Construction Sanhe Property Management Co., Ltd.* (城建三河物業服務有限責任公司) ("**Sanhe Property Management**"), which provides property management services; and

vi. Beijing Chengjian Yindi Real Estate Management Co., Ltd.* (北京城建銀地物業管理有限責任公司) ("**Yindi Real Estate Management**"), which provides property management services.

The location and type of properties covered under the Excluded Business as of May 31, 2021 are set out below:

	Location of properties under management	Types of properties under management
Jinyuhong Property Management	Beijing	Residential
Deyijia Property Management	Beijing	Residential
Dongyue Property Management	Beijing and Shandong Province	Industrial space and residential
Borui Xianghe Property Management	Hebei Province	Residential
Sanhe Property Management	Hebei Province	Residential
Yindi Real Estate Management	Beijing	Office building and residential

Although both our Group and the Excluded Companies provide property management services, the Excluded Business does not amount to any direct or material competition with the business of our Group on the following basis:

1. Jinyuhong Property Management

As of the Latest Practicable Date, BUCC, one of our Controlling Shareholders and a wholly-owned subsidiary of BUCG, owned 66.55% equity interest in Beijing Jindi Real Estate Development Co., Ltd.* (北京金第房地產開發有限責任公司) ("**Jindi Real Estate**"), which in turn owned 30% equity interest in Jinyuhong Property Management. The remaining 70% equity interest in Jinyuhong Property Management is held by an Independent Third Party. Given the non-controlling interest of BUCG and its lack of control of the board of directors of Jinyuhong Property Management, Jinyuhong Property Management is considered as an associate of BUCG, the results of which are not consolidated into the financial statements of BUCG. There was no overlapping in the directors and senior management who are responsible for the management and operation of Jinyuhong Property Management with those of our Group.

As of May 31, 2021, Jinyuhong Property Management provided property management services to two residential properties projects (the "**Jinyuhong Projects**"). Jinyuhong Property Management has no intention to engage in further property management business beyond the Jinyuhong Projects.

Based on the unaudited management accounts of Jinyuhong Property Management, for each of the three years ended December 31, 2018, 2019 and 2020 and for the five months ended May 31, 2021, the revenue of Jinyuhong Property Management generated from provision of property management services amounted to approximately RMB6.4 million, RMB6.2 million, RMB6.2 million and RMB2.5 million, respectively, which is immaterial to BUCG and is insignificant as compared to our revenue during the same years or period. The percentage of the revenue of Jinyuhong Property Management generated from provision of such property management services to our total revenue was approximately 0.70%, 0.59%, 0.57% and 0.51% for each of the three years ended December 31, 2018, 2019 and 2020 and for the five months ended May 31, 2021, respectively. Jinyuhong Property Management recorded a net profit of approximately RMB0.3 million, RMB0.7 million, RMB0.7 million and RMB0.3 million for the years ended December 31, 2018, 2019 and 2020 and for the five months ended May 31, 2021, respectively.

As of December 31, 2018, 2019 and 2020 and May 31, 2021, the GFA under management of Jinyuhong Property Management amounted to approximately 209,897 sq.m., 209,897 sq.m., 233,035 sq.m. and 233,035 sq.m., representing approximately 0.81%, 0.73%, 0.80% and 0.76% of the total GFA under management of our Group.

Transfer of Jindi Real Estate's interest in Jinyuhong Property Management to our Group will be subject to restrictions under the articles of association of Jinyuhong Property Management, including the rights of first refusal for the other existing shareholder to purchase the interests from Jindi Real Estate. We believe it is time-consuming to negotiate with and seek the consent of the other existing shareholder of Jinyuhong Property Management and there is very little chance that it would waive its rights of first refusal if Jindi Real Estate intends to transfer its equity interest in Jinyuhong Property Management to our Group. Considering its relatively small business scale and to avoid incurring additional time and costs in our Reorganization, after arm's length negotiations among the parties, it was agreed that it is in the interests of our Group that Jinyuhong Property Management would not be transferred to our Group as part of the Reorganization. Separately, Jindi Real Estate has undertaken to us that it will in any event dispose of its equity interest in Jinyuhong Property Management by the end of 2022, and our Group is entitled to purchase such equity interest provided that applicable laws and regulations are complied with and the consent from the other existing shareholder of Jinyuhong Property Management is obtained.

Given that (i) BUCG does not control Jinyuhong Property Management through beneficial ownership and the indirect equity interest held by BUCG in Jinyuhong Property Management is a non-controlling interest; (ii) the revenue of Jinyuhong Property Management generated from provision of property management services is immaterial; (iii) the GFA under management of Jinyuhong Property Management for provision of property management services is insignificant as compared to that of our Group; (iv) Jinyuhong Property Management has no intention to engage in further property management business beyond the Jinyuhong Projects; and (v) there was no overlapping in the directors and senior management who are responsible for the management and operation of Jinyuhong Property Management with those of our Group, our Directors are of the view that Jinyuhong Property Management is unlikely to create any material competition against our Group.

2. Deyijia Property Management

As of the Latest Practicable Date, Beijing Zhuzong Zhengyang Asset Management Company* (北京住總正陽資產管理有限責任公司) ("**Zhengyang Asset Management**"), an indirect wholly-owned subsidiary of BUCG, owned 38% equity interest in Deyijia Property Management and is the single largest shareholder of Deyijia Property Management. The remaining 62% equity interest in Deyijia Property Management was owned by 15 natural persons and each of them held minority interest and is an Independent Third Party. Deyijia Property Management is accounted for as a subsidiary of BUCG, the results of which are consolidated into the financial statements of BUCG. Through Zhengyang Asset Management, BUCG is able to exercise control over Deyijia Property Management. Zhengyang Asset Management, being the single largest shareholder of Deyijia Property Management, has the power to govern the financial and operating policies of Deyijia Property Management. There was no overlapping in the directors and senior management who are responsible for the management and operation of Deyijia Property Management with those of our Group.

Deyijia Property Management is established solely for providing property management services to two residential property projects (the "**Deyijia Projects**"). Deyijia Property Management has no intention to engage in further property management business beyond the Deyijia Projects.

Based on the unaudited management accounts of Deyijia Property Management, for each of the three years ended December 31, 2018, 2019 and 2020 and for the five months ended May 31, 2021, the revenue of Deyijia Property Management generated from provision of property management services amounted to approximately RMB3.8 million, RMB2.9 million, RMB3.4 million and RMB0.4 million, respectively, which is immaterial to BUCG and is insignificant as compared to our revenue during the same years or period. The percentage of the revenue of Deyijia Property Management generated from provision of such property management services to our total revenue was approximately 0.41%, 0.28%, 0.32% and 0.08% for each of the three years ended December 31, 2018, 2019 and 2020 and for the five months ended May 31, 2021, respectively. Deyijia Property Management recorded a net profit of approximately RMB0.2 million, RMB0.3 million, RMB0.3 million and RMB0.07 million for the years ended December 31, 2018, 2019 and 2020 and for the five months ended May 31, 2021, respectively.

As of December 31, 2018, 2019 and 2020 and May 31, 2021, the GFA under management of Deyijia Property Management remained unchanged, which amounted to approximately 109,765 sq.m., representing approximately 0.43%, 0.38%, 0.38% and 0.36% of the total GFA under management of our Group.

Transfer of Zhengyang Asset Management's interest in Deyijia Property Management to our Group will be subject to restrictions under the articles of association of Deyijia Property Management, including the rights of first refusal for the other 15 existing shareholders to purchase the interest from Zhengyang Asset Management. We believe it is time-consuming to negotiate with and seek the consent of the other existing shareholders of Deyijia Property Management and there is very little chance that they would waive their rights of first refusal if Zhengyang Asset Management intends to transfer its equity interest in Deyijia Property Management to our Group. Considering its relatively small business scale and to avoid incurring additional time and costs in our Reorganization, after arm's length negotiations among the parties, it was agreed that it is in the interests of our Group that Deyijia Property Management would not be transferred to our Group as part of the Reorganization.

Given that (i) the revenue of Deyijia Property Management generated from provision of property management services is immaterial; (ii) the GFA under management of Deyijia Property Management for provision of property management services is insignificant as compared to that of our Group; (iii) Deyijia Property Management has no intention to engage in further property management business beyond the Deyijia Projects; and (iv) there was no overlapping in the directors and senior management who are responsible for the management and operation of Deyijia Property Management with those of our Group, our Directors are of the view that Deyijia Property Management is unlikely to create any material competition against our Group.

3. Dongyue Property Management

As of the Latest Practicable Date, Beijing Uni.-Construction Industrial Investment Co., Ltd.* (北京住總實業投資控股有限公司), an indirect wholly-owned subsidiary of BUCG, owned 100% equity interest in Dongyue Property Management. There was no overlapping in the directors and senior management who are responsible for the management and operation of Dongyue Property Management with those of our Group.

As of May 31, 2021, Dongyue Property Management provided property management services to six properties projects (the "**Dongyue Projects**"). As informed by Dongyue Property Management, it has terminated two projects in June 2021 with an aggregated GFA under management of approximately 1,825,584 sq.m. and thus it provided services to four properties projects as at the Latest Practicable Date.

Based on the unaudited management accounts of Dongyue Property Management, for each of the three years ended December 31, 2018, 2019 and 2020 and for the five months ended May 31, 2021, the revenue of Dongyue Property Management generated from provision of property management services amounted to approximately RMB7.5 million, RMB10.4 million, RMB9.2 million and RMB8.0 million, respectively, which is immaterial to BUCG and is insignificant as compared to our revenue during the same years or period. The percentage of the revenue of Dongyue Property Management generated from provision of such property management services to our total revenue was approximately 0.82%, 1.00%, 0.85% and 1.67% for each of the three years ended December 31, 2018, 2019 and 2020 and for the five months ended May 31, 2021, respectively. Dongyue Property Management recorded a net profit of approximately RMB0.2 million, RMB0.3 million and RMB0.03 million for the years ended December 31, 2018 and 2020 and for the five months ended May 31, 2021, respectively, and a net loss of approximately RMB0.3 million for the year ended December 31, 2019.

As of December 31, 2018, 2019 and 2020 and May 31, 2021, the GFA under management of Dongyue Property Management amounted to approximately 1,879,409 sq.m., 2,212,200 sq.m., 1,982,430 sq.m. and 1,947,430 sq.m., representing approximately 7.29%, 7.70%, 6.82% and 6.38% of the total GFA under management of our Group. However, after the termination of the two projects under management by Dongyue Property Management in June 2021, the GFA under management of Dongyue Property Management has been significantly decreased to approximately 121,846 sq.m. as at the Latest Practicable Date.

As confirmed by BUCC, it plans to procure the direct shareholders of Dongyue Property Management (both being its wholly-owned subsidiaries) to proceed with and complete the deregistration of Dongyue Property Management by the end of 2023, after taking into account the overly-burdensome staff costs and the diminishing business scale of Dongyue Property Management. As such, after arm's length negotiations among the parties, it was agreed that it is in the interests of our Group that Dongyue Property Management would not be transferred to our Group as part of the Reorganization.

Given that (i) the revenue of Dongyue Property Management generated from provision of property management services is immaterial; (ii) the GFA under management of Dongyue Property Management for provision of property management services is insignificant as compared to that of our Group, especially taking into account of the termination of the two projects in June 2021; (iii) Dongyue Property Management has no intention to engage in further property management business beyond the Dongyue Projects; and (iv) there was no overlapping in the directors and senior management who are responsible for the management and operation of Dongyue Property Management with those of our Group, our Directors are of the view that Dongyue Property Management is unlikely to create any material competition against our Group.

4. Borui Xianghe Property Management

As of the Latest Practicable Date, Borui Xianghe Property Management is a wholly-owned subsidiary of Beijing Urban Construction Yatai Construction Group Limited* (北京城建亞泰建設集團有限公司) ("**Yatai Construction**"). Yatai Construction is owned as to 29.01% by BUCG (which is the single largest shareholder of Yatai Construction), while each of the remaining minority shareholders of Yatai Construction is an Independent Third Party. BUCG, being the single largest shareholder of Yatai Construction, has the power to govern the financial and operating policies of Yatai Construction and therefore Yatai Construction is accounted for as a subsidiary of BUCG, the results of which are consolidated into the financial statements of BUCG. Through Yatai Construction, BUCG is able to exercise control over Borui Xianghe Property Management, and Borui Xianghe Property Management is also accounted for as a subsidiary of BUCG, the results of which are consolidated into the financial statements of BUCG. There was no overlapping in the directors and senior management who are responsible for the management and operation of Borui Xianghe Property Management with those of our Group.

As of May 31, 2021, Borui Xianghe Property Management only provided property management services to one residential property project (the "**Borui Xianghe Project**"). Borui Xianghe Property Management has no intention to engage in further property management business beyond the Borui Xianghe Project.

Based on the unaudited management accounts of Borui Xianghe Property Management, for each of the three years ended December 31, 2018, 2019 and 2020 and for the five months ended May 31, 2021, the revenue of Borui Xianghe Property Management generated from provision of property management services in the Borui Xianghe Project amounted to approximately RMB0.6 million, RMB1.3 million, RMB2.0 million and RMB1.7 million, respectively, which is immaterial to BUCG and is insignificant as compared to our revenue during the same years or period. The percentage of the revenue of Borui Xianghe Property Management generated from provision of such property management services in the Borui Xianghe Project to our total revenue was approximately 0.07%, 0.13%, 0.18% and 0.36% for each of the three years ended December 31, 2018, 2019 and 2020 and for the five months ended May 31, 2021, respectively. Borui Xianghe Property Management recorded a net profit of approximately RMB1.7 million and RMB0.01 million for the year ended December 31, 2020 and for the five months ended May 31, 2021, respectively, and a net loss of approximately RMB0.4 million and RMB0.7 million for the years ended December 31, 2018 and 2019, respectively.

As of December 31, 2018, 2019 and 2020 and May 31, 2021, the GFA under management of Borui Xianghe Property Management in the Borui Xianghe Project amounted to approximately 48,029 sq.m., 121,400 sq.m., 121,400 sq.m. and 121,400 sq.m., representing approximately 0.19%, 0.42%, 0.42% and 0.40% of the total GFA under management of our Group.

Borui Xianghe Property Management has been undergoing a restructuring involving introducing other third-party investors, after which it will remain as a subsidiary controlled by Yatai Construction and thus a subsidiary of BUCG. Considering its relatively small business scale and the practical difficulty to purchase the equity interest held by Yatai Construction in Borui Xianghe Property Management during the ongoing restructuring of Borui Xianghe Property Management, and to avoid incurring additional time and costs in our Reorganization, after arm's length negotiations among the parties, it was agreed that it is in the interests of our Group that Borui Xianghe Property Management would not be transferred to our Group as part of the Reorganization.

Given that (i) the revenue of Borui Xianghe Property Management generated from provision of property management services in the Borui Xianghe Project is immaterial; (ii) the GFA under management of Borui Xianghe Property Management in the Borui Xianghe Project is insignificant as compared to that of our Group; (iii) Borui Xianghe Property Management has no intention to engage in further property management business beyond the Borui Xianghe Project; and (iv) there was no overlapping in the directors and senior management who are responsible for the management and operation of Borui Xianghe Property Management with those of our Group, our Directors are of the view that Borui Xianghe Property Management is unlikely to create any material competition against our Group.

5. Sanhe Property Management

As of the Latest Practicable Date, BUCG owned 100% equity interest in Sanhe Property Management. There was no overlapping in the directors and senior management who are responsible for the management and operation of Sanhe Property Management with those of our Group.

As of May 31, 2021, Sanhe Property Management only provided property management services to one residential property project (the "**Sanhe Project**"). Sanhe Property Management has no intention to engage in further property management business beyond the Sanhe Project.

Based on the unaudited management accounts of Sanhe Property Management, for each of the three years ended December 31, 2018, 2019 and 2020 and for the five months ended May 31, 2021, the revenue of Sanhe Property Management generated from provision of property management services in the Sanhe Project amounted to approximately RMB4.8 million, RMB7.5 million, RMB22.5 million and RMB5.0 million, respectively, which is immaterial to BUCG and is insignificant as compared to our revenue during the same years or period. The percentage of the revenue of Sanhe Property Management generated from provision of such property management services in the Sanhe Project to our total revenue was approximately 0.53%, 0.71%, 2.06% and 1.05% for each of the three years ended December 31, 2018, 2019 and 2020 and for the five months ended May 31, 2021, respectively. Sanhe Property Management recorded a net loss of approximately RMB7.9 million, RMB4.6 million and RMB0.5 million for the years ended December 31, 2018 and 2019 and for the five months ended May 31, 2021, respectively, and a net profit of approximately RMB16.3 million for the year ended December 31, 2020, primarily due to the financial support fund of RMB18.0 million received from BUCG during that year.

As of December 31, 2018, 2019 and 2020 and May 31, 2021, the GFA under management of Sanhe Property Management in the Sanhe Project remained unchanged, which amounted to approximately 249,877 sq.m., representing approximately 0.97%, 0.87%, 0.86% and 0.82% of the total GFA under management of our Group.

The only one project managed by Sanhe Property Management is the residential area for BUCG's employees. Management of such project is not market-oriented, and it was undertaken by BUCG mainly for fulfilling its social responsibilities as a state-owned enterprise. Considering its relatively small business scale and special circumstance of such project, after arm's length negotiations among the parties, it was agreed that it is in the interests of our Group that Sanhe Property Management would not be transferred to our Group as part of the Reorganization.

Given that (i) the revenue of Sanhe Property Management generated from provision of property management services in the Sanhe Project is immaterial; (ii) the GFA under management of Sanhe Property Management for provision of property management services in the Sanhe Project is insignificant as compared to that of our Group; (iii) Sanhe Property Management has no intention to engage in further property management business beyond the Sanhe Project; and (iv) there was no overlapping in the directors and senior management who are responsible for the management and operation of Sanhe Property Management with those of our Group, our Directors are of the view that Sanhe Property Management is unlikely to create any material competition against our Group.

6. Yindi Real Estate Management

As of the Latest Practicable Date, Yindi Real Estate Management is directly owned as to 80% by BUCG and 20% by Beijing Urban Construction Second Construction Engineering Co., Ltd. (北京城建二建設工程有限公司) ("**BUCG Second Construction Engineering Company**", a wholly-owned subsidiary of BUCG). There was no overlapping in the directors and senior management who are responsible for the management and operation of Yindi Real Estate Management with those of our Group.

As of May 31, 2021, Yindi Real Estate Management provided property management services to five property projects (the "**Yindi Projects**"). Yindi Real Estate Management has no intention to engage in further property management business beyond the Yindi Projects.

Based on the unaudited management accounts of Yindi Real Estate Management, for each of the three years ended December 31, 2018, 2019 and 2020 and for the five months ended May 31, 2021, the revenue of Yindi Real Estate Management generated from provision of property management services amounted to approximately RMB3.2 million, RMB0.4 million, RMB1.0 million and RMB0.6 million, respectively, which is immaterial to BUCG and is insignificant as compared to our revenue during the same years or period. The percentage of the revenue of Yindi Real Estate Management generated from provision of such property management services to our total revenue was approximately 0.35%, 0.04%, 0.09% and 0.12% for each of the three years ended December 31, 2018, 2019 and 2020 and for the five months ended May 31, 2021, respectively. Yindi Real Estate Management recorded a net profit of approximately RMB0.04 million, RMB0.2 million and RMB0.09 million for the years ended December 31, 2018 and 2020 and for the five months ended May 31, 2021, respectively, and a net loss of approximately RMB0.7 million for the year ended December 31, 2019.

As of December 31, 2018, 2019 and 2020 and May 31, 2021, the GFA under management of Yindi Real Estate Management amounted to approximately 163,066 sq.m., 33,640 sq.m., 33,640 sq.m. and 33,640 sq.m., representing approximately 0.63%, 0.12%, 0.12% and 0.11% of the total GFA under management of our Group.

All of the five projects under management of Yindi Real Estate Management were developed or owned by BUCG Second Construction Engineering Company, one of its direct shareholders. Such projects include the residential areas for BUCG's employees and the commercial building for Second Construction Engineering Company's own use. Management of such projects are not market-oriented. Yindi Real Estate Management will not provide property management services to any other projects developed by BUCG Second Construction Engineering Company or any other property developers in the foreseeable future. Considering its relatively small business scale, special circumstance of such projects and to avoid incurring additional time and costs in our Reorganization, after arm's length negotiations among the parties, it was agreed that it is in the interests of our Group that Yindi Real Estate Management would not be transferred to our Group as part of the Reorganization.

Given that (i) the revenue of Yindi Real Estate Management generated from provision of property management services is immaterial; (ii) the GFA under management of Yindi Real Estate Management for provision of property management services is insignificant as compared to that of our Group; (iii) Yindi Real Estate Management has no intention to engage in further property management business beyond the Yindi Projects; and (iv) there was no overlapping in the directors and senior management who are responsible for the management and operation of Yindi Real Estate Management with those of our Group, our Directors are of the view that Yindi Real Estate Management is unlikely to create any material competition against our Group.

The table below sets out the revenue generated by the Excluded Companies and us from providing property management services in Beijing and Hebei Province, respectively:

	Year ended December 31,			Five months ended May 31,
	2018	**2019**	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Aggregated revenue of Excluded Companies generated from providing property management services in Beijing and Hebei *(Note)*	26,461	25,628	41,921	17,535
Our revenue generated from providing property management services in Beijing and Hebei	483,712	563,371	604,560	249,306

Note: Calculated based on the management accounts of the Excluded Companies

Although our Group and the Excluded Companies have overlapping business presence in Beijing and Hebei Province, we do not consider that there is or will be any material competition. Our current aggregated business scale in Beijing and Hebei far exceeds those of the Excluded Companies. Going forward, as we intend to acquire further property management companies in Beijing and Hebei Province, while the Excluded Companies do not have intention to expand or continue their business in respect of property management (as the case may be), the potential competition between the Excluded Company and us in Beijing and Hebei Province is expected to minimize accordingly.

During the Track Record Period and up to the Latest Practicable Date, the business scale of the Excluded Companies has been on a diminishing trend. As of December 31, 2018, 2019 and 2020 and as of May 31, 2021, there were a total of 29, 27, 21 and 17 projects under the management of the Excluded Companies, respectively. As of the Latest Practicable Date, the projects under the management of the Excluded Companies has further decreased to 15 projects.

Save as disclosed above, our Controlling Shareholders, our Directors and their respective close associates do not have any interests in any businesses which directly or indirectly compete or may compete with the principal business of our Group which are required to be disclosed under Rule 8.10 of the Listing Rules. As of the Latest Practicable Date, we have no intention to include the Excluded Business into our Group. Should there be any plan for us to acquire any of such business, our Group will comply with the relevant Listing Rules and applicable laws and regulations accordingly. After making reasonable enquiries, our Directors are of the view that, there was no material non-compliance with applicable laws and regulations by the Excluded Companies in any material respect during the Track Record Period.

Based on information provided by the Controlling Shareholders and after reasonable enquiries made by our Directors, during the Track Record Period, (i) the property management projects operated by the Excluded Companies comprised only a few isolated property projects; (ii) according to the comparison made of the revenue generated from the provision of the property management services and GFA under management of the above Excluded Companies to our total revenue and GFA under management, our business scale far exceeds those of the Excluded Companies; and (iii) there was no overlapping in the directors and senior management who are responsible for the management and operation of the Excluded Companies with those of our Group, and hence their property management services has been managed and operated independently from us. Having considered the above factors, our Directors believe that the Excluded Business does not and is not likely to compete directly or materially with our business under Rule 8.10 of the Listing Rules. In order to eliminate any potential competition between our Group and the Controlling Shareholders and their respective close associates (including the Excluded Companies), BUCG has entered into the Non-Competition Agreement (as defined below) in favor of our Group. For details of the provisions of the Non-Competition Agreement, please refer to the paragraph headed "– Non-Competition Agreement" in this section.

NON-COMPETITION AGREEMENT

To ensure a clear delineation of the Restricted Business (as defined below) and the business of our Controlling Shareholders, on October 11, 2021, BUCG entered into a non-competition agreement (the "**Non-Competition Agreement**") with our Company, pursuant to which, BUCG has, among other things, unconditionally and irrevocably undertaken to our Company (for the interests of our Company itself and other members of our Group) that BUCG shall not, and shall within its power procure that its associates (excluding our Group) will not, directly or indirectly, engage in, participate in or assist to engage or participate in, whether on its own account or in conjunction with any other person or company, any business that directly or indirectly competes or may compete with the property management services, the value-added services to non-property owners and the community value-added services as an extension of our property management services, as well as other businesses related to the aforesaid businesses carried out by our Company or any other members of our Group from time to time (the "**Restricted Business**"), subject to the following exceptions:

(i) the holding of or interests in shares in any company which conducts or is engaged in any Restricted Business where (a) in the case of such shares, they are listed on a stock exchange; (b) the aggregated number of shares held by BUCG, together with its associates, whether directly or indirectly, does not exceed 10% of the issued shares of the company in question; and (c) BUCG and its associates do not control the composition of the majority of members of the board of directors of such company and shall not, taken together, have the largest shareholding in such company; or

(ii) taking up any Business Opportunity (as defined below) in the circumstances as described below.

BUCG has also undertaken in the Non-Competition Agreement that if it or any of its associates (excluding our Group) becomes aware of any business opportunity to own, invest in, participate in, develop, operate or engage in any Restricted Business (the "**Business Opportunity**"), it shall and shall procure its associates (excluding our Group) first refer the Business Opportunity to our Company in writing immediately upon becoming aware of it by identifying the target company or business, the nature of the Business Opportunity, the investment or acquisition costs and all other details reasonably necessary for our Company to consider whether to pursue such Business Opportunity. Any decision on whether to take up the Business Opportunity shall be decided by our independent non-executive Directors. BUCG or any of its associates (excluding our Group) may only take up the Business Opportunity after our Company has issued a written confirmation signed by the independent non-executive Directors confirming that our Company has decided not to take up the Business Opportunity or our Company fails to reply within 30 days.

If there is any material change in the nature, terms or conditions of such Business Opportunity pursued by BUCG or its associates, it shall and shall procure its associates to refer such Business Opportunity as so revised to our Company as if it were a new Business Opportunity.

In addition, BUCG has undertaken in the Non-Competition Agreement that it shall use its best efforts to procure that each of the Excluded Companies: (a) will not expand the Excluded Business or materially change the scope of services relating to the Excluded Business provided to the existing projects undertaken by it; and (b) will discontinue and not renew the Excluded Business undertaken by it upon expiry of the existing contracts.

BUCG has undertaken in the Non-Competition Agreement that if it or any of its associates (excluding our Group) intends to transfer, sell, lease or license loyalties to a third party, any Restricted Business (collectively, the "**Disposals**"), it shall and shall procure its associates (excluding our Group) to offer our Group the right of first refusal in terms of such businesses and interest with the equal terms subject to relevant laws and regulations or contractual arrangements with third parties:

(i) BUCG shall and shall procure its associates to provide our Group with written notice no later than the time of any such Disposals (the "**Disposal Notice**"). For the avoidance of doubt, BUCG and its associates (excluding our Group) are entitled to provide information and/or Disposal Notice to other third parties at the same time or after providing the Disposal Notice to our Group;

(ii) our Group shall reply to BUCG or its associate in writing within 30 days after receipt of the Disposal Notice;

(iii) if our Group intends to exercise such right of first refusal, the terms shall be determined with reference to fair market price; and

(iv) BUCG and any of its associates (excluding our Group) shall not dispose of such businesses and interests to any third parties unless our Group has declined to purchase such businesses and interests in writing, or the notice of exercising such right of first refusal has not been received by BUCG or any of its associates from our Group within 30 days after receipt of the Disposal Notice, or our Group fails to offer the same or more favorable terms of acquisitions than those offered by any third parties to BUCG or any of its associates (excluding our Group). For the avoidance of doubt, the terms of disposal offered by BUCG or any of its associates (excluding our Group) to any third parties shall not be more favorable than those offered to our Group.

BUCG has undertaken in the Non-Competition Agreement that provided that no applicable laws or regulations are breached and agreements with third parties are complied with, our Group is entitled to acquire any businesses operated by BUCG or any of its associates (excluding our Group) which fall within the Restricted Businesses (including the equity interests in the Excluded Companies) or any businesses or interests which are gained through the above-said Business Opportunities (the "**Option for Purchase**"). Our Group is entitled to exercise the Option for Purchase at any time, and BUCG or any of its associates (excluding our

Group) shall offer the Option for Purchase to our Group based on the conditions as follows: the commercial terms of the acquisition shall be formed solely by the committee consisting of our independent non-executive Directors after consulting the views of independent experts and such commercial terms shall be based on negotiation between the parties in line with normal commercial practice of our Group which is fair, reasonable and in the interests of our Group as a whole, as in accordance with the negotiations with BUCG and its associates. However, if a third party has the right of first refusal in accordance with applicable laws and regulations and/or a prior legally binding document (including, but not limited to, articles of association and shareholders' agreements), the Option for Purchase of our Group shall be subject to such third-party rights. In such a case, BUCG shall use and shall procure that its associates (excluding our Group) will use, its/their best efforts to persuade the third party to waive its right of first refusal.

In addition, Jinyuhong Property Management has separately and directly undertaken to us that, it, being an associate of BUCG, will comply with the Non-Competition Agreement insofar as the provisions apply to or are related to it, and fully perform and assist BUCG in the performance of its obligations under the Non-Competition Agreement.

CORPORATE GOVERNANCE MEASURES

Our Company has adopted the following measures to manage the existing or potential conflict of interests, if any, between our Group and our Controlling Shareholders and their close associates:

(a) our independent non-executive Directors will review the Non-competition Agreement and its compliance situation on an annual basis;

(b) BUCG has undertaken to provide all information necessary to our Company for the annual review by our independent non-executive Directors of the enforcement of and compliance with the Non-competition Agreement;

(c) BUCG has undertaken with our Company that it would allow the authorized representatives or auditors of our Group to have reasonable access to the financial and corporate information necessary to its transactions with third parties, which would assist with the judgments of our Group in respect of whether BUCG and its associates have complied with the undertakings under the Non-Competition Agreement;

(d) our Company will disclose the decision made and/or matter reviewed by our independent non-executive Directors relating to compliance and enforcement of the Non-competition Agreement in our annual reports and/or by way of an announcement;

(e) BUCG has undertaken with our Company that it will provide a written confirmation on the compliance with the undertakings under the Non-Competition Agreement and consent to the inclusion of such confirmation in our annual report and announcement;

(f) we are committed that our Board should include a balanced composition of executive Directors, non-executive Directors and independent non-executive Directors. We have appointed independent non-executive Directors who possess sufficient experience 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 public Shareholders. For further details of our independent non-executive Directors, please refer to the section headed "Directors, Supervisors and Senior Management" in this Prospectus;

(g) in the event of a conflict of interest, such as resolutions regarding transactions with our Controlling Shareholders and/or their other associates, the relevant Director(s) who are connected with our Controlling Shareholders shall abstain from voting on such matters and shall not be counted toward the quorum at the relevant Board meeting. Further, when considering connected transactions and competing business, the independent non-executive Directors will review the relevant transactions, and where needed, we will engage additional independent consultants to provide advice to the independent non-executive Directors;

(h) in the event that any potential conflict of interest in connection with our Controlling Shareholders arises at the shareholders' level, our Controlling Shareholders and their close associates shall abstain from voting at the general meeting of our Company with respect to the relevant resolution(s);

(i) our Directors, including our independent non-executive Directors, will be entitled to seek independent professional advice from external parties in appropriate circumstances at our Company's expense;

(j) our Company will monitor potential or proposed transaction between our Group and our connected persons, and ensure compliance with Chapter 14A of the Listing Rules including, where applicable, the announcement, reporting, annual review and independent Shareholders' approval requirements;

(k) as required by the Listing Rules, our independent non-executive Directors shall review any connected transactions (including continuing connected transactions) annually and confirm in our annual report that such transactions have been entered into in our ordinary and usual course of business, are either on normal commercial terms or on terms no less favorable to us than those available to or from Independent Third Parties and on terms that are fair and reasonable and in the interests of our Shareholders as a whole;

(l) we have appointed Anglo Chinese Corporate Finance, Limited as our compliance adviser to provide advice and guidance to our Group in respect of compliance with the applicable laws and Listing Rules including various requirements relating to directors' duties and internal control;

(m) our Audit Committee will conduct a review on the effectiveness of the above internal control measures on an annual basis;

(n) our Risk and Compliance Management Committee will from time to time conduct research and provide advice to the Board in relation to our legal compliance and risk management; and

(o) our Nomination Committee will from time to time review the independence of our Directors in terms of performing their duties as our Directors to ensure effective management of conflict of interest.

OVERVIEW

We have entered into a number of agreements with our connected persons, the details of which are set out below. The transactions disclosed in this section will constitute our continuing connected transactions under Chapter 14A of the Listing Rules upon Listing.

OUR CONNECTED PERSONS

Upon Listing, the following entities with whom we have entered into certain transactions in our ordinary and usual course of business will become our connected persons:

BUCG and its associates	BUCG is our ultimate Controlling Shareholder, so BUCG and its associates are connected persons of our Company under Chapter 14A of the Listing Rules.
Senqi Greening	Senqi Greening is a non-wholly-owned subsidiary of our Company. It is owned as to 80% by Beiyu Property (a wholly-owned subsidiary of our Company), 4% by Tiannuo Property (a non-wholly-owned subsidiary of our Company), and 16% by Beijing Hengqi Investment Management Co., Ltd.* (北京衡其投資管理有限責任公司) (a wholly-owned subsidiary of BUCG). As BUCG (one of our Controlling Shareholders) has more than 10% equity interest in Senqi Greening, Senqi Greening is therefore a connected subsidiary of our Company under Rule 14A.16 of the Listing Rules upon Listing.
Tiannuo Property	Tiannuo Property is a non-wholly-owned subsidiary of our Company. It is owned as to 50% by our Beiyu Property (a wholly-owned subsidiary of our Company) and 50% by Beijing Uni.-Construction Real Estate Development Co., Ltd.* (北京住總房地產開發有限責任公司) (a non-wholly-owned subsidiary of BUCG). As BUCG (one of our Controlling Shareholders) has more than 10% of equity interest in Tiannuo Property, Tiannuo Property is therefore a connected subsidiary of our Company under Rule 14A.16 of the Listing Rules upon Listing.

OUR CONTINUING CONNECTED TRANSACTIONS

(A) Continuing Connected Transactions Fully Exempted from the Reporting, Annual Review, Announcement and Independent Shareholders' Approval Requirements

1. Trademark Licensing

On October 11, 2021, our Company (for ourselves and on behalf of our subsidiaries) entered into a trademark licensing framework agreement with BUCG (for itself and on behalf of its associates) (the "**Trademark Licensing Framework Agreement**"), pursuant to which BUCG and its associates agreed to irrevocably and unconditionally grant to our Group non-transferable and non-exclusive license to use certain trademarks registered in the PRC or Hong Kong (the "**Licensed Trademarks**") on a royalty-free basis, for a term commencing from the date of the Trademark Licensing Framework Agreement up to and including December 31, 2023. For details of the Licensed Trademarks, please refer to "Appendix VII – Statutory and General Information – 3. Further Information about Our Business – B. Intellectual Property Rights" to this Prospectus.

As of the Latest Practicable Date, BUCG is one of our Controlling Shareholders and is therefore a connected person of our Company under the Listing Rules. Accordingly, the transactions contemplated under the Trademark Licensing Framework Agreement will constitute continuing connected transactions of our Company under Chapter 14A of the Listing Rules upon Listing.

As the right to use the Licensed Trademarks is granted to our Group on a royalty-free basis, the transactions contemplated under the Trademark Licensing Framework Agreement will be within the *de minimis* threshold provided under Rule 14A.76 of the Listing Rules and will be exempted from the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

(B) Continuing Connected Transactions Subject to the Reporting, Annual Review and Announcement Requirements but Exempted from the Independent Shareholders' Approval Requirement

1. BUCG Property Leasing Framework Agreement

On October 11, 2021, our Company (for ourselves and on behalf of our subsidiaries) entered into a property leasing framework agreement with BUCG (for itself and on behalf of its associates) (the "**BUCG Property Leasing Framework Agreement**"), pursuant to which (i) our Group agreed to lease certain properties including but not limited to houses, office buildings and carpark spaces from BUCG and its associates; and (ii) BUCG and its associates agreed to lease certain properties including but not limited to houses, office buildings and carpark spaces from our Group, for a term commencing from the Listing Date up to and including December 31, 2023.

During the Track Record Period, the total rental paid by our Group to lease properties from BUCG and its associates was set out as below:

	Year ended December 31,			Five months ended May 31,
	2018	**2019**	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Our Group leasing from BUCG and its associates	21,289	14,867	11,244	1,059

Our Directors estimate that the maximum annual amounts under the BUCG Property Leasing Framework Agreement for each of the three years ending December 31, 2023 will not exceed the annual caps set out as below:

	Year ending December 31,		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Our Group leasing from BUCG and its associates(Note 1)	11,044	13,844	12,868
BUCG and its associates leasing from our Group	6,138	20,806	27,383

Note:

(1) The annual caps refer to both estimated rental expenses and recognition of right-of-use assets from certain property leases. For the three years ending December 31, 2023, the annual caps are RMB11,044 thousands (among which approximately RMB7,100 thousands will be recognized as right-of-use assets from the certain property leases, and approximately RMB3,944 thousands will be rental expenses), RMB13,844 thousands (among which approximately RMB2,600 thousands will be recognized as right-of-use assets from certain property leases, and approximately RMB11,244 thousands will be rental expenses) and RMB12,868 thousands (among which approximately RMB500 thousands will be recognized as right-of-use assets from certain property leases, and approximately RMB12,368 thousands will be rental expenses). For the five months ended May 31, 2021, approximately RMB4,473 thousands was recognized as right-of-use assets from the certain property leases, and we did not record rental expenses.

The respective rental payable by our Group and BUCG and its associates to each other shall be determined after arm's length negotiations and taking into account (i) the location, quality, size and area of the properties; (ii) the rental respectively charged by our Group or BUCG and its associates (as the case may be) to Independent Third Parties for similar types of properties; and (iii) the rental charged by other Independent Third Parties for similar types of properties located in similar regions in the market.

In arriving at the above annual caps in relation to our Group leasing from BUCG and its associates, our Directors have considered the historical rental fees paid by our Group and our estimated business needs in the future. Our Directors have also taken into account (i) the value of right-of-use assets arising from certain leasing agreements already entered into that fall under the scope of IFRS 16 and their expected renewal upon expiry during the upcoming three years, and (ii) the expected increment in rental for the relevant properties under the BUCG Property Leasing Framework Agreement.

During the Track Record Period, BUCG and its associates did not lease properties from our Group and therefore we did not record any relevant historical transaction amount. In the second half of 2021 and after the Listing, BUCG and its associates intended to lease container-type rooms for workers' housing purpose on their construction sites from our Group and such business needs are expected to increase during the second half of 2021 and the two years ending December 31, 2023 pursuant to the operation and management strategies for construction sites of BUCG and its associates. In particular, at current stage we have been negotiating with BUCG and its associates on 30 construction projects to be undertaken by BUCG and its associates, in which we are expected to be engaged to provide services of construction sites management from the second half of 2021 to 2023, and the container-type rooms to be leased by BUCG and its associates for each project are estimated to range from 87 to 590 based on the scale, schedule and number of the workers of each project. In arriving at the above annual caps in relation to BUCG and its associates leasing from our Group, our Directors have also considered the expected rental increment in market in the three years ending December 31, 2023.

As of the Latest Practicable Date, BUCG is one of our Controlling Shareholders and is therefore a connected person of our Company under the Listing Rules. Accordingly, the transactions contemplated under the BUCG Property Leasing Framework Agreement will constitute continuing connected transactions of our Company under Chapter 14A of the Listing Rules upon Listing.

Upon aggregation with the transactions contemplated under the Tiannuo Property Leasing Framework Agreement (as defined below) pursuant to Rule 14A.81 of the Listing Rules, as the highest of the applicable percentage ratios under the Listing Rules in respect of the annual caps is expected to be more than 0.1% but less than 5%, the transactions under the BUCG Property Leasing Framework Agreement will be subject to the reporting, annual review and announcement requirements but exempted from independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

2. *Tiannuo Property Leasing Framework Agreement*

On October 11, 2021, our Company (for ourselves and on behalf of our subsidiaries (other than Tiannuo Property)) entered into a property leasing framework agreement with Tiannuo Property (for itself and on behalf of its subsidiaries) (the "**Tiannuo Property Leasing Framework Agreement**"), pursuant to which our Group (other than Tiannuo Property) and Tiannuo Property agreed to lease certain properties, including but not limited to houses, office buildings and carpark spaces, from each other, for a term commencing from the Listing Date up to and including December 31, 2023.

During the Track Record Period, the total rental paid by our Group (other than Tiannuo Property) and Tiannuo Property respectively for leasing of properties was set out as below:

	Year ended December 31,			**Five months ended May 31,**
	2018	**2019**	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Our Group (other than Tiannuo Property) leasing from Tiannuo Property	62	94	94	–
Tiannuo Property leasing from our Group (other than Tiannuo Property)	170	217	217	–

Our Directors estimate that the maximum annual amounts under the Tiannuo Property Leasing Framework Agreement for each of the three years ending December 31, 2023 will not exceed the annual caps set out as below:

	Year ending December 31,		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Our Group (other than Tiannuo Property) leasing from Tiannuo Property[(Note 1)]	94	112	135
Tiannuo Property leasing from our Group (other than Tiannuo Property)	104	124	149

Note:

(1) The annual caps refer to estimated rental payment as the leases are expected to be short term leases and are exempt from recognition as right-of-use assets on our balance sheet under IFRS 16.

The respective rental payable by our Group (other than Tiannuo Property) and Tiannuo Property to each other shall be determined after arm's length negotiations and taking into account (i) the location, quality, size and area of the properties; (ii) the rental respectively charged by our Group (other than Tiannuo Property) or Tiannuo Property (as the case may be) to Independent Third Parties for similar types of properties; and (iii) the rental charged by other Independent Third Parties for similar types of properties located in similar regions in the prevailing market.

In arriving at the above annual caps in relation to our Group (other than Tiannuo Property) leasing from Tiannuo Property, our Directors have considered the historical rental fees paid by our Group (other than Tiannuo Property), the terms, such as the rental, under the existing lease agreements and the expected increase in the demand of our Group (other than Tiannuo Property) for property leasing and the expected increment in the market rent of comparable properties.

In arriving at the above annual caps in relation to Tiannuo Property leasing from our Group (other than Tiannuo Property), our Directors have considered the historical rental fees paid by Tiannuo Property, the terms, such as the rental, under the existing lease agreements and its estimated business needs in the future. The annual caps for the three years ending December 31, 2023 are comparatively lower than the historical rental fees paid by Tiannuo Property during the Track Record Period, which is primarily due to the expected reduced property area to be leased from our Group (other than Tiannuo Property) by Tiannuo Property as a result of relocation of its staff.

As of the Latest Practicable Date, Tiannuo Property is a non-wholly-owned subsidiary of our Company. It is owned as to 50% by Beiyu Property and 50% by Beijing Uni.-Construction Real Estate Development Co., Ltd.* (北京住總房地產開發有限責任公司), which is a non-wholly-owned subsidiary of BUCG. As BUCG (one of our Controlling Shareholders) has more than 10% of equity interest in Tiannuo Property, Tiannuo Property is therefore a connected subsidiary of the Company under Rule 14A.16 of the Listing Rules upon Listing. Accordingly, the transactions contemplated under the Tiannuo Property Leasing Framework Agreement will constitute continuing connected transactions of our Company under Chapter 14A of the Listing Rules upon Listing.

Upon aggregation with the transactions contemplated under the BUCG Property Leasing Framework Agreement pursuant to Rule 14A.81 of the Listing Rules, as the highest of the applicable percentage ratios under the Listing Rules in respect of the annual caps is expected to be more than 0.1% but less than 5%, the transactions under the Tiannuo Property Leasing Framework Agreement will be subject to the reporting, annual review and announcement requirements but exempted from independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

3. Senqi Greening Commercial Operational Services and Value-Added Services Framework Agreement

On October 11, 2021, our Company (for ourselves and on behalf of our subsidiaries (other than Senqi Greening)) entered into a commercial operational services and value-added services framework agreement with Senqi Greening (for itself and on behalf of its subsidiaries) (the "**Senqi Greening Commercial Operational Services and Value-Added Services Framework Agreement**"), pursuant to which Senqi Greening agreed to provide to our Group commercial operational services and value-added services including but not limited to consultancy services, small-scale greening construction services, and green conservation services, for a term commencing from the Listing Date up to and including December 31, 2023.

During the Track Record Period, the total amount of service fees paid by our Group (other than Senqi Greening) to Senqi Greening for the commercial operational services and value-added services was set out as below:

	Year ended December 31,			Five months ended May 31,
	2018	**2019**	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Total service fees paid by our Group (other than Senqi Greening)	1,908	2,102	3,612	1,493

Our Directors estimate that the maximum annual service fee payable by our Group (other than Senqi Greening) under the Senqi Greening Commercial Operational Services and Value-Added Services Framework Agreement for each of the three years ending December 31, 2023 will not exceed the annual caps set out as below:

	Year ending December 31,		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Total service fees payable by our Group (other than Senqi Greening)	6,200	6,973	10,459

The service fees payable by our Group (other than Senqi Greening) under the Senqi Greening Commercial Operational Services and Value-Added Services Framework Agreement shall be determined after arm's length negotiations and taking into account (i) the nature, size and location of the properties; (ii) the scope of the services; (iii) the expected operational costs (including labor costs, materials costs and administrative costs) in relation to the provision of the commercial operational services and value-added services; (iv) the fees charged by Senqi Greening to Independent Third Parties for similar services; and (v) the fees charged by other service providers for similar services in respect of similar types of properties in the market.

In arriving at the above annual caps, our Directors have considered the following factors:

(i) the historical transaction amounts and the growth rate for such services during the Track Record Period;

(ii) the terms (including service fee) of a total of 38 existing contracts for the greening services provided by Senqi Greening to 35 properties under the management of our Group (excluding Senqi Greening) as of May 31, 2021;

(iii) the unaudited transaction amount for the eight months ended August 31, 2021 of approximately RMB3.0 million based on our internal management accounts, and the estimated increase trend in the greening services to be provided by Senqi Greening in the second half of 2021, taking into account that we have engaged Senqi Greening to provide green conservation services to 17 new residential projects in Tianjin since June 2021 and we intend to engage Senqi Greening to provide tree-planting and other value-added services in another five projects at or around the end of 2021, with additional service fees of approximately RMB2.0 million payable by us for these new projects by the end of 2021; and

(iv) the expected increase in the demand for greening and other value-added services to be provided by Senqi Greening to our Group (excluding Senqi Greening), taking into account the increasing GFA under management of our Group (other than Senqi Greening) in the future.

As of the Latest Practicable Date, Senqi Greening is a non-wholly-owned subsidiary of our Company. It is owned as to 80% by Beiyu Property, 4% by Tiannuo Property, and 16% by Beijing Hengqi Investment Management Co., Ltd.* (北京衡其投資管理有限責任公司) which is a wholly-owned subsidiary of BUCG. As BUCG (one of our Controlling Shareholders) has more than 10% equity interest in Senqi Greening, Senqi Greening is therefore a connected subsidiary of the Company under Rule 14A.16 of the Listing Rules. Accordingly, the transactions contemplated under the Senqi Greening Commercial Operational Services and Value-Added Services Framework Agreement will constitute continuing connected transactions of our Company under Chapter 14A of the Listing Rules upon Listing.

Upon aggregation with the transactions in respect of provision of the commercial operational services and value-added services by Tiannuo Property to our Group (other than Senqi Greening) contemplated the Tiannuo Property Commercial Operational Services and Value-Added Services Framework Agreement (as defined below) pursuant to Rule 14A.81 of the Listing Rules, the highest of the applicable percentage ratios under the Listing Rules in respect of the annual caps is expected to be more than 0.1% but less than 5%, the transactions under the Senqi Greening Commercial Operational Services and Value-Added Services Framework Agreement will be subject to the reporting, annual review, announcement requirements but exempted from independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

(C) Continuing Connected Transactions Subject to the Reporting, Annual Review, Announcement and the Independent Shareholders' Approval Requirements

1. Property Management Services Framework Agreement

On October 11, 2021, our Company (for ourselves and on behalf of our subsidiaries) entered into a property management services framework agreement with BUCG (for itself and on behalf of its associates) (the "**Property Management Services Framework Agreement**"), pursuant to which our Group agreed to provide to BUCG and its associates property management services, including but not limited to security, cleaning, greening, gardening and repair and maintenance services in respect of (i) property units developed by BUCG and its associates which have been completed and are either unsold or sold but not yet delivered to the buyers; and (ii) residential communities, office buildings and other properties owned, used or operated by BUCG and its associates, for a term commencing from the Listing Date up to and including December 31, 2023.

During the Track Record Period, the total amount of service fees paid by BUCG and its associates to our Group for the property management services was set out as below:

	Year ended December 31,			Five months ended May 31,
	2018	**2019**	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Total service fees paid by BUCG and its associates	72,045	81,005	85,699	30,465

Our Directors estimate that the maximum annual service fee payable by BUCG and its associates under the Property Management Services Framework Agreement for each of the three years ending December 31, 2023 will not exceed the annual caps set out as below:

	Year ending December 31,		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Total service fees payable by BUCG and its associates	98,428	126,098	146,695

The service fees that we will charge under the Property Management Services Framework Agreement shall be determined after arm's length negotiations and taking into account (i) the nature, size and location of the properties; (ii) the scope of the services; (iii) the expected operational costs (including labor costs, materials costs and administrative costs) in relation to the provision of the property management services; (iv) the fees charged by us to Independent Third Parties for similar services; and (v) the fees charged by other service providers for similar services in respect of similar types of properties in the market.

In arriving at the above annual caps, our Directors have considered the following factors:

(i) the historical transaction amounts during the Track Record Period and the unaudited transaction amount for the eight months ended August 31, 2021 of approximately RMB50.0 million based on our internal management accounts;

(ii) the number, GFA under management and terms (including service fee) of existing projects/service contracts as of May 31, 2021;

(iii) our high bid-winning rates for property management service contracts in respect of property projects developed by BUCG and its associates which is 100% throughout the Track Record Period, and our high retention rates for property management service contracts in respect of property projects developed by BUCG and its associates which is over 97% throughout the Track Record Period;

(iv) the estimated GFA in respect of the residential and commercial properties developed by BUCG and its associates, including the fact that we have entered into contracts to manage seven undelivered projects located in Beijing and Tianjin respectively with an aggregate contracted GFA of 1.2 million sq.m., and that we anticipate we may be further engaged to provide property management services to additional projects of approximately 4.6 million sq.m., which are expected to be delivered from 2021 to 2022, and the expected increase in the demand for our services with reference to the expected increase in GFA of properties developed by and the number of property units used by BUCG and its associates as a result of its business growth and expansion;

(v) the estimated new service demand of BUCG and its associates for our property management services provided to their construction sites during the three years ending December 31, 2023 taking into account BUCG Group's massive amount of land bank and projects under construction that BUCG Group had a total land bank of approximately 50.5 million sq.m. and projects under construction developed or constructed by BUCG Group with a total GFA of approximately 75.0 million sq.m. as of May 31, 2021; in particular, at current stage we have been negotiating with BUCG and its associates on 30 construction projects to be undertaken by BUCG and its associates, in which we are expected to be engaged to provide services of construction sites management from the second half of 2021 to 2023; and

(vi) the expected increase in the service fees to be charged by us considering the expected inflation and increment in the operational costs as incurred by us, especially labor costs.

As of the Latest Practicable Date, BUCG is one of our Controlling Shareholders and is therefore a connected person of our Company under the Listing Rules. Accordingly, the transactions contemplated under the Property Management Services Framework Agreement will constitute continuing connected transactions of our Company under Chapter 14A of the Listing Rules upon Listing.

As the highest of the applicable percentage ratios under the Listing Rules in respect of the annual caps is expected to be more than 5%, the transactions under the Property Management Services Framework Agreement will be subject to the reporting, annual review, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

2. BUCG Commercial Operational Services and Value-Added Services Framework Agreement

On October 11, 2021, our Company (for ourselves and on behalf of our subsidiaries) entered into a commercial operational services and value-added services framework agreement with BUCG (for itself and on behalf of its associates) (the "**BUCG Commercial Operational Services and Value-Added Services Framework Agreement**"), pursuant to which our Group agreed to provide to BUCG and its associates commercial operational services and value-added services, including but not limited to (i) operation and management services, such as positioning and design services, tenant sourcing services, carpark space operation and management services, and other management services; and (ii) value-added services, such as consultancy services, carpark space sales agency services, and small-scale construction, repair and greening services for a term commencing from the Listing Date up to and including December 31, 2023.

During the Track Record Period, the total amount of service fees paid by BUCG and its associates to our Group for the commercial operational services and value-added services was set out as below:

	Year ended December 31,			Five months ended May 31,
	2018	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Total service fees paid by BUCG and its associates	74,954	114,038	95,477	44,123

Our Directors estimate that the maximum annual service fee payable by BUCG and its associates under the BUCG Commercial Operational Services and Value-Added Services Framework Agreement for each of the three years ending December 31, 2023 will not exceed the annual caps set out as below:

	Year ending December 31,		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Total service fees payable by BUCG and its associates	115,025	165,528	177,080

The service fees that we will charge under the BUCG Commercial Operational Services and Value-Added Services Framework Agreement shall be determined after arm's length negotiations and taking into account (i) the nature, size and location of the properties; (ii) the scope of the services; (iii) the expected operational costs (including labor costs, materials costs and administrative costs) in relation to the provision of the commercial operational services and value-added services; (iv) the fees charged by us to Independent Third Parties for similar services; and (v) the fees charged by other service providers for similar services in respect of similar types of properties in the market.

In arriving at the above annual caps, our Directors have considered the following factors:

(i) the historical transaction amounts during the Track Record Period;

(ii) the number, GFA under management and terms (including service fee) of existing projects/service contracts as of May 31, 2021;

(iii) the unaudited transaction amount for the eight months ended August 31, 2021 of approximately RMB60.3 million based on our internal management accounts, and the estimated increase trend in the value-added services to non-property owners as required by BUCG and its associates in the second half of 2021, taking into account that (a) we have been engaged to provide sales office and display unit management services to five new properties of BUCG and its associates at pre-delivery stage in Beijing and Qingdao City since 2021 and (b) we might be further engaged to provide business meeting support services to BUCG and its associates in the second half of 2021 considering the increased frequency of meetings to be held by them;

(iv) the estimated additional revenue to be derived from certain new projects of RMB50 million during each of the years ending December 31, 2022 and 2023, for which we expect to be contracted to provide commercial operational and related services to four commercial properties developed or owned by BUCG and its associates with a total GFA of 0.2 million sq.m.;

(v) the expected increase in the demand of BUCG and its associates for our services with reference to the estimated increase in the number of commercial and other properties owned, used or operated by BUCG and its associates which might require commercial operation and management services, tenant sourcing services, carpark space operation and management service to be provided by us; and

(vi) the expected increase in the service fees to be charged by us considering the expected inflation and increment in the operational costs as incurred by us, especially labor costs.

As of the Latest Practicable Date, BUCG is one of our Controlling Shareholders and is therefore a connected person of our Company under the Listing Rules. Accordingly, the transactions contemplated under the BUCG Commercial Operational Services and Value-Added Services Framework Agreement will constitute continuing connected transactions for our Company under Chapter 14A of the Listing Rules upon Listing.

Upon aggregation with the transactions in respect of the provision of the commercial operational services and value-added services to Tiannuo Property by our Group contemplated under the Tiannuo Property Commercial Operational Services and Value-Added Services Framework Agreement (as defined below) pursuant to Rule 14A.81 of the Listing Rules, as the highest of the applicable percentage ratios under the Listing Rules in respect of the annual caps is expected to be more than 5%, the transactions under the BUCG Commercial Operational Services and Value-Added Services Framework Agreement will be subject to the reporting, annual review, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

3. Tiannuo Property Commercial Operational Services and Value-Added Services Framework Agreement

On October 11, 2021, our Company (for ourselves and on behalf of our subsidiaries (other than Tiannuo Property)) entered into a commercial operational services and value-added services framework agreement with Tiannuo Property (for itself and on behalf of its subsidiaries) (the "**Tiannuo Property Commercial Operational Services and Value-Added Services Framework Agreement**"), pursuant to which Tiannuo Property and our Group (other than Tiannuo Property) agreed to provide to each other commercial operational services and value-added services, including but not limited to (i) operation and management services, such as positioning and design services, tenant sourcing services, carpark space operation and management services, and other management services; and (ii) value-added services, such as consultancy services, carpark space sales agency services, and small-scale construction, repair and greening services, for a term commencing from the Listing Date up to and including December 31, 2023.

During the Track Record Period, the total amount of service fees respectively paid by our Group (other than Tiannuo Property) and Tiannuo Property to each other for the commercial operational services and value-added services was set out as below:

	Year ended December 31,			Five months ended May 31,
	2018	**2019**	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Total service fees paid by our Group (other than Tiannuo Property)	727	409	113	–
Total service fees paid by Tiannuo Property	170	696	205	71

Our Directors estimate that the maximum annual service fee under the Tiannuo Property Commercial Operational Services and Value-Added Services Framework Agreement for each of the three years ending December 31, 2023 will not exceed the annual caps set out as below:

	Year ending December 31,		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Total service fees payable by our Group (other than Tiannuo Property)	125	137	150
Total service fees payable by Tiannuo Property	722	1,872	2,808

The respective service fees payable by our Group (other than Tiannuo Property) and Tiannuo Property under the Tiannuo Property Commercial Operational Services and Value-Added Services Framework Agreement to each other shall be determined after arm's length negotiations and taking into account (i) the nature, size and location of the properties; (ii) the scope of the services; (iii) the expected operational costs (including labor costs, materials costs and administrative costs) in relation to the provision of the commercial operational services and value-added services; (iv) the fees respectively charged by our Group (other than Tiannuo Property) and Tiannuo Property to Independent Third Parties for similar services; and (v) the fees charged by other service providers for similar services in respect of similar types of properties in the market.

In arriving at the above annual caps in relation to the provision of the commercial operational services and value-added services by Tiannuo Property to our Group (other than Tiannuo Property), our Directors have considered the following factors:

(i) the historical transaction amounts during the Track Record Period;

(ii) the number and terms (including service fee) of existing contracts for the operation and management services and value-added services (such as internet installation and maintenance services) provided by Tiannuo Property to the properties under the management of our Group (excluding Tiannuo Property) as of May 31, 2021 for which we expect to collect service fees in the second half of 2021; and

(iii) the expected increase in the demand of our Group (other than Tiannuo Property) for commercial operational services and value-added services to be provided by Tiannuo Property, taking into account the estimated increase in the projects under the management of our Group (excluding Tiannuo Property) in the forthcoming years.

In arriving at the above annual caps in relation to the provision of the commercial operational services and value-added services by our Group (other than Tiannuo Property) to Tiannuo Property, our Directors have considered the following factors:

(i) the historical transaction amounts during the Track Record Period and the unaudited transaction amount for the eight months ended August 31, 2021 of approximately RMB0.3 million based on our internal management accounts;

(ii) the number and terms (including service fee) of existing contracts for the operation and management services and value-added services (such as greening conservation services) provided by our Group (other than Tiannuo Property) to Tiannuo Property for the properties under the management of Tiannuo Property as of May 31, 2021, and the estimated increase trend in the greening services to be provided by Senqi Greening, one of our subsidiaries, to Tiannuo Property, considering that Tiannuo Property intends to engage Senqi Greening to provide tree-planting and green conservation services to two properties under management at or around the end of 2021, with additional service fees of approximately RMB0.3 million payable by Tiannuo Property for such projects by the end of 2021; and

(iii) the expected increase in the demand of Tiannuo Property for the commercial operational services and value-added services to be provided by our Group (other than Tiannuo Property) and the type and size of properties under the management of Tiannuo Property.

As of the Latest Practicable Date, Tiannuo Property is a non-wholly-owned subsidiary of our Company. It is owned as to 50% by Beiyu Property and 50% by Beijing Uni.-Construction Real Estate Development Co., Ltd.* (北京住總房地產開發有限責任公司), which is a non-wholly-owned subsidiary of BUCG. As BUCG (one of our Controlling Shareholders) has more than 10% of equity interest in Tiannuo Property, Tiannuo Property is therefore a connected subsidiary of the Company under Rule 14A.16 of the Listing Rules and it is also an associate of BUCG. Accordingly, the transactions contemplated under the Tiannuo Property Commercial Operational Services and Value-Added Services Framework Agreement will constitute continuing connected transactions of our Company under Chapter 14A of the Listing Rules upon Listing.

Upon aggregation with the transactions in respect of the provision of the commercial operational services and value-added services to BUCG and its associates by our Group contemplated under the BUCG Commercial Operational Services and Value-Added Services Framework Agreement pursuant to Rule 14A.81 of the Listing Rules, as the highest of the applicable percentage ratios under the Listing Rules in respect of the annual caps is expected to be more than 5%, the transactions under the Tiannuo Property Commercial Operational Services and Value-Added Services Framework Agreement will be subject to the reporting, annual review, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

4. Engineering and Laboring Services Framework Agreement

On October 11, 2021, our Company (for ourselves and on behalf of our subsidiaries) entered into an engineering and laboring services framework agreement with BUCG (for itself and on behalf of its associates) (the "**Engineering and Laboring Services Framework Agreement**"), pursuant to which BUCG and its associates agreed to provide to our Group engineering and laboring services including but not limited to (i) engineering design, construction and laboring services (such as installation and replacement of large-scale equipment or heavy machinery); and (ii) provision of equipment or machinery for our use and operation (such as heat energy generation plants), etc., for a term commencing from the Listing Date up to and including December 31, 2023.

During the Track Record Period, the total amount of service fees paid by our Group for the engineering and laboring services was set out as below:

	Year ended December 31,			Five months ended May 31,
	2018	**2019**	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Total service fees paid by our Group	7,274	25,904	43,889	11,659

Our Directors estimate that the maximum annual service fee payable by our Group under the Engineering and Laboring Services Framework Agreement for each of the three years ending December 31, 2023 will not exceed the annual caps set out as below:

	Year ending December 31,		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Total service fees payable by our Group	48,278	53,106	56,416

The service fees payable by our Group under the Engineering and Laboring Services Framework Agreement shall be determined after arm's length negotiations and taking into account (i) the nature and scope of the services; and (ii) the fees charged or quoted under normal trading conditions by at least two Independent Third Parties in the regions where such services are provided for services with comparable scale.

In arriving at the above annual caps, our Directors have considered the following factors:

(i) the historical transaction amounts paid by our Group;

(ii) the expected increase in the demand of our Group for engineering and laboring services in respect of heating equipment installation and replacement to be provided by BUCG and its associates which are required for our business of providing heat energy supply services; and

(iii) the expected increase in the operational costs as incurred by BUCG and its associates, especially labor costs.

As of the Latest Practicable Date, BUCG is one of our Controlling Shareholders and is therefore a connected person of our Company under the Listing Rules. Accordingly, the transactions contemplated under the Engineering and Laboring Services Framework Agreement will constitute continuing connected transactions of our Company under Chapter 14A of the Listing Rules upon Listing.

As the highest of the applicable percentage ratios under the Listing Rules in respect of the annual caps is expected to be more than 5%, the transactions under the Engineering and Laboring Services Framework Agreement will be subject to the reporting, annual review, announcement requirements and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

5. Property Ancillary Services Framework Agreement

On October 11, 2021, our Company (for ourselves and on behalf of our subsidiaries) entered into a property ancillary services framework agreement with BUCG (for itself and on behalf of its associates) (the "**Property Ancillary Services Framework Agreement**"), pursuant to which our Group agreed to provide to BUCG and its associates property ancillary services including but not limited to (i) catering services; and (ii) heat energy supply services, for a term commencing from the Listing Date up to and including December 31, 2023.

During the Track Record Period, the total amount of service fees paid by BUCG and its associates to our Group for the property ancillary services was set out as below:

	Year ended December 31,			Five months ended May 31,
	2018	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Total service fees paid by BUCG and its associates	730	5,098	3,852	6,024

Our Directors estimate that the maximum annual service fee payable by BUCG and its associates under the Property Ancillary Services Framework Agreement for each of the three years ending December 31, 2023 will not exceed the annual caps set out as below:

	Year ending December 31,		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Total service fees payable by BUCG and its associates	27,600	42,667	58,748

The service fees that we will charge under the Property Ancillary Services Framework Agreement shall be determined after arm's length negotiations and taking into account (i) the scale of the services provided to and the quality of the service requested by BUCG and its associates; (ii) other expected operational costs (including labor costs, materials costs and administrative costs) in relation to the provision of the property ancillary services; (iii) the fees charged by us to Independent Third Parties for similar services; and (iv) the fees charged by other service providers for similar services in respect of similar types of properties in the market. In particular, our service fees charged for provision of heat energy supply services shall be determined with reference to the energy unit price fixed by the relevant local government, which is generally published on its official website.

In arriving at the above annual caps, our Directors have considered the following factors:

(i) the historical service fees paid by BUCG and its associates;

(ii) the existing contracts for heat energy supply services provided to BUCG and its associates and the expected increase in the demand of BUCG and its associates for heat energy supply services along with their business expansion in the forthcoming years, taking into account, amongst others, the estimated increase in the energy unit price in the forthcoming years; and

(iii) the existing contracts for catering services provided to BUCG and its associates and the expected increase in demand of BUCG and its associates for catering services on their construction sites in the forthcoming years taking into account BUCG Group's massive amount of land bank and projects under construction that BUCG Group had a total land bank of approximately 50.5 million sq.m. and projects under construction developed or constructed by BUCG Group with a total GFA of approximately 75.0 million sq.m. as of May 31, 2021, and the expected increase in the relevant cost and market price for such services, taking into account, amongst others, the estimated increase in our labor costs and materials costs when providing catering services. In particular, we have taken into account the estimated fees to be collected from BUCG and its associates for providing catering services to the workers on the construction sites of BUCG and its associates in the foreseeable future. It is estimated that we might be engaged to provide such services to 3 projects in 2021, 6 projects in 2022 and 9 projects in 2023 based on our current communication with BUCG, and such estimated catering fee charge is calculated with reference to the project schedule and the number of workers on construction sites per day in the peak season of each project (ranging from 300 to 2,000 workers).

As of the Latest Practicable Date, BUCG is one of our Controlling Shareholders and is therefore a connected person of our Company under the Listing Rules. Accordingly, the transactions contemplated under the Property Ancillary Services Framework Agreement will constitute continuing connected transactions of our Company under Chapter 14A of the Listing Rules upon Listing.

As the highest of the applicable percentage ratios under the Listing Rules in respect of the annual caps is expected to be more than 5%, the transactions under the Property Ancillary Services Framework Agreement will be subject to the reporting, annual review, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

APPLICATION FOR WAIVER

The transactions described in "– (B) Continuing connected transactions subject to the reporting, annual review and announcement requirements but exempted from the independent shareholders' approval requirement" constitutes our continuing connected transactions under the Listing Rules, which are subject to the reporting, annual review and announcement requirements but exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

The transactions described in "– (C) Continuing connected transactions subject to the reporting, annual review, announcement and independent shareholders' approval requirements" constitute our continuing connected transactions under the Listing Rules, which are subject to the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

In respect of these continuing connected transactions, pursuant to Rule 14A.105 of the Listing Rules, we have applied to the Stock Exchange for, and the Stock Exchange has granted, waivers exempting us from strict compliance with the announcement requirement under Chapter 14A of the Listing Rules in respect of the continuing connected transaction as disclosed in "– (B) Continuing connected transactions subject to the reporting, annual review and announcement requirements but exempted from the independent shareholders' approval requirement"; and the announcement and independent shareholders' approval requirements in respect of the continuing connected transactions as disclosed in "– (C) Continuing connected transactions subject to the reporting, annual review, announcement and independent shareholders' approval requirements", subject to the condition that the aggregate amounts of the continuing connected transactions for each financial year shall not exceed the relevant amounts set forth in the respective annual caps (as stated above). Apart from the above waivers sought on the strict compliance of the announcement and independent shareholders' approval requirements, we will comply with the relevant requirements under Chapter 14A of the Listing Rules.

If any terms of the transactions contemplated under the agreements mentioned above are altered or if our Company enters into any new agreements with any connected person in the future, we will fully comply with the relevant requirements under Chapter 14A of the Listing Rules unless we apply for and obtain a separate waiver from the Stock Exchange.

DIRECTORS' VIEWS

Our Directors (including our independent non-executive Directors) consider that all the continuing connected transactions as disclosed in "– (B) Continuing connected transactions subject to the reporting, annual review and announcement requirements but exempted from the independent shareholders' approval requirement" and "– (C) Continuing connected transactions subject to the reporting, annual review, announcement and independent shareholders' approval requirements" have been and will be carried out (i) in the ordinary and usual course of our business; (ii) on normal commercial terms or better; and (iii) in accordance with the respective terms that are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

Our Directors (including our independent non-executive Directors) are also of the view that the annual caps of the continuing connected transactions as disclosed in "– (B) Continuing connected transactions subject to the reporting, annual review and announcement requirements but exempted from the independent shareholders' approval requirement" and "– (C) Continuing connected transaction subject to the reporting, annual review, announcement and independent shareholders' approval requirements" in this section are fair and reasonable and are in the interests of our Shareholders as a whole.

SOLE SPONSOR' VIEW

The Sole Sponsor, after discussions with our management on the proposed annual caps and reasons for entering into each of the non-exempt continuing connected transactions described in this section is of the view that (i) the continuing connected transactions as disclosed in "– (B) Continuing connected transactions subject to the reporting, annual review and announcement requirements but exempted from the independent Shareholders' approval requirement" and "– (C) Continuing connected transactions subject to the reporting, annual review, announcement and independent Shareholders' approval requirements" have been and will be entered into in the ordinary and usual course of our business, on normal commercial terms or better, 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.

DIRECTORS

Our Board is responsible for and has general powers over the management and operation of our businesses. Following the Listing, our Board consists of nine Directors, comprising four executive Directors, two non-executive Directors and three independent non-executive Directors.

The following table sets out certain information in respect of our Directors:

Name	Age	Position(s)	Responsibilities	Date of appointment as a Director	Time of joining our Group
Mr. Zhang Weize (張偉澤)	52	Chairman of our Board, executive Director and secretary to the party committee	Responsible for the overall work of our Board and the party committee	December 22, 2020	December 2020
Mr. Yang Jun (楊軍)	53	Executive Director and general manager	Responsible for the overall business operations of our Group	December 22, 2020	February 2003
Mr. Luo Zhou (羅周)	48	Executive Director and deputy general manager	Responsible for the strategic development and quality control of our Group	December 22, 2020	March 2007
Mr. Yao Xin (姚昕)	45	Executive Director and deputy general manager	Responsible for the operation and safety of our Group	December 22, 2020	July 2013
Mr. Xie Ping (謝平)	51	Non-executive Director	Responsible for providing advice on the strategic development, system formulation and major operational decisions of our Group	December 22, 2020	December 2020

Name	Age	Position(s)	Responsibilities	Date of appointment as a Director	Time of joining our Group
Mr. Mao Lei (毛磊)	43	Non-executive Director	Responsible for providing advice on the strategic development, system formulation and major operational decisions of our Group	December 22, 2020	December 2020
Mr. Cheng Peng (程鵬)	47	Independent non-executive Director	Responsible for providing independent advice and guidance to our Board	October 11, 2021	October 2021
Mr. Kong Weiping (孔偉平)	52	Independent non-executive Director	Responsible for providing independent advice and guidance to our Board	October 11, 2021	October 2021
Mr. Kong Chi Mo (江智武)	46	Independent non-executive Director	Responsible for providing independent advice and guidance to our Board	October 11, 2021	October 2021

Mr. Zhang Weize (張偉澤), aged 52, is the chairman of our Board and an executive Director of our Company, and is the secretary to the party committee of our Company. He is responsible for the overall work of our Board and the party committee. Mr. Zhang joined our Company in December 2020 when our Company was incorporated and served in his current positions.

Mr. Zhang served as the vice chairman of Beijing Property Management Association (北京物業管理行業協會) since July 2021, primarily responsible for assisting the chairman to perform duties.

Prior to joining our Company, Mr. Zhang successively served as the project director and deputy project manager of Kenya Branch in Beijing Construction Engineering Group Co., Ltd.* (北京建工集團有限責任公司) from July 1992 to April 1995; successively served as a deputy director and director of Development and Operation Department of Beijing Changcheng Bintai Engineering Co., Ltd.* (北京長城民泰工程有限責任公司) from April 1995 to October 1997, primarily responsible for contract management of engineering project, marketing and business development; successively served as a deputy manager, manager and secretary of the party branch of Beijing Construction Engineering Group Mauritius Branch* (北京建工集團毛里求斯分公司), an overseas company engaged in international engineering and foreign trade, from October 1997 to May 2002, primarily responsible for the overall management of the branch; successively served as a deputy director, director and deputy chief economist of the International Engineering Department of Beijing Construction Engineering Group* (北京建工集團國際工程部) from May 2002 to December 2004, primarily responsible for tendering and bidding for overseas projects and management, coordination, and other tasks of overseas projects; served as a deputy general manager and director of Beijing Construction Engineering International Construction Engineering Co., Ltd.* (北京建工國際建設工程有限責任公司) from December 2004 to March 2011, primarily responsible for managing market development, external operations, overseas regional management, and presiding over the overall work of the African region, during which he successively served as the general manager of Beijing Construction Engineering Group Tanzania Branch* (北京建工集團坦桑尼亞分公司), an overseas company engaged in international engineering and foreign trade, and Mauritius Branch, primarily responsible for the overall production and operation of the branches; served as a deputy secretary to the party committee, director and general manager of Beijing Construction Engineering Design Co., Ltd.* (北京市建築工程設計有限責任公司), a company engaged in construction engineering survey, design and management, from March 2011 to November 2011, primarily responsible for the overall work of the management and assisting in the work of the party committee and the board of directors; served as a deputy general manager of BUCC, a company engaged in construction engineering and real estate business, from September 2011 to December 2020, primarily responsible for the management of the company's marketing, operation and management, production, safety, project management, centralized procurement of materials and equipment, property management and overseas business; concurrently served as the secretary to the party committee and manager of the overseas construction department of BUCC from June 2012 to January 2016, primarily responsible for the overall production and operation of the overseas department and the overall work of the party committee.

Mr. Zhang graduated from Harbin Civil Engineering Institute (哈爾濱建築工程學院) with a bachelor's degree in management engineering and international management engineering in July 1992; and graduated from Tsinghua University (清華大學) with a master's degree in senior management business administration in January 2012. Mr. Zhang was awarded the qualification of registered cost engineer specialising in civil engineering (土建) by the Ministry of Personnel and the Ministry of Construction of China in October 1998, was awarded the qualification of engineer specialising in industrial and civil engineering (工民建) by the

Beijing Municipal Intermediate Professional and Technical Evaluation Committee (北京市中級專業技術職務評審委員會) in November 1998, was awarded the qualification of senior economist (infrastructure economics) by Beijing Advanced Professional and Technical Qualification Review Committee (北京市高級專業技術資格評審委員會) in February 2004 and was awarded the qualification of professorate senior economist (construction and real estate economics) by the Beijing Municipal Human Resources and Social Security Bureau (北京市人力資源和社會保障局) in October 2020.

Mr. Yang Jun (楊軍), aged 53, is an executive Director, general manager and deputy secretary to the party committee of our Company. He is responsible for the overall business operations of our Group. Mr. Yang joined our Company in December 2020 when our Company was incorporated and served in his current positions.

Mr. Yang has successively served as the deputy general manager, general manager and chairman of BUCG Properties, a subsidiary of the Company, since February 2003, and also concurrently served as the secretary to the party committee since May 2016, primarily responsible for real estate development, property management and overall work of the company. Mr. Yang has also successively served as the representative of the 15th and 16th Beijing Haidian District People's Congress since December 2011; served as the director, chairman and secretary of the party branch of Beijing Evergreen International Senior Apartment Co., Ltd.* (北京長青國際老年公寓有限公司) (a wholly-owned subsidiary of BUCG) since June 2014, responsible for the overall work of the company.

Prior to joining our Company, Mr. Yang served as the chief engineer and deputy manager in the real estate department of Beijing Urban Construction Engineering Co., Ltd.* (北京城建建設工程有限公司) (formerly known as Beijing Urban Construction No. 1 Construction Engineering Co., Ltd.* (北京城建一建設工程有限公司)), a company engaged in real estate development, from July 1991 to October 1998, primarily responsible for project management and operation; served as a project manager in Beijing Urban Construction Real Estate Development Co., Ltd.* (北京城建房地產開發有限公司), a company engaged in real estate development, from November 1997 to February 2003, primarily responsible for real estate development.

Mr. Yang graduated from China Social University (中華社會大學) with a bachelor's degree in architecture of architecture engineering department in July 1991; graduated from the Capital University of Economics and Business (首都經濟貿易大學) as a postgraduate majoring in regional economics (real estate operation and management) in June 2004; graduated from Beijing Jiaotong University (北京交通大學) with a bachelor's degree of management in business administration through distance education in January 2015. Mr. Yang was awarded the qualification of engineer specialising in industrial and civil engineering (工民建) by Beijing Municipal Intermediate Professional and Technical Evaluation Committee (北京市中級專業技術職務評審委員會) in November 1999; and was awarded the qualification of senior engineer specialising in land construction by the Evaluation Committee of the Ministry of Land and Resources of the People's Republic of China (中國國土資源部評估委員會) in December 2006.

Mr. Luo Zhou (羅周), aged 48, is an executive Director and deputy general manager of our Company. He is responsible for the strategic development and quality control of our Group. Mr. Luo joined our Company in December 2020 when our Company was incorporated and served in his current positions.

Mr. Luo served as the director and general manager of Chengcheng Property, a subsidiary of our Company, from March 2007 to November 2012, and has served as the chairman since May 2019, primarily responsible for the management work of production operation of the company. Mr. Luo has also served as the vice chairman of the Specialized Committee of Industry-University-Research of China Property Management Institute (中國物業管理協會產學研專業委員會) since December 2019, primarily responsible for the research on the industry-university-research field of property management industry. Mr. Luo also served as the vice chairman of Beijing Property Management Association (北京物業管理行業協會) since July 2021, primarily responsible for assisting the chairman to perform duties.

Prior to joining our Company, Mr. Luo served as the deputy general manager and the secretary to the board of directors of Beijing Urban Construction Xinghua Real Estate Co., Ltd.* (北京城建興華地產有限公司), a company engaged in real estate development and property management, from July 1994 to May 2014, primarily responsible for the management of the affiliated property company of that company; served as the director, general manager and deputy secretary of the party branch of Beijing Urban Construction Xingye Land Co., Ltd.* (北京城建興業置地有限公司), a company engaged in real estate development, from September 2014 and May 2019, primarily responsible for the management work of production operation of the company; and served as the director, general manager and deputy secretary of the party branch of Beijing Urban Construction Xingrui Real Estate Development Co., Ltd.* (北京城建興瑞置業開發有限公司), a company engaged in real estate development, from October 2016 to May 2019, primarily responsible for the management work of production operation of the company.

Mr. Luo graduated from the School of Automation Engineering in Beijing Union University (北京聯合大學) with a major in mold design and manufacturing in July 1994 and completed junior college program; graduated from Beijing University of Technology (北京工業大學) with a bachelor's degree in business management through evening university education in July 1998; graduated from University of International Business and Economics (對外經濟貿易大學) with a master's degree in business administration in December 2004. Mr. Luo was awarded the qualification of senior economist specialising in human resources management by Beijing Advanced Professional and Technical Qualification Review Committee (北京市高級專業技術資格評審委員會) in September 2012; and was awarded the qualification of comprehensive expert by Beijing Property Management Assessment & Supervision Association (北京市物業服務評估監理協會) in October 2020.

Mr. Yao Xin (姚昕), aged 45, is an executive Director and deputy general manager of our Company. He is responsible for the operation and safety of our Group. Mr. Yao joined our Company in December 2020 when our Company was incorporated and served in his current positions.

Mr. Yao has served as the secretary to the party committee of Beiyu Property, a subsidiary of our Company, since July 2013, and has successively served as deputy manager, director and chairman of the board of directors, primarily responsible for the overall work of the company.

Prior to joining our Company, Mr. Yao served as the general manager of Beijing Likang Group Company* (北京利康集團公司), a company engaged in catering business, from April 2015 to July 2019, primarily responsible for the overall work of the company.

Mr. Yao graduated from Shougang Institute of Technology (首鋼工學院) with a bachelor's degree in architectural engineering in July 1999; graduated from the Graduate School of the Party School of the Central Committee of Communist Party of China (中共中央黨校研究生院) with a major in party building in July 2015. Mr. Yao was awarded the qualifications of first-class construction engineer (construction engineering) and senior economist specialising in business administration by Beijing Municipal Human Resources and Social Security Bureau (北京市人力資源和社會保障局) in March 2010 and December 2020, respectively.

Mr. Xie Ping (謝平), aged 51, is a non-executive Director of our Company. He is responsible for providing advice on the strategic development, system formulation and major operational decisions of our Group. Mr. Xie joined our Company in December 2020 when our Company was incorporated and served in his current position.

Mr. Xie has worked in BUCG since July 2002, and successively served as a deputy director and director of the corporate management department, primarily involved in the strategic planning formulation, economic activity analysis, performance evaluation and salary management of the company.

Mr. Xie graduated from Changsha Communications University (長沙交通學院) with a major in traffic superintendence of engineering department in July 1990 and completed junior college program; graduated from Renmin University of China (中國人民大學) in July 1995 with a bachelor's degree through correspondence education; graduated from Graduate School of Chinese Academy of Sciences (中國科學院研究生院) with a master's degree in management science and engineering in August 2003. Mr. Xie was awarded the qualifications of senior economist specialising in business administration and senior engineer specialising in information by Beijing Advanced Professional and Technical Qualification Review Committee (北京市高級專業技術資格評審委員會) in January 2005 and December 2005, respectively.

Mr. Mao Lei (毛磊), aged 43, is a non-executive Director of our Company. He is responsible for providing advice on the strategic development, system formulation and major operational decisions of our Group. Mr. Mao joined our Company when our Company was incorporated in December 2020 and served in his current position.

Mr. Mao has worked in BUCID since July 2001, and successively served as a deputy director and director of the enterprise development department, primarily responsible for strategic planning, performance evaluation, internal control and planning statistics.

Mr. Mao graduated from the investment economics department in Central University of Finance and Economics (中央財經大學) with a bachelor's degree in investment economics in June 2001. Mr. Mao was awarded the qualification of senior economist specialising in business administration by Beijing Advanced Professional and Technical Qualification Review Committee (北京市高級專業技術資格評審委員會) in September 2011.

Mr. Cheng Peng (程鵬), aged 47, is an independent non-executive Director of the Company. He is responsible for providing independent advice and guidance to the Board. Mr. Cheng joined the Company in October 2021, and served in his current position.

Mr. Cheng has served as the independent non-executive director in First Service Holding Limited (第一服务控股有限公司), a company listed on the Hong Kong Stock Exchange, stock code: 02107, since October 2020, primarily responsible for providing independent advice to the board of directors; served as the deputy professor of the Property Management Department of the School of Economics and Management of Beijing Forestry University (北京林業大學) since July 2011 and currently serves as the head of the department, primarily responsible for teaching and management work. Since September 2019, Mr. Cheng has served as a member of the Specialized Committee of Real Estate Market Services in the Science and Technology Committee of the MOHURD, primarily responsible for providing professional decision-making consultation on real estate market services to the MOHURD; served as the vice chairman of the Specialized Committee of Industry-University-Research of China Property Management Institute (中國物業管理協會產學研專業委員會) since December 2019, primarily responsible for the research on the industry-university-research field of the property management industry.

Mr. Cheng graduated from the Department of Economic Information Management of Jilin University of Finance and Economics (吉林財經大學) (formerly known as Changchun College of Taxation (長春稅務學院)) with a bachelor's degree in July 1998; graduated from Jilin University (吉林大學) with a master's degree in business administration in June 2005; graduated from Jilin University (吉林大學) with a doctor's degree in management science and engineering in June 2009. Mr. Cheng was awarded the qualification of deputy professor specialising in e-commerce by Department of Human Resources and Social Security of Jilin Province (吉林省人力資源和社會保障廳) in September 2009.

Mr. Kong Weiping (孔偉平), aged 52, is the independent non-executive Director of the Company. He is responsible for providing independent advice and guidance to the Board. Mr. Kong joined the Company in October 2021, and served in his current position.

Mr. Kong has served as an independent director of Zotye Automobile Co., Ltd. (眾泰汽車股份有限公司), a company listed on Shenzhen Stock Exchange, stock code: 000980, since July 2017; an external director of Beijing North Star Company Limited* (北京北辰實業集團有限責任公司) since December 2018; an external director of Beijing Tianqiao Zenith Investment Group Co., Ltd.* (北京天橋盛世投資集團有限責任公司) since January 2020; an external director of Beijing Huafang Investment Company Limited* (北京華方投資有限公司) since April 2020. Mr. Kong currently works as a lawyer in Beijing Sino-Integrity Law Firm, primarily responsible for legal services.

Prior to joining our Company, Mr. Kong served as an independent director of SDIC Zhonglu Fruit Juice Co., Ltd. (國投中魯果汁股份有限公司), a company listed on Shanghai Stock Exchange, stock code: 600962, from April 2013 to April 2019; an independent director of Sinomine Resource Group Co., Ltd. (中礦資源集團股份有限公司), a company listed on Shenzhen Stock Exchange, stock code: 002738, from April 2014 to May 2020.

Mr. Kong graduated from the Department of Education of Beijing Normal University (北京師範大學) with a master's degree in education management in July 1996. Mr. Kong currently holds the qualification of lawyer practicing certificate by the Ministry of Justice of the PRC.

Mr. Kong Chi Mo (江智武), ***CESGA®, FSA, FCCA, FCG, FCS, FHKIoD & MHKSI*****,** aged 46, is an independent non-executive Director of the Company. He is primarily responsible for providing independent advice and guidance to the Board. Mr. Kong joined our Company in October 2021, and served in his current position.

Mr. Kong has served as an independent non-executive director and the chairman of audit committee of Huazhang Technology Holding Limited (stock code: 01673) since May 2013, an independent non-executive director and the chairman of audit committee of AK Medical Holdings Limited (stock code: 01789) since November 2017, and an independent non-executive director and the chairman of audit committee of ZACD Group Ltd. (stock code: 08313) since December 2017. All of the above-mentioned public companies are listed on the Hong Kong Stock Exchange. Mr. Kong is primarily responsible for providing independent advice and guidance to the boards of directors of these public companies.

Prior to joining our Company, Mr. Kong worked as a finance trainee in Hutchison Telecommunications (Hong Kong) Limited, an indirect wholly-owned subsidiary of Hutchison Telecommunications Hong Kong Holdings Limited (stock code: 00215), from June 1997 to March 1998. Mr. Kong worked as a tax associate in PricewaterhouseCoopers, an international accounting firm, from March 1998 to October 1999 and worked in KPMG, another international accounting firm, from October 1999 to December 2007, during which his last position held in KPMG was senior manager. Mr. Kong successively served as an executive director, chief financial officer, company secretary and authorized representative during his employment with China Vanadium Titano-Magnetite Mining Company Limited (stock code: 00893), from May 2008 to March 2020. Mr. Kong served as an independent non-executive director of Aowei Holding Limited (formerly known as Hengshi Mining Investments Limited) (stock code: 01370), from June 2013 to March 2021, and an independent non-executive director of Starlight Culture Entertainment Group Limited (formerly known as Jimei International Entertainment Group Limited) (stock code: 01159), from May 2017 to May 2019, where he was primarily responsible for providing independent advice and guidance to the boards of directors. All of the above-mentioned public companies are listed on the Hong Kong Stock Exchange.

Mr. Kong has been qualified as an European Federation of Financial Analysts Societies Certified ESG Analyst, the first internationally recognized ESG Professional Accreditation in Hong Kong, since June 2021 and a Value Reporting Foundation's Fundamentals of Sustainability Accounting Credential Holder since October 2021. Aside from the above-mentioned ESG- and sustainability-related qualifications, in aspects of accounting, corporate secretarial and governance, Mr. Kong has also been admitted as (i) a Fellow of The Association of Chartered Certified Accountants in the United Kingdom since February 2008; (ii) a Fellow Chartered Secretary and a Fellow Chartered Governance Professional of both The Chartered Governance Institute (formerly known as The Institute of Chartered Secretaries and Administrators) in the United Kingdom and The Hong Kong Chartered Governance Institute (formerly known as The Hong Kong Institute of Chartered Secretaries) since February 2012; (iii) a Fellow of The Hong Kong Institute of Directors since June 2021; and (iv) an Ordinary Member of Hong Kong Securities and Investment Institute since October 2017. Mr. Kong obtained his Bachelor's degree in Business Administration from The Chinese University of Hong Kong in December 1997.

SUPERVISORS

In accordance with the PRC Company Law, all joint stock companies are required to establish a supervisory committee responsible for supervising the board of directors and senior management on fulfilling their respective duties, financial performance, internal control management and risk management of the corporation. The Supervisory Committee consists of three members comprising of one employee representative Supervisor and two Shareholder representative Supervisors.

The following table sets out certain information in respect of our Supervisors:

Name	Age	Position(s)	Responsibilities	Date of appointment as a Supervisor	Time of joining our Group
Mr. Liu Fengyuan (劉鳳元)	57	Chairman of the Supervisory Committee and Shareholder representative Supervisor	Responsible for presiding over the work of the Supervisory Committee and supervising our Board and senior management of our Company	December 22, 2020	December 2020

Name	Age	Position(s)	Responsibilities	Date of appointment as a Supervisor	Time of joining our Group
Mr. Wang Wei (王偉)	53	Shareholder representative Supervisor	Responsible for supervising our Board and senior management of our Company	June 28, 2021	June 2021
Ms. Liu Fang (劉芳)	38	Employee representative Supervisor	Responsible for supervising our Board and senior management of our Company	December 22, 2020	September 2015

Mr. Liu Fengyuan (劉鳳元), aged 57, is the chairman of the Supervisory Committee and a Shareholder representative Supervisor of our Company. He is responsible for presiding over the work of the Supervisory Committee and supervising our Board and senior management of our Company. Mr. Liu joined our Company in December 2020 when our Company was incorporated and served in his current positions.

Mr. Liu has successively served as the deputy manager of the general contracting department, deputy director and director of the operation and management department of Wukesong Cultural Sports Centre in BUCG since October 2004 and the deputy chief economist of BUCG since September 2020, primarily responsible for operation and management; served as a dispatched director of Beijing Urban Construction No. 10 Construction Engineering Co., Ltd.* (北京城建十建設工程有限公司) since June 2018, primarily responsible for providing advice on strategic development, policy formulation and major operational decisions. Mr. Liu also served as an expert in the preparation of Beijing Project Cost Calculation Basis (北京市工程造價計價依據) in civil engineering (土建) at Beijing Construction Project Cost Management Office (北京市建設工程造價管理處) since July 2010, vice chairman of the Cost Information Committee (造價信息化委員會) of Beijing Construction Project Cost Expert Committee (北京市建設工程造價專家委員會) at Beijing Construction Project Cost Management Association (北京市建設工程造價管理協會) since March 2018 and a bid evaluation expert at Beijing Municipal Human Resources and Social Security Bureau (北京市人力資源和社會保障局) since January 2021.

Prior to joining our Company, Mr. Liu served as the director of the operation department and deputy chief economist of Beijing Urban Construction Far East Construction Investment Group Co., Ltd.* (北京城建遠東建設投資集團有限公司) (formerly known as Beijing Urban Construction No. 3 Construction Group Co., Ltd.* (北京城建三建設集團有限公司)), a company engaged in project management and construction business, from July 1983 to November 2004, primarily responsible for operation and management.

Mr. Liu graduated from Tianjin University (天津大學) with a major in project cost management in July 1995 and completed a junior college program through correspondence education; completed an educational project course jointly organized by Tianjin University of Technology (天津理工大學) and University of Quebec at Chicoutimi, Canada in October 2010 and obtained a master's degree in project management from University of Quebec at Chicoutimi, Canada in March 2011. Mr. Liu was awarded the qualification of registered cost engineer specialising in civil engineering (土建) by Ministry of Personnel and the Ministry of Construction of China in June 1999 and the qualification of senior economist (infrastructure economics) by Beijing Advanced Professional and Technical Qualification Review Committee (北京市高級專業技術資格評審委員會) in September 2016.

Mr. Wang Wei (王偉), aged 53, is a Shareholder representative Supervisor of our Company. He is responsible for supervising our Board and senior management of our Company. Mr. Wang joined our Company in June 2021 and served in his current position.

Mr. Wang has successively served as the general manager of Beijing Dongfang Ronghe Property Management Co., Ltd.* (北京東方容和物業管理有限責任公司), a company engaged in property management, since July 2020; served as the secretary of the party branch and the chairman of the board since September 2020, primarily responsible for the overall operations of the company; served as the legal representative and chairman of Beijing Dongfang Jielu Carpark Management Co., Ltd.* (北京東方捷路停車場管理有限公司), a company engaged in car park management, since July 2020, primarily responsible for the overall operations of the company; and served as a director of Beijing Dongfang Honglian Culture Co., Ltd.* (北京東方鴻聯文化有限責任公司), a company engaged in information consultancy services, since July 2020, primarily responsible for overseeing the operational and financial matter of the company.

Prior to joining our Company, Mr. Wang served as the manager of the development department of Beijing Dongkai Urban Construction Integrated Development Company* (北京市東開城市建設綜合開發公司), a company engaged in the development of construction land, from February 1992 to August 1996, primarily responsible for project management; served as the general manager of Beijing Dongfang Ronghe Property Management Co., Ltd. from September 1996 to March 2017, primarily responsible for the overall operations of the company; served as the general manager of Beijing Wangfujing Tour Bus Sightseeing Services Co., Ltd.* (北京王府井旅遊車觀光服務有限公司), a company engaged in tourism business, from April 2017 to July 2018, primarily responsible for the overall operations of the company; served as director of the housing management centre of Tianjie Group, a company engaged in investment management, from August 2018 to March 2019, primarily responsible for the preparation and management of real estate information; and served as the manager of the corporate management department of Tianjie Group from April 2019 to June 2020, primarily responsible for the preparation of operating budget, asset management and enterprise information construction.

Mr. Wang graduated from Beijing Radio and Television University (北京廣播電視大學) with a major in industrial and civil architecture engineering in July 1991 and completed a junior college program; and graduated from Beijing Light Industry Academy (北京輕工業學院) with a major in investment economy (real estate development) in July 1998 and completed a junior college program through part-time education. Mr. Wang was awarded the qualification of assistant engineer specialising in industrial and civil engineering (工民建) by the Beijing Municipal Junior Professional and Technical Evaluation Committee (北京市初級專業技術職務評審委員會) in November 1995; the qualification of National Property Management Enterprise Manager (全國物業管理企業經理) by the Human Resources and Education Department (人事教育司) and the Housing and Real Estate Industry Department (住宅與房地產業司) of the Ministry of Construction in September 2001; and the qualification of certified property manager by the Occupational Skills Appraisal Centre of the Ministry of Labour and Social Security (勞動和社會保障部職業技能鑒定中心) in March 2006.

Ms. Liu Fang (劉芳), aged 38, is an employee representative Supervisor of our Company. She is responsible for supervising our Board and senior management of our Company. Ms. Liu joined our Company in December 2020 when our Company was incorporated and served in her current position.

Ms. Liu has served as the director of the general office of BUCG Properties, a subsidiary of our Company, since September 2015, primarily responsible for administration, human resources and archives work, and served as a member of the discipline inspection committee of BUCG Properties since September 2018, primarily responsible for assisting in discipline inspection work.

Prior to joining our Company, Ms. Liu served as the director of the general office of Beijing Urban Construction Beiyuan Grand Hotel Co., Ltd.* (北京城建北苑大酒店有限公司), a company engaged in provision of conference, catering and accommodation services, from July 2010 to August 2015, primarily responsible for administration, human resources and party-masses work.

Ms. Liu graduated from Hunan University of Science and Technology (湖南科技大學) with a bachelor's degree in Chinese language and literature in June 2005; and from the Faculty of Arts in Beijing Normal University (北京師範大學) with a master's degree in comparative literature and world literature in July 2010. Ms. Liu was awarded the first-level qualification of enterprise human resource manager by the Vocational Skills Appraisal Centre of the Ministry of Human Resources and Social Security of the PRC (中國人力資源和社會保障部) in May 2014 and the qualification of intermediate economist (economics in human resource management) by Beijing Municipal Human Resources and Social Security Bureau (北京市人力資源和社會保障局) in April 2017.

As of the Latest Practicable Date, each of our Directors and Supervisors did not have any interest in our Shares within the meaning of Part XV of the SFO.

Save as disclosed in this section, each of our Directors and Supervisors (i) did not hold other positions in our Company or other member of our Group as of the Latest Practicable Date; (ii) had no other relationship with any Directors, Supervisors, senior management or substantial or Controlling Shareholders of our Company as of the Latest Practicable Date; (iii) did not hold any directorship in any other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the three years prior to the Latest Practicable Date; and (iv) there is no other matter in respect of our Directors and Supervisors that needs to be brought to the attentions of our Shareholders and there is no other information about our Directors and Supervisors that is required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules.

SENIOR MANAGEMENT

Our senior management is responsible for the daily operation and management of our business. The following table sets out the information on the members of our senior management.

Name	Age	Position(s)	Responsibilities	Date of appointment as senior management	Time of joining our Group
Mr. Yang Jun (楊軍)	53	Executive Director and general manager	Responsible for the overall business operations of our Group	December 22, 2020	February 2003
Mr. Luo Zhou (羅周)	48	Executive Director and deputy general manager	Responsible for the strategic development and quality control of our Group	December 22, 2020	March 2007
Mr. Yao Xin (姚昕)	44	Executive Director and deputy general manager	Responsible for the operation and safety of our Group	December 22, 2020	July 2013

Name	Age	Position(s)	Responsibilities	Date of appointment as senior management	Time of joining our Group
Mr. Xu Lude (許祿德)	53	Deputy general manager, secretary of our Board and joint company secretary	Responsible for the secretarial matters of our Board and the investment management of our Company	December 22, 2020	December 2020
Ms. Li Peng (李鵬)	48	Chief accountant	Responsible for the financial management of our Company	December 22, 2020	May 2020
Ms. Ma Suyan (馬素艷)	49	General counsel	Responsible for the legal affairs of our Company	April 7, 2021	February 2021
Mr. Lyu Hao (呂昊)	39	Marketing director	Responsible for the marketing of our Company	April 23, 2021	July 2013

Please refer to the section "– Directors" above for the biographical details of Mr. Yang Jun, Mr. Luo Zhou and Mr. Yao Xin.

Mr. Xu Lude (許祿德), aged 53, is the deputy general manager, secretary of our Board and joint company secretary of our Company. He is responsible for the secretarial matters of our Board and the investment management of our Company. Mr. Xu joined our Company in December 2020 when our Company was incorporated and served in his current positions.

Prior to joining our Company, Mr. Xu successively served as a business manager, deputy director and director of the investment department of BUCID from October 1999 to January 2021, primarily responsible for investment management; served as the general manager of Beijing Urban Construction (Wuhu) Equity Investment Management Co., Ltd.* (北京城建(蕪湖)股權投資管理有限公司), a company engaged in equity investment, from April 2015 to January 2021, primarily responsible for investment management; and served as the director and the chairman of the board of directors of Shenzhen China Science & Merchants Venture Capital Co., Ltd.* (深圳市中科招商創業投資有限公司), a company engaged in equity investment, from March 2018 to January 2021, primarily responsible for investment management.

Mr. Xu graduated from the computer faculty in Nanjing Chemical Power College (南京化工動力專科學校) with a major in computer application in July 1990 and completed a junior college program; and graduated from Tianjin University (天津大學) with a bachelor's degree in investment economics in July 1999. Mr. Xu was awarded the qualification of engineer specialising in computer application by Beijing Municipal Intermediate Professional Technical Qualification Evaluation Committee (北京市中級專業技術協會職務評審委員會) in September 1999.

Ms. Li Peng (李鵬), aged 48, is the chief accountant of our Company. She is responsible for the financial management of our Company. Ms. Li joined our Company in December 2020 when our Company was incorporated and served in her current position.

Ms. Li has served as a director and chief accountant in BUCG Properties, a subsidiary of our Company, since May 2020, primarily responsible for the overall financial management of the company.

Prior to joining our Company, Ms. Li successively served as a staff member of the finance department, a staff member of the internal bank, deputy manager, deputy director and director of Beijing Urban Construction No. 5 Construction Group Co., Ltd.* (北京城建五建設集團有限公司), a company engaged in general construction contracting, property management and real estate development, from July 2004 to July 2011, primarily responsible for financial statements, credit and internal bank management; served as the director and the chief accountant of Beijing Urban Construction Engineering Co., Ltd.* (北京城建建設工程有限公司), a company engaged in general construction contracting and property management, from July 2011 to June 2014, primarily responsible for financial work; successively served as the vice chairwoman of the supervisory committee and the chief accountant of the investment and property division of BUCG from June 2014 to May 2020, primarily responsible for supervising the business activities and accounting affairs of the company's directly affiliated divisions and the company's overall financial management respectively; served as the chief accountant of Beijing Urban Construction Group Investment Co., Ltd.* (北京城建集團投資有限公司), a company engaged in project investment and construction project management business, from May 2016 to May 2020, primarily responsible for financial management.

Ms. Li graduated from Renmin University of China (中國人民大學) with a major in finance and accounting in December 1994 and completed a junior college program; and graduated from Minzu University of China (中央民族大學) with a major in economics in July 2000 and obtained a bachelor's degree in economics through evening university education. Ms. Li was awarded the qualification of Chinese Certified Public Accountant by the Certified Public Accountant Examination Committee of the Ministry of Finance of the PRC (中國財政部註冊會計師考試委員會) in May 1997; and was awarded the qualification of senior accountant specialising in accounting by Beijing Advanced Professional and Technical Qualification Review Committee (北京市高級專業技術資格評審委員會) in February 2006.

Ms. Ma Suyan (馬素艷), aged 49, is the general counsel of our Company. She is responsible for the legal affairs of our Company. Ms. Ma joined our Company in February 2021 and served as temporary counsel of our Company.

Ms. Ma has served as an arbitrator of Beijing Arbitration Commission since January 2014, primarily responsible for trial of arbitration cases.

Prior to joining our Company, Ms. Ma has worked in Beijing Urban Construction Group Investment Co., Ltd.* (北京城建集團投資有限公司) (formerly known as Beijing Urban Construction Investment Management Company* (北京城建投資管理公司)) since November 2006, and served as the head of the legal contract department from April 2007 to July 2011, primarily responsible for the company's legal affairs; worked in the department of the legal affairs of BUCG from July 2011 to February 2021, primarily responsible for risks, internal control compliance and review of contracts in relation to investments.

Ms. Ma graduated from survey engineering faculty in Changchun University of Geology Science (長春地質學院) with a bachelor's degree in survey engineering in July 1994; and graduated from the School of Law in Renmin University of China (中國人民大學) with a master's degree in international law in July 2004. Ms. Ma was awarded the qualification of intermediate economist (architecture economics) by the Ministry of Personnel of the PRC in November 1999; was awarded the legal practising qualification by the Ministry of Justice in February 2005; was awarded the qualification of Chinese registered financial analyst (level 1) by China Enterprise Confederation (中國企業聯合會) in March 2008; was awarded the qualification of senior economist (business management) by Beijing Advanced Professional and Technical Qualification Review Committee (北京市高級專業技術資格評審委員會) in December 2008; and was awarded the qualification of state-owned enterprise's legal advisor (level 2) by SASAC and Beijing SASAC in April 2018.

Mr. Lyu Hao (呂昊), aged 39, is the marketing director of our Company. He is responsible for the marketing of our Company. Mr. Lyu joined our Company in April 2021 and served in his current position.

Mr. Lyu has served as the manager of Chongqing Property, a subsidiary of our Company, since July 2013, and served as director of the company from August 2015 to March 2019, primarily responsible for production, operation and management of the company. Mr. Lyu has also served as the deputy general manager of Chengcheng Property, a subsidiary of our Company, since April 2015, primarily responsible for the management of certain branches and projects of Chengcheng Property.

Prior to joining our Company, Mr. Lyu served as the deputy general manager and secretary of the board of directors of Beijing Urban Construction Chongqing Real Estate Co., Ltd.* (北京城建重慶地產有限公司), a company engaged in real estate development, from August 2012 to April 2015, primarily responsible for customer service and board secretary related work.

Mr. Lyu graduated from Tianjin University (天津大學) with a bachelor's degree in electronics science and technology in June 2003. Mr. Lyu was awarded the qualification of intermediate economist (economics in real estate) by Beijing Municipal Human Resources and Social Security Bureau (北京市人力資源和社會保障局) in April 2017.

To the best of the knowledge, information and belief of our Directors having made all reasonable enquiries, save as disclosed in this section, there is no additional matter with respect to the appointment of our senior management members that needs to be brought to the attention of the Shareholders, and none of our senior management members held any directorship in any other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the three years prior to the Latest Practicable Date.

JOINT COMPANY SECRETARIES

Mr. Xu Lude (許祿德), is one of the joint company secretaries of our Company. Please refer to "– Senior Management" above for his biographical details.

Ms. Mok Ming Wai (莫明慧), is one of the joint company secretaries of our Company. Ms. Mok is currently an executive director of corporate services of Tricor Services Limited. Ms. Mok has over 22 years of experience in professional and internal company secretarial work. She obtained her master's degree of Science in Applied Accounting and Finance from Hong Kong Baptist University in November 2011. She was admitted as a fellow 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 (formerly known as the Institute of Chartered Secretaries and Administrators) in December 2011.

BOARD COMMITTEES

Audit Committee

The Audit Committee consists of three Directors, namely Mr. Kong Chi Mo, Mr. Xie Ping and Mr. Kong Weiping. Mr. Kong Chi Mo serves as the chairman of the Audit Committee.

The primary duties of the Audit Committee include:

(i) proposing the appointment, re-appointment or removal of the external auditor, and making recommendations to our Board and approving the remuneration and terms of engagement of the external auditor;

(ii) reviewing and monitoring the independence and objectivity of the external auditor and the effectiveness of the audit process, discussing the nature, scope, method and relevant reporting obligation of the audit with the auditor before the audit commences, formulating and implementing policies on engaging the external auditors to provide non-audit services;

(iii) monitoring the authenticity, accuracy and completeness of our Company's financial statements, annual report and accounts, interim report and quarterly report (if any), and reviewing the material opinion on the financial reports contained in the financial statements and reports;

(iv) reviewing our Company's systems of financial control, taking responsibility for the communication between our internal audit department and the external auditor, acting as the principal representative between our Company and the external auditor, and supervising the relationship between them;

(v) taking responsibility for determination of the list of our connected persons, overall review of connected transactions and regular review of the overall situation of the Company's connected transactions; and

(vi) other matters as authorized by our Board or required by relevant laws and regulations.

Remuneration and Evaluation Committee

The Remuneration and Evaluation Committee comprises three Directors, namely Mr. Cheng Peng, Mr. Yang Jun and Mr. Kong Weiping. Mr. Cheng Peng serves as the chairman of the Remuneration and Evaluation Committee.

The primary duties of the Remuneration and Evaluation Committee include:

(i) advising our Board on the overall policy and structure concerning remuneration of the Directors and senior management of our Company and on formulating a formal and transparent procedure for developing such remuneration policy;

(ii) establishing the specific remuneration packages for all our executive Directors and senior management, including non-monetary benefits, pension rights and compensations (including compensations for loss of office or termination of employment or appointment), and advising our Board on the remuneration of the non-executive Directors;

(iii) formulating the administrative measures for evaluating the performance of the senior management of our Company, setting up the evaluation program and determining the evaluation targets;

(iv) reviewing the fulfillment of the duties by relevant Directors and senior management and assessing their annual performance;

(v) discussing the policies and plans for the salary, benefits and rewards and punishments of our Company, advising our Board on such aspect and supervising the implementation of such policies and plans; and

(vi) other matters as authorized by our Board or required by relevant laws and regulations.

Nomination Committee

The Nomination Committee comprises three Directors, namely Mr. Zhang Weize, Mr. Kong Weiping and Mr. Cheng Peng. Mr. Zhang Weize serves as the chairman of the Nomination Committee.

The primary duties of the Nomination Committee include:

(i) establishing the criteria, procedures and methods for selecting the Directors and senior management of our Company, and submitting them to our Board for deliberation;

(ii) regularly reviewing the structure, member number and composition of our Board and their relevant qualifications (including skills, knowledge, experience and others) at least annually, and advising on any proposed changes to our Board to complement the Company's strategy;

(iii) identifying the individuals qualified to serve as our Directors, and reviewing and advising on the candidates for the Directors, the general manager, the secretary of our Board and any other members at the management level;

(iv) assessing the skills, knowledge and experience of the Directors and senior management comprehensively, and reviewing the independence of the independent non-executive Directors;

(v) reviewing the Board diversity policy, and the measurable objectives that it has set for implementing the policy and progress on achieving those objectives; and

(vi) other matters as authorized by our Board or required by relevant laws and regulations.

Strategy and Investment Committee

The Strategy and Investment Committee comprises five Directors, namely Mr. Zhang Weize, Mr. Mao Lei, Mr. Yang Jun, Mr. Luo Zhou and Mr. Kong Weiping. Mr. Zhang Weize serves as the chairman of the Strategy and Investment Committee.

The primary duties of the Strategy and Investment Committee include:

(i) conducting research and making recommendations on the long-term strategic development planning of our Company;

(ii) conducting research and making recommendations on the major investment and financing plans subject to the approval of our Board as provided by the Articles of Association;

(iii) conducting research and making recommendations on the major capital operation and asset operation projects subject to the approval of our Board as provided by the Articles of Association;

(iv) conducting research and making recommendations on any other major matters that affect the development of our Company;

(v) reviewing the implementation of the above matters; and

(vi) other matters as required by laws, regulations, the Articles of Association, the securities regulatory authority of the place where our shares are listed and authorized by our Board.

Risk and Compliance Management Committee

The Risk and Compliance Management Committee comprises five Directors, namely Mr. Yang Jun, Mr. Zhang Weize, Mr. Xie Ping, Mr. Yao Xin and Mr. Kong Weiping. Mr. Yang Jun serves as the chairman of the Risk and Compliance Management Committee.

The primary duties of the Risk and Compliance Management Committee include:

(i) conducting special research and giving advice for and to the Board in performing its risk management duties which include the establishment of a comprehensive risk management system for the Company; and being authorized by the Board to independently perform risk management duties which include risk assessment of significant decisions and review of the annual risk management report of the Company;

(ii) conducting research and giving advice for and to the Board in performing its internal control duties which include discussing the internal control system with the management to ensure that the management has fulfilled its responsibilities of establishment of an effective internal control system;

(iii) conducting special research and giving advice for and to the Board in performing its compliance management duties which include approving corporate compliance management strategic plans, basic systems and annual reports and promoting the improvement of the compliance management system; and being authorized by the Board to independently perform compliance management duties which include holding regular meetings, discussing major compliance management issues, and coordinating, organizing and propelling the integration of risk, internal control and compliance management;

(iv) conducting research and giving advice to the Board in performing its duties of legal compliance.

BOARD DIVERSITY POLICY

Our Company will adopt a board diversity policy ("**Board Diversity Policy**") upon Listing setting out the approach to achieve diversity on our Board. The Board Diversity Policy provides that our Company should endeavour to ensure that our Board members have the appropriate balance from the perspectives of skills, experience and diversity to enhance the quality of its performance. Pursuant to the Board Diversity Policy, we seek to achieve Board diversity through the consideration of a number of factors, including but not limited to gender, age, cultural and educational background, experience (professional or otherwise), independence, skills, and knowledge. We will select potential Board candidates based on merit and their potential contribution to our Board while taking into account our Board Diversity Policy and other factors. Our Company will also take into consideration our own business model and specific needs from time to time. All Board appointments will be based on meritocracy and candidates will be considered against objective criteria, having due regard to the benefits of diversity on our Board.

Our Board comprises nine members, including four executive Directors, two non-executive Directors and three independent non-executive Directors. Our Directors have a balanced mix of experiences, including operation management, marketing, legal, administrative management and accounting fields. Further, the age of our Directors ranges from 42 to 53 years old. One of our Supervisors, namely Ms. Liu Fang, our members of the senior management, namely Ms. Li Peng and Ms. Ma Suyan, and one of our joint company secretaries, namely Ms. Mok Ming Wai, have practical experience in their respective fields, contribute to gender diversity of our management team and bringing valuable views from a female perspective to our Board in managing our Company. After due consideration, our Board believes that based on our existing business model and the background of our Directors and management team, although our Board currently has no female member, the composition of our Board satisfied the principles under the Board Diversity Policy. After the Listing, the effective implementation of the Board Diversity Policy will depend, to a certain extent, on our Shareholders' independent judgment on the suitability of individual candidates and their views on the scale of gender diversity of our Board. Considering the significance of gender diversity, our nomination committee will endeavor to identify suitable female Director candidates through internal promotion, referrals, engaging employment agencies or other reasonable means, and make recommendations to our Board for consideration. We will appoint at least one female Director before the effective date of the relevant applicable Listing Rules changes or within one year from the Listing Date, whichever is earlier. To ensure gender diversity of our Board, our nomination committee will continue and from time to time identify suitable candidates of both genders to our Board to be appointed as Directors.

Our nomination committee is responsible for ensuring the diversity of our Board members. After the Listing, our nomination committee will review the Board Diversity Policy and its implementation from time to time to ensure its continuous effectiveness, monitor and report annually in our corporate governance report about the implementation of the Board Diversity Policy.

THE PARTY COMMITTEE

According to the Constitution of the Communist Party of China, our Company has established the Committee of the Communist Party of the Company. Its duties and responsibilities, according to the Articles of Association, are set out below:

- to ensure and supervise our Company's implementation of policies and guidelines of the Communist Party of China (the "**Party**") and the PRC;

- to uphold a principle combining (a) the principle of management of cadres by the Party, (b) our Board's legitimate right to appoint the management, and (c) the management's legitimate right to staffing; to consider and opine on the candidates nominated by our Board or the general manager of our Company, or recommend nominees to our Board or the general manager of our Company; to evaluate the proposed candidates in conjunction with our Board, and to collectively consider and provide relevant suggestions;

- to consider and discuss matters on the reform, development and stability of our Company, major operation and management matters as well as key issues involving the vital interests of employees, and provide relevant suggestions; and

- to take responsibility for comprehensive and strict management of the Party; to lead the ideological and political work, united front work, construction of spiritual civilization, construction of enterprise culture, and the work of the labor union, the Communist Youth League and other mass groups and organizations of our Company; to lead the improvement of conduct and uphold the integrity of the Party, and to support the supervision work by the discipline inspection commission of the Party.

REMUNERATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

We provide remuneration in the form of salaries, pensions, housing provident funds, medical insurance and other social insurance to our executive Directors, employee representative Supervisors and senior management (also employees of our Company). Independent non-executive Directors receive remuneration based on their responsibilities, including being a member or chairman of the Board committees. Remuneration of non-executive Directors and Shareholder representative Supervisors are provided by Shareholders of our Company.

The following table sets forth the total amount of remuneration paid to Directors, Supervisors and the five highest paid individuals (including Directors) for each of the years ended December 31, 2018, 2019 and 2020 and the five months ended May 31, 2021.

Unit: RMB in millions

	For the year ended December 31, 2018	For the year ended December 31, 2019	For the year ended December 31, 2020	For the five months ended May 31, 2021
Directors	2.6	2.5	2.5	1.1
Supervisors	0.4	0.5	0.5	0.2
Five highest paid individuals	3.7	3.8	3.7	1.4

According to the arrangement in force on the Latest Practicable Date, we expect that the total remuneration to be paid and granted to our Directors and Supervisors for the year ending December 31, 2021 will be approximately RMB3.6 million. During the Track Record Period, no emolument was paid or undertaken to be paid to any Director or Supervisor by our Company as an inducement to join or upon joining our Company, and save as required by relevant laws and regulations, no compensation was made or undertaken to be made to any Director or then Director as well as Supervisor or then Supervisor for the loss of office as a director of our Company and/or any of our subsidiaries or of any other office in connection with the management of the affairs of our Company or any of our subsidiaries. During the Track Record Period, no emolument was waived by any of our Directors or Supervisors. Save as disclosed above, there was no other amount paid or payable to our Directors and Supervisors by our Company or any of our subsidiaries for the Track Record Period. During the Track Record Period, no emolument was paid or undertaken to be paid to the five highest paid individuals of our Company as an inducement to join or upon joining our Company, and save as required under laws and regulations, no compensation was made or undertaken to be made to such individuals during the Track Record Period for the loss of any office in connection with the management of the affairs of any member of our Company.

COMPLIANCE ADVISER

We have appointed Anglo Chinese Corporate Finance, Limited as our compliance adviser pursuant to Rules 3A.19 and 19A.05 of the Listing Rules. Pursuant to Rule 3A.23 of the Listing Rules, our compliance adviser will advise us in the following circumstances:

- before the publication of any regulatory announcement, circular or financial report;
- where a transaction, which might be a notifiable or connected transaction (as defined under the Listing Rules), is contemplated, including share issues and share repurchases;
- 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, developments or results deviate from any forecast, estimate or other information in this Prospectus; and
- where the Stock Exchange makes enquiries concerning unusual movement in the price or trading volume of our Shares.

Pursuant to Rule 19A.06 of the Listing Rules, our compliance adviser shall inform us on a timely basis of any amendment or supplement to the Listing Rules and any new or amended law, regulation or code in Hong Kong applicable to us.

The term of appointment of our compliance adviser shall commence on the Listing Date and end on the date on which we distribute our annual report in respect of our financial result for the first full financial year commencing after the Listing Date, and such appointment may be subject to extension by mutual agreement.

As of the Latest Practicable Date, the following persons directly or indirectly held 10% or more of our share capital:

Name of Shareholder	Nature of interest	Class of Shares	Number of Shares directly or indirectly held	Approximate percentage of shareholding
BUCG (Note 1)	Beneficial owner	Domestic Shares	38,779,865	35.25%
	Interest held by controlled corporations (Notes 2 and 3)	Domestic Shares	69,973,674	63.61%
		Total:	108,753,539	98.87%
BUCID (Note 2)	Beneficial owner	Domestic Shares	49,092,189	44.63%
BUCC (Note 3)	Beneficial owner	Domestic Shares	20,881,485	18.98%

Notes:

(1) BUCG is a wholly state-owned enterprise under the People's Government of Beijing Municipality (北京市人民政府).

(2) BUCID is a non-wholly-owned subsidiary of BUCG. By virtue of the SFO, BUCG is deemed to be interested in the 49,092,189 Domestic Shares held by BUCID.

(3) BUCC is a wholly-owned subsidiary of BUCG. By virtue of the SFO, BUCG is deemed to be interested in the 20,881,485 Domestic Shares held by BUCC.

To the best of the Directors' knowledge and information, the following persons will, immediately following the completion of the Global Offering, have interests or short positions in our Shares or underlying Shares which would be required to be disclosed to our Company and the Hong Kong Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO or will, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at any general meeting of our Company:

			Immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised)			Immediately following the completion of the Global Offering (assuming the Over-allotment Option is fully exercised)		
Name of Shareholder	Nature of interest	Class of Shares	Number of Shares directly or indirectly held	Approximate percentage of shareholding in the relevant class of Shares	Approximate percentage of shareholding in the total issued share capital (Note 1)	Number of Shares directly or indirectly held	Approximate percentage of shareholding in the relevant class of Shares	Approximate percentage of shareholding in the total issued share capital (Note 2)
BUCG (Note 3)	Beneficial owner	Domestic Shares	38,779,865	35.25%	26.44%	38,779,865	35.25%	25.49%
	Interest held by controlled corporations (Notes 4 and 5)	Domestic Shares	69,973,674	63.61%	47.71%	69,973,674	63.61%	45.98%
		Total:	108,753,539	98.87%	74.15%	108,753,539	98.87%	71.47%
BUCID (Note 4)	Beneficial owner	Domestic Shares	49,092,189	44.63%	33.47%	49,092,189	44.63%	32.26%
BUCC (Note 5)	Beneficial owner	Domestic Shares	20,881,485	18.98%	14.24%	20,881,485	18.98%	13.72%
Keltic Investment (HK) Limited (Note 6)	Beneficial owner	H Shares	7,322,400 (Note 6)	19.97%	4.99%	7,322,400	17.37%	4.81%
Shenzhen Kaier Hanxiang Shiye Co., Ltd. (深圳凱爾漢湘實業有限公司) (Note 6)	Interest held by a controlled corporation (Note 6)	H Shares	7,322,400 (Note 6)	19.97%	4.99%	7,322,400	17.37%	4.81%
Li Weiguo (李衛國) (Note 6)	Interest held by a controlled corporation (Note 6)	H Shares	7,322,400 (Note 6)	19.97%	4.99%	7,322,400	17.37%	4.81%

			Immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised)			Immediately following the completion of the Global Offering (assuming the Over-allotment Option is fully exercised)		
Name of Shareholder	Nature of interest	Class of Shares	Number of Shares directly or indirectly held	Approximate percentage of shareholding in the relevant class of Shares	Approximate percentage of shareholding in the total issued share capital(Note 1)	Number of Shares directly or indirectly held	Approximate percentage of shareholding in the relevant class of Shares	Approximate percentage of shareholding in the total issued share capital(Note 2)
Glodon (Hongkong) Software Limited *(Note 7)*	Beneficial owner	H Shares	4,659,600(Note 7)	12.71%	3.18%	4,659,600	11.05%	3.06%
Glodon Company Limited (廣聯達科技股份有限公司) *(Note 7)*	Interest held by a controlled corporation(Note 7)	H Shares	4,659,600(Note 7)	12.71%	3.18%	4,659,600	11.05%	3.06%

Notes:

(1) The calculation is based on the total number of 146,667,200 Shares in issue immediately after the Global Offering (assuming the Over-allotment Option is not exercised).

(2) The calculation is based on the total number of 152,167,200 Shares in issue immediately after the Global Offering (assuming the Over-allotment Option is fully exercised).

(3) BUCG is a wholly state-owned enterprise under the People's Government of Beijing Municipality (北京市人民政府).

(4) BUCID is a non-wholly-owned subsidiary of BUCG. By virtue of the SFO, BUCG is deemed to be interested in the 49,092,189 Domestic Shares held by BUCID.

(5) BUCC is a wholly-owned subsidiary of BUCG. By virtue of the SFO, BUCG is deemed to be interested in the 20,881,485 Domestic Shares held by BUCC.

(6) Keltic Investment (HK) Limited is a cornerstone investor of the Company and has agreed to subscribe for such number of Offer Shares (rounded down to the nearest whole board lot of 400 H Shares) at the Offer Price in an amount of Hong Kong dollars equivalent to RMB55,000,000. Keltic Investment (HK) Limited is a wholly-owned subsidiary of Shenzhen Kaier Hanxiang Shiye Co., Ltd. (深圳凱爾漢湘實業有限公司), which is in turn wholly owned by Mr. Li Weiguo (李衛國). The relevant Shares calculated herein are based on (a) an exchange rate of HK$1.00: RMB0.82358; and (b) the Offer Price of HK$9.12 (being the mid-point of the indicative Offer Price range), and subject to the rounding down to the nearest whole board lot of 400 H Shares.

(7) Glodon (Hongkong) Software Limited is a cornerstone investor of the Company and has agreed to subscribe for such number of Offer Shares (rounded down to the nearest whole board lot of 400 H Shares) at the Offer Price in an amount of Hong Kong dollars equivalent to RMB35,000,000. Glodon (Hongkong) Software Limited is a wholly-owned subsidiary of Glodon Company Limited (廣聯達科技股份有限公司), an A-share company listed on the Shenzhen Stock Exchange (Stock Code: 002410). The relevant Shares calculated herein are based on (a) an exchange rate of HK$1.00: RMB0.82358; and (b) the Offer Price of HK$9.12 (being the mid-point of the indicative Offer Price range), and subject to the rounding down to the nearest whole board lot of 400 H Shares.

Save as disclosed herein, our Directors are not aware of any person who will, immediately following the completion of the Global Offering (and the offering of any additional H Shares pursuant to the Over-allotment Option), have an interest or short position in our Shares or underlying Shares which would be required to be disclosed to our Company and the Hong Kong Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO or will, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at any general meeting 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.

This section presents certain information regarding our share capital prior to and following the completion of the Global Offering.

IMMEDIATELY BEFORE THE GLOBAL OFFERING

As of the Latest Practicable Date, the registered share capital of our Company was RMB110.0 million, comprising 110,000,000 Domestic Shares with a nominal value of RMB1.00 each.

UPON THE COMPLETION OF THE GLOBAL OFFERING

Immediately after the Global Offering and assuming that the Over-allotment Option is not exercised, the share capital of the Company will be as follows:

Description of Shares	Number of Shares	Approximate percentage of the enlarged issued share capital after the Global Offering
Domestic Shares	110,000,000	75.00%
H Shares to be issued under the Global Offering	36,667,200	25.00%
Total	146,667,200	100.00%

Immediately after the Global Offering and assuming that the Over-allotment Option is fully exercised, the share capital of the Company will be as follows:

Description of Shares	Number of Shares	Approximate percentage of the enlarged issued share capital after the Global Offering
Domestic Shares	110,000,000	72.29%
H Shares to be issued under the Global Offering	42,167,200	27.71%
Total	152,167,200	100.00%

CLASS OF SHARES

Upon completion of the Global Offering, the Shares will consist of Domestic Shares and H Shares. Domestic Shares and H Shares are all 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 can only be subscribed for by and traded between legal or natural PRC persons, qualified foreign institutional investors and foreign strategic investors. H Shares may only be subscribed for and traded in Hong Kong dollars. Domestic Shares, on the other hand, may only be subscribed for and transferred in Renminbi.

Domestic Shares and H Shares are regarded as different classes of shares under our Articles of Association. The differences between Domestic Shares and H Shares, and the provisions on class rights, the dispatch of notices and financial reports to Shareholders, dispute resolution, registration of Shares on different registers of Shareholders, the method of Share transfer, appointment of dividend receiving agents and circumstances under which general meeting and class meeting are required are set out in our Articles of Association and summarized in "Appendix VI – Summary of the Articles of Association" in this Prospectus. Under our 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 affected Shareholders at a separate class meeting. The circumstances deemed to be a variation or abrogation of the rights of class Shareholders are listed in "Appendix VI – Summary of the Articles of Association" in this Prospectus.

RANKING

Save as described in this Prospectus, Domestic 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 in respect of the H Shares are to be paid by us in Hong Kong dollars whereas all dividends in respect of Domestic Shares are to be paid by us in Renminbi. In addition to cash, dividends may be distributed in the form of Shares. For holders of H Shares, dividends in the form of Shares will be distributed in the form of additional H Shares. For holders of Domestic Shares, dividends in the form of Shares will be distributed in the form of additional Domestic Shares.

CONVERSION OF DOMESTIC SHARES INTO H SHARES

According to stipulations made by the State Council's securities regulatory authority and the Articles of Association, our Domestic Shares may be converted into H Shares, and such converted H Shares may be listed or traded on an overseas stock exchange, provided that prior to the conversion and trading of such converted Shares, the requisite internal approval processes have been duly completed and the approvals from the relevant PRC regulatory authorities, including the CSRC, and the relevant overseas stock exchange have been obtained. In addition, such conversion, trading and listing shall in all respects comply with the regulations prescribed by the State Council's securities regulatory authorities and the regulations, requirements and procedures prescribed by the relevant overseas stock exchange.

If any of the Domestic Shares are to be converted, listed and traded as H Shares on the Hong Kong Stock Exchange, such conversion, listing and trading will need the approval of the relevant PRC regulatory authorities, including the CSRC, and the approval of the Hong Kong Stock Exchange. We may apply for the listing of all or any portion of the Domestic Shares on the Hong Kong Stock Exchange as H Shares to ensure that the conversion process can be completed promptly upon notice to the Hong Kong Stock Exchange and delivery of Shares for entry on the H Share register. As any listing of additional Shares after our Listing on the Stock Exchange is ordinarily considered by the Stock Exchange to be a purely administrative matter, it does not require prior application for listing at the time of our Listing in Hong Kong. No shareholder voting by class is required for the listing and trading of the converted Shares on an overseas stock exchange.

As of the Latest Practicable Date, the Directors were not aware of any intention of any holder of Domestic Shares to convert all or part of their Domestic Shares into H Shares.

TRANSFER OF SHARES ISSUED PRIOR TO THE GLOBAL OFFERING

The PRC Company Law provides that in relation to the public offering of a company, the shares issued prior to the public offering shall not be transferred within a period of one year from the date on which the publicly offered shares are listed on any stock exchange. Accordingly, Shares issued by our Company prior to the Listing Date shall be subject to this statutory restriction and not be transferred within a period of one year from the Listing Date.

REGISTRATION OF SHARES NOT LISTED ON AN OVERSEAS STOCK EXCHANGE

According to the Notice of Centralized Registration and Deposit of Non-overseas Listed Shares of Companies Listed on an Overseas Stock Exchange (《關於境外上市公司非境外上市股份集中登記存管有關事宜的通知》) issued by the CSRC, an overseas listed company is required to register its domestic shares with the CSDCC within 15 business days upon listing and provide a written report to the CSRC regarding the centralized registration and deposit of the domestic shares as well as the offering and listing of H shares.

CIRCUMSTANCES UNDER WHICH GENERAL MEETING AND CLASS MEETING ARE REQUIRED

For details of circumstances under which our Shareholders' general meeting and class Shareholders' meeting are required, please see "Appendix VI – Summary of the Articles of Association – General Meeting" in this Prospectus.

You should read the following discussion and analysis in conjunction with consolidated financial statements, including the notes thereto set out in "Appendix I – Accountants' Report" to this Prospectus and the selected historical financial information presented elsewhere in this Prospectus. Our consolidated financial statements were prepared in accordance with IFRSs.

The following discussion and analysis contain forward-looking statements that involve risks and uncertainties. These statements are based on assumptions and analysis that we make considering 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", "Forward-Looking Statements" and elsewhere in this Prospectus.

OVERVIEW

We are an integrated property management service provider based in the capital city of China. With an operating history of over three decades, our subsidiaries have accumulated extensive experience in the property management services sector that drives our value growth and differentiates us from other market players. We have been continuously providing diversified property management services to enterprises, public institutions and residents in the capital of China. We are a well-known property management brand in China and the first property management service provider offering property management services for hutongs in Beijing, having undertaken property management and related services for influential projects in the market, including but not limited to, National Stadium (Bird's Nest) and offices and buildings for numerous government agencies and conglomerates controlled by SASAC.

We offer diversified property management services to a variety of property types, creating unique competitive edges for building a distinctive service brand. As of May 31, 2021, we managed a total of 183 properties, consisting of 121 residential properties, 29 commercial properties, 26 public and other properties and seven hutongs, with GFA under management of 21.4 million sq.m., 1.2 million sq.m., 1.6 million sq.m. and 6.4 million sq.m, respectively. As an extension of our property management services, we offer (i) value-added services to non-property owners such as sales office and display unit management and pre-delivery support services, tenant sourcing and management services; and (ii) community value-added services such as heat energy supply services, catering services, real estate brokerage services and carpark space operation services. For each of the years ended December 31, 2018, 2019 and 2020 and five months ended May 31, 2021, our revenue from value-added services as a percentage of total revenue exceeded 32% and was significantly higher than the average level of Top 100 Property Management Companies in 2021, which amounted to 22%, according to CIA.

We achieved stable financial growth during the Track Record Period. Our revenue increased by 18.8% from RMB917.9 million in 2018 to RMB1,090.6 million in 2020, and our profit for the year increased by 66.2% from RMB41.4 million in 2018 to RMB68.8 million in 2020. In terms of revenue in 2020, our market share was 0.2% in the property management industry in China, according to CIA. Our revenue increased by 12.8% from RMB424.2 million for the five months ended May 31, 2020 to RMB478.5 million for the five months ended May 31, 2021 and our profit for the period increased from RMB36.9 million for the five months ended May 31, 2020 to RMB38.4 million for the five months ended May 31, 2021.

KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS

We believe that the following are the key factors affecting our results of operations.

Contracted GFA and GFA under Management

Our results of operations are affected by the amount of contracted GFA and GFA under management. During the Track Record Period, we generated the majority of our revenue from our property management services. Accordingly, our business and results of operations depend on our ability to maintain and grow our contracted GFA, which in turn is affected by our ability to obtain new service contracts through organic growth or to acquire existing property management companies. As of December 31, 2018, 2019, 2020 and May 31, 2021, our contracted GFA amounted to 28.7 million sq.m., 31.3 million sq.m., 31.0 million sq.m. and 32.3 million sq.m., respectively.

A portion of our total contracted GFA does not generate management services fees because the relevant properties have not been delivered. Therefore, our financial position and results of operations are also affected by our GFA under management. Our GFA under management amounted to 25.8 million sq.m., 28.7 million sq.m., 29.1 million sq.m. and 30.5 million sq.m. as of December 31, 2018, 2019, 2020 and May 31, 2021, respectively.

In addition, the demand of our value-added services was also driven by our GFA under management. Accordingly, our ability to maintain and grow our contracted GFA and GFA under management would have a significant impact on our results of operations.

Brand Positioning and Pricing of Services

Our financial condition and results of operations are affected by our ability to maintain or increase the fee rates we charge for our services, which is, in part, affected by our brand recognition and industry position. We have become one of the leading players in the property management market in the Beijing – Tianjin – Hebei Region and built up strong brand reputation, which has an impact on our ability to maintain and increase our fee rates we charged for our services. According to CIA, we have become one of the leading players in the property management market and built up strong brand reputation. We generally price our services by taking into account a number of factors, including (i) the requirements of scope and quality of our services; (ii) management fees charged in nearby and comparable properties; (iii) quality, facilities and software system implemented in the property; (iv) our estimated costs and targeted profit margins; (v) profiles of property owners and residents; (vi) local government's guidance price on property management fees (where applicable). In determining our pricing, we have to achieve a balance between pricing our projects 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.

For illustration purpose only, the following table sets forth a sensitivity analysis of our profit for the periods with reference to the fluctuation of our average property management fees during the Track Record Period. The following table demonstrates the impact of the hypothetical increase in our average property management fees on our profit, with all other factors remain constant.

	Year ended December 31,			**Five months ended May 31,**	
	2018	**2019**	**2020**	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Profit for the year/period	41,377	51,119	68,757	36,928	38,373
Assuming 5% increase in our average property management fees					
Impact on profit before tax	28,003	34,063	36,649	13,966	15,450
Impact on profit for the year/period(1)	21,002	25,547	27,487	10,475	11,588
Assuming 10% increase in our average property management fees					
Impact on profit before tax	56,006	68,126	73,299	27,932	30,900
Impact on profit for the year/period(1)	42,004	51,095	54,974	20,949	23,175

Note:

(1) Impact on profit for the year/period was calculated assuming EIT of 25%.

Business Mix

Our results of operations are affected by our business mix. During the Track Record Period, we operated different business lines under our three service lines, namely, property management services, value-added services to non-property owners and community value-added services. Our profit margin varies across different business lines and depend on types of services we offered, fees received and costs borne by us under different contractual arrangements. As a result, any change in the structure of revenue contribution from these three service lines may have a corresponding impact on our overall profit margin.

The following table sets forth the revenue contribution by service line and the respective gross profit margin for the years/periods indicated:

	Year ended December 31,									Five months ended May 31,					
	2018			2019			2020			2020			2021		
	Revenue	Revenue contribution	Gross profit margin	Revenue	Revenue contribution	Gross profit margin	Revenue	Revenue contribution	Gross profit margin	Revenue	Revenue contributions	Gross profit margin	Revenue	Revenue contributions	Gross profit margin
	RMB'000	%	%	*RMB'000*	%	%	*RMB'000*	%	%	*RMB'000*	%	%	*RMB'000*	%	%
Property management services	560,056	61.0	18.6	681,260	65.2	18.4	732,986	67.2	20.3	279,320	65.8	27.4	309,001	64.6	25.1
Value-added services to non-property owners	114,527	12.5	36.6	131,781	12.6	34.3	112,419	10.3	34.3	37,791	8.9	35.0	52,995	11.1	35.7
Community value-added services	243,289	26.5	18.7	232,372	22.2	15.7	245,149	22.5	16.0	107,116	25.3	18.5	116,455	24.3	18.2
Total	**917,872**	**100.0**	**20.8**	**1,045,413**	**100.0**	**19.8**	**1,090,554**	**100.0**	**20.8**	**424,227**	**100.0**	**25.8**	**478,451**	**100.0**	**24.6**

Our overall gross profit margin was 20.8%, 19.8%, 20.8%, 25.8% and 24.6% for the year ended December 31, 2018, 2019 and 2020 and the five months ended May 31, 2020 and 2021, respectively. Our gross profit margin for property management services was 18.6%, 18.4%, 20.3%, 27.4% and 25.1% for the year ended December 31, 2018, 2019 and 2020 and for the five month ended May 31, 2020 and 2021. Our gross profit margin for value-added services to non-property owners was 36.6%, 34.3%, 34.3%, 35.0% and 35.7% for the year ended December 31, 2018, 2019 and 2020 and for the five months ended May 31, 2020 and 2021, respectively. Our gross profit margin for community value-added services was 18.7%, 15.7%, 16.0%, 18.5% and 18.2% for the year ended December 31, 2018, 2019 and 2020 and for the five months ended May 31, 2020 and 2021, respectively. For discussion on fluctuations for our gross profit margin during the Track Record Period, see "– Results of Operations – Year Ended December 31, 2020 Compared to Year Ended December 31, 2019 – Gross profit and gross profit margin", "– Results of Operations – Year Ended December 31, 2019 Compared to Year Ended December 31, 2018 – Gross profit and gross profit margin" and "– Results of Operations – Five Months Ended May 31, 2020 Compared to Five Months Ended May 31, 2021 – Gross profit and gross profit margin".

Ability to Control Labor Costs

Our staff costs and subcontracting costs in aggregate constitute a substantial portion of our cost of sales and accounted for 59.6%, 63.6%, 60.1%, 59.5% and 63.2% of our total cost of sales in 2018, 2019 and 2020 and for the five months ended May 31, 2020 and 2021, respectively. Any significant increases in our labor costs and subcontracting costs may negatively affect our profit margin and reduce our profitability.

For illustration purpose only, the following table sets forth a sensitivity analysis of our profit for the periods with reference to the fluctuation of our labor costs and subcontracting costs during the Track Record Period. The following table demonstrates the impact of the hypothetical increase in our labor costs and subcontracting costs on our profit, with all other factors remain constant.

	Year ended December 31,			Five months ended May 31,	
	2018	**2019**	**2020**	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Profit for the year/period	41,377	51,119	68,757	36,928	38,373
Subcontracting costs in cost of sales	174,648	234,750	240,328	80,674	106,838
Staff costs in cost of sales	258,627	298,382	279,093	106,833	121,133
Total	433,275	533,132	519,421	187,507	227,971
Assuming 3% increase in our staff costs and subcontracting costs					
Impact on profit before tax	(12,998)	(15,994)	(15,583)	(5,625)	(6,839)
Impact on profit for the year/period[1]	(9,749)	(11,996)	(11,687)	(4,219)	(5,129)
Assuming 5% increase in our staff costs and subcontracting costs					
Impact on profit before tax	(21,664)	(26,657)	(25,971)	(9,375)	(11,399)
Impact on profit for the year/period[1]	(16,248)	(19,993)	(19,478)	(7,031)	(8,549)

Note:

(1) Impact on profit for the year/period was calculated assuming EIT of 25%.

Competition

The property management industry in the PRC is fragmented and highly competitive with numerous market participants. Our ability to effectively compete with our competitors and maintain or improve our market position is therefore important and depends on our ability to differentiate our Company from our competitors in the industry through ensuring our service quality and consistency. Our ability to maintain such position will affect our ability to source new and renew existing property management service and expand the number of property projects we managed and our GFA under management. If we fail to source new and renew existing property management contracts and expand our GFA under management and services, we may lose market position in our principal business lines and our revenue and profitability may decrease. For more details about the industry and markets that we operate in, see "Business – Competition" and "Industry Overview – Competition" in this Prospectus.

BASIS OF PRESENTATION

Our Company was incorporated in the PRC on December 22, 2020. In preparation for the Global Offering, we underwent the Reorganization. See "History, Development and Corporate Structure" in this Prospectus. Upon the completion of the Reorganization, our Company became the holding company of the companies now comprising our Group.

Our historical financial information has been prepared in accordance with all applicable IFRSs. Our historical financial information has been prepared as if the Group had always been in existence. For more information on the basis of presentation and preparation of the historical financial information, see note 1 to "Appendix I – Accountants' Report" in this Prospectus.

SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ESTIMATES AND JUDGMENTS

Our significant accounting policies and critical estimates and judgments, which are important for an understanding of our financial condition and result of operations, are set forth in details in note 2 and note 3 in the Accountants' Report set out in Appendix I to this Prospectus.

Significant Accounting Policies

Revenue Recognition

Income is classified by us as revenue when it arises from the sale of goods, the provision of services or the use by others of our assets under leases in the ordinary course of our business.

Revenue is recognized when control over a product or service is transferred to the customer, or the lessee has the right to use the asset, at the amount of promised consideration to which we are expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Where the contract contains a financing component which provides a significant financing benefit to the customer for more than 12 months, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction with the customer, and interest income is accrued separately under the effective interest method. Where the contract contains a financing component which provides a significant financing benefit to us, revenue recognized under that contract includes the interest expense accreted on the contract liability under the effective interest method. We take advantage of the practical expedient in paragraph 63 of IFRS 15 and does not adjust the consideration for any effects of a significant financing component if the period of financing is 12 months or less.

Our revenue recognition policy is as follows:

For property management services, we bill a fixed amount for each month of service provided and recognize revenue in the amount to which we have the right to invoice based on the value of performance completed on a monthly basis.

For property management services income arising from properties managed under lump sum basis, where we act as principal, we entitle to revenue at the value of property management services fee received or receivable. For property management services income arising from properties managed under commission basis, where we act as an agent of the property owners, we entitle to revenue at a pre-determined percentage or fixed amount of the property management services fees the property owners are obligated to pay.

Value-added services to non-property owners mainly include (i) tenant sourcing and management services; (ii) sales office and display unit management and pre-delivery support services; (iii) landscape engineering services; (iv) engineering operations and maintenance services; and (v) preliminary planning and design consultancy services to property developers. We recognize revenue when such services have been provided, and these services are normally billable immediately upon the services are rendered or in instalments at certain milestones.

Community value-added services mainly include (i) heat energy supply services; (ii) carpark space operation services; (iii) catering services; and (iv) property leasing services. For heat energy supply services, we bill a fixed amount for each month of service provided and recognize revenue in the amount to which we have the right to invoice based on the value of performance completed on a monthly basis. For other community value-added services, we recognize revenue when the respective services are rendered, and these services are normally billable immediately upon the services are rendered or in instalments at certain milestones.

If contracts involve the provision of multiple services, the transaction prices are allocated to each performance obligation based on their relative stand-alone selling prices. If the stand-alone selling prices are not directly observable, they are estimated based on expected cost plus a margin or adjusted market assessment approach, depending on the availability of observable information.

Revenue arising from the sale of parking lots in the ordinary course of business is recognized when legal assignment is completed, which is the point in time when the customer has the ability to direct the use of the parking lot and obtain substantially all of the remaining benefits of the parking lot. Deposits and instalments received on parking lots sold prior to the date of revenue recognition are included in the statement of financial position under contract liabilities.

Critical Judgments and Estimates

Critical accounting judgments and estimates are those that are most important to the portrayal of our financial conditions and results of operations and require our management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, the assets and liabilities and their accompanying disclosures, which could result in the need to make estimates of the effect of matters that are inherently uncertain and may change in subsequent periods.

We continually evaluate these estimates based on our own historical experience, knowledge and assessment of current business and other conditions, our expectations regarding the future based on available information and our best assumptions, which together form our basis for making judgments about matters that are not readily apparent from other sources. Since the use of estimates is an integral component of the financial reporting process, our actual results could differ from those estimates and expectations. Some of our accounting policies require a higher degree of judgment than others in their application. We believe the following critical accounting policies involve the most significant judgments and estimates used in the preparation of our financial statements.

Expected Credit Losses for Receivables

The credit losses for trade and other receivables are based on assumptions about risk of expected credit loss rates. We use judgment in making these assumptions and selecting the inputs to the impairment calculation, based on our past history, existing market conditions as well as forward looking estimates at the end of each reporting period. For details of the key assumptions and inputs used, see note 24(a) of "Appendix I – Accountants' Report" in this Prospectus. Changes in these assumptions and estimates could materially affect the result of the assessment and it may be necessary to make additional loss allowances in future years.

Recognition of Deferred Tax Assets and Income Tax

Deferred tax assets in respect of tax losses carried forward and deductible temporary differences are recognized and measured based on the expected manner of realization or settlement of the carrying amount of the relevant assets and liabilities, using tax rates enacted or substantively enacted at the end of each reporting date. In determine the carrying amounts of deferred tax assets, expected taxable profits are estimated which involves a number of assumptions relating to our operating environment and require a significant level of judgment exercised by our Directors. Any change in such assumptions and judgment would affect the carrying amounts of deferred tax assets to be recognized and hence the net profit in future years.

We file income taxes in numerous tax authorities. Judgment is required in determining the provision for taxation. There are some transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts originally recorded, the differences will impact on the current income tax and deferred income tax provisions in the periods in which the differences arise.

Valuation of Investment Properties

Investment properties are stated at fair value based on the valuation performed by an independent firm of professional valuers after taking into consideration the market evidences of transaction prices, and where appropriate, the rental income allowing for reversionary income potential.

In determining the fair value, the valuers have taken into consideration the market conditions existed at the end of each reporting period or where appropriate, a method of valuation where involves, inter alia, certain estimates including market prices, prevailing market rents for comparable properties in the same location and condition, appropriate discount rate and expected future market rents. In relying on the valuation report, our management has exercised their judgment and are satisfied that the method of valuation is reflective of the prevailing market conditions as of the end of each reporting period.

Valuation of Equity Securities Designated at FVOCI

The investment in unlisted equity instrument is accounted for as "financial assets measured at fair value through other comprehensive income" which is stated at fair value. The fair value of the financial asset is determined based on significant unobservable inputs using valuation techniques. Judgment and estimation are required in establishing the relevant techniques and the relevant inputs thereof. Changes in assumptions relating to these factors could affect the reported fair values of the investment. For details, see note 24(d) in the Accountants' Report set out in Appendix I to this Prospectus.

Retirement and Other Supplemental Benefit Obligations

The retirement and other supplemental benefit obligations are estimated based on a number of factors that are determined on an actuarial basis using a number of assumptions. See note 21 in the Accountants' Report set out in Appendix I to this Prospectus. The accuracy of the estimate mainly depends on the extent of deviation between the actuarial assumptions and the actual conditions. Our actuarial assumptions mainly comprised of but not limited to the following:

- Demographic assumptions:
  - Mortality rate;
  - Annual withdrawal rate.
- Financial assumptions:
  - Discount rate;
  - Annual increase rate of medical benefits;
  - Annual increase rate of basic salary and social security insurance, housing fund and enterprise annuity contributions.

Any changes in these assumptions will have an impact on the carrying amount of retirement and other supplemental benefit obligations.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

The table below sets forth a summary of our consolidated statements of profit or loss and other comprehensive income for the year/period indicated.

	For the year ended December 31,			For the five months ended May 31,	
	2018	2019	2020	2020	2021
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Revenue	917,872	1,045,413	1,090,554	424,227	478,451
Cost of sales	(726,592)	(838,255)	(864,080)	(314,787)	(360,862)
Gross profit	191,280	207,158	226,474	109,440	117,589
Other income	6,560	13,892	13,600	4,739	2,134
Administrative expenses	(141,816)	(151,804)	(143,581)	(61,365)	(66,780)
Selling expenses	(6,029)	(9,373)	(9,228)	(3,631)	(3,923)
Expected credit loss on trade and other receivables	(2,385)	(3,068)	(6,343)	(5,061)	(4,033)
Profit from operations	47,610	56,805	80,922	44,122	44,987
Finance income	12,289	13,449	12,476	5,623	6,103
Finance costs	(3,722)	(2,479)	(2,338)	(998)	(1,049)
Profit before taxation	56,177	67,775	91,060	48,747	50,041
Income tax	(14,800)	(16,656)	(22,303)	(11,819)	(11,668)
Profit for the year/period	41,377	51,119	68,757	36,928	38,373
Other comprehensive income for the year/period					
items that will not be reclassified to profit or loss:					
Remeasurement of defined benefit obligations	(6,399)	–	2,408	(28)	446
Income tax relating to remeasurement of defined benefit obligations	1,600	–	(602)	7	(112)

	For the year ended December 31,			For the five months ended May 31,	
	2018	2019	2020	2020	2021
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Equity investments at FVOCI – net movement in fair value reserves	(605)	7,228	(1,187)	100	580
Income tax relating to equity investments at FVOCI – net movement in fair value reserves	151	(1,807)	297	(25)	(145)
Other comprehensive income for the year/period	(5,253)	5,421	916	54	769
Total comprehensive income for the year/period	36,124	56,540	69,673	36,982	39,142
Profit attributable to:					
Equity shareholders of the Company	36,868	37,932	57,504	24,341	37,450
Non-controlling interests	4,509	13,187	11,253	12,587	923
	41,377	51,119	68,757	36,928	38,373
Total comprehensive income attributable to:					
Equity shareholders of the Company	31,824	43,353	58,343	24,395	38,218
Non-controlling interests	4,300	13,187	11,330	12,587	924
	36,124	56,540	69,673	36,982	39,142

DESCRIPTION OF MAJOR COMPONENTS OF OUR RESULTS OF OPERATIONS

Revenue

Our revenue is stated net of value added taxes and surcharges. During the Track Record Period, we primarily derived revenue from our three service lines, namely, property management services, value-added services to non-property owners and community value-added services.

The following table sets forth a breakdown of our revenue by service lines for the year/period indicated.

	For the year ended December 31,						For the five months ended May 31,			
	2018		2019		2020		2020		2021	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Property management services	560,056	61.0	681,260	65.2	732,986	67.2	279,320	65.8	309,001	64.6
Value-added services to non-property owners	114,527	12.5	131,781	12.6	112,419	10.3	37,791	8.9	52,995	11.1
Community value-added services	243,289	26.5	232,372	22.2	245,149	22.5	107,116	25.3	116,455	24.3
Total	**917,872**	**100.0**	**1,045,413**	**100.0**	**1,090,554**	**100.0**	**424,227**	**100.0**	**478,451**	**100.0**

The following table sets forth a breakdown of our total revenue by ultimate paying customer for the year/period indicated:

	For the year ended December 31,						For the five months ended May 31,			
	2018		2019		2020		2020		2021	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
BUCG Group and their joint ventures or associates	147,764	16.1	200,179	19.1	185,028	17.0	65,309	15.4	80,611	16.8
Non-BUCG Group or its joint ventures or associates	770,108	83.9	845,234	80.9	905,526	83.0	358,918	84.6	397,840	83.2
Total	**917,872**	**100.0**	**1,045,413**	**100.0**	**1,090,554**	**100.0**	**424,227**	**100.0**	**478,451**	**100.0**

During the Track Record Period, we provided services to and generated revenue from (i) BUCG Group and their joint venture or associates; and (ii) other parties. Our customers other than BUCG Group and their joint ventures or associates mainly include property owners, residents, property owners' associations and property developers.

The following table sets forth a breakdown of our total revenue by geographic region for the year/period indicated:

	For the year ended December 31,						For the five months ended May 31,			
	2018		2019		2020		2020		2021	
	RMB'000	%	*RMB'000*	%	*RMB'000*	%	*RMB'000*	%	*RMB'000*	%
Beijing-Tianjin-Hebei Region	874,526	95.3	981,301	93.9	1,023,958	93.9	401,559	94.7	452,992	94.7
Central and West China Region(1)	39,590	4.3	57,025	5.4	58,138	5.3	19,744	4.6	22,000	4.6
East China Region(2)	2,528	0.3	5,855	0.6	7,213	0.7	2,474	0.6	2,942	0.6
Northeast Region(3)	1,228	0.1	1,232	0.1	1,245	0.1	450	0.1	517	0.1
Total	**917,872**	**100.0**	**1,045,413**	**100.0**	**1,090,554**	**100.0**	**424,227**	**100.0**	**478,451**	**100.0**

(1) Includes Sichuan, Chongqing, and Hubei.

(2) Includes Jiangsu and Shandong.

(3) Includes Liaoning.

Property Management Services

We provide a wide range of property management services primarily to property owners, residents, tenants and property developers, including, among others, security, cleaning, greening, gardening and repair and maintenance services. Our property management portfolio covers residential properties and non-residential properties, including (i) commercial properties, such as office buildings and shopping malls; (ii) public and other properties, such as government office buildings, schools, hospitals and stadiums; and (iii) hutongs.

For the years ended December 31, 2018, 2019 and 2020 and for the five months ended May 31, 2020 and 2021, our average property management fee rates for residential properties were RMB2.2 per sq.m. per month, RMB2.2 per sq.m. per month, RMB2.4 per sq.m. per month, RMB2.4 per sq.m. per month and RMB2.4 per sq.m. per month, respectively.

During the Track Record Period, our property management fees were charged either on a lump-sum basis or on a commission basis. For the years ended December 31, 2018, 2019 and 2020 and the five months ended May 31, 2020 and 2021, 99.7%, 99.6%, 99.6%, 99.4% and 99.7% of our revenue generated from property management services was derived from service fees charged on a lump-sum basis, respectively, while 0.3%, 0.4%, 0.4%, 0.6% and 0.3% of our revenue generated from property management services was derived from service fees charged on a commission basis for those same years/periods, respectively.

	For the year ended December 31,						For the five months ended May 31,			
	2018		2019		2020		2020		2021	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Lump sum basis	558,204	99.7	678,839	99.6	730,016	99.6	277,562	99.4	308,034	99.7
Commission basis	1,852	0.3	2,421	0.4	2,970	0.4	1,758	0.6	967	0.3
Total	**560,056**	**100.0**	**681,260**	**100.0**	**732,986**	**100.0**	**279,320**	**100.0**	**309,001**	**100.0**

Value-added Services to Non-property Owners

Our service offerings for value-added services to non-property owners principally comprise: (i) tenant sourcing and management services; (ii) sales office and display unit management and pre-delivery support services; (iii) landscape engineering services; (iv) engineering operations and maintenance services; and (v) preliminary planning and design consultancy services.

For the years ended December 31, 2018, 2019 and 2020 and the five months ended May 31, 2020 and 2021, our revenue generated from value-added services to non-property owners amounted to RMB114.5 million, RMB131.8 million, RMB112.4 million, RMB37.8 million and RMB53.0 million, respectively, accounting for 12.5%, 12.6%, 10.3%, 8.9% and 11.1% of our total revenue for the respective years/periods.

Community Value-added Services

We provide community value-added services, including, among others, (i) heat energy supply services; (ii) carpark space operation services; (iii) catering services; (iv) property leasing services; (v) home decoration management services; and (vi) real estate brokerage services.

For the years ended December 31, 2018, 2019 and 2020 and the five months ended May 31, 2020 and 2021, revenue generated from our community value-added services amounted to RMB243.3 million, RMB232.4 million, RMB245.1 million, RMB107.1 million and RMB116.5 million, respectively, accounting for 26.5%, 22.2%, 22.5%, 25.3% and 24.3% of our total revenue for the respective years/periods.

Cost of Sales

Our cost of sales primarily consisted of (i) staff costs; (ii) subcontracting costs; (iii) utilities; and (iv) repair and maintenance costs. The table below sets forth a breakdown of our cost of sales by service line for the year/period indicated.

	For the year ended December 31,						For the five months ended May 31,			
	2018		2019		2020		2020		2021	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Property management services	456,186	62.8	555,733	66.3	584,408	67.7	202,882	64.5	231,461	64.1
Value-added services to non-property owners	72,618	10.0	86,577	10.3	73,832	8.5	24,572	7.8	34,096	9.5
Community value-added services	197,788	27.2	195,945	23.4	205,840	23.8	87,333	27.7	95,305	26.4
Total	**726,592**	**100.0**	**838,255**	**100.0**	**864,080**	**100.0**	**314,787**	**100.0**	**360,862**	**100.0**

The table below sets forth a breakdown of our cost of sales by nature for the year/period indicated.

	For the year ended December 31,						Five months ended May 31,			
	2018		2019		2020		2020		2021	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Staff costs	258,627	35.6	298,382	35.6	279,093	32.3	106,833	33.9	121,133	33.6
Subcontracting costs	174,648	24.0	234,750	28.0	240,328	27.8	80,674	25.6	106,838	29.6
Utilities	126,230	17.4	138,740	16.6	154,455	17.9	64,389	20.5	65,895	18.3
Repair and maintenance costs	115,183	15.9	117,808	14.1	114,212	13.2	48,682	15.5	53,748	14.9
Depreciation and amortization	23,847	3.3	19,384	2.3	10,452	1.2	4,606	1.5	4,743	1.3
Office expenses	11,870	1.6	13,446	1.6	12,273	1.4	5,202	1.7	3,766	1.0
Others[1]	16,187	2.2	15,745	1.8	53,267	6.2	4,401	1.3	4,739	1.3
Total	**726,592**	**100.0**	**838,255**	**100.0**	**864,080**	**100.0**	**314,787**	**100.0**	**360,862**	**100.0**

Note:

(1) Primarily includes cost of sales for rent and carpark space.

Gross Profit and Gross Profit Margin

For the years ended December 31, 2018, 2019 and 2020 and five months ended May 31, 2020 and 2021, our gross profit was RMB191.3 million, RMB207.2 million, RMB226.5 million, RMB109.4 million and RMB117.6 million, respectively. Our gross profit margin was 20.8%, 19.8%, 20.8%, 25.8% and 24.6% for the same years/periods, respectively. The following table sets forth our gross profit and gross profit margin by service line for the year/period indicated.

	For the year ended December 31,						For the five months ended May 31,			
	2018		2019		2020		2020		2021	
	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*	*%*
Property management services	103,870	18.6	125,527	18.4	148,578	20.3	76,438	27.4	77,540	25.1
Value-added services to non-property owners	41,909	36.6	45,204	34.3	38,587	34.3	13,219	35.0	18,899	35.7
Community value-added services	45,501	18.7	36,427	15.7	39,309	16.0	19,783	18.5	21,150	18.2
Total gross profit/ Overall gross profit margin	**191,280**	**20.8**	**207,158**	**19.8**	**226,474**	**20.8**	**109,440**	**25.8**	**117,589**	**24.6**

Other Income

Our other income primarily consisted of (i) fair value gain of investment properties and (ii) additional deduction of input VAT as a result of implementation of Announcement on Clarifying the VAT Weighted Deduction Policy for the Livelihood Service Sector which allows the taxpayers engaged in the provision of livelihood services to enjoy additional 15% input VAT deduction for relevant periods from the tax amount payable. The following table sets forth our other income and gains for the year/period indicated.

	For the year ended December 31,			For the five months ended May 31,	
	2018	2019	2020	2020	2021
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Other income					
Fair value gain of investment properties	6,830	11,050	7,310	3,070	390
Net (loss)/gain on disposal of property, plant and equipment	(135)	(124)	92	(4)	(16)
Additional deduction of input VAT	–	2,348	5,073	1,505	1,935
Others(1)	(135)	618	1,125	168	(175)
	6,560	**13,892**	**13,600**	**4,739**	**2,134**

(1) Primarily includes one-off government subsidies.

Administrative Expenses

Our administrative expenses primarily consisted of (i) staff costs; (ii) tax and other surcharges; and (iii) office expenses. The following table sets forth a breakdown of our administrative expenses for the year/period indicated.

	For the year ended December 31,						For the five months ended May 31,			
	2018		2019		2020		2020		2021	
	RMB'000	%	*RMB'000*	%	*RMB'000*	%	*RMB'000*	%	*RMB'000*	%
Staff costs	116,405	82.1	125,557	82.7	116,783	81.3	51,610	84.1	56,577	84.7
Tax and other surcharges	9,272	6.5	9,860	6.5	10,182	7.1	4,759	7.8	3,270	4.9
Office expenses	4,681	3.3	3,931	2.6	5,831	4.1	1,750	2.9	2,333	3.5
Bank surcharges	1,965	1.4	2,030	1.3	1,891	1.3	432	0.7	555	0.8
Professional party service expenses	2,777	2.0	3,421	2.3	1,690	1.2	591	1.0	438	0.7
Depreciation and amortization	1,695	1.2	2,166	1.4	1,345	0.9	1,018	1.7	1,019	1.5
Traveling and reception expenses	1,674	1.2	966	0.6	214	0.2	48	0.1	64	0.1
Listing expenses	–	–	–	–	–	–	–	–	482	0.7
Others(1)	3,347	2.3	3,873	2.6	5,645	3.9	1,157	1.7	2,042	3.1
Total	**141,816**	**100.0**	**151,804**	**100.0**	**143,581**	**100.0**	**61,365**	**100.0**	**66,780**	**100.0**

(1) Primarily includes conference expenses.

As a percentage of our revenue, our administrative expenses was 15.5%, 14.5%, 13.2%, 14.5% and 14.0% for the years ended December 31, 2018, 2019 and 2020 and the five months ended May 31, 2020 and 2021, respectively. From 2018 to 2020, administrative expenses as a percentage of our revenue continued to decrease, primarily due to (i) the significant increase in our revenue in 2019 as a result of our business growth, while our administrative expenses increased at a lower pace; and (ii) a decrease in administrative expenses as a result of the social insurance deduction granted by the PRC Government as a result of COVID-19 pandemic in 2020.

Selling Expenses

Our selling expenses primarily consisted of (i) staff costs; and (ii) office expenses. The following table sets forth a breakdown of our selling expenses for the year/period indicated.

	For the year ended December 31,						For the five months ended May 31,			
	2018		2019		2020		2020		2021	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Staff costs	5,584	92.6	8,692	92.7	8,203	88.9	2,995	82.5	3,815	97.2
Office expenses	190	3.2	467	5.0	347	3.8	50	1.4	42	1.1
Others[(1)]	255	4.2	214	2.3	678	7.3	586	16.1	66	1.7
Total	**6,029**	**100.0**	**9,373**	**100.0**	**9,228**	**100.0**	**3,631**	**100.0**	**3,923**	**100.0**

(1) Primarily includes traveling expenses, reception expenses and marketing expenses.

As a percentage of our revenue, our selling expenses was 0.7%, 0.9%, 0.8%, 0.9% and 0.8% for the years ended December 31, 2018, 2019 and 2020 and the five months ended May 31, 2020 and 2021, respectively. During the Track Record Period, selling expenses as a percentage of our revenue remained relatively stable.

Expected credit loss on trade and other receivables

Our expected credit loss on trade and other receivables primarily represents expected credit loss on trade receivables. For the years ended December 31, 2018, 2019 and 2020 and the five months ended May 31, 2020 and 2021, our expected credit loss on trade and other receivables were RMB2.4 million, RMB3.1 million, RMB6.3 million, RMB5.1 million and RMB4.0 million, respectively.

Finance Income

Our finance income represents (i) interest income from deposits we deposited with BUCG Group; and (ii) interest income on bank deposits. The following table sets forth a breakdown of our finance income for the year/period indicated.

	For the year ended December 31,			For the five months ended May 31,	
	2018	**2019**	**2020**	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Interest income on bank deposits	1,991	2,244	2,103	488	3,976
Interest income on receivables from related parties	10,298	11,205	10,373	5,135	2,127
Total	**12,289**	**13,449**	**12,476**	**5,623**	**6,103**

Finance Costs

Our finance costs consist of (i) interest on defined benefit obligations, which represent interest from defined benefit retirement obligations, which were valued by the actuary; and (ii) interest on lease liabilities. The following table sets forth a breakdown of our finance costs for the year/period indicated.

	For the year ended December 31,			For the five months ended May 31,	
	2018	**2019**	**2020**	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Interest on defined benefit obligations	2,205	2,040	2,067	856	903
Interest on lease liabilities	1,517	439	271	142	146
Total	**3,722**	**2,479**	**2,338**	**998**	**1,049**

Income Tax Expense

During the Track Record Period, certain of our subsidiaries have been approved as small low-profit enterprises. The entitled subsidiaries, including Beiyu Parking, Beiyu Catering and Changyu Heating are subject to a preferential income tax rate of 5%, 10% or 20% during the Track Record Period. Pursuant to Caishui 2011 No. 58 Notice on Issues Concerning Relevant Tax Policies to In-depth Implementation of the Western Development Strategy and Announcement 2012 No. 12 Public Announcement on Corporate Income Tax Issues Relating to In-depth Implementation of the Western Development Strategy, Chongqing Property, being the enterprise engaged in state encouraged industries established in the specified western regions, was entitled to a preferential EIT rate of 15% in 2018. Other than the abovementioned subsidiaries, our subsidiaries in the PRC are subject to standard EIT rate of 25% under EIT law.

For the years ended December 31, 2018, 2019 and 2020 and the five months ended May 31, 2020 and 2021, our effective tax rates were 26.3%, 24.6%, 24.5%, 24.2% and 23.3%, respectively, calculated based on actual tax expenses divided by profit before income tax for the same year. We had higher effective income tax rate in 2018, primarily because we incurred certain expenses that were ineligible for deduction in 2018, which resulted in an increase in our income tax expenses. Our effective tax rate for the five months ended May 31, 2021 was comparatively lower, primarily due to the difference resulted from income tax filing.

The Directors estimated the payment of income tax for the year ending December 31, 2021 would include the payment of the income tax payable of RMB78.7 million as of December 31, 2020. Such delay in payments of income tax during the historical periods is mainly due to the change of our accounting basis. We historically recognized certain of our revenue, costs and expenses on a cash basis and filed tax returns based on the cash basis accounting results. In preparation for the Listing, we prepared our historical financial information in according with IFRS and adopted the accrual basis. The change from the cash basis accounting to the accrual basis accounting resulted in an increase in the balance of tax payable and the recalculation of the impact on the income tax expenses during the historical periods. After consultation with the relevant tax authorities, we included the relevant adjustment items in income tax returns for the year ended December 31, 2020 and such tax payables were fully settled as of May 31, 2021. For the five months ended May 31, 2021, we have paid income tax of RMB79.3 million.

Pursuant to the Reply of the State Administration of Taxation on Whether Supplementary Corrective Declaration and Payment of Taxes During Tax Investigation Affects the Determination of Tax Evasion Behaviour (Shui Zong Han [2013] No. 196) (《關於稅務檢查期間補正申報補繳稅款是否影響偷稅行為定性有關問題的批覆》(稅總函[2013]196號)), where a taxpayer makes supplementary corrective declaration and payment of taxes voluntarily before the tax investigation by the tax investigation bureau and the tax authorities have no evidence indicating that the taxpayer has the subjective intention to evade taxes, the taxpayer shall not be treated as having committed tax evasion. Pursuant to the above provisions and in view of the fact that we have made supplementary corrective declaration and paid the relevant taxes in full before the tax investigation, we believe, and our PRC Legal Advisers concur, that the risk of us being subject to tax administrative punishment due to the aforementioned delayed payment of income tax being treated as tax evasion is remote.

BUCG has undertaken to assume all payment obligations, including fine payment and any other fees, in relation to the aforementioned delayed payment of income tax as required by tax authorities, as well as any economic losses incurred thereunder, if any. As a result, the Directors are of the view that the aforementioned delayed payment of income tax will not adversely affect our financial condition.

During the Track Record Period and up to the Latest Practicable Date, we have performed all our tax obligations and did not have any unresolved tax disputes.

Other Comprehensive Income

Our other comprehensive income consists of (i) remeasurement of defined benefit obligations; (ii) income tax relating to remeasurement of defined benefit obligations; (iii) equity investments at FVOCI – net movement in fair value reserves; and (iv) income tax relating to equity investments at FVOCI – net movement in fair value reserves.

RESULTS OF OPERATIONS

Five Months Ended May 31, 2021 Compared to Five Months Ended May 31, 2020

Revenue

Our revenue increased by 12.8% from RMB424.2 million for the five months ended May 31, 2020 to RMB478.5 million for the five months ended May 31, 2021, reflecting revenue increases in all of our service lines.

Property Management Services

Revenue from property management services increased by 10.6% from RMB279.3 million for the five months ended May 31, 2020 to RMB309.0 million for the five months ended May 31, 2021, primarily due to the increase in our GFA under management. Our GFA under management increased during the five months ended May 31, 2021, reaching 30.5 million sq.m. as of May 31, 2021.

Value-added Services to Non-property Owners

Revenue from value-added services to non-property owners increased by 40.2% from RMB37.8 million for the five months ended May 31, 2020 to RMB53.0 million for the five months ended May 31, 2021, primarily because we recorded a relatively lower revenue in both sales office and display unit management and pre-delivery support services and tenant sourcing and management services as impacted by the COVID-19 pandemic for the five months ended May 31, 2020 due to governmental restrictions on public activities.

Community Value-added Services

Revenue from community value-added services increased by 8.7% from RMB107.1 million for the five months ended May 31, 2020 to RMB116.5 million for the five months ended May 31, 2021, primarily due to a revenue increase in catering services because we recorded lower revenue from catering services as affected by the COVID-19 pandemic for the five months ended May 31, 2020 due to governmental restrictions on public activities.

Cost of Sales

Our cost of sales increased by 14.6% from RMB314.8 million for the five months ended May 31, 2020 to RMB360.9 million for the five months ended May 31, 2021, which was in line with our revenue increase during the same period. The increase in our cost of sales for the five months ended May 31, 2021 was primarily because the social insurance deduction granted by the PRC Government in response to the COVID-19 pandemic in 2020 was no longer available in 2021.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit increased by 7.4% from RMB109.4 million for the five months ended May 31, 2020 to RMB117.6 million for the five months ended May 31, 2021. Our gross profit margin decreased from 25.8% for the five months ended May 31, 2020 to 24.6% for the five months ended May 31, 2021, primarily reflecting the decrease in gross profit margin for property management services.

Property Management Services

Gross profit for property management services remained relatively stable at RMB76.4 million and RMB77.5 million for the five months ended May 31, 2020 and 2021, respectively. Gross profit margin for property management services decreased from 27.4% for the five months ended May 31, 2020 to 25.1% for the five months ended May 31, 2021, primarily due to the increase in our cost of sales for the five months ended May 31, 2021. For the five months ended May 31, 2020, we were entitled to the social insurance deduction granted by the PRC Government in response to the COVID-19 pandemic, while in the five months ended May 31, 2021, no such deduction were available, which caused the increase in our cost of sales in the five months ended May 31, 2021.

Value-added Services to Non-property Owners

Gross profit for value-added services to non-property owners increased by 43.0% from RMB13.2 million for the five months ended May 31, 2020 to RMB18.9 million for the five months ended May 31, 2021. Gross profit margin for value-added services to non-property owners remained relatively stable at 35.0% and 35.7% for the five months ended May 31, 2020 and 2021, respectively.

Community value-added Services

Gross profit for community value-added services increased by 6.9% from RMB19.8 million for the five months ended May 31, 2020 to RMB21.2 million for the five months ended May 31, 2021. Gross profit margin for community value-added services remained relatively stable at 18.5% and 18.2% for the five months ended May 31, 2020 and 2021, respectively.

Other Income

Our other income decreased by 55.0 % from RMB4.7 million for the five months ended May 31, 2020 to RMB2.1 million for the five months ended May 31, 2021, primarily due to a decrease in fair value gain of investment properties as a result of our transfer of certain investment properties to BUCC. For details of such transfer, see "History, Development and Corporate Structure – Reorganization".

Administrative Expenses

Our administrative expenses increased by 8.8% from RMB61.4 million for the five months ended May 31, 2020 to RMB66.8 million for the five months ended May 31, 2021. We were entitled to the social insurance deduction for the five months ended May 31, 2020, granted by the PRC Government in response to the COVID-19 pandemic in 2020, while no such deduction were available for the five months ended May 31, 2021, which resulted in an increase in our administrative staff costs for the five months ended May 31, 2021.

Selling Expenses

Our selling expenses remained relatively stable at RMB3.6 million and RMB3.9 million for the five months ended May 31, 2020 and 2021, respectively.

Expected credit loss on trade and other receivables

Our expected credit loss on trade and other receivables decreased by 20.3% from RMB5.1 million for the five months ended May 31, 2020 to RMB4.0 million for the five months ended May 31, 2021, primarily due to the settlement of our trade receivables with comparatively longer aging for the five months ended May 31, 2021.

Finance Income

Our finance income increased by 8.5% from RMB5.6 million for the five months ended May 31, 2020 to RMB6.1 million for the five months ended May 31, 2021, primarily due to an increase in interest income on bank deposits; partially offset by a decrease in interest income on receivables from related parties.

Finance Costs

Our finance costs remained relatively stable at RMB1.0 million and RMB1.0 million for the five months ended May 31, 2020 and 2021, respectively.

Income Tax Expense

Our income tax expense remained relatively stable at RMB11.8 million and RMB11.7 million for the five months ended May 31, 2020 and 2021, respectively. Our effective tax rate decreased from 24.2% for the five months ended May 31, 2020 to 23.3%, primarily due to the difference resulted from income tax filing.

Profit for the Period

As a result of the foregoing, our profit for the period increased by 3.9% from RMB36.9 million for the five months ended May 31, 2020 to RMB38.4 million for the five months ended May 31, 2021.

Other Comprehensive Income

Our other comprehensive income increased from RMB0.1 million for the five months ended May 31, 2020 to RMB0.8 million for the five months ended May 31, 2021, primarily because our equity investments at FVOCI – net movement in fair value reserves increased from RMB0.1 million for the five months ended May 31, 2020 to RMB0.6 million for the five months ended May 31, 2021.

Year Ended December 31, 2020 Compared to Year Ended December 31, 2019

Revenue

Our revenue increased by 4.3% from RMB1,045.4 million for the year ended December 31, 2019 to RMB1,090.6 million for the year ended December 31, 2020, primarily reflecting our revenue increases in property management services and community value added services.

Property Management Services

Revenue from property management services increased by 7.6% from RMB681.3 million for the year ended December 31, 2019 to RMB733.0 million for the year ended December 31, 2020, primarily due to (i) an increase in our GFA under management from 28.7 million sq.m. as of December 31, 2019 to 29.1 million sq.m. as of December 31, 2020; and (ii) an increase in our average property management fee rates for residential properties from RMB2.2 per sq.m. per month for the year ended December 31, 2019 to RMB2.4 per sq.m. per month for the year ended December 31, 2020.

Value-added Services to Non-property Owners

Revenue from value-added services to non-property owners decreased by 14.7% from RMB131.8 million for the year ended December 31, 2019 to RMB112.4 million for the year ended December 31, 2020, primarily due to a decrease in revenue from sales office and display unit management and pre-delivery support services resulted from less properties completed or delivered by relevant property developers in 2020.

Community Value-added Services

Revenue from community value-added services increased by 5.5% from RMB232.4 million for the year ended December 31, 2019 to RMB245.1 million for the year ended December 31, 2020, primarily because we recorded a revenue increase in our catering services as we managed three more canteens in 2020.

Cost of Sales

Our cost of sales increased by 3.1% from RMB838.3 million for the year ended December 31, 2019 to RMB864.1 million for the year ended December 31, 2020, which was in line with our revenue increase during the same period. Such increase was partially offset by a decrease in staff costs as a result of social insurance deduction granted by the PRC Government due to COVID-19 pandemic in 2020.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit increased by 9.3% from RMB207.2 million for the year ended December 31, 2019 to RMB226.5 million for the year ended December 31, 2020. Our gross profit margin increased from 19.8% for the year ended December 31, 2019 to 20.8% for the year ended December 31, 2020, reflecting increases in gross profit margin for property management services and value-added services to non-property owners.

Property Management Services

Gross profit for property management services increased by 18.4% from RMB125.5 million for the year ended December 31, 2019 to RMB148.6 million for the year ended December 31, 2020. Gross profit margin for property management services increased from 18.4% for the year ended December 31, 2019 to 20.3% for the year ended December 31, 2020, primarily due to a decrease in staff costs as a result of the social insurance deduction granted by the PRC Government due to COVID-19 pandemic in 2020, while revenue from property management services continued to increase.

Value-added Services to Non-property Owners

Gross profit for value-added services to non-property owners decreased by 14.6% from RMB45.2 million for the year ended December 31, 2019 to RMB38.6 million for the year ended December 31, 2020. Gross profit margin for value-added services to non-property owners remained stable at 34.3% and 34.3% for the year ended December 31, 2019 and 2020, respectively.

Community value-added Services

Gross profit for community value-added services increased by 7.9% from RMB36.4 million for the year ended December 31, 2019 to RMB39.3 million for the year ended December 31, 2020. Gross profit margin for community value-added services increased from 15.7% for the year ended December 31, 2019 to 16.0% for the year ended December 31, 2020, primarily due to (i) the revenue increase in our catering services as we managed three more canteens in 2020; and (ii) the decrease in our staff costs as a result of social insurance deduction granted by the PRC Government due to COVID-19 pandemic in 2020.

Other Income

Our other income remained relatively stable at RMB13.9 million and RMB13.6 million for the year ended December 31, 2019 and 2020, respectively.

Administrative Expenses

Our administrative expenses decreased by 5.4% from RMB151.8 million for the year ended December 31, 2019 to RMB143.6 million for the year ended December 31, 2020, primarily due to a decrease in staff costs as a result of the social insurance deduction granted by the PRC Government due to COVID-19 pandemic in 2020.

Selling Expenses

Our selling expenses remained relatively stable at RMB9.4 million and RMB9.2 million for the year ended December 31, 2019 and 2020, respectively.

Expected credit loss on trade and other receivables

Our expected credit loss on trade and other receivables increased significantly from RMB3.1 million for the year ended December 31, 2019 to RMB6.3 million for the year ended December 31, 2020, primarily due to an increase in our trade receivables from Independent Third Parties during the corresponding period.

Finance Income

Our finance income decreased by 7.2% from RMB13.4 million for the year ended December 31, 2019 to RMB12.5 million for the year ended December 31, 2020, primarily due a decrease in interest income on receivables from related parties because part of such deposits has been remitted to us in 2020.

Finance Costs

Our finance costs remained relatively stable at RMB2.5 million and RMB2.3 million for the year ended December 31, 2019 and 2020, respectively.

Income Tax Expense

Our income tax expense increased by 33.9% from RMB16.7 million for the year ended December 31, 2019 to RMB22.3 million for the year ended December 31, 2020, reflecting an increase in our profit before taxation as a result of our business growth. Our effective tax rate remained relatively stable at 24.6% and 24.5% for the year ended December 31, 2019 and 2020, respectively.

Profit for the Year

As a result of the foregoing, our profit for the year increased by 34.5% from RMB51.1 million for the year ended December 31, 2019 to RMB68.8 million for the year ended December 31, 2020.

Other Comprehensive Income

Our other comprehensive income decreased by 83.1% from RMB5.4 million for the year ended December 31, 2019 to RMB0.9 million for the year ended December 31, 2020, primarily because our equity investments at FVOCI – net movement in fair value reserves changed from RMB7.2 million for the year ended December 31, 2019 to RMB-1.2 million for the year ended December 31, 2020; partially offset by (i) our remeasurement of defined benefit obligations changed from nil for the year ended December 31, 2019 to RMB2.4 million for the year ended December 31, 2020; and (ii) our income tax relating to equity investments at FVOCI – net movement in fair value reserves changed from RMB-1.8 million for the year ended December 31, 2019 to RMB0.3 million for the year ended December 31, 2020. All these fluctuations reflected changes in respective fair value as measured by the actuary. As there have been no changes in benefits provisions, no significant movements in participants and no change in discount rate of post-employment benefits from December 31, 2018 to December 31, 2019, the re-measurement amount of defined benefit obligations recognized in other comprehensive income was nil for the year ended December 31, 2019.

Year Ended December 31, 2019 Compared to Year Ended December 31, 2018

Revenue

Our revenue increased by 13.9% from RMB917.9 million for the year ended December 31, 2018 to RMB1,045.4 million for the year ended December 31, 2019, primarily reflecting our revenue increases in property management services and value-added services to non-property owners.

Property Management Services

Revenue from property management services increased by 21.6% from RMB560.1 million for the year ended December 31, 2018 to RMB681.3 million for the year ended December 31, 2019, primarily due to an increase in our GFA under management from 25.8 million sq.m. as of December 31, 2018 to 28.7 million sq.m. as of December 31, 2019.

Value-added Services to Non-property Owners

Revenue from value-added services to non-property owners increased by 15.1% from RMB114.5 million for the year ended December 31, 2018 to RMB131.8 million for the year ended December 31, 2019, primarily due to (i) an increase in revenue from sales office and display unit management and pre-delivery support services resulted from an increase in the number of projects delivered by relevant property developers in 2019; and (ii) an increase in business scale of tenant sourcing and management services as we actively developed such business in 2019.

Community Value-added Services

Revenue from community value-added services decreased by 4.5% from RMB243.3 million for the year ended December 31, 2018 to RMB232.4 million for the year ended December 31, 2019, primarily due to a decrease in revenue from property leasing services as BUCC, pursuant to governmental policies in Beijing, handed over three and eight non-operating assets in 2019 and 2020, respectively, such as public housing properties, to one designated government body in 2019 and 2020, which we were responsible for managing the leasing services. From these public housing properties, we generated revenue of RMB9.1 million, RMB5.2 million and RMB3.2 million for the years ended December 31, 2018, 2019 and 2020, respectively, before the hand-over.

Cost of Sales

Our cost of sales increased by 15.4% from RMB726.6 million for the year ended December 31, 2018 to RMB838.3 million for the year ended December 31, 2019, primarily due to an increase in staff costs as a result of an increase in our staff compensation in 2019.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit increased by 8.3% from RMB191.3 million for the year ended December 31, 2018 to RMB207.2 million for the year ended December 31, 2019. Our gross profit margin decreased from 20.8% for the year ended December 31, 2018 to 19.8% for the year ended December 31, 2019, primarily due to a decrease in gross profit margin for value-added services to non-property owners.

Property Management Services

Gross profit for property management services increased by 20.9% from RMB103.9 million for the year ended December 31, 2018 to RMB125.5 million for the year ended December 31, 2019. Our gross profit margin for property management services remained relatively stable at 18.6% and 18.4% for the year ended December 31, 2018 and 2019, respectively.

Value-added Services to Non-property Owners

Gross profit for value-added services to non-property owners increased by 7.9% from RMB41.9 million for the year ended December 31, 2018 to RMB45.2 million for the year ended December 31, 2019. Gross profit margin for value-added services to non-property owners decreased from 36.6% for the year ended December 31, 2018 to 34.3% for the year ended December 31, 2019, primarily due to a decrease in revenue from landscape engineering services, while our fixed costs for value-added services to non-property owners, such as staff costs, remained stable in 2019.

Community value-added Services

Gross profit for community value-added services decreased by 19.9% from RMB45.5 million for the year ended December 31, 2018 to RMB36.4 million for the year ended December 31, 2019. Our gross profit margin for community value-added services decreased from 18.7% for the year ended December 31, 2018 to 15.7% for the year ended December 31, 2019, primarily due to a decrease in revenue from property leasing services as a result of the decrease in total area we used for property leasing services in 2019 because BUCC, pursuant to governmental policies in Beijing, handed over its certain non-operating assets, such as public housing properties to one government body in 2019 and 2020, which we used for property leasing services, while our fixed costs for property leasing services, such as staff costs, remained stable in 2019.

Other Income

Our other income increased significantly from RMB6.6 million for the year ended December 31, 2018 to RMB13.9 million for the year ended December 31, 2019, primarily due to (i) an increase in fair value gain on investment properties as a result of an increase in the fair value of one real estate property we invest in; and (ii) an increase in additional deduction of input VAT as a result of implementation of Announcement on Clarifying the VAT Weighted Deduction Policy for the Livelihood Service Sector in 2019.

Administrative Expenses

Our administrative expenses increased by 7.0% from RMB141.8 million for the year ended December 31, 2018 to RMB151.8 million for the year ended December 31, 2019, primarily due to an increase in staff costs as a result of the increase in our staff compensation in 2019.

Selling Expenses

Our selling expenses significantly increased by 55.5% from RMB6.0 million for the year ended December 31, 2018 to RMB9.4 million for the year ended December 31, 2019, primarily due to an increase in our staff compensation in 2019.

Expected credit loss on trade and other receivables

Our expected credit loss on trade and other receivables increased by 28.6% from RMB2.4 million for the year ended December 31, 2018 to RMB3.1 million for the year ended December 31, 2019, primarily due to an increase in trade receivables during the corresponding period as a result of the increase in our revenue, reflecting our business growth.

Finance Income

Our finance income increased by 9.4% from RMB12.3 million for the year ended December 31, 2018 to RMB13.4 million for the year ended December 31, 2019, primarily due to an increase in interest income on deposits in related parties as a result of an increase in deposits we deposited with BUCG Group during such period.

Finance Costs

Our finance costs decreased by 33.4% from RMB3.7 million for the year ended December 31, 2018 to RMB2.5 million for the year ended December 31, 2019, primarily due to a decrease in interest on lease liabilities as a result of expiration of certain leases for properties.

Income Tax Expense

Our income tax expense increased by 12.5% from RMB14.8 million for the year ended December 31, 2018 to RMB16.7 million for the year ended December 31, 2019, reflecting an increase in our profit before taxation as a result of our business growth. Our effective tax rate decreased from 26.3% for the year ended December 31, 2018 to 24.6% for the year ended December 31, 2019, primarily because we incurred certain expenses that were ineligible for deduction in 2018, which resulted in an increase in our income tax expenses, while we did not incur such expenses that were ineligible for deduction in 2019.

Profit for the Year

As a result of the foregoing, our profit for the year increased by 23.5% from RMB41.4 million for the year ended December 31, 2018 to RMB51.1 million for the year ended December 31, 2019.

Other Comprehensive Income

Our other comprehensive income changed from RMB-5.3 million for the year ended December 31, 2018 to RMB5.4 million for the year ended December 31, 2019, primarily because (i) our equity investments at FVOCI – net movement in fair value reserves changed from RMB-0.6 million for the year ended December 31, 2018 to RMB7.2 million for the year ended December 31, 2019; and (ii) we did not record remeasurement of defined benefit obligations for the year ended December 31, 2019 while we recorded remeasurement of defined benefit obligations of RMB-6.4 million for the year ended December 31, 2018. All these fluctuations reflected changes in respective fair value as measured by the actuary.

DESCRIPTION OF CERTAIN ITEMS IN THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The following table sets forth certain components of our consolidated statements of financial position as of the dates indicated:

	As of December 31,			As of May 31,
	2018	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current assets				
Investment properties	260,310	271,360	103,580	103,970
Property, plant and equipment	39,435	30,342	24,974	24,862
Intangible assets	1,841	2,956	3,133	2,939
Other financial assets	42,919	95,597	94,410	94,990
Deferred tax assets	26,683	27,146	28,318	29,752
	371,188	427,401	254,415	256,513
Current assets				
Inventories	736	1,037	6,924	7,249
Prepayments, trade and other receivables	697,564	804,546	568,932	378,339
Restricted cash	42,106	42,230	4,916	4,233
Cash and cash equivalents	335,611	293,648	747,044	879,471
	1,076,017	1,141,461	1,327,816	1,269,292
Current liabilities				
Trade and other payables	605,114	659,829	743,067	798,643
Contract liabilities	201,605	224,587	248,617	160,314
Lease liabilities	12,763	5,389	3,167	3,802
Current taxation	61,743	68,220	78,718	12,633
	881,225	958,025	1,073,569	975,392
Net current assets	194,792	183,436	254,247	293,900
Total assets less current liabilities	565,980	610,837	508,662	550,413
Non-current liabilities				
Lease liabilities	4,575	999	2,469	3,315
Deferred tax liabilities	55,802	59,664	32,622	32,804
Defined benefit obligations	59,661	60,486	59,449	61,030
	120,038	121,149	94,540	97,149
NET ASSETS	**445,942**	**489,688**	**414,122**	**453,264**

Investment Properties

Our investment properties primarily represent our investment in real estate properties. Fair value of our investment properties are valued by an Independent Third Party valuer on an annual basis during the Track Record Period. For details, see "Appendix III – Property Valuation Report". The carrying amount of our investment properties remained relatively stable at RMB260.3 million and RMB271.4 million as of December 31, 2018 and 2019, respectively. The carrying amount of our investment properties decreased from RMB271.4 million as of December 31, 2019 to RMB103.6 million as of December 31, 2020, primarily due to our transfer of certain properties with the carrying amount of RMB175.1 million to BUCC in 2020 in connection with our reorganization. The carrying amount of our investment properties remained relatively stable at RMB104.0 million as of May 31, 2021 as compared with RMB103.6 million as of December 31, 2020.

Property, Plant and Equipment

Our property, plant and equipment primarily consists of (i) buildings; (ii) other real estate properties leased for own use; and (iii) office and other equipment. The carrying value of our property, plant and equipment decreased from RMB39.4 million as of December 31, 2018 to RMB30.3 million as of December 31, 2019 and further decreased to RMB25.0 million as of December 31, 2020, primarily due to depreciation of our property, plant and equipment. The carrying value of our property, plant and equipment remained relatively stable at RMB24.9 million as of May 31, 2021 as compared with RMB25.0 million as of December 31, 2020.

Other Financial Assets

Our other financial assets relate to our unlisted equity investment. During the Track Record Period, the unlisted equity investments mainly represent equity interests in Beijing Jindi Real Estate Development Co., Ltd ("**Jindi Real Estate**"). We hold 9.09% equity interests in Jindi Real Estate. In 2019, we made a further capital injection of RMB45.5 million to Jindi Real Estate, which is in proportion to its holding of the total equity interests in Jindi Real Estate. Our other financial assets amounted to RMB95.0 million as of May 31, 2021.

We designated our equity investments at FVOCI, as the investments are held for strategic purpose. No dividends were received on these investments during the Track Record Period.

In relation to the valuation of our Group's financial assets categorized into the level 3 of fair value measurement, the Directors, based on the professional advice received, adopted the following procedures: (i) reviewed the terms of the relevant equity investments; (ii) engaged the independent valuer, provided necessary financial and non-financial information so as to enable the valuer to perform valuation procedures and discussed with the valuer on relevant assumptions and considered such information with management assessment and estimates; and

(iii) reviewed the valuation reports prepared by the valuer. Based on the above procedures, our Directors are of the view that the valuation of our financial assets categorized within the level 3 of fair value measurement is fair and reasonable, and our financial statements have been properly prepared.

The details on the fair value measurement of the financial assets, particularly the fair value hierarchy, the valuation techniques and key inputs, including significant unobservable inputs and the relationship of the unobservable inputs to the fair values, are disclosed in Note 24 to the Accountants' Report set out in the Appendix I to the Prospectus. The Reporting Accountants have conducted their work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 Accountants' Reports on Historical Financial Information in Investment Circulars ("**HKSIR 200**") issued by the Hong Kong Institute of Certified Public Accountants to express an opinion on the Group's Historical Financial Information for the Track Record Period as a whole in Appendix I to this Prospectus.

The Sole Sponsor has conducted the following due diligence in relation to the valuation of the level 3 financial assets: (i) discussed with the Company to understand its policies and procedures in relation to the valuation of the level 3 financial assets and the valuation model adopted by the Company; (ii) reviewed the relevant documents and information in relation to the valuation provided by the Company; (iii) discussed with the Reporting Accountants to understand the work they have performed in relation to such valuation for the purpose of reporting on the historical financial information, as a whole, of the Company; and (iv) obtained and reviewed valuation report prepared by the independent valuer which contain, among others, the methodology, basis and assumptions of relevant valuation. Based on the due diligence performed set out in the above, the Sole Sponsor is of the view that, the valuation of the financial assets categorised within the level 3 of fair value measurement is fair and reasonable.

Deferred Tax Assets

Deferred tax assets relating to certain temporary differences and tax losses are recognized when our management considers to be probable that future taxable profit will be available against which the temporary differences or tax losses can be utilized. The outcome of their actual utilisation may be different. Our deferred tax assets primarily relate to our allowance for impairment losses and defined benefit retirement obligation. Our deferred tax assets continued to increase during the Track Record Period, primarily due to an increase in expected credit loss on trade receivables. As of May 31, 2021, our deferred tax assets amounted to RMB29.8 million.

Inventories

Our inventories consist of (i) raw materials; (ii) low-value consumables; and (iii) parking lots for sales. The carrying value of our inventories remained relatively stable at RMB0.7 million and RMB1.0 million as of December 31, 2018 and 2019, and significantly increased from RMB1.0 million as of December 31, 2019 to RMB6.9 million as of December 31, 2020, and further increased to RMB7.2 million as of May 31, 2021, primarily because we recorded parking lots for sales in relation to our sales of carpark spaces of property developers of the residential properties under our management to property owners. The table below sets forth a breakdown of our inventories during the Track Record Period:

	As of December 31,			As of May 31,
	2018	**2019**	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Raw materials	310	742	282	715
Low-value consumables	426	295	175	67
Parking lots for sales	–	–	6,467	6,467
Total	**736**	**1,037**	**6,924**	**7,249**

Prepayments, Trade and Other Receivables

Trade Receivables

Our trade receivables mainly arise from our three service lines during Track Record Period. The following table sets forth a breakdown of our trade receivables as of the dates indicated:

	As of December 31,			As of May 31,
	2018	**2019**	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables				
– Related parties	105,022	164,300	93,078	84,586
– Third parties	170,724	217,714	239,567	274,298
Subtotal	**275,746**	**382,014**	**332,645**	**358,884**
Less: allowance for trade receivables	(42,697)	(45,471)	(51,885)	(55,937)
Total	**233,049**	**336,543**	**280,760**	**302,947**

Before allowance for trade receivables, as of December 31, 2018, 2019, 2020 and May 31, 2021, our trade receivables were RMB275.7 million, RMB382.0 million, RMB332.6 million and RMB358.9 million, respectively. Our trade receivables increased from RMB275.7 million as of December 31, 2018 to RMB382.0 million as of December 31, 2019, primarily due to an increase in revenue and business scale as a result of our business expansion. Our trade receivables decreased from RMB382.0 million as of December 31, 2019 to RMB332.6 million as of December 31, 2020, primarily due to a decrease in trade receivables from related parties attributable to relevant settlement in 2020. Our trade receivables increased from RMB332.6 million as of December 31, 2020 to RMB358.9 million as of May 31, 2021, primarily due to an increase in revenue and business scale as a result of our business expansion.

The following table sets forth the aging analysis of our trade receivables based on due date as of the dates indicated:

	As of December 31,			As of May 31,
	2018	**2019**	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	186,030	277,642	221,258	245,269
1 to 2 years	27,595	36,611	33,657	29,412
2 to 3 years	10,511	13,900	15,073	14,934
3 to 4 years	4,510	4,410	6,326	8,206
4 to 5 years	2,857	1,956	2,422	3,102
Over 5 years	1,546	2,024	2,024	2,024
Total trade receivables	**233,049**	**336,543**	**280,760**	**302,947**

We receive revenue in accordance with the relevant service agreements, which is due for payment by the property owners upon our rendering of services. For trade receivables in general, our trading terms are mainly on credit and the credit period is generally 90 days. We seek to maintain strict controls over the outstanding receivables and overdue balances are reviewed regularly by management. Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime expected credit losses ("**ECLs**"). ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date. The gross carrying amount of a financial asset, lease receivable or contract asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. For further details on our impairment policy related to trade receivables and credit risk disclosures, please refer to notes 2(i) and 24(a) to Accountants' Report in Appendix I to this Prospectus. We assess the creditability of the debtor and provide for expected credit losses in accordance with the accounting policy. We also enhanced our efforts to closely monitor the payment progress and collect overdue accounts, such as sending reminders and demand letters to our customers at regular intervals. As a result of our efforts, as of August 31, 2021, we had subsequently received settlement of RMB105.1 million, representing 29.3% of the trade receivables as of May 31, 2021. In addition, our customers during the Track Record Period have a good track record with us and have been making consistent and regular payments. Based on the factors set out in the above, our Directors are of the view, and the Sole Sponsor concurs that there is no material recoverability issue with respect to the outstanding balance of our trade receivables as of May 31, 2021 and sufficient provisions have been made for our trade receivables as of May 31, 2021.

The following table sets forth the average turnover days of our trade receivables for the periods indicated:

	Year ended December 31,			For the five months ended May 31,
	2018	**2019**	**2020**	**2021**
Average trade receivables turnover days				
– Overall[(1)]	108	115	120	109
– Related parties[(2)]	258	246	254	166
– Independent Third Parties[(3)]	79	84	92	98

Notes:

(1) The overall trade receivable turnover days is the average of the opening and closing trade receivables divided by our total revenue for that year/period and multiplied by the number of days for that year/period.

(2) The trade receivable turnover days in respect of related parties is the average of the opening and closing trade receivables attributable to related parties divided by our revenue attributable to related parties for that year/period and multiplied by the number of days for that year/period.

(3) The trade receivable turnover days in respect of independent third parties is the average of the opening and closing trade receivables attributable to third parties divided by our revenue attributable to third parties for that year/period and multiplied by the number of days for that year/period.

The increase in our trade receivables turnover days from 2018 to 2019 primarily reflected the increase in the amount of our trade receivables as a result of our business growth. The increase in our trade receivables turnover days from 2019 to 2020 was primarily caused by the slow collection of property management fees from the property owners due to COVID-19 pandemic in the first half of 2020. The decrease in our trade receivables turnover days from 2020 to the five months ended May 31, 2021 primarily reflected our enhanced collection efforts, especially with respect to trade receivables of related parties.

During the Track Record Period, our trade receivables turnover days for related parties were longer than that for Independent Third Parties, primarily because we offered a longer settlement period to related parties as we considered that the credit risk of our related parties was low, having taken into account our long-standing and close business relationship with our related parties and their solid financial position and credit history. During the Track Record Period, we did not experience any difficulties in collecting trade receivables from our related parties.

We have been devoting our efforts to settling related party receivables so as to narrow down the gap between the average trade receivables turnover days of related parties and those of Independent Third Parties. The measures we formulated and implemented include (i) sending reminders through various channels such as phone calls and text messages on a more frequent basis; (ii) designating relevant personnel to closely monitor the related party receivables collection; and (iii) taking initiative to communicate with the related parties to settle the long-term uncollected accounts receivable, issuing the invoice and reconciliation letter to the related parties on a regular basis, and communicating about the accounts receivable overdue or approaching payment day in a timely manner. We have reached a specific settlement plan with our related parties to ensure that most of the trade receivables due from the related parties will be settled prior to the Listing. We expect that the average trade receivables turnover days of related parties will be shortened and better collection will be achieved in the forthcoming years after our continuous efforts. As a result, our trade receivables turnover days for related parties decreased from 254 days for the year ended December 31, 2020 to 166 days for the five months ended May 31, 2021.

Other Receivables

Our other receivables primarily consist of amounts due from related parties, which include (i) interest-bearing receivable; (ii) interest receivable; and (iii) other receivables from related parties. These receivables were non-trade in nature and are expected to be settled prior to the Listing. As of December 31, 2018, 2019, and 2020, apart from the receivables from BUCG Group amounting to RMB378.2 million, RMB403.1 million and RMB220.0 million respectively bearing interests ranging from 1.15% to 4.50%, other amounts due from related parties were unsecured and interest free. As of May 31, 2021, all of our other receivables due from related parties were unsecured and interest free. The following table sets forth a breakdown of our other receivables as of the date indicated:

	As of December 31,			As of May 31,
	2018	**2019**	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Amounts due from related parties	418,552	414,998	224,128	2,258
Dividends receivable	1,550	1,550	1,594	1,594
Deposits	3,497	3,352	2,831	2,128
Interest receivables	–	–	–	2,654
Other receivables	3,027	3,533	5,674	4,766
Subtotal	**426,626**	**423,433**	**234,227**	**13,400**
Less: allowance for other receivables	(1,033)	(1,186)	(1,073)	(1,073)
Total	**425,593**	**422,247**	**233,154**	**12,327**

Our other receivables remained relatively stable at RMB426.6 million and RMB423.4 million as of December 31, 2018 and 2019. Our other receivables significantly decreased from RMB423.4 million as of December 31, 2019 to RMB234.2 million as of December 31, 2020, primarily due to a decrease in amounts due from related parties as a result of our settlement with related parties. Our other receivables decreased from RMB234.2 million as of December 31, 2020 to RMB13.4 million as of May 31, 2021, primarily due to our settlement of interest-bearing receivables with BUCG Group.

Prepayments

Our prepayments primarily relate to (i) gas fee we prepay for providing heat energy supply services; and (ii) prepayments to property developers for purchasing carpark spaces. The following table sets forth a breakdown of our prepayments as of the date indicated:

	As of December 31,			As of May 31,
	2018	**2019**	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Prepayments				
– related parties	–	82	19,335	19,288
– third parties	36,224	40,990	31,746	39,042
Input VAT to be deducted	2,698	4,684	3,937	4,735
Total	**38,922**	**45,756**	**55,018**	**63,065**

Our prepayments increased from RMB38.9 million as of December 31, 2018 to RMB45.8 million as of December 31, 2019, primarily due to an increase in prepayments for gas fee in 2019. Our prepayments increased from RMB45.8 million as of December 31, 2019 to RMB55.0 million as of December 31, 2020, primarily due to an increase in prepayments to property developers, who are our related parties, for purchasing carpark spaces as we planned to actively develop such business in 2020. Our prepayments increased from RMB 55.0 million as of December 31, 2020 to RMB63.1 million as of May 31, 2021, primarily due to an increase in prepayments to third parties as a result of an increase in gas fee we prepaid.

Restricted Cash

As of December 31, 2018 and 2019, our restricted cash mainly represents cash deposited by a third party for purchase of certain heating-related assets from us. Our restricted cash remained stable at RMB42.1 million and RMB42.2 million as of December 31, 2018 and 2019, respectively. As of December 31, 2020 and May 31, 2021, our restricted cash mainly represents cash deposited in banks as joint accounts with property owners, including (i) the property management fees we collected from the projects under commission basis. When we are contracted to manage properties under commission basis, we essentially act as an agent of the property owners. Our restricted cash decreased from RMB42.2 million as of December 31, 2019 to RMB4.9 million as of December 31, 2020, primarily due to the remittance of restricted cash of RMB41.0 million in January 2020. Our restricted cash remained relatively stable at RMB4.2 million as of May 31, 2021 as compared with RMB4.9 million as of December 31, 2020.

Cash and Cash Equivalents

Our cash and cash equivalents primarily represents cash we have in bank accounts. As of December 31, 2018, 2019 and 2020 and May 31, 2021, our cash and cash equivalents amounted to RMB335.6 million, RMB293.6 million, RMB747.0 million and RMB879.5 million, respectively. Our cash and cash equivalents are denominated in RMB and carried interest rates ranging from 0.3% to 4.0% per annum throughout the Track Record Period.

Trade and Other Payables

Trade Payables

Our trade payables primarily relate to payments due to our suppliers for procurement. During the Track Record Period, our suppliers generally granted us a credit period of 90 days. The following table sets forth an aging analysis of our trade payables as of the date indicated based on invoice date and trade payable turnover days for the year indicated.

	As of December 31,			As of May 31,
	2018	**2019**	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	69,567	117,891	131,319	135,096
1 to 2 years	22,997	3,254	5,635	5,720
2 to 3 years	16,761	11,680	1,574	595
Over 3 years	8,923	18,025	25,323	23,563
Total	**118,248**	**150,850**	**163,851**	**164,974**
Average trade payables turnover days[(1)]	49	59	66	69

Note:

(1) Average trade payables turnover days for each year/period equals the average of the beginning and ending balances of trade payables for that year/period divided by cost of sales for that year and multiplied by the number of days in that year/period.

Our trade payables amounted to RMB118.2 million, RMB150.9 million, RMB163.9 million and RMB165.0 million as of December 31, 2018, 2019 and 2020 and May 31, 2021, respectively reflecting the level of procurement and amounts due to suppliers as of these dates. As of August 31, 2021, RMB69.2 million, or 41.9%, of our trade payables as of May 31, 2021 were subsequently settled. Our trade payables turnover days continued to increase during the Track Record Period primarily due to longer credit period that our suppliers granted us as a result of our continuously increasing bargain power.

Other Payables

Our other payables and accruals primarily include (i) housing maintenance funds payable, which primarily relate to the housing maintenance funds from BUCC in connection with the transfer of property management services on certain residential properties from BUCC to Beiyu Property; (ii) deposits, which mainly represent security deposits received from property owners and residents for property management and refurnishment; and (iii) receipts on behalf of property owners, which primarily relate to utilities received from residents on behalf of utility companies and operation income on public facilities received on behalf of property owners. The following table sets forth a breakdown of our other payables as of the date indicated.

	As of December 31,			As of May 31,
	2018	**2019**	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Amounts due to related parties	16,499	13,331	95,307	77,869
Accrued payroll and other benefits	12,866	19,323	19,803	32,123
Other taxes and charges payable	20,742	25,438	25,796	11,275
Deposits	102,038	111,850	71,129	72,201
Amounts due to property owners	15,313	14,403	14,378	14,193
Receipts on behalf of property owners and tenants	22,373	41,263	50,692	67,592
Housing maintenance funds payable	259,886	241,954	235,105	229,297
Amounts due to property developers	13,812	13,812	13,812	13,814
Receipts on behalf of local government	–	–	–	67,344
Other payables and accruals	23,337	27,605	53,194	47,961
Total	**486,866**	**508,979**	**579,216**	**633,669**

Our other payables increased from RMB486.9 million as of December 31, 2018 to RMB509.0 million as of December 31, 2019, primarily due to an increase in accrued payroll and other benefits as a result of an increase in our staff compensation. Our other payables increased from RMB509.0 million as of December 31, 2019 to RMB579.2 million as of December 31, 2020, primarily due to an increase in amount due to related parties. Starting from 2020, we received refurnishment payment from a tenant on behalf of fellow subsidiaries of BUCG for the refurnishment services it provided, which resulted in the significant increase in the amounts due to related parties from RMB13.3 million as of December 31, 2019 to RMB95.3 million as of December 31, 2020.

Our other payables increased from RMB 579.2 million as of December 31, 2020 to RMB633.7 million as of May 31, 2021, primarily due to we recorded receipt on behalf of local government as of May 31, 2021. Receipts on behalf of local government represents the payments collected from individuals for purchase of public housing facilities which will be paid to Beijing Housing Fund Management Center subsequently. Pursuant to the current national reforming policy on public housing facility, which allows individuals to purchase residential properties from the state at a certain price, BUCC, as the legal owner of state-owned housing properties on trust of the state, entrusted us to collect the purchase proceeds from the individual buyer and subsequently transmit the proceeds to Beijing Housing Fund Management Center in accordance with the Implementation Plan for Furtherance of Urban Residential Property Reformation and Acceleration of Construction of Residential Property in Beijing (《北京市進一步深化城鎮住房制度改革加快住房建設實施方案》) and the Notice on the Price and Policy of the Sale of Public Housing to Employees in 2003 ((2003) Beijing Housing Reform No. 020) (《關於2003年向職工出售公有住房的價格及政策的通知》((2003)京房改辦字第020號)) and the Notice on The Storage and Use of Housing Funds for Selling Houses according to Housing Reform Policies (Beijing Housing Reform Office [2007] No.4) (《關於按房改政策出售住房售房款存儲使用等有關問題的通知》(京房改辦[2007]4號)) and Notice on Further Standardizing The Funds for Housing Reform and Sale and The Special Maintenance Funds for Public Housing (Jingfang Capital Fa [2020] No. 2) (《關於進一步規範房改售房款及售後公有住房住宅專項維修資金有關事項的通知》(京房資金發[2020]2號)). As advised by our PRC Legal Advisers, this arrangement is not in violation of any PRC laws or regulations. For the years ended December 31, 2018, 2019 and 2020, receipts on behalf of local government were settled within each year through payment to Beijing Housing Fund Management Center. As of the Latest Practicable Date, RMB39.0 million was paid to Beijing Housing Fund Management Center.

Administrative Measures for Maintenance Fund for Common Facilities and Equipment in Residential Properties ("**Administrative Measures for Maintenance Funds**"), the applicable PRC law governing housing maintenance fund, was promulgated by the Ministry of Construction of PRC on November 9, 1998. Before the promulgation of the Administrative Measures for Maintenance Funds, all properties in use were managed by their respective property developers, which bear relevant maintenance costs in respect of these properties.

In order to enhance property management service quality and create a better living condition for the residents, BUCC engaged Beiyu Property in providing property management services in respect of all properties built by BUCC and transferred the relevant maintenance funds to Beiyu Property. From 1991 to 2011, the maintenance funds that Beiyu Property received from BUCC amounted to RMB233.7 million.

Beiyu Property followed the agreement with BUCC and relevant regulations in relation to the use of such maintenance funds, and successively used such funds for the repair and overhaul of the aforementioned properties built by the BUCG Group. As of May 31, 2021, the balance of such maintenance funds amounted to RMB198.0 million.

Beiyu Property, as a property management service provider, does not bear relevant maintenances costs for properties it manages. The maintenance funds received from BUCC are initially recognized as liabilities in its statements of financial position and the maintenance costs incurred subsequently are deducted from such liabilities. Meanwhile, pursuant to Administrative Measures for Maintenance Funds, where such maintenance funds is lower than a certain threshold, property owners are required to contribute funds to the maintenance funds, and Beiyu Property does not have any obligation to make contributions to such funds.

Contract Liabilities

Our contract liabilities mainly arise from advance payments made by customers while the underlying services are yet to be provided.

The following table sets forth a breakdown of our contract liabilities as of the dates indicated:

	As of December 31,			As of May 31,
	2018	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Billings in advance of performance				
– Third parties	200,986	222,979	243,102	144,452
– Related parties	619	1,608	5,515	15,862
Total	**201,605**	**224,587**	**248,617**	**160,314**

As we gradually expanded our business, our contract liabilities increased from RMB201.6 million as of December 31, 2018 to RMB224.6 million as of December 31, 2019, and further increased to RMB248.6 million as of December 31, 2020. Our contract liabilities decreased from RMB248.6 million as of December 31, 2020 to RMB160.3 million as of May 31, 2021, primarily because our customers are generally more willing to settle their payments with us at the year end.

Lease Liabilities

Lease liabilities relate to our payables under our existing leases for real estate properties. As of the lease commencement date, we recognize a corresponding lease liability for our right-of-use assets, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets. Our lease liabilities decreased from RMB17.3 million as of December 31, 2018 to RMB6.4 million as of December 31, 2019, and further decreased to RMB5.6 million as of December 31, 2020, primarily due to the expiration of our certain lease agreements. Our lease liabilities increased from RMB5.6 million as of December 31, 2020 to RMB7.1 million as of May 31, 2021, primarily due to our renewal of lease agreement for Likang Roast Duck Restaurant.

Current Taxation

Our current taxation represent our EIT payable. Our current taxation increased from RMB61.7 million as of December 31, 2018 to RMB68.2 million as of December 31, 2019, and further increased to RMB78.7 million as of December 31, 2020, primarily due to the continuous increase in our profit before taxation as a result of our business expansion. Our current taxation decreased from RMB78.7 million as of December 31, 2020 to RMB12.6 million as of May 31, 2021, primarily due to our settlement of tax payment obligations in May 2021.

As of December 31, 2018, 2019 and 2020, we had current taxation of RMB61.7 million, RMB68.2 million and RMB78.7 million, respectively; while our income taxes paid in the year ended December 31, 2018, 2019 and 2020 amounted to RMB11.0 million, RMB8.6 million, and RMB11.7 million. The differences between our current taxation and the income tax paid was primarily due to the change of our accounting basis. We historically recognized certain of our revenue, costs and expenses on a cash basis and filed tax returns based on the cash basis accounting results. In preparation for the Listing, we prepared our historical financial information in according with IFRS and adopted the accrual basis. The change from the cash basis accounting to the accrual basis accounting has resulted in an increase in the balance of tax payable. As of December 31, 2020, the aggregate impact on the balance of tax payable amounted to RMB56.5 million. After consulting the relevant tax authorities, we included the relevant adjustment items in the income tax returns for the year ended December 31, 2020 and fully settled the balance of tax payable which resulted from the adjustments as of May 31, 2021.

Deferred Tax Liabilities

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. As of December 31, 2018, 2019 and 2020 and May 31, 2021, our deferred tax liabilities amounted to RMB55.8 million, RMB59.7 million, RMB32.6 million and RMB32.8 million, respectively.

Defined Benefit Obligations

Our defined benefit obligations arises from post-employment benefits we pay to our retirees, inactive employees and active employees after their normal retirement age in the PRC and termination benefits that we are committed to pay to certain of our inactive employees. The actuarial valuations of the present value of the defined benefit obligations as of December 31, 2018, 2019 and 2020 and May 31, 2021 were carried out by Willis Towers Watson, an independent firm of actuaries, using the projected unit credit actuarial cost method. For details, see note 21 to "Appendix I – Accountants' Report" in this Prospectus. As of December 31, 2018, 2019 and 2020 and May 31, 2021, our defined benefit obligations amounted to RMB59.7 million, RMB60.5 million, RMB59.4 million and RMB61.0 million.

NET CURRENT ASSETS

The following table sets forth details of our current assets as of the date indicated.

	As of December 31,			As of May 31,	As of August 31,
	2018	**2019**	**2020**	**2021**	**2021**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*
Current assets					
Inventories	736	1,037	6,924	7,249	7,227
Prepayments, trade and other receivables	697,564	804,546	568,932	378,339	392,143
Restricted cash	42,106	42,230	4,916	4,233	4,595
Cash and cash equivalents	335,611	293,648	747,044	879,471	845,924
Total current assets	**1,076,017**	**1,141,461**	**1,327,816**	**1,269,292**	**1,249,889**
Current liabilities					
Trade and other payables	605,114	659,829	743,067	798,643	768,432
Contract liabilities	201,605	224,587	248,617	160,314	145,065
Lease liabilities	12,763	5,389	3,167	3,802	3,810
Current taxation	61,743	68,220	78,718	12,633	17,416
Total current liabilities	**881,225**	**958,025**	**1,073,569**	**975,392**	**934,723**
Net current assets	**194,792**	**183,436**	**254,247**	**293,900**	**315,166**

Our net current assets increased from RMB 254.2 million as of December 31, 2020 to RMB293.9 million as of May 31, 2021, primarily due to (i) an increase in cash and cash equivalents; (ii) a decrease in contract liabilities because our customers are generally more willing to settle their payments with us at the year end; and (iii) a decrease in current taxation as a result of our settlement of tax payment obligations in May 2021; partially offset by a decrease in prepayments, trade and other receivables primarily due to our settlement of amounts due from related parties.

Our net current assets increased from RMB183.4 million as of December 31, 2019 to RMB254.2 million as of December 31, 2020, primarily due to (i) a decrease in trade and other receivables; and (ii) repayment from related third parties.

Our net current assets decreased from RMB194.8 million as of December 31, 2018 to RMB183.4 million as of December 31, 2019, primarily due to an increase in trade and other payables.

LIQUIDITY AND CAPITAL RESOURCES

Our primary uses of cash are for working capital and cash generated from operating activities. During the Track Record Period, our principal sources of liquidity and capital resources were cash flow generated from operating activities. As of December 31, 2018, 2019 and 2020 and May 31, 2021, we had cash and cash equivalents of RMB335.6 million, RMB293.6 million, RMB747.0 million and RMB879.5 million, respectively. We monitor our cash flows and cash balance on a regular basis and strive to maintain an optimum liquidity that can meet our working capital needs. Taking into account of the financial resources available to us, including cash and cash equivalents, cash flows generated from operating activities and net proceeds from the Global Offering, our Directors are of the opinion 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.

Going forward, we believe our liquidity requirements will be satisfied by using funds from a combination of our cash flow from operating activities, cash and cash equivalents and net proceeds from the Global Offering.

Cash Flows

The following table sets forth selected cash flow data from our consolidated statements of cash flows for the year indicated.

	For the year ended December 31,			For the five months ended May 31,	
	2018	**2019**	**2020**	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cash generated from/(used in) operations	73,920	64,588	243,232	102,805	(4,485)
– Operating cash flow before changes in working capital for the year/period	*71,054*	*73,317*	*94,756*	*51,703*	*57,091*
Income taxes paid	(10,956)	(8,587)	(11,709)	(5,900)	(79,262)
Net cash generated from/(used in) operating activities	62,964	56,001	231,523	96,905	(83,747)
Net cash generated from/(used in) investing activities	28,186	(70,584)	192,036	(412)	223,429
Net cash (used in)/generated from financing activities	(33,735)	(27,380)	29,837	(3,762)	(7,255)
Net increase/(decrease) in cash and cash equivalents	57,415	(41,963)	453,396	92,731	132,427
Cash and cash equivalents at January 1	278,196	335,611	293,648	293,648	747,044
Cash and cash equivalents at December 31/ May 31	**335,611**	**293,648**	**747,044**	**386,379**	**879,471**

Net Cash Generated from/(Used in) Operating Activities

For the five months ended May 31, 2021, we had net cash used in operating activities of RMB83.7 million, primarily attributable to our profit before income tax of RMB50.0 million, as adjusted for non-cash and non-operating items, which primarily include (i) depreciation of property, plant and equipment, and (ii) expected credit loss on trade and other receivables. The amount was adjusted by negative changes in working capital and income tax paid of RMB79.3 million. Changes in working capital primarily include the increase in trade and other payables; partially offset by (i) decrease in contract liabilities and (ii) increase in prepayments, trade and other receivables.

In 2020, we had net cash generated from operating activities of RMB231.5 million, primarily attributable to our profit before income tax of RMB91.1 million, as adjusted for non-cash and non-operating items, which primarily include (i) depreciation of property, plant and equipment, (ii) interest income from a related party, (iii) expected credit loss on trade and other receivables and (iv) change of fair value in investment properties. The amount was further adjusted by positive changes in working capital and income tax paid of RMB11.7 million. Changes in working capital primarily include a decrease of RMB43.2 million in trade and other receivables, an increase of RMB24.0 million in contract liabilities and an increase of RMB50.5 million in trade and other payables.

In 2019, we had net cash generated from operating activities of RMB56.0 million, primarily attributable to our profit before income tax of RMB67.8 million, as adjusted for non-cash and non-operating items, which primarily include (i) depreciation of property, plant and equipment, (ii) interest income from a related party, (iii) expected credit loss on trade and other receivables and (iv) change of fair value in investment properties. The amount was further adjusted by negative changes in working capital and income tax paid of RMB8.6 million. Changes in working capital primarily include the increase in trade and other payables, partially offset by the increase in trade and other receivables.

In 2018, we had net cash generated from operating activities of RMB63.0 million, primarily attributable to our profit before income tax of RMB56.2 million, as adjusted for non-cash and non-operating items, which primarily include (i) depreciation of property, plant and equipment, (ii) interest income from a related party, (iii) expected credit loss on trade and other receivables and (iv) change of fair value in investment properties. The amount was further adjusted by positive changes in working capital and income tax paid of RMB11.0 million. Changes in working capital primarily include the increase in trade and other payables; partially offset by (i) the increase in trade and other receivables and (ii) increase in restricted cash.

Net Cash (Used in)/Generated from Investing Activities

For the five months ended May 31, 2021, we had net cash generated from investing activities of RMB223.4 million, which was primarily attributable to repayment of advances from related parties.

In 2020, we had net cash generated from investing activities of RMB192.0 million, which was primarily attributable to repayment of advances from related parties, partially offset by purchases of property, plant and equipment.

In 2019, we had net cash used in investing activities of RMB70.6 million, which was primarily attributable to (i) payment for capital injection of an equity instrument and (ii) purchases of property, plant and equipment.

In 2018, we had net cash generated from investing activities of RMB28.2 million, which was primarily attributable to repayment of advances from related parties, partially offset by purchases of property, plant and equipment.

Net Cash (Used in)/Generated from Financing Activities

For the five months ended May 31, 2021, we had net cash used in financing activities of RMB7.3 million, which was primarily attributable to (i) listing expenses paid and (ii) capital element of lease rentals paid.

Our net cash generated from financing activities of RMB29.8 million for the year ended December 31, 2020 was primarily attributable to the capital injection; partially offset by dividends paid.

In 2019, we had net cash used in financing activities of RMB27.4 million, which was primarily attributable to (i) dividends paid and (ii) capital element of lease rentals paid.

In 2018, we had net cash used in financing activities of RMB33.7 million, which was primarily attributable to (i) capital element of lease rentals paid and (ii) dividends paid.

INDEBTEDNESS

Our indebtedness relate to our lease liabilities. Our indebtedness amounted to RMB17.3 million, RMB6.4 million, RMB5.6 million, RMB7.1 million and RMB6.0 million as of December 31, 2018, 2019 and 2020, May 31, 2021 and August 31, 2021, being the latest practicable date for determining our indebtedness, respectively.

Upon the application of IFRS 16, we recognized a corresponding lease liability for our right-of-use assets in respect of all leases unless they qualify for low value or short-term leases.

Except as disclosed in this Prospectus, since August 31, 2021, and up to the date of this Prospectus, there has been no material change to our indebtedness. As of August 31, 2021, being the latest practicable date for determining our indebtedness, except as otherwise disclosed in this Prospectus, we did not have any debt securities issued and outstanding, authorized or otherwise created but unissued, bank overdrafts, loans and other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages, charges, hire purchase commitments, guarantees or other material contingent liabilities on a consolidated basis.

CAPITAL EXPENDITURE

For the years ended December 31, 2018, 2019 and 2020 and May 31, 2021, our capital expenditure amounted to RMB6.4 million, RMB11.4 million, RMB4.8 million and RMB1.0 million, respectively. Our capital expenditure during the Track Record Period primarily related to our purchase of property, plant and equipment. We expect that our capital expenditure for 2021 and 2022 to continue to increase, and plan to finance such expenditure through cash flow from operating activities.

CONTINGENT LIABILITIES

As of the Latest Practicable Date, we did not have any material contingent liabilities, guarantees or any other litigations or claims of material importance, pending or threatened against us that is likely to have a material and adverse effect on our business, financial condition or results of operations, on a consolidated basis.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As of the Latest Practicable Date, we did not have any off-balance sheet commitments or arrangements.

RELATED PARTY TRANSACTIONS

During the Track Record Period, we entered into a number of transactions with related parties. For details of our related party transactions, see note 26 to the Accountants' Report in Appendix I to this Prospectus. In particular, we deposited our unused cash, which was non-recurring in nature, with BUCG Group at an interest rate ranging from 1.15% to 4.50% from 2018 to 2020. As of December 31, 2018, 2019 and 2020, the balance of the deposit was RMB378.2 million, RMB403.1 million and RMB220.0 million, respectively. The deposit arrangement was made for the purpose of enhancing the efficiency of fund management and security and the cash deposited was further used by BUCG Group (including its subsidiaries) only for its production and operation purposes, which, as advised by our PRC Legal Advisers, was effective and binding and not in violation of any mandatory PRC laws and administrative regulations. Such deposit had been fully withdrawn as of May 31, 2021. The Group has no plan to enter into the similar arrangement with BUCG Group after the Listing. Considering (i) the balance of the deposit comparing to our total current assets, and (ii) the interest rate for the deposit ranging from 1.15% to 4.50% from 2018 to 2020, which were comparable to the prevailing market rate for the deposit in the PRC, we believe this deposit arrangement had minimal impact on the Group's financial performance and gearing ratio during the Track Record Period comparing to depositing the same unused cash with banks.

As of May 31, 2021, the balances of trade nature for the related party transactions primarily included (i) prepayment and trade receivable of RMB103.9 million; (ii) trade payables of RMB23.0 million; and (iii) contract liabilities of RMB15.9 million; and the balances of non-trade nature for the relation party transactions primarily included (i) other receivables of RMB3.9 million and (ii) other payables of RMB77.9 million. All loans, advances, non-trade balances due to and from the related parties are expected to be settled before the Listing.

It is the view of our Directors that our transactions with related parties during the Track Record Period was conducted on an arm's length basis and with normal commercial terms between the relevant parties. Our Directors are also of the view that our related party transactions during the Track Record Period would not distort our historical results or make our historical results not reflective of our future performance.

KEY FINANCIAL RATIOS

The following table set forth our key financial ratios as of the date or for the periods indicated.

	As of/For the year ended December 31,			As of/For the five months ended May 31,
	2018	2019	2020	2021
Return on average equity[1]	9.6%	10.9%	15.2%	21.4%[2]
Return on average assets[3]	3.0%	3.4%	4.4%	6.0%[2]
Current ratio[4]	1.2	1.2	1.2	1.3
Quick ratio[5]	1.2	1.2	1.2	1.3
Gross profit margin[6]	20.8%	19.8%	20.8%	24.6%
Net profit margin[7]	4.5%	4.9%	6.3%	8.0%

Notes:

(1) Equals profit for the year/period divided by average balance of total equity at the beginning and the end of that year/period and multiplied by 100%.

(2) Such ratio is annualized.

(3) Equals profit for the year/period divided by average balance of total assets at the beginning and the end of that year/period and multiplied by 100%.

(4) Equals current assets divided by current liabilities as of the same date.

(5) Equals current assets less inventories and divided by current liabilities as of the same date.

(6) Equals gross profit for the year/period divided by revenue for the corresponding year/period and multiplied by 100%.

(7) Equals profit for the year/period divided by revenue for the corresponding year/period and multiplied by 100%.

Return on Average Equity

Our return on average equity increased from 9.6% in 2018 to 10.9% in 2019, primarily due to the increase in our net profit in 2019. Our return on average equity further increased to 15.2% in 2020, primarily due to the decrease in our total equity in 2020. For the five months ended May 31, 2021, our annualized return on average equity was 21.4%.

Return on Average Assets

Our return on average assets increased from 3.0% in 2018 to 3.4% in 2019 and further increased to 4.4% in 2020, primarily due to (i) an increase in profit for the respective years mainly driven by our business expansion; and (ii) the optimization of our operation structure by focusing on our main service lines. For the five months ended May 31, 2021, our annualized return on average assets was 6.0%.

Current Ratio

Our current ratio remained relatively stable at 1.2, 1.2, 1.2 and 1.3 in as of December 31, 2018, 2019 and 2020 and May 31, 2021, respectively.

Quick Ratio

Our quick ratio remained relatively stable at 1.2, 1.2, 1.2 and 1.3 as of December 31, 2018, 2019 and 2020 and May 31, 2021, respectively.

QUANTITATIVE AND QUALITATIVE DISCLOSURE OF FINANCIAL RISKS

We are exposed to various types of financial risks in the ordinary course of business, including credit risk and liquidity risk and interest risk. Our overall risk management strategy focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on our financial performance. Our senior management is responsible for carrying out our risk management. For details, see note 24 in "Appendix I – Accountants' Report" to this Prospectus.

Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to us. Our credit risk is primarily attributable to cash at bank, and trade and other receivables. Our exposure to credit risk arising from cash and cash equivalents are limited because the counterparties are banks and financial institutions with a high credit standing assigned by the management of us, to which we consider to have low credit risk.

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 the board when the borrowings exceed certain predetermined levels of authority. Our policy is to regularly monitor its liquidity requirements and our compliance with lending covenants, to ensure that we maintain sufficient reserves of cash and readily realizable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

Interest Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Our exposure to interest rate risk is not significant.

DIVIDENDS

No dividend has been paid by our Company during the Track Record Period. In 2018, 2019 and 2020, dividends of RMB6.9 million, RMB6.3 million and RMB10.7 million, respectively, have been declared and paid by Beiyu Property and Chengcheng Property to the previous owners. In 2018, 2019 and 2020, dividends of RMB0.3 million, RMB6.5 million and RMB5.4 million respectively have been declared and paid by Tiannuo Property, Beiyu Tengan and Chengcheng Property to non-controlling interests. We currently do not have a pre-determined dividend payout ratio. The Board may declare, and the Company may pay, dividends after taking into account our results of operations, financial condition, cash flow, operating and capital expenditure requirements, future business development strategies and estimates and other factors as it may deem relevant. Our future declarations of dividends may not reflect our historical declarations of dividends.

DISTRIBUTABLE RESERVES

As of May 31, 2021, our Company had no reserves available for distribution to our Shareholders.

STATUTORY SURPLUS RESERVES

In accordance with the PRC Company Law (the "**Company Law**") and their articles of association, our PRC incorporated subsidiaries are required to allocate 10% of their after-tax profit to the statutory surplus reserve and may elect not to make the allocation any more after the reserve balance reaches 50% of such subsidiary's registered capital. In case the statutory surplus reserve of a subsidiary is not sufficient to cover the loss of the previous year, the subsidiary shall use the profit in the current year to set off the loss of the previous year before allocating to the statutory surplus reserve. The transfer to the statutory surplus reserve must be made before distribution of any dividend to the equity holders.

The statutory reserve balance in the consolidated statements of financial position represents the statutory reserve of the Company. Since the Company was newly established in December 2020 and recorded operating loss for the period from the date of incorporation to December 31, 2020, there was no balance of statutory reserves as of each year end date for the years ended December 31, 2018, 2019 and 2020. As of May 31, 2021, there was no balance of statutory reserves as the Company still recorded cumulative operating loss as of May 31, 2021. As of December 31, 2018, 2019 and 2020 and May 31, 2021, appropriation to statutory surplus reserve made by our subsidiaries amounting to RMB35.4 million, RMB36.4 million, RMB48.5 million and RMB48.5 million, respectively, was included in the consolidated retained earnings attributable to equity shareholders of our Company.

During the Track Record Period, our consolidated PRC subsidiaries either allocated 10% of their net profit for the year to the statutory reserve, except for under the circumstances that (i) the subsidiary incurred loss in the relevant year or (ii) there is no profit for allocation after setting off the profit against the losses for the previous year, or elected not to make allocation as the reserve balance reached 50% of its registered capital. Based on the above, our PRC Legal Advisers are of the view that, our consolidated PRC subsidiaries had allocated the statutory proportions and amounts of net profits during the Track Record Period to the statutory surplus reserve in accordance with the Company Law.

PROPERTY VALUATION

Details relating to details of the properties we held for investment purposes are set out in Appendix III to this Prospectus. Our property valuer, Cushman & Wakefield Limited, has valued the properties we held for investment purposes as of August 31, 2021. The text of their letters, summary of value and valuation certificates are set out in Appendix III to this Prospectus.

A reconciliation of the properties we held for investment purposes as of August 31, 2021 and such properties we held for investment purposes in our financial statements as of May 31, 2021, as required under Rule 5.07 of the Listing Rules is set out below:

	RMB million (whole interest basis)
Net book value of our investment properties as of May 31, 2021	103.97
Net book value of our investment properties as of August 31, 2021	104.55
Valuation surplus as of August 31, 2021	0.58
Valuation as of August 31, 2021 as set out in the Property Valuation Report in Appendix III to this Prospectus	104.55

UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

For details of our unaudited pro forma adjusted consolidated net tangible assets, see Appendix II to this Prospectus.

LISTING EXPENSES

Listing expenses to be borne by us are estimated to be approximately HK$56.7 million (including underwriting commission) and assuming the Over-allotment Option is not exercised representing 20.4% of the gross proceeds from the Global Offering assuming an Offer Price of HK$9.12 per Offer Share (being the mid-point of the Offer Price range stated in this Prospectus). The listing expenses of HK$0.6 million has been charged to our consolidated statements of profit and loss and other comprehensive income for the five months ended May 31, 2021. After May 31, 2021, approximately HK$4.7 million is expected to be charged to our consolidated statements of profit and loss and other comprehensive income, and approximately HK$51.4 million is expected to be accounted for as a deduction from equity upon the Listing. The listing expenses above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

NO MATERIAL ADVERSE CHANGE

After due and careful consideration, our Directors confirm that, up to the date of this Prospectus, there has been no material adverse change in our financial and trading position or prospects since May 31, 2021, and there is no event since May 31, 2021 which would materially affect the information shown in the Accountants' Report, the text of which is set out in Appendix I to this Prospectus.

DISCLOSURE REQUIRED UNDER THE LISTING RULES

We confirm that, as of the Latest Practicable Date, there were no circumstances that would give rise to a disclosure requirement under Rule 13.13 to 13.19 of the Listing Rules.

FUTURE PLANS

Please see "Business – Business Strategies" for detailed descriptions 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$9.12 per Offer Share (being the mid-point of the Offer Price range stated in this Prospectus), will be approximately HK$277.71 million, after deduction of underwriting fees and commissions and estimated expenses payable by us in connection with the Global Offering and assuming the Over-allotment Option is not exercised.

Assuming the Offer Price is fixed at HK$9.12 per Offer Share (being the mid-point of the Offer Price range stated in this Prospectus), we intend to use the net proceeds of the Global Offering for the following purposes.

- Approximately 60%, or HK$166.63 million, will be used to pursue selective strategic investment and acquisition opportunities with property management companies (especially targets engaged in commercial operations with a complementary profile of quality commercial properties under management) and downstream property management service providers which offer, among others, security, cleaning, or repair and maintenance services, in order to expand our business scale and enhancing our influence in the industry. In evaluating potential investment and acquisition targets, we would expect them to have (a) obtained all required qualifications for carrying out the relevant business and satisfactory credit record, with considerable brand awareness in the regional market or nationwide; (b) a corporate culture and management philosophy similar to ours; (c) a scope of business complementary to ours or an operation within the scope of our geographical expansion, in case of a property management company; and (d) a clear ownership structure and good compliance and financial management records without current involvement in material legal disputes. In particular, we plan to allocate:

  (i) approximately 12%, or HK$33.33 million, within 2022, to acquire a majority interest in two or three property management companies with a presence primarily in the Beijing-Tianjin-Hebei Region that have, among others, (a) recorded a revenue of not less than RMB10 million or a net profit of not less than RMB2 million for the most recent financial year, and (b) GFA under management of at least 500,000 sq.m. ("**Selection Criteria for Acquisitions in 2022**");

  (ii) approximately 24%, or HK$66.65 million, within 2023, to acquire a majority interest of a downstream property management service provider, which recorded a revenue of not less than RMB100 million or a net profit of not less than RMB8 million in the most recent financial year, and a majority interest in one or two property management companies with a presence primarily in the Beijing-Tianjin-Hebei Region that have, among others, (a) a revenue of not less than RMB20 million or a net profit of not less than RMB4 million for the most recent financial year, and (b) GFA under management of at least one million sq.m. ("**Selection Criteria for Acquisitions in 2023**"); and

(iii) approximately 24%, or HK$66.65 million, within 2024, to acquire a majority interest in two or three property management companies with a presence primarily in the Beijing-Tianjin-Hebei Region, Chengdu, Chongqing or Qingdao that have, among others, (a) recorded a revenue of not less than RMB20 million or a net profit of not less than RMB4 million for the most recent financial year, and (b) GFA under management of at least one million sq.m. ("**Selection Criteria for Acquisitions in 2024**").

After years of organic growth, we believe we are well equipped with sufficient industry expertise and experience as well as well-established market position to realize a quick expansion through investment and acquisition. We aim to realize a rapid growth and expansion in Beijing-Tianjin-Hebei Region as well as enhance our geographical presence in other regions in China. We expect our quick expansion through acquisition plan could further enlarge our business scale which in turn could further reduce our overall management costs and increase our profitability.

The criteria are subject to adjustment based on changes in the market conditions and our strategic needs.

As of the Latest Practicable Date, we had not identified any acquisition or investment targets for our use of net proceeds from the Global Offering. According to CIA, with nearly 200,000 property management companies operating in the PRC in 2020, accelerated market concentration is a key trend in the highly competitive and fragmented PRC property management industry, and leading property management service providers are seeking access to enhance management standards and core competitiveness through mergers and acquisitions. As advised by CIA, there are approximately 200, 120 and 300 companies in the property management industry in China that match our Selection Criteria for Acquisitions in 2022, Selection Criteria for Acquisitions in 2023 and Selection Criteria for Acquisitions in 2024, respectively. The total capital required for the acquisition of, or investment in, such potential targets would depend, to a large extent, on the size and number of the targets. Our Directors, having consulted CIA, believe that our criteria for strategic acquisitions and investments are in line with the industry practice and there are a rich variety of potential targets available for our consideration in such a fragmented property management service industry.

As a state-owned entity controlled by Beijing SASAC, we believe we have the advantage to integrate the state-owned property management business and assets at both municipal and district level in Beijing. We have initiated a team comprising legal, financial and investment professionals to carry out market research for potential acquisition and cooperation targets. The team analyzes the potential targets from the perspective of scale, operation status, financial performance and position, ownership structure and compliance history. Accordingly, as a starting point for our strategic acquisition, we intend to prioritize the acquisition of the targets with substantial operation in the Beijing-Tianjin-Hebei Region. After we consolidate our leading market position in the Beijing-Tianjin-Hebei Region, we will then further expand our regional layout into other cities and regions. In view of the increasing level of market concentration in the property management services sector, our established market position and extensive industry experience, as well as efforts of our professional business development teams, we believe that we may find suitable targets for our acquisition and investment plan that will enable us to implement our acquisition and investment strategies successfully.

Our Directors believe that our selection criteria are in line with the industry practice and there are sufficient number of suitable target companies available in the market for our aforementioned expansion plan. Given (i) the availability of suitable target companies in the PRC market, particularly the state-owned property management business in the Beijing-Tianjin-Hebei Region; (ii) being a state-owned entity controlled by Beijing SASAC, which provide us a unique advantage in integrating the state-owned property management business and assets at both municipal and district level in Beijing comparing with other property management companies; and (iii) the professional team with sufficient experience and expertise to carry out market research for potential acquisition and cooperation targets, we believe we are able to identify suitable target in both Beijing-Tianjin-Hebei Region as well as in the selected regions we plan to expand into.

- Approximately 25% or HK$69.43 million, will be used to finance the development of our value-added services. In particular, we plan to allocate:

  (i) approximately 15%, or HK$41.66 million, in the next two to three years to expanding our tenant sourcing and management services, further developing our engineering operations and maintenance services, preliminary planning and design consultancy services and sales office and display unit management, with a view to strengthening our capability to address clients' needs across the property management life cycle. Details of our implementation plan for the aforesaid services are set out as follows:

  - To further develop our tenant sourcing and management services. We expect to recruit 10 to 30 professionals to improve the environment and surroundings with the aim to draw more tenants and enhance our management efficiency.

  - To further develop our engineering operations and maintenance services. We expect to recruit 20 to 30 technical professionals responsible for covering various engineering operations and maintenance services, which include, among others, maintenance services of heating ventilation and air conditioning ("**HVAC**"), electrical and drainage and relevant equipment for maintenance.

- To further develop our preliminary planning and design consultancy services. We expect to recruit two to five professionals focusing on landscaping and gardening, construction and electrical intelligence. Meanwhile, we may hire external advisors based on our demands arising from different phases of our projects.

- To further develop our sales office and display unit services. We expect to recruit five to 20 project managers, baristas and other professionals to enhance our service quality.

Property management companies start to involve in the front end of the value chain of the real estate industry and offer a variety of services, such as tenant sourcing services, engineering operations services, preliminary planning and design consultancy services, and sales office and display unit management services to non-property owners, including property developers and property management companies. The value-added services to non-property owners has become another source of stable income and profit for property management companies according to CIA. The Top 100 Property Management Companies of 2021 had an average revenue of RMB142 million from value-added services to non-property owners in 2020, according to CIA.

(ii) approximately 10%, or HK$27.77 million, in the next two to three years to diversifying community value-added services. In particular, we manage to develop and expand our real estate brokerage services (such as services relating to second-hand home sale and home leasing transactions) through absorbing specialists, including two to three managers for real estate brokerage services and 20 to 40 professional real estate agents with bachelor's degree or above and a minimum of two years of working experience in real estate brokerage services. We also seek to enhance the breadth and depth of our home-living services centered on the daily needs of the members of the communities under our management (such as housekeeping and repair and maintenance services), through recruiting two to five management specialists, as well as explore opportunities to provide elderly care and health care services, in order to meet the ever-changing demand of property owners and residents, foster a better brand image and continually sharpen our competitive edges.

Based on the results of the Seventh National Population Census conducted in 2020, China has a sizable elderly population and aging process of its population is accelerating. There were approximately 260 million people of age 60 and above in China, among whom 190 million people have age of 65 and above. According to CIA, this trend of aging population presents tremendous opportunities for the elderly care market, especially for the property management companies intending to diversify its business to develop "property + community elderly care" business. The size of elderly care market grew at a CAGR of 4.5% from 2018 to 2020, reaching RMB7.3 trillion in 2020, and is expected to further increase to RMB10.6 trillion in 2022, according to CIA.

- Approximately 10% or HK$27.77 million, will be used to develop and upgrade our information technology infrastructure and intelligent equipment. In particular, we plan to allocate:

  (i) approximately 4%, or HK$11.11 million, in the next one to three years to upgrading the hardware and software required for our internal operation system to support the development of smart communities, digitalize our property management processes and enhance the efficiency and service quality of our employees. We plan to complete (a) upgrades of our operation system for property management services (the "**Operation System**") by the end of 2021; (b) integration of the Operation System and our IoT platform by the end of 2022; and (c) the establishment of the intelligent operation system for property management services by the end of 2023. Hardware and software required for the updates of the Operation System, new features available after the upgrades and their impact on our operational efficiency and service quality are set forth below:

Hardware required	Software required	New features available and impact on operational efficiency and service quality
• Servers (including but not limited to local servers and cloud servers) • Internet connection and safety apparatuses (including but not limited to firewall settings, switches, log servers and bastion hosts) • IoT equipment (including but not limited to IoT gateways, IoT controllers and sensors)	• Financial management platform and financial management platform development tools • General software (including licenses to use databases and antivirus programs) • Licenses to use IoT platform services	• Diversified fee collection channels (WeChat Pay/Alipay/cash/wire transfer) that enhance customer experience • Uniform fee collection interface and processes for all our subsidiaries which is conducive in improving our brand recognition • Intelligent financial management system that connects seamlessly with the business operation system, reducing reliance on manual input while enhancing efficiency of financial analysis

(ii) approximately 3%, or HK$8.33 million, in the next one to three years to promoting the application of IoT technologies, such as cleaning and patrolling robots and AI-empowered video surveillance data analytics. Details of new functions contributed by the application of IoT technologies and their impact on our operational efficiency and service quality are set forth below:

Expected new functions from the application of IoT technologies	**Estimate cost[(1)]**	**Percentage of net proceeds**	**Impact on our operational efficiency and service quality**
	HK$'000	*%*	
• Bluetooth low energy ("**BLE**") mesh smart light solution	4,571	1.65	• Enable us to achieve energy-saving through use of LED energy-saving bulb and the energy saving in management through intelligent control.
• Ultra wide band ("**UWB**") positioning technology	2,449	0.88	• Enable us to access real-time performance route of employees, lower the workload of supervision and reduce staff costs.
• AI-empowered video surveillance analytics technology	1,020	0.37	• Enable us to access real-time analysis on surveillance footage, achieve faster responses and lighten the relevant workload and economize the relevant staff cost.
• Cleaning and patrolling robots	3,769	1.36	• Enable us to lower the workload of employees and reduce staff costs, while ensure the quality and frequency of cleaning.

Note:

(1) The estimate cost may not be fully covered by the net proceeds from the Global Offering and we may use our operational income as supplement.

We plan to (a) conduct test runs for cleaning and patrolling robots and AI-empowered video surveillance data analytics by the end of 2021 on five projects under our management; (b) promote the aforesaid technologies in accordance with the results of test runs by the end of 2022 further on a total of 18 projects under our management; and (c) achieve application of the aforesaid technologies in certain residential properties under our management by the end of 2023 further on a total of 70 projects under our management. Taking into account (i) the expected new functions to be contributed by the application of IoT technologies (ii) the breakdown of the estimated cost to be incurred for the development of such new functions and (iii) their impact on our operational efficiency and service quality as detailed above our Directors are of the view, and the Sole Sponsor concurs, that the above allocation of the proceeds to promote the application of IoT technologies is reasonable; and

(iii) approximately 3%, or HK$8.33 million, in the next one to three years to upgrading our intelligent lifestyle service platform for property owners and residents by integrating our online and offline service resources to cater to their diversified needs in their daily life. In particular, the intelligent lifestyle service platform will enable us to offer a platform to provide a convenient livelihood to the customers as well as allow us to collect real-time feedback from the customers, which will in turn enhance the quality of our services and satisfaction of our customers.

We plan to (a) complete the initial stage of upgrade for our intelligent lifestyle service platform by the end of 2021; (b) facilitate the integration of our platform resources and the marketing thereof by the end of 2022; and (c) extend the coverage of our intelligent lifestyle service platform to all residential properties under our management by the end of 2023.

- Approximately 5% or HK$13.89 million, will be used to replenish our working capital and for general corporate purposes.

The above allocation of the proceeds will be adjusted on a pro rata basis in the event that the Offer Price is fixed at a higher or lower level compared to the mid-point of the estimated offer price range or the Over-allotment Option is exercised.

If the Offer Price is fixed at HK$9.96 per Offer Share (being the high end of the Offer Price range stated in this Prospectus) and assuming the Over-allotment Option is not exercised, we will receive net proceeds of approximately HK$308.51 million, after deduction of underwriting fees and commissions and estimated expenses payable by us in connection with the Global Offering.

If the Offer Price is fixed at HK$8.28 per Offer Share (being the low end of the Offer Price range stated in this Prospectus) and assuming the Over-allotment Option is not exercised, the net proceeds we receive will be approximately HK$246.91 million, after deduction of underwriting fees and commissions and estimated expenses payable by us in connection with the Global Offering.

In the event that the Over-allotment Option is exercised in full, we will receive additional net proceeds ranging from approximately HK$45.54 million (assuming an Offer Price of HK$8.28 per Share, being the low end of the proposed Offer Price range) to HK$54.78 million (assuming an Offer Price of HK$9.96 per Share, being the high end of the proposed Offer Price range), after deduction of underwriting fees and commissions and estimated expenses payable by us in connection with the Global Offering.

We estimate that (assuming the exercise of the Over-allotment Option in full), we will receive net proceeds from the Global Offering of approximately HK$327.87 million, after deduction of underwriting fees and commissions and estimated expenses payable by them in the Global Offering and assuming an offer price of HK$9.12 per Share (being the mid-point of the offer price range set forth on the cover of this Prospectus). If the Offer Price is fixed at the high end of the indicative Offer Price range, being HK$9.96 per Share, the net proceeds we receive from the Global Offering will be approximately HK$363.29 million. If the Offer Price is set at the low end of the indicative Offer Price range, being HK$8.28 per Share, the net proceeds we receive from the Global Offering will be approximately HK$292.45 million.

To the extent that the net proceeds are not immediately applied to the above purposes or if we are unable to effect any part of our future development plans as envisaged, we intend to hold such funds in deposits with licensed banks in the PRC for so long as it is deemed to be in the interests of the Company and the Shareholders as a whole. Our Company and any of our subsidiaries will continue to strictly comply with the relevant PRC laws and regulations in relation to real estate industry after the Listing. The proceeds from the Listing will not be used in real estate development business or flow into the area of real estate development in any manner nor be provided to the Controlling Shareholder for its use in the real estate development business by any means. We will comply with the applicable disclosure requirements under the Listing Rules for any adjustments to the use of the net proceeds.

THE CORNERSTONE PLACING

The Company has entered into separate cornerstone investment agreements with the cornerstone investors set out below (collectively "**Cornerstone Investors**", and each a "**Cornerstone Investor**"), pursuant to which the Cornerstone Investors have agreed to, subject to certain conditions, subscribe for certain number of Offer Shares at the Offer Price (the "**Cornerstone Placing**").

Assuming an Offer Price of HK$8.28 per Offer Share (being the low end of the Offer Price range set out in this Prospectus), the total number of Offer Shares to be subscribed for by the Cornerstone Investors would be 13,197,600, representing approximately 9.00% of the total Shares in issue upon the completion of the Global Offering and 35.99% of the Offer Shares offered pursuant to the Global Offering (assuming that the Over-allotment Option is not exercised), and the total subscription amount by the Cornerstone Investors would be approximately HK$109,276,128.

Assuming an Offer Price of HK$9.12 per Offer Share (being the mid-point of the Offer Price range set out in this Prospectus), the total number of Offer Shares to be subscribed for by the Cornerstone Investors would be 11,982,000, representing approximately 8.17% of the total Shares in issue upon the completion of the Global Offering and 32.68% of the Offer Shares offered pursuant to the Global Offering (assuming that the Over-allotment Option is not exercised), and the total subscription amount by the Cornerstone Investors would be approximately HK$109,275,840.

Assuming an Offer Price of HK$9.96 per Offer Share (being the high end of the Offer Price range set out in this Prospectus), the total number of Offer Shares to be subscribed for by the Cornerstone Investors would be 10,971,600, representing approximately 7.48% of the total Shares in issue upon the completion of the Global Offering and 29.92% of the Offer Shares offered pursuant to the Global Offering (assuming that the Over-allotment Option is not exercised), and the total subscription amount by the Cornerstone Investors would be approximately HK$109,277,136.

To the best knowledge of the Company, (i) there is no side agreement or arrangement between the Group and each of the Cornerstone Investors for the purpose of the Cornerstone Placing; (ii) none of the Cornerstone Investors is accustomed to take instructions from the Company, the Directors, chief executive of the Company, Controlling Shareholders, substantial Shareholders or existing Shareholders or any of its subsidiaries or their respective close associates; and (iii) none of the subscription of the Offer Shares by the Cornerstone Investors is financed by the Company, the Directors, chief executive of the Company, Controlling Shareholders, substantial Shareholders, or existing Shareholders or any of its subsidiaries or their respective close associates.

Each of the Cornerstone Investors expects to fund its subscription under the Cornerstone Placing by its own internal resources. No special rights have been granted to the Cornerstone Investors pursuant to the cornerstone investment agreements. None of the Cornerstone Investors or any of their affiliates, directors, officers, employees, agents or representatives, has accepted or entered into any agreement or arrangement to accept any direct or indirect benefits by side letter or otherwise, from the Company, any member of the Group, or any of their respective affiliates, directors, officers, employees, agents or representatives in the Global Offering or otherwise has engaged in any conduct or activity inconsistent with, or in contravention of, Guidance Letter HKEX-GL51-13 issued by the Hong Kong Stock Exchange.

The Offer Shares to be subscribed for by each Cornerstone Investor may be affected by any reallocation of the Offer Shares between the International Offering and the Hong Kong Public Offering in the event of over-subscription under the Hong Kong Public Offering as described in the section headed "Structure of the Global Offering – Hong Kong Public Offering – Reallocation and clawback" in this Prospectus and the number of Offer Shares under the International Offering may be deducted to satisfy the public demands under the Hong Kong Public Offering. Each of the Cornerstone Investors has agreed that, in the event that the requirement pursuant to Rules 8.08(3) of the Listing Rules, which provides that no more than 50% of our Shares in public hands on the Listing Date can be beneficially owned by the three largest public Shareholders, cannot be satisfied, our Company, the Sole Global Coordinator, the representative of the Underwriters and the Sole Sponsor have the right to adjust the allocation of the number of Offer Shares to be purchased by the Cornerstone Investor in their sole and absolute discretion to satisfy the requirement pursuant to Rule 8.08(3) of the Listing Rules. Details of the actual number of Offer Shares to be allocated to the Cornerstone Investors will be disclosed in the allotment results announcement to be issued by the Company on or around November 9, 2021.

The Cornerstone Placing will form part of the International Offering. We are of the view that, leveraging on the Cornerstone Investors' experience, the Cornerstone Placing will help to raise the profile of our Company and signify that such investors have confidence in our business and prospect. The Offer Shares to be subscribed for by the Cornerstone Investors will rank *pari passu* in all respects with the other fully paid H Shares in issue. None of the Cornerstone Investors will subscribe for any Offer Shares under the Global Offering (other than pursuant to the respective cornerstone investment agreements). Immediately following completion of the Global Offering, none of the Cornerstone Investors will have any Board representation in the Company, nor will any of the Cornerstone Investors become a substantial Shareholder (as defined in the Listing Rules). The Offer Shares to be subscribed by the Cornerstone Investors will be counted towards the public float of the Company.

Delivery of the Offer Shares subscribed for by the Cornerstone Investors will take place on the Listing Date, subject to due payment being made. Pursuant to the cornerstone investment agreements entered into between our Company, the Sole Global Coordinator and the Cornerstone Investors, the Company, the representative of the Underwriters or the Sole Sponsor may in their sole discretion determine that delivery of all or a portion of the Shares subscribed for by such Cornerstone Investor shall be made on a date later than the Listing Date ("**Delayed Delivery Date**"), provided that the Delayed Delivery Date shall be no later than three (3) business days following the last day on which the Over-allotment Option may be exercised. Such deferred delivery arrangement was in place to facilitate the over-allocation in the International Offering. None of the Cornerstone Investors will be able to defer settlement in payment. Each of the Cornerstone Investors agrees to settle the payment before the commencement of dealings in the H Shares on the Hong Kong Stock Exchange pursuant to their respective cornerstone investment agreements.

CORNERSTONE INVESTORS

The Company has entered into cornerstone investment agreements with (i) Keltic Investment (HK) Limited ("**Keltic**") and (ii) Glodon (Hongkong) Software Limited ("**Glodon**"), in respect of the Cornerstone Placing.

The following table sets out certain details of the Cornerstone Placing:

				Assuming the Over-allotment Option is not exercised		Assuming the Over-allotment Option is exercised in full	
	Total Investment amount(1)	Indicative Offer Price(2)	Number of Offer Shares to be subscribed for(3)	Percentage of the total Shares in issue immediately upon completion of the Global Offering	Percentage of the total number of Offer Shares	Percentage of the total Shares in issue immediately upon completion of the Global Offering	Percentage of the total number of Offer Shares
Keltic	RMB55,000,000 (equivalent to HK$66,781,612)	Low-end: HK$8.28	8,065,200	5.50%	22.00%	5.30%	19.13%
		Mid-point: HK$9.12	7,322,400	4.99%	19.97%	4.81%	17.37%
		High-end: HK$9.96	6,704,800	4.57%	18.29%	4.41%	15.90%
Glodon	RMB35,000,000 (equivalent to HK$42,497,389)	Low-end: HK$8.28	5,132,400	3.50%	14.00%	3.37%	12.17%
		Mid-point: HK$9.12	4,659,600	3.18%	12.71%	3.06%	11.05%
		High-end: HK$9.96	4,266,800	2.91%	11.64%	2.80%	10.12%

Notes:

(1) The investment amount excludes the brokerage fee, the SFC transaction levy and the Stock Exchange trading fee which the Cornerstone Investor will pay in respect of the Offer Shares subscribed. And the equivalent HK$ amount was calculated based on an exchange rate of HK$1.00:RMB0.82358 as described in "Information about this Prospectus and the Global Offering – Currency Translations" in this Prospectus.

(2) Being the low-end, mid-point and high-end of the indicative Offer Price range set out in this Prospectus, respectively.

(3) Subject to rounding down to the nearest whole board lot of 400 Offer Shares.

(4) The total investment amount shown on the table above is the maximum investment amount to be made by each of the respective Cornerstone Investors pursuant to the terms and conditions of their respective cornerstone investment agreements.

The information about our Cornerstone Investors set forth below has been provided by the Cornerstone Investors in connection with the Cornerstone Placing:

Keltic

Keltic is an investment management company headquartered in Hong Kong, and has been involved in the investments in funds and secondary market securities. Keltic employs a main investment strategy of purchasing and investing in equity in primary and secondary markets in Hong Kong or the United States, with a focus on real estate projects, financing services, and project development and management. Keltic is a wholly-owned subsidiary of Shenzhen Kaier Hanxiang Shiye Co., Ltd. (深圳凱爾漢湘實業有限公司), which is a company established in the PRC on 28 September 2016 with a registered capital of RMB250 million and is wholly-owned by Mr. Li Weiguo (李衛國), an Independent Third Party. Mr. Li Weiguo (李衛國) is also the chairman and actual controller of Beijing Oriental Yuhong Waterproof Technology Co., Ltd. (北京東方雨虹防水技術股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 002271).

Keltic noticed our proposed Listing through the application proof of the Company published on the website of the Hong Kong Stock Exchange, and it is interested to make investment in our business. To the best knowledge of the Company, each of Keltic and its ultimate beneficial owner is an Independent Third Party, is not our connected person (as defined under the Listing Rules), and is not an existing Shareholder nor a close associate of any of our existing Shareholders.

As confirmed by Keltic, its subscription under the Cornerstone Placing will be financed by its own internal financial resources.

Glodon

Glodon, a company incorporated in Hong Kong, is a foreign investment platform of Glodon Company Limited (廣聯達科技股份有限公司), an A-share company listed on the Shenzhen Stock Exchange (Stock Code: 002410). Glodon is principally engaged in software development and sales agency services, consultancy services and overseas investment. As at the Latest Practicable Date, Glodon was wholly-owned by Glodon Company Limited. Glodon Company Limited is principally engaged in the development and sale of software. According to the interim report of Glodon Company Limited published in August 2021, Mr. Diao Zhizhong (刁志中) was interested in approximately 16.00% of the total issued share capital of Glodon Company Limited and was disclosed as the actual controller of Glodon Company Limited.

Glodon Company Limited is currently a supplier of BUCG, and has been providing software development and intelligent construction field services to BUCG. Through business cooperation with BUCG, Glodon Company Limited is confident in the future growth and business prospects of our Group and decides to participate in the Cornerstone Placing.

Notwithstanding the above, to the best knowledge of the Company, each of Glodon and its ultimate beneficial owner is an Independent Third Party, is not our connected person (as defined under the Listing Rules), and is not an existing Shareholder nor a close associate of any of our existing Shareholders.

As confirmed by Glodon, its subscription under the Cornerstone Placing would be financed by its own internal financial resources.

CONDITIONS PRECEDENT

The obligation of each of the Cornerstone Investors to subscribe for the Offer Shares under the respective cornerstone investment agreement is subject to, among other things, the following conditions precedent:

(a) the Underwriting Agreements being entered into and having become effective and unconditional (in accordance with their respective original terms or as subsequently varied or waived by agreement of the parties thereto) by no later than the time and date as specified in those Underwriting Agreements and the Underwriting Agreements not having been terminated;

(b) the Offer Price having been agreed between the Company and the Sole Global Coordinator or the representative of the Underwriters (on behalf of itself and the other underwriters of the Global Offering);

(c) the Stock Exchange having granted the approval for the listing of, and permission to deal in, the H Shares (including the Offer Shares under the Cornerstone Placing), as well as any other applicable waivers, permissions or approvals, and that such waiver, permission or approval not having been revoked prior to the commencement of dealings in the H Shares on the Hong Kong Stock Exchange;

(d) no laws having been enacted or promulgated by any governmental authority which prohibits the consummation of the Global Offering or the transactions contemplated in the cornerstone investment agreements and there shall be no effective orders nor injunctions from any governmental authority (including a court of competent jurisdiction) in effect precluding or prohibiting consummation of such transactions, and

(e) the respective representations, warranties, undertakings, acknowledgements and confirmations of the relevant Cornerstone Investors under the relevant cornerstone investment agreements are accurate and true in all or material respects and not misleading and that there is no material breach of the relevant cornerstone investment agreements on the part of the relevant Cornerstone Investors.

RESTRICTIONS ON THE CORNERSTONE INVESTORS' INVESTMENT

Each Cornerstone Investor has agreed that it will not, whether directly or indirectly, at any time during the period of six (6) months from the Listing Date, (i) dispose of, in any way, any of the H Shares subscribed for by it under the relevant cornerstone investment agreement (the "**Relevant Shares**") or any interest in any company or entity holding any Relevant Shares; (ii) allow itself to undergo a change of control (as defined in the Takeovers Code) at the level of its ultimate beneficial owner; (iii) agree to or enter into a purchase or publicly announce any plans for the aforementioned transactions; or (iv) enter into any transactions directly or indirectly with the same economic effect as any aforesaid transaction.

Each Cornerstone Investor may transfer the Relevant Shares in certain limited circumstances as set out in the relevant cornerstone investment agreement, such as a transfer to a wholly-owned subsidiary of such Cornerstone Investor, provided that prior to such transfer, such wholly-owned subsidiary undertakes to be bound by such Cornerstone Investor's obligations under the relevant cornerstone investment agreement and be subject to the restrictions on disposal of the Relevant Shares imposed on such Cornerstone Investor.

HONG KONG UNDERWRITERS

China International Capital Corporation Hong Kong Securities Limited

Zhongtai International Securities Limited

BOCOM International Securities Limited

CMBC Securities Company Limited

CCB International Capital Limited

CMB International Capital Limited

UNDERWRITING ARRANGEMENTS AND EXPENSES

Hong Kong Public Offering

Hong Kong Underwriting Agreement

The Hong Kong Underwriting Agreement was entered into on October 27, 2021. Pursuant to the Hong Kong Underwriting Agreement, our Company is offering the Hong Kong Offer Shares for subscription by the public in Hong Kong at the Offer Price, on and subject to the terms and conditions of this Prospectus and the GREEN Application Forms. Subject to the Stock Exchange granting listing of, and permission to deal in, our H Shares to be offered pursuant to the Global Offering (including any additional H Shares which may be issued pursuant to the exercise of the Over-allotment Option) and to certain other conditions set out in the Hong Kong Underwriting Agreement, the Hong Kong Underwriters have agreed severally and not jointly or jointly and severally to subscribe or procure subscribers for their respective applicable proportions of the Hong Kong Offer Shares now being offered which are not taken up under the Hong Kong Public Offering on and subject to the terms and conditions of this Prospectus, the GREEN Application Forms and the Hong Kong Underwriting Agreement.

Grounds for Termination

The obligations of the Hong Kong Underwriters to subscribe or procure subscribers for the Hong Kong Offer Shares under the Hong Kong Underwriting Agreement will be subject to termination with immediate effect by notice in writing from the Sole Sponsor and the Sole Global Coordinator (for itself and on behalf of the Hong Kong Underwriters), to the Company to terminate this Agreement, if prior to 8:00 a.m. on the Listing Date:

(a) there has come to the notice of the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, or the Hong Kong Underwriters:

(i) any statement contained in this Prospectus and the **GREEN** Application Form or in any notices, announcements, advertisements, communications or other documents issued or used by or on behalf of our Company in connection with this Prospectus and the **GREEN** Application Form (including any supplement or amendments thereto) (collectively, the "**Relevant Documents**") was, when it was issued, or has become, untrue, incorrect, misleading or deceptive in any material respect or that any forecast, expression of opinion, intention or expectation expressed in any of the Relevant Documents is not fair and honest and based on reasonable grounds or, where appropriate, based on reasonable assumptions, when taken as a whole; or

(ii) any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of the Prospectus, constitute a material omission therefrom; or

(iii) any material breach of any of the obligations imposed upon any party to the Hong Kong Underwriting Agreement or the International Underwriting Agreement (in each case, other than on the part of any of the Underwriters); or

(iv) any event, act or omission which gives or is likely to give rise to any liability of the Company (pursuant to the Hong Kong Underwriting Agreement); or

(v) any material adverse change or development involving a prospective material adverse change, on the assets, liabilities, business, general affairs, management, prospects, shareholders' equity, profits, losses, results of operations, position or condition (financial, trading or otherwise), or performance of the Group taken as a whole ("**Material Adverse Effect**"); or

(vi) any breach of, or any event or circumstance rendering untrue, incorrect or incomplete in any material respect or misleading, any of the Warranties (as defined in the Hong Kong Underwriting Agreement); or

(vii) the approval by the Stock Exchange of the listing of, and permission to deal in, the H Shares (including any additional H Shares that may be issued upon the exercise of the Over-allotment Option) or the approval by the CSRC of the Global Offering is refused or not granted, or is qualified (other than subject to customary conditions), on or before the Listing Date, or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld; or

(viii) our Company withdraws this Prospectus and the **GREEN** Application Form; or

(ix) any person has withdrawn or withheld its consent set out in "Appendix VII – Statutory and General Information – 5. Other Information – G. Consents of experts" to this Prospectus to the issue of this Prospectus with the inclusion of its reports, letters and/or legal opinions (as the case may be) and references to its names included therein in the forms and context in which it respectively appears; or

(x) a significant portion of the orders in the book-building process, at the time the International Underwriting Agreement is entered into, or the investment commitments by any cornerstone investors after signing of agreements with such cornerstone investors, have been withdrawn, terminated or cancelled.

(b) there shall develop, occur, exist or come into effect:

(i) any local, national, regional, international event or circumstance, or series of events or circumstances, in the nature of force majeure (including, without limitation, any acts of government or orders of any courts, strikes, declaration of a national or international emergency or war, calamity, crisis, lock-outs, fire, explosion, flooding, civil commotion, acts of war, outbreak or escalation of hostilities (whether or not war is declared), acts of God, acts of terrorism, declaration of a local, regional, national or international emergency, riot, public disorder, economic sanctions, outbreaks of diseases, pandemics or epidemics (including, without limitation, Coronavirus Disease 2019 (COVID-19), Severe Acute Respiratory Syndrome, avian influenza A (H5N1), Swine Flu (H1N1), Middle East Respiratory Syndrome or such related or mutated forms and the escalation, mutation or aggravation of such diseases) or interruption or delay in transportation in or affecting Hong Kong, the PRC, the United States, the European Union (or any member thereof) (the "**Specific Jurisdiction**"); or

(ii) any change or development involving a prospective change, or any event or circumstance or series of events or circumstances likely to result in any change or development involving a prospective change, in any local, regional, national, international, financial, economic, political, military, industrial, fiscal, legal regulatory, currency, credit or market conditions (including, without limitation, conditions in the stock and bond markets, money and foreign exchange markets, the interbank markets and credit markets) in or affecting any Specific Jurisdictions; or

(iii) any moratorium, suspension or restriction on trading in securities generally (including, without limitation, any imposition of or requirement for any minimum or maximum price limit or price range) on the Stock Exchange, the New York Stock Exchange, the London Stock Exchange, the Nasdaq Global Market, the Shanghai Stock Exchange, the Shenzhen Stock Exchange, the Singapore Stock Exchange and the Tokyo Stock Exchange; or

(iv) any new Laws (as defined in the Hong Kong Underwriting Agreement), or any change or development involving a prospective change in existing laws, or any event or circumstance or series of events or circumstances likely to result in any change or development involving a prospective change in the interpretation or application of existing laws by any court or other competent authority, in each case, in or affecting any Specific Jurisdictions; or

(v) any general moratorium on commercial banking activities in Hong Kong (imposed by the Financial Secretary or the Hong Kong Monetary Authority or other competent Authority), the PRC, New York (imposed at Federal or New York State level or other competent Authority), London, or any other Specific Jurisdiction, or any disruption in commercial banking activities, foreign exchange trading or securities settlement or clearance services or procedures or matters, in or affecting any of the Specific Jurisdictions; or

(vi) the imposition of economic sanctions, in whatever form, directly or indirectly, by or for any of the Specific Jurisdictions; or

(vii) a change or development involving a prospective change in or affecting Taxation (as defined in the Hong Kong Underwriting Agreement) or exchange control (or the implementation of any exchange control), currency exchange rates or foreign investment laws (including, without limitation, any change in the system under which the value of the Hong Kong currency is linked to that of the currency of the United States or a material fluctuation in the exchange rate of the Hong Kong dollars or the Renminbi against any foreign currency or a material devaluation of the Hong Kong dollar or the Renminbi or implementation of any exchange control) in or affecting any of the Specific Jurisdictions or affecting an investment in the Shares; or

(viii) any change or development involving a prospective change, or a materialization of, any of the risks set out in the section headed "Risk Factors" in this Prospectus; or

(ix) any litigation or claim of any third party being threatened or instigated against any Group company; or

(x) any of our Directors, Supervisors and senior management members as set out in the section headed "Directors, Supervisors and Senior Management" in this Prospectus being charged with an indictable offence or prohibited by operation of law or otherwise disqualified from taking directorship or taking part in the management of a company or the commencement by any governmental, regulatory or political body or organization of any action against any Director, Supervisor of the Company in his or her capacity as such or an announcement by any governmental, regulatory or political body or organization that it intends to take any such action; or

(xi) an order or petition for the winding up of any Group company or any composition or arrangement made by any Group company with its creditors or a scheme of arrangement entered into by any Group company or any resolution for the winding up of Group company or the appointment of a provisional liquidator, receiver or manager over all or part of the material assets or undertaking of any Group company or anything analogous thereto occurring in respect of any Group company; or

(xii) the chairman and general manager of our Company vacating his or her office; or

(xiii) a contravention by any Group company or any Director or any Supervisor of the Listing Rules, the Companies Ordinance, the PRC Company Law or any other laws applicable to the Global Offering; or

(xiv) a prohibition on our Company for whatever reason from allotting, issuing or selling the Offer Shares pursuant to the terms of the Global Offering; or

(xv) non-compliance of this Prospectus and the other Relevant Documents or any aspect of the Global Offering with the Listing Rules or any other laws applicable to the Global Offering; or

(xvi) other than with the prior written consent of the Sole Sponsor, the issue or requirement to issue by our Company of a supplement or amendment to this Prospectus and/or any other documents in connection with the Global Offering pursuant to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Listing Rules or any requirement or request of the Stock Exchange and/or SFC; or

(xvii) governmental or regulatory prohibition on our Company for whatever reason from allotting H Shares (including the H Shares offered under the Over-allotment Option) pursuant to the terms of the Global Offering; or

(xviii) a valid demand by any creditor for repayment or payment of any indebtedness of any Group company or in respect of which any Group company is liable prior to its stated maturity,

which in each case individually or in aggregate in the sole opinion of the Sole Global Coordinator (for itself and on behalf of the Hong Kong Underwriters):

(1) has or is or will or may or could be expected to have a Material Adverse Effect on the assets, liabilities, business, general affairs, management, shareholders' equity, profits, losses, results of operation, financial, trading or other condition or prospects of our Company or our Group or any Group company or on any present or prospective shareholder of our Company in his, her or its capacity as such; or

(2) has or will or may have or could be expected to have a Material Adverse Effect on the success of the Global Offering or the level of applications under the Hong Kong Public Offering or the level of interest under the International Offering; or

(3) makes or will make or may make it inadvisable, inexpedient or impracticable for any material part of the Hong Kong Underwriting Agreement or the Global Offering to be performed or implemented or proceeded with as envisaged or to market the Global Offering; or

(4) has or will or may have the effect of making any material part of the Hong Kong Underwriting Agreement (including underwriting) incapable of performance in accordance with its terms or which prevents the processing of applications and/or payments pursuant to the Global Offering or pursuant to the underwriting thereof.

Undertakings to the Stock Exchange pursuant to the Listing Rules

Undertakings by us

Pursuant to Rule 10.08 of the Listing Rules, except pursuant to the Global Offering (including the exercise of the Over-allotment Option) or any issue of shares or securities in circumstances prescribed by Rule 10.08 of the Listing Rules, we will not, at any time within six months from the Listing Date, issue any shares or other securities convertible into our equity securities or form the subject of any agreement to such issue (whether or not such issue of shares or securities will be completed within six months from the commencement of dealing.

Undertakings by our Controlling Shareholders

Pursuant to Rule 10.07 of the Listing Rules, our Controlling Shareholders have jointly and severally undertaken to the Stock Exchange and us that, except pursuant to the Global Offering, they will not, and will procure that any other registered holder(s) of the Shares in which they have a beneficial interest will not, without the prior written consent of the Stock Exchange or unless in compliance with the requirements of Listing Rules:

(a) in the period commencing on the date by reference to which disclosure of their shareholding in our Company is made in this Prospectus and ending on the date which is six months from the date on which dealings in the H Shares commence on the Stock Exchange, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of those securities of our Company in respect of which they are shown by this Prospectus to be the beneficial owners (the "**Parent Shares**"); or

(b) in the period of six months commencing on the date on which the period referred to in paragraph (a) above expires, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of any of the Parent Shares, if immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, they would cease to be our Controlling Shareholders.

Furthermore, pursuant to note (3) to Rule 10.07(2) of the Listing Rules, our Controlling Shareholders have undertaken to the Stock Exchange and us that, within the period commencing on the date by reference to which disclosure of their shareholding in our Company is made in this Prospectus and ending on the date which is 12 months from the Listing Date, they will:

(a) when they pledge or charge any of our securities beneficially owned by them in favour of an authorized institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) pursuant to Note 2 to Rule 10.07(2) of the Listing Rules, immediately inform us of such pledge or charge together with the number of securities so pledged or charged; and

(b) when they receive indications, either verbal or written, from the pledgee or chargee that any of our pledged or charged securities will be disposed of, immediately inform us of such indications.

Therefore, BUCG's indirect interest in our Company through its subsidiaries (i.e. BUCID and BUCC) will be included in the undertaking by Controlling Shareholders pursuant to Rule 10.07.

We will inform the Stock Exchange as soon as we have been informed of the above matters (if any) by any of our Controlling Shareholders and disclose such matters by way of an announcement in accordance with the requirements under Rule 2.07C of the Listing Rules as soon as possible after being so informed.

Undertakings pursuant to the Hong Kong Underwriting Agreement

Undertakings by us

Pursuant to the Hong Kong Underwriting Agreement, we have undertaken to each of the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Hong Kong Underwriters and the Sole Sponsor that except for the issue, offer and sale of the Offer Shares pursuant to the Global Offering (including pursuant to the Over-allotment Option), during the period commencing on the date of the Hong Kong Underwriting Agreement and ending on, and including, the date that is six months from the Listing Date (the "**First Six-Month Period**"), we will not, and will procure each other member of the Group not to, without the prior written consent of the Sole Global Coordinator (for itself and on behalf of the Hong Kong Underwriters) and the Sole Sponsor and unless in compliance with the Listing Rules (and only after the consent of any relevant PRC Authority (as defined in the Hong Kong Underwriting Agreement) (if so required) has been obtained):

(a) allot, issue, sell, accept subscription for, offer to allot, issue or sell, contract or agree to allot, issue or sell, assign, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to subscribe for or purchase, grant or purchase any option, warrant, contract or right to allot, issue or sell, or otherwise transfer or dispose of or create any mortgage, charge, pledge, lien or other security interest or any option, restriction, right of first refusal, right of pre-emption or other third party claim, right, interest or preference or any other encumbrance of any kind (the "**Encumbrance**") over, or agree to transfer or dispose of or create an Encumbrance over, either directly or indirectly, conditionally or unconditionally, or repurchase, any legal or beneficial interest in any Shares or any other equity securities (including securities convertible into share capital) of our Company, as applicable, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase any Shares or other equity securities (including securities convertible into share capital) of the Company or deposit any Shares or other equity securities (including securities convertible into share capital) 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 any Shares or other securities of our Company, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares or other securities of our Company or any interest in any of the foregoing); or

(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 transactions specified in (a), (b) or (c) above is to be settled by delivery of Shares or other equity securities of our Company, in cash or otherwise (whether or not the issue of such Shares or other shares or securities will be completed within the First Six-Month Period). We further agree that, in the six month period commencing on the date on which the First Six-Month Period expires (the "**Second Six-Month Period**"), we shall not carry out any transactions specified in (a), (b) or (c) above or offer to or agree to or announce any intention to effect any transaction above which would cause the Controlling Shareholders to, directly or indirectly, cease to be controlling shareholders of our Company. In the event that our Company carries out any transaction specified in (a), (b) or (c) above or offers to or agrees to or announces any intention to effect any such transaction during the Second Six-Month Period, we shall take all reasonable steps to ensure that it will not create a disorderly or false market in the securities of our Company.

Undertakings by our Controlling Shareholders

BUCG has undertaken to the Sole Sponsor and the Sole Global Coordinator, except pursuant to the Global Offering will not and will procure that any other registered holder (if any) of the Shares in which it have a beneficial interest will not without the prior written consent of the Stock Exchange or unless in compliance with the requirements of the Listing Rules :

(a) in the period commencing on the date by reference to which disclosure of its shareholding in our Company is made in the Prospectus and ending on the date which is six months from the date on which dealings in the H Shares commence on the Stock Exchange, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the securities of our Company in respect of which it is shown by the Prospectus to be the beneficial owners; and

(b) in the period of six months commencing on the date on which the period referred to in paragraph (a) above expires, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the securities referred to in paragraph (a) above if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, it would then cease to be a Controlling Shareholder.

BUCG further undertakes to each of the Sole Sponsor and the Sole Global Coordinator that, within the period commencing on the date by reference to which disclosure of its shareholding in our Company is made in this Prospectus and ending on the date which is 12 months from the Listing Date, it will:

(a) when it pledges or charges any securities of our Company beneficially owned by it in favour of any authorized institution pursuant to note 2 to Rule 10.07(2) of the Listing Rules, immediately inform us of such pledges or charge together with the number of securities so pledged or charged; and

(b) when it receives indications, either verbal or written, from the pledgee or chargee that any of the Shares pledged or charged will be disposed of, immediately inform us of such indications.

The International Offering

In connection with the International Offering, it is expected that our Company will enter into the International Underwriting Agreement with the International Underwriters. Under the International Underwriting Agreement, the International Underwriters will, subject to certain conditions set out therein, severally (and not jointly or jointly and severally) agree to procure purchasers for the International Offer Shares, failing which they agree to purchase their respective proportions of the International Offer Shares (subject to the exercise of the Over-allotment Option and any reallocation) under the International Offering.

We expect to grant the Over-allotment Option to the International Underwriters, exercisable by the Sole Global Coordinator for itself and on behalf of the International Underwriters at any time on or prior to the date which is the 30th day after the last day for the lodging of application under the Hong Kong Public Offering. Under the Over-allotment Option, the Sole Global Coordinator will have the right to require us to allot and issue up to an aggregate of 5,500,000 additional new H Shares, representing no more than approximately 15.00% of the Offer Shares initially available under the Global Offering, at the Offer Price to, cover over-allocations in the International Offering, if any.

Underwriting Commission and Expenses

The Underwriter(s) will receive an underwriting commission of 3.00% of the aggregate Offer Price of all the Offer Shares (including any Offer Shares which may be issued pursuant to the exercise of the Over-allotment Option).

In addition, the Underwriter(s) may receive a discretionary fee of up to 1.00% of the aggregate Offer Price of all the Offer Shares to be issued by our Company under the Global Offering (including any Offer Shares which may be issued pursuant to the exercise of the Over-allotment Option).

For any unsubscribed Hong Kong Offer Shares reallocated to the International Offering, our Company will pay an underwriting commission at the rate applicable to the International Offering and such commission will be paid to the relevant International Underwriters (but not the Hong Kong Underwriters).

Assuming the Over-allotment Option is not exercised, based on an Offer Price of HK$9.12 per H Share (being the mid-point of the indicative Offer Price range of HK$8.28 to HK$9.96 per H Share), the aggregate commission and fee, together with the Listing fees, the SFC transaction levy, the Stock Exchange trading fee, legal and other professional fees and printing and other expenses, payable by our Company relating to the Global Offering are estimated to be approximately HK$56.70 million in total.

Indemnity

We have agreed to indemnify the Hong Kong Underwriters for certain losses which they may suffer, including losses incurred arising from their performance of their obligations under the Hong Kong Underwriting Agreement and any breach by us of the Hong Kong Underwriting Agreement.

We are expected to agree to indemnify the International Underwriters for certain losses which they may suffer, including losses incurred arising from their performance of their obligations under the International Underwriting Agreement and any breach by us of the International Underwriting Agreement.

Hong Kong Underwriters' Interests in our Company

Except as disclosed in this Prospectus and save for its obligations under the Hong Kong Underwriting Agreement, none of the Hong Kong Underwriters has any shareholding interest in our Company or the right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in our Company.

Following completion of the Global Offering, the Hong Kong Underwriters and their affiliated companies may hold a certain portion of the H Shares as a result of fulfilling their obligations under the Hong Kong Underwriting Agreement.

INDEPENDENCE OF THE SOLE SPONSOR

China International Capital Corporation Hong Kong Securities Limited satisfies the independence criteria applicable to sponsors as set out in Rule 3A.07 of the Listing Rules.

ACTIVITIES BY SYNDICATE MEMBERS

The underwriters of the Hong Kong Public Offering and the International Offering (together, the "**Syndicate Members**") and their affiliates may each individually undertake a variety of activities (as further described below) which do not form part of the underwriting or stabilizing process.

The Syndicate Members and their affiliates are diversified financial institutions with relationships in countries around the world. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, trading, hedging, investing and other activities for their own account and for the account of others. In relation to the H Shares, those activities could include acting as agent for buyers and sellers of the H Shares, entering into transactions with those buyers and sellers in a principal capacity, proprietary trading in the H Shares, and entering into over the counter or listed derivative transactions or listed and unlisted securities transactions (including issuing securities such as derivative warrants listed on a stock exchange) which have as their underlying assets, assets including the H Shares. Those activities may require hedging activity by those entities involving, directly or indirectly, the buying and selling 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 H Shares as their underlying securities, whether on the Stock Exchange or on any other stock exchange, the rules of the exchange may require the issuer of those securities (or one of its affiliates or agents) to act as a market maker or liquidity provider in the security, and this will also result in hedging activity in the H Shares in most cases.

All such activities may occur both during and after the end of the stabilizing period described in the section headed "Structure of the Global Offering" in this Prospectus. Such activities may affect the market price or value of the H Shares, the liquidity or trading volume in the H Shares and the volatility of the price of the H 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 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, derivative and other services to us, our affiliates or our Shareholders including cornerstone investors for which such Syndicate Members or their respective affiliates have received or will receive customary fees and commissions.

THE GLOBAL OFFERING

This Prospectus is published in connection with the Hong Kong Public Offering which forms part of the Global Offering.

The Global Offering comprises:

- the Hong Kong Public Offering of 3,667,200 H Shares (subject to adjustment as mentioned below) in Hong Kong as described in the paragraph headed "Hong Kong Public Offering" in this section; and

- the International Offering of 33,000,000 H Shares (subject to adjustment and the Over-allotment Option as mentioned below) outside the United States (including with professional, institutional, corporate and other investors whom we anticipate may have a reasonable demand for the H Shares in Hong Kong) in offshore transactions in reliance on Regulation S.

Investors may apply for the Hong Kong Offer Shares under the Hong Kong Public Offering or indicate an interest for the International Offer Shares under the International Offering, but may not do both.

The H Shares to be offered under the Global Offering will represent approximately 25.00% of the enlarged issued share capital of our Company immediately after completion of the Global Offering, assuming the Over-allotment Option is not exercised.

The requisite PRC government approvals, including the approval of the CSRC, in respect of the Global Offering have been obtained.

HONG KONG PUBLIC OFFERING

Number of H Shares initially offered

We are initially offering 3,667,200 H Shares at the Offer Price, representing approximately 10% of the 36,667,200 H Shares initially available under the Global Offering, for subscription by the public in Hong Kong. Subject to the reallocation of Offer Shares between the International Offering and the Hong Kong Public Offering, the number of Offer Shares offered under the Hong Kong Public Offering will represent approximately 2.50% of our enlarged issued share capital immediately after completion of the Global Offering, assuming that the Over-allotment Option is not exercised.

The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to institutional and professional investors. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities.

Completion of the Hong Kong Public Offering is subject to the conditions as set out in the paragraph headed "Conditions of the Hong Kong Public Offering" in this section.

Allocation

Allocation of H Shares to investors under the Hong Kong Public Offering will be based solely on the level of valid applications received under the Hong Kong Public Offering. The basis of allocation may vary, depending on the number of Hong Kong Offer Shares validly applied for by applicants. Such allocation could, where appropriate, consist of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

The total number of Hong Kong Offer Shares initially available under the Hong Kong Public Offering (after taking account of any reallocation referred to below) is to be divided into two pools for allocation purposes: 1,833,600 H Shares for pool A and 1,833,600 H Shares for pool B. The Offer Shares in pool A will be allocated on an equitable basis to applicants who have applied for Offer Shares with an aggregate price of HK$5 million (excluding the brokerage, the SFC transaction levy and the Stock Exchange trading fee payable) or less. The Offer Shares in pool B will be allocated on an equitable basis to applicants who have applied for Offer Shares with an aggregate price of more than HK$5 million (excluding the brokerage, the SFC transaction levy and the Stock Exchange trading fee payable) and up to the total value in pool B. Investors should be aware that applications in pool A and applications in pool B may receive different allocation ratios. If Hong Kong Offer Shares in one (but not both) of the pools are undersubscribed, the surplus Hong Kong Offer Shares will be transferred to the other pool to satisfy demand in this other pool and be allocated accordingly. Applicants can only receive an allocation of H Shares from either pool A or pool B but not from both pools. Multiple or suspected multiple applications and any application for more than 1,833,600 H Shares are liable to be rejected.

Reallocation and clawback

The allocation of H Shares between the Hong Kong Public Offering and the International Offering is subject to adjustment. 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 Hong Kong Offer Shares to certain percentages of the total number of H Shares offered in the Global Offering if certain prescribed total demand levels are reached. The initial H Shares available for subscription under the Hong Kong Public Offering represents approximately 10.00% of the total number of the H Shares initially available under the Global Offering. In the event of oversubscription under the Hong Kong Public Offering, the Sole Global Coordinator shall apply a clawback mechanism following the closing of the application lists on the following basis (the "**Mandatory Reallocation**"):

- If the number of Hong Kong Offer Shares validly applied for under the Hong Kong Public Offering represents 15 times or more but less than 50 times the number of Hong Kong Offer Shares initially available for subscription under the Hong Kong Public Offering, then H Shares will be reallocated to the Hong Kong Public Offering from the International Offering, so that the total number of H Shares available under the Hong Kong Public Offering will be 11,000,400 H Shares, representing approximately 30.00% of the H Shares initially available under the Global Offering.

- If the number of Hong Kong Offer Shares validly applied for under the Hong Kong Public Offering represents 50 times or more but less than 100 times the number of Hong Kong Offer Shares initially available for subscription under the Hong Kong Public Offering, then the number of H Shares to be reallocated to the Hong Kong Public Offering from the International Offering will be increased so that the total number of the H Shares available under the Hong Kong Public Offering will be 14,667,200 H Shares, representing approximately 40.00% of the H Shares initially available under the Global Offering.

- If the number of Hong Kong Offer Shares validly applied for under the Hong Kong Public Offering represents 100 times or more the number of Hong Kong Offer Shares initially available for subscription under the Hong Kong Public Offering, then the number of H Shares to be reallocated to the Hong Kong Public Offering from the International Offering will be increased, so that the total number of the H Shares available under the Hong Kong Public Offering will be 18,333,600 H Shares, representing 50.00% of the H Shares initially available under the Global Offering.

In each case, the additional H Shares reallocated to the Hong Kong Public Offering will be allocated between pool A and pool B and the number of H Shares allocated to the International Offering will be correspondingly reduced in such manner as the Sole Global Coordinator deems appropriate. In addition, the Sole Global Coordinator may allocate H Shares from the International Offering to the Hong Kong Public Offering to satisfy valid applications under the Hong Kong Public Offering.

If the Hong Kong Offer Shares are not fully subscribed for, the Sole Global Coordinator has the authority to reallocate all or any unsubscribed Hong Kong Offer Shares to the International Offering, in such proportion as the Sole Global Coordinator shall deem appropriate.

In addition to any Mandatory Reallocation which may be required, the Sole Global Coordinator (for itself and on behalf of the Underwriters) may, at its discretion, reallocate Offer Shares initially allocated for the International Offering to the Hong Kong Public Offering to satisfy valid applications in pool A and pool B under the Hong Kong Public Offering in accordance with Guidance Letter HKEX-GL-91-18. In the event that (i) the International Offer Shares are undersubscribed and the Hong Kong Offer Shares are fully subscribed or oversubscribed irrespective of the number of times; or (ii) the International Offer Shares are fully subscribed or oversubscribed and the Hong Kong Offer Shares are fully subscribed or oversubscribed as to less than 15 times of the number of Hong Kong Offer Shares initially available under the Hong Kong Public Offering provided that the Offer Price would be set at HK$8.28 (low-end of the indicative Office Price range), up to 3,667,200 Offer Shares may be reallocated to the Hong Kong Public Offering from the International Offering, so that the total number of the Offer Shares available under the Hong Kong Public Offer will be increased to 7,334,400 Offer Shares, representing twice of the number of the Offer Shares initially available under the Hong Kong Public Offering (before any exercise of the Over-allotment Option).

Applications

Each applicant under the Hong Kong Public Offering will be required to give an undertaking and confirmation in the application submitted by him that he and any person(s) for whose benefit he is making the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any International Offer Shares under the International Offering, and such applicant's application is liable to be rejected if the said undertaking and/or confirmation is breached and/or untrue (as the case may be) or it has been or will be placed or allocated International Offer Shares under the International Offering.

Applicants under the Hong Kong Public Offering are required to pay, on application, the maximum Offer Price of HK$9.96 per Offer Share plus the brokerage, the SFC transaction levy and the Stock Exchange trading fee. If the Offer Price, as finally determined on the Price Determination Date, is lower than HK$9.96, being the maximum Offer Price, we will refund the respective difference (including the brokerage, the SFC transaction levy and the Stock Exchange trading fee attributable to the surplus application monies) to successful applicants, without interest. Further details are set out in the section headed "How to Apply for Hong Kong Offer Shares" in this Prospectus.

INTERNATIONAL OFFERING

Number of H Shares initially offered

The number of H Shares to be initially offered for subscription or sale under the International Offering will be 33,000,000 H Shares (subject to adjustment and the Over-allotment Option), representing approximately 90% of the Offer Shares under the Global Offering and approximately 22.50% of our enlarged issued share capital immediately after the Global Offering assuming that the Over-allotment Option is not exercised.

The International Offering is subject to the Hong Kong Public Offering becoming unconditional.

Allocation

Pursuant to the International Offering, the International Offering Shares will be conditionally placed on behalf of our Company by the International Underwriters or through selling agents appointed by them. The International Offering will include selective marketing of Offer Shares to institutional and professional investors and other investors anticipated to have a sizable demand for such Offer Shares. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities.

Allocation of International Offer Shares under the International Offering will be effected in accordance with the "book-building" process described in the paragraph headed "Pricing and Allocation" in this section and 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 H Shares, and/or hold or sell its H Shares, after the Listing. Such allocation is intended to result in a distribution of the H Shares on a basis which would lead to the establishment of a solid professional and institutional shareholder base for the benefit of our Company and our Shareholders as a whole.

The Sole Global Coordinator (for itself and on behalf of the Underwriters) may require any investor who has been offered H Shares under the International Offering, and who has made an application under the Hong Kong Public Offering to provide sufficient information to the Sole Global Coordinator so as to allow it to identify the relevant application under the Hong Kong Public Offering and to ensure that it is excluded from any application of H Shares under the Hong Kong Public Offering.

Over-allotment Option

We expect to grant the Over-allotment Option to the International Underwriters, exercisable by the Sole Global Coordinator for itself and on behalf of the International Underwriters at any time on or prior to the date which is the 30th day after the last day for the lodging of application under the Hong Kong Public Offering. Under the Over-allotment Option, the Sole Global Coordinator will have the right to require us to allot and issue up to an aggregate of 5,500,000 additional new H Shares, representing no more than approximately 15.00% 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 if the Over-allotment Option is exercised.

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, activities aimed at reducing the market price are 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, as Stabilizing Manager on behalf of the Underwriters, may, to the extent permitted by applicable laws of Hong Kong or elsewhere, over-allocate or effect any other transactions with a view to stabilizing or maintaining the market price of our H Shares at a level higher than that which might otherwise prevail in the open market for a limited period up to the 30th day 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, its affiliates 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, its affiliates or any person acting for it, 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.

Stabilizing actions permitted in Hong Kong under the Securities and Futures (Price Stabilizing) Rules (Chapter 571W of the Laws of Hong Kong) include: (a) over-allocation for the purpose of preventing or minimising any reduction in the market price of the H Shares; (b) selling or agreeing to sell the H Shares so as to establish a short position in them for the purpose of preventing or minimising any reduction in the market price of the H Shares; (c) purchasing or subscribing for, or agreeing to purchase or subscribe for, the H Shares under the Over-allotment Option in order to close out any position established under (a) or (b) above; (d) purchasing, or agreeing to purchase, any of the H Shares for the sole purpose of preventing or minimising any reduction in the market price of the H Shares; (e) selling or agreeing to sell any H Shares in order to liquidate any position held as a result of those purchases; and (f) offering or attempting to do anything described in (b), (c), (d) or (e) above.

Specifically, prospective applicants for and investors in the H Shares should note that:

- the Stabilizing Manager, its affiliates or any person acting for it, may, in connection with the stabilizing action, maintain a long position in the H Shares;

- there is no certainty regarding the extent to which and the time period for which the Stabilizing Manager, its affiliates or any person acting for it, will maintain such a position;

- liquidation of any such long position by the Stabilizing Manager, its affiliates or any person acting for it, may have an adverse impact on the market price of the H Shares;

- 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 date of the International Underwriting Agreement until 30 days after the last day 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;

- 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
- stabilizing bids must 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.

Our Company will ensure or 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 stabilization period.

In order to effect stabilization actions, the Stabilizing Manager will arrange cover of up to an aggregate of 5,500,000 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 paid on the Listing Date. Both the size of such cover and the extent to which the Over-allotment Option can be exercised will depend on whether arrangements can be made with investors such that a sufficient number of H Shares can be delivered on a delayed basis. If no investor in the International Offering agrees to the delayed delivery arrangements, no stabilizing actions will be undertaken by the Stabilizing Manager and the Over-allotment Option will not be exercised.

PRICING AND ALLOCATION

The Offer Price is expected to be fixed by agreement between the Sole Global Coordinator (for itself and on behalf of the Underwriters) and us on the Price Determination Date. The Price Determination Date is expected to be on or around Wednesday, November 3, 2021 and in any event, no later than 5:00 p.m. on Monday, November 8, 2021.

The Offer Price will not be more than HK$9.96 per Offer Share and is expected to be not less than HK$8.28 per Offer Share, unless otherwise announced not later than the morning of the last day for lodging applications under the Hong Kong Public Offering. Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the indicative Offer Price range stated in this Prospectus.

The Sole Global Coordinator (for itself and on behalf of the Underwriters) may, where considered appropriate, based on the level of interest expressed by prospective professional and institutional investors during the book-building process, and with the consent of our Company, reduce the number of the Offer Shares offered in the Global Offering and/or the indicative Offer Price range below that stated in this Prospectus at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, we will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the last day for lodging applications under the Hong Kong Public Offering on Wednesday, November 3, 2021, cause to publish on the websites of the Stock Exchange at **www.hkexnews.hk** and our Company at **http://www.bcjps.com** an announcement or a supplemental prospectus (as appropriate) of the reduction. Upon issue of such announcement or supplemental prospectus (as appropriate), the number of the Offer Shares offered in the Global Offering and/or the revised Offer Price range will be final and conclusive, and the Offer Price, if agreed upon by the Sole Global Coordinator (for itself and on behalf of the Underwriters) and our Company, will be fixed within such revised Offer Price range. Applicants should have regard to the possibility that any announcement or supplemental prospectus (as appropriate) of a reduction in the number of the Offer Shares being offered under the Global Offering and/or the indicative Offer Price range may not be made until the day which is the last day for lodging applications under the Hong Kong Public Offering. Such announcement or supplemental prospectus (as appropriate) which requires investors who had applied for the Hong Kong Public Offer Shares to positively confirm their applications for Offer Shares in light of the change in the number of Offer Shares and/or the Offer Price will also include confirmation or revision, as appropriate, of the working capital statement and the Global Offering statistics as currently set out in this Prospectus, and any other financial information which may change as a result of such reduction. If the number of Offer Shares and/or the Offer Price range is so reduced, all applicants who have already submitted an application will need to confirm their applications in accordance with the procedures set out in the supplemental prospectus and all unconfirmed applications will not be valid. In the absence of any such announcement or supplemental prospectus (as appropriate) so published, the Offer Price, if agreed upon with our Company and the Sole Global Coordinator, will under no circumstances be set outside the Offer Price range as stated in this Prospectus.

The H Shares to be offered in the International Offering and the H Shares to be offered in the Hong Kong Public Offering may, in certain circumstances, be reallocated as between these offering at the discretion of the Sole Global Coordinator. In the event of a reduction in the number of the H Shares being offered under the Global Offering, the Sole Global Coordinator may at its discretion reallocate the number of H Shares to be offered under the Hong Kong Public Offering and the International Offering, provided that the number of H Shares comprised in the Hong Kong Public Offering shall not be less than 5% of the total number of the H Shares in the Global Offering.

The final Offer Price, the level of applications in the Hong Kong Public Offering, the level of indications of interest in the International Offering and the basis of allocations of the Hong Kong Offer Shares are expected to be announced on Tuesday, November 9, 2021. Please refer to "How to Apply for Hong Kong Offer Shares – 12. Publication of Results" of 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 Sole Global Coordinator (for itself and on behalf of the Underwriters) and us on the Price Determination Date.

We expect that we will enter into the International Underwriting Agreement relating to the International Offering on the Price Determination Date.

The terms of the Underwriting Agreements are summarised in the section headed "Underwriting" in this Prospectus.

CONDITIONS OF THE HONG KONG PUBLIC OFFERING

Acceptance of all applications for the Hong Kong Offer Shares under the Hong Kong Public Offering will be conditional on:

(a) the granting of approval by the Stock Exchange for the listing of, and permission to deal in, the H Shares to be issued pursuant to the Global Offering (including any H Shares which may be issued under the exercise of the Over-allotment Option), and such listing and permission not having been revoked prior to the commencement of dealings in the Offer Shares on the Stock Exchange;

(b) the Offer Price having been determined on or around the Price Determination Date;

(c) the execution and delivery of the International Underwriting Agreement on or around the Price Determination Date; and

(d) the obligations of the Underwriters under the Underwriting Agreements having become unconditional 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 30 day after the date of this Prospectus.

If, for any reason, the Offer Price is not agreed by Monday, November 8, 2021 between the Sole Global Coordinator (for itself and on behalf of the Underwriters) and us, the Global Offering will not proceed and will lapse.

The consummation of each of the Hong Kong Public Offering and the International Offering is conditional upon the other becoming unconditional and not having been terminated in accordance with its terms.

If the above conditions are not fulfilled or waived before 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 on the websites of the Stock Exchange at **www.hkexnews.hk** and our website at **http://www.bcjps.com** on the next day following such lapse. In such eventuality, all application monies will be returned, without interest, on the terms set out in the section headed "How to Apply for Hong Kong Offer Shares" in this Prospectus. In the meantime, the application monies will be held in separate bank account(s) with the receiving bank(s) or other bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) (as amended).

H Share certificates for the H Shares are expected to be issued on or before Tuesday, November 9, 2021 but will only become valid certificates of title at 8:00 a.m. on the Listing Date, provided that (a) the Global Offering has become unconditional in all respects; and (b) neither of the Underwriting Agreements has been terminated in accordance with its terms.

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

We have applied to the Stock Exchange for the listing of, and permission to deal in, the Offer Shares being offered under the Global Offering (including the additional Offer Shares which may be made available under the exercise of the Over-allotment Option).

DEALING ARRANGEMENTS

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Wednesday, November 10, 2021, it is expected that dealings in H Shares on the Stock Exchange will commence at 9:00 a.m. on Wednesday, November 10, 2021.

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 Hong Kong Stock Exchange at **www.hkexnews.hk** under the "HKEXnews > New Listings > New Listing Information" section, and our website at **http://www.bcjps.com**. If you require a printed copy of this prospectus, you may download and print from the website addresses above.

Set out below are the channels and 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. The contents of the electronic version of this prospectus are identical to the printed prospectus as registered with the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies (WUMP) 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.

1. HOW TO APPLY

If you apply for Hong Kong Offer Shares, then you may not apply for or indicate an interest for International Offer Shares.

We will not provide printed application forms for the Hong Kong Public Offering.

To apply for Hong Kong Offer Shares, you may:

(a) apply online via the **White Form eIPO** at **www.eipo.com.hk**; or

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

(i) instructing your **broker** or **custodian** who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf; or

(ii) (if you are a **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 (following the procedures contained 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 form.

If you apply through channel (a), the Hong Kong Offer Shares successfully applied for will be issued in your own name.

If you apply through channels (b)(i) or (b)(ii), 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.

Our Company, the Sole Global Coordinator, the **White Form eIPO** Service Provider and their respective agents may reject or accept any application in full or in part for any reason at their discretion.

2. WHO CAN APPLY

You can apply for Hong Kong Offer Shares if you or the person(s) for whose benefit you are applying:

- are 18 years of age or older;
- have a Hong Kong address;
- are outside the United States, and are not a U.S. person (as defined in Regulation S); and
- are not a legal or natural person of the PRC.

If an application is made by a person under a power of attorney, the Sole Global Coordinator may accept it at its discretion, and on any condition it thinks fit, including evidence of the attorney's authority.

The number of joint applicants may not exceed four and they may not apply by means of **White Form eIPO** service for the Hong Kong Offer Shares.

Unless permitted by the Listing Rules, you cannot apply for any Hong Kong Offer Shares if you are:

- an existing beneficial owner of shares in our Company and/or any of its subsidiaries;
- a director or chief executive officer or supervisor of our Company and/or any of its subsidiaries;
- a close associate (as defined in the Listing Rules) of any of the above; or
- have been allocated or have applied for any International Offer Shares or have otherwise participated in the International Offering.

Items Required for the Application

If you apply online through the **White Form eIPO**, in addition to the above you must also:

- have a valid Hong Kong identity card number; and
- 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, among other things, you:

(i) undertake to execute all relevant documents and instruct and authorize our Company and/or the Sole Global Coordinator (or its agents or nominees), as agents of our Company, to execute any documents for you and to do on your behalf all things necessary to register any Hong Kong Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association;

(ii) agree to comply with the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Companies Ordinance, the PRC Company Law, the Special Regulations 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;

(v) confirm that you are aware of the restrictions on the Global Offering in this Prospectus;

(vi) agree that none of our Company, the Sole Global Coordinator, the Sole Sponsor, the Joint Bookrunners, 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;

(viii) agree to disclose to our Company, the H Share Registrar, receiving bank, the Sole Global Coordinator, the Sole Sponsor, the Joint Bookrunners, the Underwriters and/or their respective advisers and agents any personal data which they may require about you and the person(s) for whose benefit you have made the application;

(ix) if the laws of any place outside Hong Kong apply to your application, agree and warrant that you have complied with all such laws and none of our Company, the Sole Global Coordinator, the Sole Sponsor, the Joint Bookrunners, 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; (ii) you and any person for whose benefit you are applying for the Hong Kong Offer Shares are outside the United States (as defined in Regulation S) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S; and (iii) you are not, and none of the other person(s) for whose benefit you are applying is, a U.S. person (as defined in 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 of such Shares allocated to you under the application;

(xv) authorize our Company to place your name(s) or the name of the HKSCC Nominees, on our Company's register of members as the holder(s) of any Hong Kong Offer Shares allocated to you, and our Company and/or its agents to send any Share certificate(s) and/or any e-Refund payment instructions and/or any refund cheque(s) to you or the first-named applicant for joint application by ordinary post at your own risk to the address stated on the application, unless you are eligible to collect the 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 our Company and the Sole Global Coordinator will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Offer Shares to you and that you may be prosecuted for making a false declaration;

(xviii) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit by giving **electronic application instructions** to HKSCC or to the **White Form eIPO** Service Provider by you or by any one as your agent or by any other person;

(xix) (if you are making the application as an agent for the benefit of another person) warrant that (i) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person by giving **electronic application instructions** to HKSCC; and (ii) you have due authority to give **electronic application instructions** on behalf of that other person as their agent;

(xx) agree with our Company and each Shareholder of our Company that the H Shares are freely transferable by the holders thereof; and

(xxi) authorize our Company to enter into a contract on your behalf with each of our Directors, Supervisors, managers and officers whereby each such person undertakes to observe and comply with his or her obligations to the Shareholders as stipulated in the Articles of Association.

4. MINIMUM APPLICATION AMOUNTS AND PERMITTED NUMBERS

Your application through the **White Form eIPO** service or the CCASS EIPO service must be made for a minimum of 400 Hong Kong Offer Shares and in multiples of that number of Hong Kong Offer Shares as set out in the table below. You are required to pay the amount next to the number of Hong Kong Offer Shares you select.

Beijing Capital Jiaye Property Services Co., Limited
(HK$9.96 per Hong Kong Offer Share)
NUMBER OF HONG KONG OFFER SHARES THAT MAY BE APPLIED FOR AND PAYMENTS

No. of Hong Kong Offer Shares applied for	Amount payable on application *HK$*	No. of Hong Kong Offer Shares applied for	Amount payable on application *HK$*	No. of Hong Kong Offer Shares applied for	Amount payable on application *HK$*	No. of Hong Kong Offer Shares applied for	Amount payable on application *HK$*
400	4,024.15	8,000	80,482.93	70,000	704,225.68	500,000	5,030,183.46
800	8,048.30	10,000	100,603.67	80,000	804,829.35	600,000	6,036,220.15
1,200	12,072.44	12,000	120,724.41	90,000	905,433.02	700,000	7,042,256.84
1,600	16,096.59	14,000	140,845.13	100,000	1,006,036.69	800,000	8,048,293.54
2,000	20,120.74	16,000	160,965.87	150,000	1,509,055.04	900,000	9,054,330.23
2,400	24,144.89	18,000	181,086.60	200,000	2,012,073.38	1,000,000	10,060,366.92
2,800	28,169.02	20,000	201,207.34	250,000	2,515,091.73	1,100,000	11,066,403.61
3,200	32,193.17	30,000	301,811.01	300,000	3,018,110.08	1,200,000	12,072,440.30
3,600	36,217.32	40,000	402,414.68	350,000	3,521,128.42	1,300,000	13,078,477.00
4,000	40,241.47	50,000	503,018.35	400,000	4,024,146.77	1,500,000	15,090,550.38
6,000	60,362.20	60,000	603,622.02	450,000	4,527,165.11	1,833,600(1)	18,446,688.78

Note:

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

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

5. APPLYING THROUGH WHITE FORM eIPO SERVICE

General

Individuals who meet the criteria set out in the paragraph headed "2. Who Can Apply" in this section may apply through the **White Form eIPO** for the Offer Shares to be allotted and registered in their own names through the designated website at **www.eipo.com.hk**.

Detailed instructions for application through the **White Form eIPO** are on the designated website. If you do not follow the instructions, your application may be rejected and may not be submitted to our Company. If you apply through the designated website, you authorize the **White Form eIPO** Service Provider to apply on the terms and conditions in this Prospectus, as supplemented and amended by the terms and conditions of the **White Form eIPO**.

Time for Submitting Applications under the White Form eIPO

You may submit your application to the **White Form eIPO** Service Provider at **www.eipo.com.hk** (24 hours daily, except on the last application day) from 9:00 a.m. on Friday, October 29, 2021 until 11:30 a.m. on Wednesday, November 3, 2021 and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Wednesday, November 3, 2021 or such later time as set out in the paragraph headed "11. Effect of Bad Weather on the Opening of the Application Lists" in this section.

No Multiple Applications

If you apply by means of **White Form eIPO**, once you complete payment in respect of any **electronic application instruction** given by you or for your benefit through the **White Form eIPO** to make an application for Hong Kong Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an **electronic application instruction** under **White Form eIPO** more than once and obtaining different application reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you are suspected of submitting more than one application through the **White Form eIPO** or by any other means, all of your applications are liable to be rejected.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, our Company and all other parties involved in the preparation of this Prospectus acknowledge that each applicant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

Commitment to sustainability

The obvious advantage of **White Form eIPO** service is to save the use of paper via the self-serviced and electronic application process. Computershare Hong Kong Investor Services Limited, being the designated **White Form eIPO** Service Provider, will contribute HK$2 for each "**Beijing Capital Jiaye Property Services Co., Limited**" **White Form eIPO** application submitted via **www.eipo.com.hk** to support sustainability.

6. APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC VIA CCASS

General

CCASS Participants may give **electronic application instructions** to apply for the Hong Kong Offer Shares and to arrange payment of the money due on application and payment of refunds under their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a CCASS Investor Participant, you may give these **electronic application instructions** through the CCASS Phone System by calling 2979 7888 or through the CCASS Internet System (**https://ip.ccass.com**) (using the procedures in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time).

HKSCC can also input **electronic application instructions** for you if you go to:

Hong Kong Securities Clearing Company Limited
Customer Service Centre
1/F, One & Two Exchange Square
8 Connaught Place
Central
Hong Kong

and complete an input request form.

If you are not a CCASS Investor Participant, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf.

You will be deemed to have authorized HKSCC and/or HKSCC Nominees to transfer the details of your application to our Company, the Sole Global Coordinator and the H Share Registrar.

Giving Electronic Application Instructions to HKSCC via CCASS

Where you have given **electronic application instructions** to apply for the Hong Kong Offer Shares (either directly or indirectly through a **broker** or **custodian** on your behalf) and an application has been 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;

(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 of such Shares allocated;

- undertake and confirm that you have not applied for or taken up, will not apply for or take up, or indicate an interest for, any Offer Shares under the International Offering;

- (if the **electronic application instructions** are given for your benefit) declare that only one set of **electronic application instructions** has been given for your benefit;

- (if you are an agent for another person) declare that you have only given one set of **electronic application instructions** for the other person's benefit and are duly authorized to give those instructions as an agent;

- confirm that you understand that our Company, our Directors and the Sole Global Coordinator will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Offer Shares to you and that you may be prosecuted if you make a false declaration;

- authorize our Company to place HKSCC Nominees' name on our Company's register of members as the holder of the Hong Kong Offer Shares allocated to you and to send H Share certificate(s) and/or refund monies under the arrangements separately agreed between us and HKSCC;

- confirm that you have read the terms and conditions and application procedures set out in this Prospectus and agree to be bound by them;

- confirm that you have received and/or read a copy of this Prospectus and have relied only on the information and representations in this Prospectus in causing the application to be made, save as set out in any supplement to this Prospectus;

- agree that none of our Company, the Sole Global Coordinator, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering, is or will be liable for any information and representations not contained in this Prospectus (and any supplement to it);

- agree to disclose your personal data to our Company, the H Share Registrar, receiving bank, the Sole Global Coordinator, the Underwriters and/or their respective advisers and agents;

- agree (without prejudice to any other rights which you may have) that once HKSCC Nominees' application has been accepted, it cannot be rescinded for innocent misrepresentation;

- agree that any application made by HKSCC Nominees on your behalf is irrevocable before the fifth day after the time of the opening of the application lists (excluding any day which is a Saturday, Sunday or public holiday in Hong Kong), such agreement to take effect as a collateral contract with us and to become binding when you give the instructions and such collateral contract to be in consideration of our Company agreeing that it will not offer any Hong Kong Offer Shares to any person before the fifth day after the time of the opening of the application lists (excluding any day which is a 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 our Company's announcement of the Hong Kong Public Offering results;

- agree to the arrangements, undertakings and warranties under the participant agreement between you and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, for giving **electronic application instructions** to apply for Hong Kong Offer Shares;

- agree with our Company, for itself and for the benefit of each Shareholder (and so that our Company will be deemed by its acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for itself and on behalf of each of the Shareholders, with each CCASS Participant giving **electronic application instructions**) to observe and comply with the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Companies Ordinance, the PRC Company Law, the Special Regulations and the Articles of Association;

- agree that your application, any acceptance of it and the resulting contract will be governed by the laws of Hong Kong;

- agree with our Company, for itself and for the benefit of each Shareholder and each Director, Supervisor, manager and other senior officer of our Company (and so that our 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 of the Shareholders and each Director, Supervisor, manager and other senior officer of our Company, with each CCASS Participant giving **electronic application instructions**):

  (a) to refer all differences and claims arising from the Articles of Association or any rights or obligations conferred or imposed by the PRC Company Law or other relevant laws and administrative regulations concerning the affairs of our Company to arbitration in accordance with the Articles of Association;

  (b) that any award made in such arbitration shall be final and conclusive; and

  (c) that the arbitration tribunal may conduct hearings in open sessions and publish its award;

- agree with our Company, for itself and for the benefit of each Shareholder, that the H Shares are freely transferable by the holders thereof; and

- authorize our Company to enter into a contract on its behalf with each Director, Supervisor, manager and officer whereby each such person undertakes to observe and comply with his or her obligations to the Shareholders as stipulated in the Articles of Association.

Effect of Giving Electronic Application Instructions to HKSCC via CCASS

By giving **electronic application instructions** to HKSCC or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees shall be liable to our Company or any other person in respect of the things mentioned below:

- instructed and 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, the brokerage, the SFC transaction levy and the Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or if the Offer Price is less than the maximum Offer Price per Offer Share initially paid on application, refund of the application monies (including the brokerage, the SFC transaction levy and the Stock Exchange trading fee) by crediting your designated bank account; and

- instructed and authorized HKSCC to cause HKSCC Nominees to do on your behalf all the things stated in this Prospectus.

Time for Inputting Electronic Application Instructions

CCASS Clearing/Custodian Participants can input **electronic application instructions** at the following times on the following dates:

Friday, October 29, 2021 — 9:00 a.m. to 8:30 p.m.
Monday, November 1, 2021 — 8:00 a.m. to 8:30 p.m.
Tuesday, November 2, 2021 — 8:00 a.m. to 8:30 p.m.
Wednesday, November 3, 2021 — 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 Friday, October 29, 2021 until 12:00 noon on Wednesday, November 3, 2021 (24 hours daily, except on the last application day).

The latest time for inputting your **electronic application instructions** will be 12:00 noon on Wednesday, November 3, 2021, the last application day or such later time as described in the paragraph headed "11. Effect of Bad Weather on the Opening of the Application Lists" in this section.

7. PERSONAL DATA

The following Personal Information Collection Statement applies to any personal data held by us, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, the H Share Registrar or receiving bank(s) about you.

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 ours and the H Share Registrar in relation to personal data and the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong).

Reasons for the Collection of your Personal Data

It is necessary for applicants and registered holders of the Hong Kong Offer Shares to supply correct personal data to us or our agents and the H Share Registrar when applying for the Hong Kong Offer Shares or transferring the Hong Kong Offer Shares into or out of their names or in procuring the services of the H Share Registrar.

Failure to supply the requested data may result in your application for the Hong Kong Offer Shares being rejected, or in delay or the inability of us or the 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 despatch of H Share certificate(s) and/or refund cheques to which you are entitled.

It is important that the holders of the Hong Kong Offer Shares inform us and the H Share Registrar immediately of any inaccuracies in the personal data supplied.

Purposes

Your personal data may be used, held, processed, and/or stored (by whatever means) for the following purposes:

- processing your application and refund cheque, where applicable, verification of compliance with the terms and application procedures set out in this 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 our Shares including, where applicable, HKSCC Nominees;

- maintaining or updating our register of members;
- verifying identities of the holders of our Shares;
- establishing benefit entitlements of holders of our Shares, such as dividends, rights issues, bonus issues, etc.;
- distributing communications from us and our subsidiaries;
- compiling statistical information and profiles of the holder of our Shares;
- disclosing relevant information to facilitate claims on entitlements; and
- any other incidental or associated purposes relating to the above and/or to enable us and the H Share Registrar to discharge our or their obligations to holders of our 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 us and the H Share Registrar relating to the holders of the Hong Kong Offer Shares will be kept confidential, but we and the H Share Registrar may, to the extent necessary for achieving any of the above purposes, disclose, obtain or transfer (whether within or outside Hong Kong) the personal data to, from or with any of the following:

- our appointed agents such as financial advisers and receiving bank(s);
- where applicants for the Hong Kong Offer Shares request a deposit into CCASS, HKSCC or HKSCC Nominees, who will use the personal data for the purposes of operating CCASS;
- any agents, contractors or third-party service providers who offer administrative, telecommunications, computer, payment or other services to us or the H Share Registrar in connection with their respective business operation;
- the 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

We and the 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 fulfil the purposes for which the personal data were collected. Personal data which is no longer required will be destroyed or dealt with in accordance with the Personal Data (Privacy) Ordinance.

Access to and Correction of Personal Data

Holders of the Hong Kong Offer Shares have the right to ascertain whether we or the H Share Registrar hold their personal data, to obtain a copy of that data, and to correct any data that is inaccurate. We and the H Share Registrar have the right to charge a reasonable fee for the processing of such requests. All requests for access to data or correction of data should be addressed to us, at our registered address disclosed in the section headed "Corporate Information" in this prospectus or as notified from time to time, for the attention of the secretary, or the H Share Registrar for the attention of the privacy compliance officer.

No Multiple Applications

If you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Hong Kong Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Hong Kong Offer Shares for which you have given such instructions and/or for which such instructions have been given for your benefit. Any **electronic application instructions** to make an application for the Hong Kong Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, our Company and all other parties involved in the preparation of this Prospectus acknowledge that each CCASS Participant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

8. WARNING FOR ELECTRONIC APPLICATIONS

The subscription of the Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC is only a facility provided to CCASS Participants. Similarly, the application for Hong Kong Offer Shares through the **White Form eIPO** is also only a facility provided by the **White Form eIPO** Service Provider to public investors. Such facilities are subject to capacity limitations and potential service interruptions and you are advised not to wait until the last application day in making your electronic applications. Our Company, our Directors, the Sole Global Coordinator, the Sole Sponsor, the Joint Bookrunners, the Joint Lead

Managers and the Underwriters take no responsibility for such applications and provide no assurance that any CCASS Participant or person applying through the **White Form eIPO** will be allotted any Hong Kong Offer Shares.

To ensure that CCASS Investor Participants can give their **electronic application instructions**, they are advised not to wait until the last minute to input their instructions to the systems. In the event that CCASS Investor Participants have problems in the connection to CCASS Phone System/CASS Internet System for submission of **electronic application instructions**, they should go to HKSCC's Customer Service Centre to complete an input request form for **electronic application instructions** before 12:00 noon on Wednesday, November 3, 2021.

9. HOW MANY APPLICATIONS CAN YOU MAKE

Multiple applications for the Hong Kong Offer Shares are not allowed except by nominees.

All of your applications will be rejected if more than one application by giving **electronic application instructions** to HKSCC (directly by yourself or indirectly through your **broker** or **custodian**) or through the **White Form eIPO** is made for your benefit (including the part of the application made by HKSCC Nominees acting on **electronic application instructions**). If an application is made by an unlisted company and:

- the principal business of that company is dealing in securities; and
- you exercise statutory control over that company,

then the application will be treated as being for your benefit.

"Unlisted company" means a company with no equity securities listed on the Stock Exchange.

"Statutory control" means you:

- control the composition of the board of directors of the company;
- control more than half of the voting power of the company; or
- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

10. HOW MUCH ARE THE HONG KONG OFFER SHARES

The maximum Offer Price is HK$9.96 per Offer Share. You must also pay the brokerage fee of 1.0%, the SFC transaction levy of 0.0027% and the Hong Kong Stock Exchange trading fee of 0.005%. This means that for one board lot of 400 Hong Kong Offer Shares, you will pay HK$4,024.15.

You must pay the maximum Offer Price, the brokerage, the SFC transaction levy and the Stock Exchange trading fee in full upon application for H Shares.

You may submit an application through the **White Form eIPO** in respect of a minimum of 400 Hong Kong Offer Shares. Each application or **electronic application instruction** in respect of more than 400 Hong Kong Offer Shares must be in one of the numbers set out in the paragraph headed "4. Minimum Application Amounts and Permitted Numbers" in this section.

If your application is successful, brokerage will be paid to the Exchange Participants, and the SFC transaction levy and the Stock Exchange trading fee will be paid to the Stock Exchange (in the case of the SFC transaction levy, collected by the Stock Exchange on behalf of the SFC).

For further details on the Offer Price, please refer to "Structure of the Global Offering – Pricing and Allocation" of this Prospectus.

11. EFFECT OF BAD WEATHER ON THE OPENING 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 signal, or
- Extreme Conditions

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Wednesday, November 3, 2021. Instead they will open between 11:45 a.m. and 12:00 noon on the next Business Day which does not have either of those warnings in Hong Kong in force at any time between 9:00 a.m. and 12:00 noon.

If the application lists do not open and close on Wednesday, November 3, 2021 or if there is/are a tropical cyclone warning signal number 8 or above or a "black" rainstorm warning signal in force in Hong Kong and/or Extreme Conditions that may affect the dates mentioned in the section headed "Expected Timetable" in this Prospectus, an announcement will be made in such event.

12. PUBLICATION OF RESULTS

Our Company expects to announce the final Offer Price, the level of indication of interest in the International Offering, the level of applications in the Hong Kong Public Offering and the basis of allocation of the Hong Kong Offer Shares on Tuesday, November 9, 2021 on our Company's website at **http://www.bcjps.com** and the website of the Stock Exchange at **www.hkexnews.hk**.

The results of allocations and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Hong Kong Public Offering will be available at the times and date and in the manner specified below:

- in the announcement to be posted on our Company's website at **http://www.bcjps.com** and the Stock Exchange's website at **www.hkexnews.hk** by no later than 8:00 a.m. on Tuesday, November 9, 2021;

- from the designated results of allocations website at **www.iporesults.com.hk** (alternatively: English **https://www.eipo.com.hk/en/Allotment**; Chinese **https://www.eipo.com.hk/zh-hk/Allotment**) with a "search by ID" function on a 24-hour basis from 8:00 a.m. on Tuesday, November 9, 2021 to 12:00 midnight on Monday, November 15, 2021; and

- by telephone enquiry line by calling +852 2862 8555 between 9:00 a.m. and 6:00 p.m. from Tuesday, November 9, 2021 to Friday, November 12, 2021.

If our Company accepts your offer to purchase (in whole or in part), which it may do by announcing the basis of allocations and/or making available the results of allocations publicly, there will be a binding contract under which you will be required to purchase the Hong Kong Offer Shares if the conditions of the Global Offering are satisfied and the Global Offering is not otherwise terminated. Further details are contained in the section headed "Structure 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.

13. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED HONG KONG OFFER SHARES

You should note the following situations in which the Hong Kong Offer Shares will not be allotted to you:

(i) If your application is revoked:

By giving **electronic application instructions** to HKSCC or to the **White Form eIPO** Service Provider, you agree that your application or the application made by HKSCC Nominees on your behalf cannot be revoked on or before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is Saturday, Sunday or public holiday in Hong Kong). This agreement will take effect as a collateral contract with our Company.

Your application or the application made by HKSCC Nominees on your behalf may only be revoked on or before such fifth day if a person responsible for this Prospectus under section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance) gives a public notice under that section which excludes or limits that person's responsibility for this Prospectus.

If any supplement to this Prospectus is issued, applicants who have already submitted an application will be notified that they are required to confirm their applications. If applicants have been so notified but have not confirmed their applications in accordance with the procedures 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 our Company or our agents exercise our discretion to reject your application:

Our Company, the Sole Global Coordinator, the **White Form eIPO** Service Provider and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

(iii) If the allotment of Hong Kong Offer Shares is void:

The allotment of Hong Kong Offer 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 application lists; or
- within a longer period of up to six weeks if the Stock Exchange notifies our Company of that longer period within three weeks of the closing date of the application lists.

(iv) If:

- you make multiple applications or suspected multiple applications;
- you or the person for whose benefit you are applying have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) Hong Kong Offer Shares and International Offer Shares;
- your **electronic application instructions** through the **White Form eIPO** are not completed in accordance with the instructions, terms and conditions on the designated website;
- your payment is not made correctly or the cheque or banker's cashier order paid by you is dishonoured upon its first presentation;
- the Underwriting Agreements do not become unconditional or are terminated;
- our Company, the Sole Global Coordinator or the Sole Sponsor believe that by accepting your application, we 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.

14. REFUND OF APPLICATION MONIES

If an application is rejected, not accepted or accepted in part only, or if the Offer Price as finally determined is less than the maximum Offer Price of HK$9.96 per Offer Share (excluding the brokerage, the SFC transaction levy and the Stock Exchange trading fee), or if the conditions of the Hong Kong Public Offering are not fulfilled in accordance with "Structure of the Global Offering – Conditions of the Hong Kong Public Offering" of this Prospectus or if any application is revoked, the application monies, or the appropriate portion thereof, together with the related brokerage, SFC transaction levy and Stock Exchange trading fee, will be refunded, without interest or the cheque or banker's cashier order will not be cleared.

Any refund of your application monies will be made on or before Tuesday, November 9, 2021.

15. 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 by **electronic application instructions** to HKSCC via CCASS 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.

Part of the Hong Kong identity card number/passport number provided by you or the first-named applicant (if you are joint applicants) may be printed on your refund cheque, if any. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque. Inaccurate completion of your Hong Kong identity card number/passport number may invalidate or delay encashment of your refund cheque.

Subject to arrangement on despatch/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 Tuesday, November 9, 2021. 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 the Listing Date, 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 through the White Form eIPO

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 the H Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Tuesday, November 9, 2021, or such other date as notified by our Company on the websites of the Stock Exchange at **www.hkexnews.hk** and our website at **http://www.bcjps.com** as the date of despatch/collection of H Share certificates/e-refund payment instructions/refund cheques.

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 Tuesday, November 9, 2021 by ordinary post at your own risk.

If you apply and pay the application monies from a single bank account, any refund monies will be despatched to that bank account in the form of e-Refund payment instructions. If you apply and pay the application monies from multiple bank accounts, any refund monies will be despatched to the address as specified in your application instructions in the form of refund cheque(s) by ordinary post at your own risk.

(ii) If you apply via Electronic Application Instructions to HKSCC

Allocation of Hong Kong Offer Shares

For the purposes of allocating Hong Kong Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives **electronic application instructions** or each person for whose benefit instructions are given will be treated as an applicant.

Deposit of 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 stock account on Tuesday, November 9, 2021, or, on any other date determined by HKSCC or HKSCC Nominees.

- Our Company expects to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, our Company will include information relating to the relevant beneficial owner), your Hong Kong identity card number/passport number or other identification code (Hong Kong business registration number for corporations) and the basis of allotment of the Hong Kong Public Offering in the manner specified in "12. Publication of Results" above on Tuesday, November 9, 2021. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Tuesday, November 9, 2021 or such other date as determined by HKSCC or HKSCC Nominees.

- If you have instructed your broker or custodian to give **electronic application instructions** on your behalf, you can also check the number of Hong Kong Offer Shares allotted to you and the amount of refund monies (if any) payable to you with that broker or custodian.

- If you have applied as a CCASS Investor Participant, you can also check the number of Hong Kong Offer Shares allotted to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time) on Tuesday, November 9, 2021. Immediately following the credit of the Hong Kong Offer Shares to your stock account and the credit of refund monies to your bank account, HKSCC will also make available to you an activity statement showing the number of Hong Kong Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.

- 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 the brokerage, the SFC transaction levy and the Stock Exchange trading fee but without interest) will be credited to your designated bank account or the designated bank account of your broker or custodian on Tuesday, November 9, 2021.

16. 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 Business Day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Investors should seek the advice of their stockbroker or other professional adviser for details of the settlement arrangements 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 set out on pages I-1 to I-70, received from the Company's reporting accountants, KPMG, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus.

KPMG

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF BEIJING CAPITAL JIAYE PROPERTY SERVICES CO., LIMITED AND CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LIMITED

Introduction

We report on the historical financial information of Beijing Capital Jiaye Property Services Co., Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages I-4 to I-70, which comprises the consolidated statements of financial position of the Group as at 31 December 2018, 2019 and 2020 and 31 May 2021, the statement of financial position of the Company as at 31 December 2020 and 31 May 2021, and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows, for each of the years ended 31 December 2018, 2019 and 2020 and the five months ended 31 May 2021 (the "Relevant Periods"), and a summary of significant accounting policies and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-4 to I-70 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 29 October 2021 (the "Prospectus") in connection with the initial listing of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

Directors' responsibility for Historical Financial Information

The directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purpose of the accountants' report, a true and fair view of the Group's financial position as at 31 December 2018, 2019 and 2020 and 31 May 2021 and the Company's financial position as at 31 December 2020 and 31 May 2021 and of the Group's financial performance and cash flows for the Relevant Periods in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information.

Review of stub period corresponding financial information

We have reviewed the stub period corresponding financial information of the Group which comprises the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the five months ended 31 May 2020 and other explanatory information (the "Stub Period Corresponding Financial Information"). The directors of the Company are responsible for the preparation and presentation of the Stub Period Corresponding Financial Information in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Corresponding 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 enquiries, 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 Stub Period Corresponding Financial Information, for the purpose of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-4 have been made.

Dividends

We refer to Note 23 to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Relevant Periods.

KPMG
Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

29 October 2021

HISTORICAL FINANCIAL INFORMATION

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The consolidated financial statements of the Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by KPMG Huazhen LLP in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the "Underlying Financial Statements").

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 December			Five months ended 31 May	
	Note	**2018**	**2019**	**2020**	**2020**	**2021**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Revenue	*4*	917,872	1,045,413	1,090,554	424,227	478,451
Cost of sales		(726,592)	(838,255)	(864,080)	(314,787)	(360,862)
Gross profit		191,280	207,158	226,474	109,440	117,589
Other income	*5*	6,560	13,892	13,600	4,739	2,134
Administrative expenses		(141,816)	(151,804)	(143,581)	(61,365)	(66,780)
Selling expenses		(6,029)	(9,373)	(9,228)	(3,631)	(3,923)
Expected credit loss on trade and other receivables	*6(d)*	(2,385)	(3,068)	(6,343)	(5,061)	(4,033)
Profit from operations		47,610	56,805	80,922	44,122	44,987
Finance income	*6(a)*	12,289	13,449	12,476	5,623	6,103
Finance costs	*6(b)*	(3,722)	(2,479)	(2,338)	(998)	(1,049)
Profit before taxation	*6*	56,177	67,775	91,060	48,747	50,041
Income tax	*7(b)*	(14,800)	(16,656)	(22,303)	(11,819)	(11,668)
Profit for the year/period		41,377	51,119	68,757	36,928	38,373

The accompanying notes form part of the Historical Financial Information.

	Note	Year ended 31 December 2018	2019	2020	Five months ended 31 May 2020	2021
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Profit for the year/the period		41,377	51,119	68,757	36,928	38,373
Other comprehensive income for the year/period						
Items that will not be reclassified to profit or loss:						
Remeasurement of defined benefit obligations	*21(b)*	(6,399)	–	2,408	(28)	446
Income tax relating to remeasurement of defined benefit obligations		1,600	–	(602)	7	(112)
Equity investments at fair value through other comprehensive income ("FVOCI") – net movement in fair value reserves		(605)	7,228	(1,187)	100	580
Income tax relating to equity investments at FVOCI – net movement in fair value reserves		151	(1,807)	297	(25)	(145)
Other comprehensive income for the year/period		(5,253)	5,421	916	54	769
Total comprehensive income for the year/period		36,124	56,540	69,673	36,982	39,142
Profit attributable to:						
Equity shareholders of the Company		36,868	37,932	57,504	24,341	37,450
Non-controlling interests		4,509	13,187	11,253	12,587	923
		41,377	51,119	68,757	36,928	38,373
Total comprehensive income attributable to:						
Equity shareholders of the Company		31,824	43,353	58,343	24,395	38,218
Non-controlling interests		4,300	13,187	11,330	12,587	924
		36,124	56,540	69,673	36,982	39,142
Earnings per share (RMB)	*10*	N/A	N/A	N/A	N/A	N/A

The accompanying notes form part of the Historical Financial Information.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	As at 31 December 2018	As at 31 December 2019	As at 31 December 2020	As at 31 May 2021
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current assets					
Investment properties	*11*	260,310	271,360	103,580	103,970
Property, plant and equipment	*12*	39,435	30,342	24,974	24,862
Intangible assets	*13*	1,841	2,956	3,133	2,939
Other financial assets	*14*	42,919	95,597	94,410	94,990
Deferred tax assets	*22(b)*	26,683	27,146	28,318	29,752
		371,188	427,401	254,415	256,513
Current assets					
Inventories	*15*	736	1,037	6,924	7,249
Prepayments, trade and other receivables	*16*	697,564	804,546	568,932	378,339
Restricted cash	*17(a)*	42,106	42,230	4,916	4,233
Cash and cash equivalents	*17(a)*	335,611	293,648	747,044	879,471
		1,076,017	1,141,461	1,327,816	1,269,292
Current liabilities					
Trade and other payables	*18*	605,114	659,829	743,067	798,643
Contract liabilities	*19*	201,605	224,587	248,617	160,314
Lease liabilities	*20*	12,763	5,389	3,167	3,802
Current taxation	*22(a)*	61,743	68,220	78,718	12,633
		881,225	958,025	1,073,569	975,392
Net current assets		194,792	183,436	254,247	293,900
Total assets less current liabilities		565,980	610,837	508,662	550,413
Non-current liabilities					
Lease liabilities	*20*	4,575	999	2,469	3,315
Deferred tax liabilities	*22(b)*	55,802	59,664	32,622	32,804
Defined benefit obligations	*21*	59,661	60,486	59,449	61,030
		120,038	121,149	94,540	97,149
NET ASSETS		445,942	489,688	414,122	453,264
CAPITAL AND RESERVES					
Share capital	*23*	–	–	110,000	110,000
Reserves	*23*	394,692	431,767	282,113	320,331
Total equity attributable to equity shareholders of the Company		394,692	431,767	392,113	430,331
Non-controlling interests		51,250	57,921	22,009	22,933
TOTAL EQUITY		445,942	489,688	414,122	453,264

The accompanying notes form part of the Historical Financial Information.

STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Note	**As at 31 December 2020**	**As at 31 May 2021**
		RMB'000	*RMB'000*
Non-current assets			
Investments in subsidiaries	*1*	829,500	829,500
Property, plant and equipment		–	246
Deferred tax assets		153	165
		829,653	829,911
Current assets			
Cash and cash equivalents	*17*	53,000	693,704
Other receivables		14	9,561
		53,014	703,265
Current liabilities			
Other payables	*18*	250	649,250
Current taxation		–	32
		250	649,282
Net current assets		52,764	53,983
Total assets less current liabilities		882,417	883,894
Non-current liabilities			
Defined benefit obligations		376	1,792
NET ASSETS		882,041	882,102
CAPITAL AND RESERVES			
Share capital	*23(b)*	110,000	110,000
Reserves	*23(d)*	772,041	772,102
TOTAL EQUITY		882,041	882,102

The accompanying notes form part of the Historical Financial Information.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Expressed in Renminbi)

		Attributable to equity shareholders of the Company							
	Note	Share capital *RMB'000* *Note 23(b)*	Capital reserve *RMB'000* *Note 23(d)(i)*	Defined benefit obligation remeasurement reserve *RMB'000* *Note 23(d)(iii)*	Fair value reserve *RMB'000* *Note 23(d)(iv)*	Retained profits *RMB'000*	Total *RMB'000*	Non-controlling interests *RMB'000*	Total equity *RMB'000*
Balance at 1 January 2018		–	87,433	–	(2,078)	280,229	365,584	51,423	417,007
Changes in equity for 2018:									
Profit for the year		–	–	–	–	36,868	36,868	4,509	41,377
Other comprehensive income		–	–	(4,590)	(454)	–	(5,044)	(209)	(5,253)
Total comprehensive income		–	–	(4,590)	(454)	36,868	31,824	4,300	36,124
Acquisition of non-controlling interests	*(i)*	–	3,843	–	–	–	3,843	(4,453)	(610)
Capital contribution of a subsidiary		–	300	–	–	–	300	300	600
Dividends declared to previous owners	*23(c)*	–	–	–	–	(6,859)	(6,859)	–	(6,859)
Dividends declared to non-controlling interests	*23(c)*	–	–	–	–	–	–	(320)	(320)
Balance at 31 December 2018 and 1 January 2019		–	91,576	(4,590)	(2,532)	310,238	394,692	51,250	445,942
Changes in equity for 2019:									
Profit for the year		–	–	–	–	37,932	37,932	13,187	51,119
Other comprehensive income		–	–	–	5,421	–	5,421	–	5,421
Total comprehensive income		–	–	–	5,421	37,932	43,353	13,187	56,540
Dividends declared to previous owners	*23(c)*	–	–	–	–	(6,278)	(6,278)	–	(6,278)
Dividends declared to non-controlling interests	*23(c)*	–	–	–	–	–	–	(6,516)	(6,516)
Balance at 31 December 2019		–	91,576	(4,590)	2,889	341,892	431,767	57,921	489,688

The accompanying notes form part of the Historical Financial Information.

	Note	Share capital RMB'000 Note 23(b)	Capital reserve RMB'000 Note 23(d)(i)	Defined benefit obligation remeasurement reserve RMB'000 Note 23(d)(iii)	Fair value reserve RMB'000 Note 23(d)(iv)	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
		Attributable to equity shareholders of the Company							
Balance at 1 January 2020		–	91,576	(4,590)	2,889	341,892	431,767	57,921	489,688
Changes in equity for 2020:									
Profit for the year		–	–	–	–	57,504	57,504	11,253	68,757
Other comprehensive income		–	–	1,729	(890)	–	839	77	916
Total comprehensive income		–	–	1,729	(890)	57,504	58,343	11,330	69,673
Deemed distribution	*11*	–	(2,241)	–	–	(179,854)	(182,095)	–	(182,095)
Issue of shares	*1*	110,000	(57,000)	–	–	–	53,000	–	53,000
Dividends declared to previous owners	*23(c)*	–	–	–	–	(10,700)	(10,700)	–	(10,700)
Dividends declared to non-controlling interests	*23(c)*	–	–	–	–	–	–	(5,444)	(5,444)
Acquisition of non-controlling interests	*1*	–	41,798	–	–	–	41,798	(41,798)	–
Balance at 31 December 2020		110,000	74,133	(2,861)	1,999	208,842	392,113	22,009	414,122

The accompanying notes form part of the Historical Financial Information.

	Attributable to equity shareholders of the Company							
	Share capital	**Capital reserve**	**Defined benefit obligation remeasurement reserve**	**Fair value 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*
	Note 23(b)	*Note 23(d)(i)*	*Note 23(d)(iii)*	*Note 23(d)(iv)*				
Balance at 1 January 2021	110,000	74,133	(2,861)	1,999	208,842	392,113	22,009	414,122
Changes in equity for the five months ended 2021:								
Profit for the period	–	–	–	–	37,450	37,450	923	38,373
Other comprehensive income	–	–	333	435	–	768	1	769
Total comprehensive income	–	–	333	435	37,450	38,218	924	39,142
Balance at 31 May 2021	110,000	74,133	(2,528)	2,434	246,292	430,331	22,933	453,264

The accompanying notes form part of the Historical Financial Information.

	Attributable to equity shareholders of the Company							
	Share capital	**Capital reserve**	**Defined benefit obligation remeasurement reserve**	**Fair value 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*
	Note 23(b)	*Note 23(d)(i)*	*Note 23(d)(iii)*	*Note 23(d)(iv)*				
Balance at 1 January 2020	–	91,576	(4,590)	2,889	341,892	431,767	57,921	489,688
Changes in equity for the five months ended 2020 (unaudited):								
Profit for the period (unaudited)	–	–	–	–	24,341	24,341	12,587	36,928
Other comprehensive income (unaudited)	–	–	(21)	75	–	54	–	54
Total comprehensive income (unaudited)	–	–	(21)	75	24,341	24,395	12,587	36,982
Balance at 31 May 2020 (unaudited)	–	91,576	(4,611)	2,964	366,233	456,162	70,508	526,670

Note:

(i) In 2018, the Group acquired all non-controlling equity interests in Beijing North Changyu Heating Service Co., Ltd. at a cash consideration of RMB610,000. After the acquisition, the Group holds 100% equity interests in the subsidiary.

The accompanying notes form part of the Historical Financial Information.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Note	Year ended 31 December			Five months ended 31 May	
		2018	**2019**	**2020**	**2020**	**2021**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Operating activities						
Cash generated from/(used in) operations	*17(b)*	73,920	64,588	243,232	102,805	(4,485)
Income taxes paid	*22(a)*	(10,956)	(8,587)	(11,709)	(5,900)	(79,262)
Net cash generated from/(used in) operating activities		62,964	56,001	231,523	96,905	(83,747)
Investing activities						
Purchases of property, plant and equipment		(6,014)	(10,059)	(4,161)	(990)	(955)
Purchases of intangible assets		(370)	(1,390)	(597)	(81)	–
Payment for capital injection of an equity investment	*14*	–	(45,450)	–	–	–
Advances to related parties		–	(24,862)	–	(5,776)	–
Repayment of advances from related parties		24,542	–	183,053	–	220,000
Proceeds from disposal of property, plant and equipment		104	374	388	–	4
Interest received		9,924	10,803	13,353	6,435	4,380
Net cash generated from/(used in) investing activities		28,186	(70,584)	192,036	(412)	223,429

The accompanying notes form part of the Historical Financial Information.

	Note	Year ended 31 December			Five months ended 31 May	
		2018	**2019**	**2020**	**2020**	**2021**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Financing activities						
Capital injection from non-controlling interests		300	–	–	–	–
Capital injection from the previous owners		300	–	–	–	–
Proceeds from issue of shares		–	–	53,000	–	–
Dividends paid		(7,179)	(12,794)	(16,144)	–	–
Acquisition of non-controlling interests		(610)	–	–	–	–
Capital element of lease rentals paid	*17(c)*	(25,029)	(14,147)	(6,748)	(3,620)	(1,747)
Interest element of lease rentals paid	*17(c)*	(1,517)	(439)	(271)	(142)	(146)
Listing expense paid		–	–	–	–	(5,362)
Net cash (used in)/generated from financing activities		(33,735)	(27,380)	29,837	(3,762)	(7,255)
Net increase/(decrease) in cash and cash equivalents		57,415	(41,963)	453,396	92,731	132,427
Cash and cash equivalents at 1 January	*17(a)*	278,196	335,611	293,648	293,648	747,044
Cash and cash equivalents at 31 December/31 May	*17(a)*	335,611	293,648	747,044	386,379	879,471

The accompanying notes form part of the Historical Financial Information.

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1 BASIS OF PREPARATION AND PRESENTATION OF HISTORICAL FINANCIAL INFORMATION

1.1 General information

The Company was established in the People's Republic of China (the "PRC") on 22 December 2020 as a joint stock company with limited liability. The address of the Company's registered office is Room 301, Building 34, Fahuananli, Dongcheng District, Beijing, the PRC.

The Company and its subsidiaries (together, the "Group") are primarily engaged in the provision of property management and related services (the "Listing Business") in the PRC.

1.2 Group Reorganisation

During the Relevant Periods, the Listing Business was carried out by certain subsidiaries controlled by Beijing Urban Construction Group Co., Ltd. ("BUCG") and Beijing Uni.-Construction Group Co., Ltd. ("BUCC"). Both BUCG and BUCC are operating under the supervision and regulation of State-owned Assets Supervision and Administration Commission of People's Government of Beijing Municipality ("Beijing SASAC"). BUCC was merged by BUCG in November 2019 and became a wholly-owned subsidiary of BUCG.

To rationalise the corporate structures in preparation of the listing of the Company's shares on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), BUCG underwent the reorganisation as detailed in the section headed History, Development and Corporate Structure in the Prospectus (the "Reorganisation"). The Reorganisation principally involves:

– the establishment of the Company on 22 December 2020;

– BUCC, a wholly-owned subsidiary of BUCG, subscribed 20,881,485 ordinary shares of the Company with its 100% equity interest in Beijing Uni.-Construction Beiyu Property Service Co., Ltd. ("Beiyu Property") and cash of RMB43,000,000;

– BUCG subscribed 38,779,865 ordinary shares of the Company with its 100% equity interest in Beijing Urban Construction Group Properties Co., Ltd. ("BUCG Properties");

– Beijing Urban Construction Investment & Development Co., Ltd. ("BUCID"), an A-share listed company in the PRC and a 41.86% owned subsidiary of BUCG, subscribed 49,092,189 ordinary shares of the Company with its 100% equity interest in Beijing Chengcheng Property Management Co., Ltd. ("Chengcheng Property") and Beijing Urban Construction Chongqing Property Management Co., Ltd. ("Chongqing Property"); and

– Beijing Tianjie Group Co., Ltd., a state-owned company held by the State-owned Assets Supervision and Administration Commission of Dongcheng District People's Government of Beijing Municipality, subscribed 1,246,461 ordinary shares of the Company with cash of RMB10,000,000.

Upon the completion of the Reorganisation, the Company became the holding company of the companies now comprising the Group and since then holds 100% equity interest in Beiyu Property, BUCG Properties, Chengcheng Property and Chongqing Property (the "Operating Companies").

1.3 Basis of preparation

The Listing Business carried out by the Operating Companies was under the common control of BUCG and ultimately Beijing SASAC immediately before and after the Reorganisation. The control was not transitory and consequently, the Reorganisation is regarded as a business combination under common control.

For the purpose of this report, the Historical Financial Information has been prepared by including the financial information of the Operating Companies engaging in the Listing Business, which were under the common control of BUCG, as if the current group structure had been in existence throughout the periods presented, or since the date when the Operating Companies first came under the control of BUCG or Beijing SASAC, whichever is a shorter period. The assets and liabilities of the Operating Companies were consolidated using the existing book values from BUCG's perspective.

Prior to the completion of the Reorganisation, the share of 58.14% interest in the net assets and results of Chengcheng Property and Chongqing Property, which was indirectly held by BUCG through its 41.86% owned subsidiary BUCID, was presented as non-controlling interests in the Historical Financial Information.

Intra-group balances, transactions and unrealised gains/losses on intra-group transactions are eliminated in full in preparing the Historical Financial Information.

As at the date of this report, the financial statements of the Company and the subsidiaries of the Group for which there are statutory audit requirements were prepared in accordance with the Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC. The financial statements of the Company for the year ended 31 December 2020 have been audited by Da Hua Certified Public Accountants LLP 大華會計師事務所 (特殊普通合夥) ("Da Hua CPA").

Upon completion of the Reorganisation and as at the date of this report, the Company has direct or indirect interests in the following principal subsidiaries, all of which are state-owned companies:

Company name	Place and date of establishment	Particulars of registered/paid-in capital	Group's effective interest: At 31 December 2018	At 31 December 2019	At 31 December 2020	At 31 May 2021	As of date of report	Principal activities	Name of statutory auditor
BUCG Properties 北京城建置業有限公司 *(Notes (i), (ii) and (v))*	The PRC/ 22 Jun 2001	RMB50,000,000/ RMB50,000,000	100%	100%	100%	100%	100%	Property management	Da Hua CPA for the years ended 31 December 2018, 2019 and 2020
Beiyu Property 北京住總北宇物業服務有限責任公司 *(Notes (i), (ii) and (v))*	The PRC/ 21 Jun 1991	RMB30,300,000/ RMB30,300,000	100%	100%	100%	100%	100%	Property management	Grant Thornton Certified Public Accountants LLP 致同會計師事務所 (特殊普通合夥) ("Grant Thornton CPA") for the years ended 31 December 2018 and 2019; Da Hua CPA for the year ended 31 December 2020
Chengcheng Property 北京城承物業管理有限責任公司 *(Notes (i), (ii) and (v))*	The PRC/ 8 May 1995	RMB15,000,000/ RMB5,000,000	41.57%	41.86%	100%	100%	100%	Property management	China Audit Asia Pacific Certified Public Accountants LLP 中審亞太會計師事務所 (特殊普通合夥) ("China Audit Asia Pacific CPA") for the years ended 31 December 2018 and 2019; Da Hua CPA for the year ended 31 December 2020

Company name	Place and date of establishment	Particulars of registered/paid-in capital	Group's effective interest At 31 December 2018	2019	2020	At 31 May 2021	As of date of report	Principal activities	Name of statutory auditor
Chongqing Property 北京城建重慶物業管理有限公司 *(Notes (i), (ii) and (v))*	The PRC/ 15 Sep 1999	RMB3,000,000/ RMB3,000,000	41.57%	41.86%	100%	100%	100%	Property management	China Audit Asia Pacific CPA for the years ended 31 December 2018 and 2019; Da Hua CPA for the year ended 31 December 2020
Beijing Urban Construction Jingtong Engineering Operation and Maintenance Management Co., Ltd. 北京城建京通工程運維管理有限公司 *(Notes (i) and (ii))*	The PRC/ 17 May 2018	RMB10,000,000/ RMB10,000,000	100%	100%	100%	100%	100%	Operation management	No audited financial statements were prepared for the years ended 31 December 2018 and 2019; Da Hua CPA for the year ended 31 December 2020
Beijing Beiyu Parking Service Co., Ltd. 北京北宇停車服務有限責任公司 *(Notes (i) and (ii))*	The PRC/ 28 Mar 2001	RMB350,000/ RMB350,000	100%	100%	100%	100%	100%	Parking management service	Grant Thornton CPA for the years ended 31 December 2018 and 2019; Da Hua CPA for the year ended 31 December 2020
Beijing Beiyu Catering Service Co., Ltd. 北京北宇餐飲服務有限責任公司 *(Notes (i) and (ii))*	The PRC/ 24 Jul 2017	RMB2,000,000/ RMB2,000,000	100%	100%	100%	100%	100%	Catering services	Grant Thornton CPA for the years ended 31 December 2018 and 2019; Da Hua CPA for the year ended 31 December 2020
Beijing North Changyu Heating Service Co., Ltd. 北京北方昌宇供熱服務有限公司 *(Notes (i) and (ii))*	The PRC/ 30 Oct 2001	RMB2,000,000/ RMB2,000,000	100%	100%	100%	100%	100%	Heating services	Grant Thornton CPA for the years ended 31 December 2018 and 2019; Da Hua CPA for the year ended 31 December 2020

Company name	Place and date of establishment	Particulars of registered/paid-in capital	Group's effective interest: At 31 December 2018	2019	2020	At 31 May 2021	As of date of report	Principal activities	Name of statutory auditor
Beijing Senqi Greening Engineering Co., Ltd. 北京森齊綠化工程有限責任公司 *(Notes (i) and (ii))*	The PRC/ 14 Aug 2003	RMB10,000,000/ RMB10,000,000	82%	82%	82%	82%	82%	Greening engineering	Grant Thornton CPA for the years ended 31 December 2018 and 2019; Da Hua CPA for the year ended 31 December 2020
Beijing Beiyu Tengan Property Service Co., Ltd ("Beiyu Tengan") 北京北宇騰安物業服務有限公司 *(Notes (i), (ii) and (iii))*	The PRC/ 10 Jan 2003	RMB1,000,000/ RMB1,000,000	50%	50%	50%	50%	50%	Property management	Grant Thornton CPA for the years ended 31 December 2018 and 2019; Da Hua CPA for the year ended 31 December 2020
Beijing Tiannuo Property Management Co., Ltd. ("Tiannuo Property") 北京天諾物業管理有限責任公司 *(Notes (i), (ii) and (iv))*	The PRC/ 24 Jan 2000	RMB10,600,000/ RMB10,600,000	50%	50%	50%	50%	50%	Property management	Grant Thornton CPA for the years ended 31 December 2018 and 2019; Da Hua CPA for the year ended 31 December 2020

Notes:

(i) These entities were registered as domestic limited liability companies under the laws and regulations in the PRC.

(ii) The English translation of the names are for identification only. The official names of these entities are in Chinese.

(iii) Pursuant to agreement with the other shareholder who holds 23% equity interests in Beiyu Tengan, the shareholder would act in concert with Beiyu Property in exercise of his voting power at the general meetings and the director nominated by that shareholder would act in concert with the directors nominated by Beiyu Property in exercise of his voting power at the board meetings. Beiyu Property has rights to variable returns from its involvement with Beiyu Tengan and has the ability to affect those returns through its power over Beiyu Tengan. Accordingly, Beiyu Tengan is consolidated in the Group's Historical Financial Information as a subsidiary.

(iv) Pursuant to agreement with the other shareholder who holds 50% equity interest in Tiannuo Property, the shareholder would act in concert with the Beiyu Property in exercise of his voting power at the general meetings and the director nominated by that shareholder would act in concert with the directors nominated by

Beiyu Property in exercise of his voting power at the board meetings. Beiyu Property has rights to variable returns from its involvement with Tiannuo Property and has the ability to affect those returns through its power over Tiannuo Property. Accordingly, Tiannuo Property is consolidated in the Group's Historical Financial Information as a subsidiary.

(v) Before the completion of the Reorganisation, Chengcheng Property and Chongqing Property were wholly owned by BUCID, a 42% owned subsidiary of BUCG and an A-share listed company in the PRC. BUCG, as the largest shareholder of BUCID, is considered to have de facto control over the BUCID in its shareholders' meeting, taking into account the following factors:

– BUCID, as a listed company, has a diversified investor base with more than 60,000 investors holding the remaining 58% equity interests in BUCID. Among these investors, the top 9 largest shareholders in aggregate held less than 10% equity interests in BUCID.

– Over the past 3 years, less than 50% of the total voting rights were casted in BUCID's shareholders' meetings. In all those meetings, BUCG's voting rights represent more than 80% of the total votes casted and in substance dominated the decision making of BUCID.

Therefore, Chengcheng Property and Chongqing Property are considered to be controlled by BUCG with effective interests of 42% in 2018 and 2019 and are consolidated into the Historical Financial Information as subsidiaries. Upon completion of the Reorganisation, these entities are directly controlled subsidiaries of the Company.

All companies now comprising the Group have adopted 31 December as their financial year end date.

The Historical Financial Information has been prepared in accordance with all applicable International Financial Reporting Standards ("IFRSs") which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards ("IASs") and Interpretations issued by the International Accounting Standards Board ("IASB"). Further details of the significant accounting policies adopted are set out in Note 2.

The IASB has issued a number of new and revised IFRSs. For the purpose of preparing this Historical Financial Information, the Group has adopted all applicable new and revised IFRSs throughout the Relevant Periods, including IFRS 16, *Leases*, except for any new standards or interpretations that are not yet effective for the year beginning 1 January 2021. The revised and new accounting standards and interpretations issued but not yet effective for the accounting year beginning 1 January 2021 are set out in Note 28.

The Historical Financial Information also complies with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange.

The accounting policies set out below have been applied consistently to all periods presented in the Historical Financial Information.

The Stub Period Corresponding Financial Information has been prepared in accordance with the same basis of preparation and presentation adopted in respect of the Historical Financial Information.

2 SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of measurement

The Historical Financial Information is prepared in RMB, rounded to the nearest thousand, except as otherwise stated. The measurement basis used in the preparation of the financial statements is the historical cost basis except that the following assets and liabilities are stated at their fair value as explained in the accounting policies set out below:

– *investment property (see Note 2(f))*

– *financial instruments classified as fair value through profit or loss or as fair value through other comprehensive income (see Note 2(e))*

(b) Use of estimates and judgements

The preparation of Historical Financial Information in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRSs that have significant effect on the Historical Financial Information and major sources of estimation uncertainty are discussed in Note 3.

(c) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary, other than subsidiary which is acquired through business combination under common control, is included into the Historical Financial Information from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the Historical Financial Information. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at the non-controlling interests' proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the period between non-controlling interests and the equity shareholders of the Company.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see Note 2(i)(ii)).

Business combination under common control

The Historical Financial Information consolidates the financial results and the financial position of the entities or business which are acquired through business combination under common control as if they had been consolidated from the earliest date presented or since the date when these consolidating entities or business first came under the control of the controlling party, where there is a shorter period.

The net assets of the consolidating entities or business are consolidated using the existing book values from the controlling party's perspective. No amount is recognised in consideration for goodwill or excess of the acquirers' interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The consolidated statements of profit or loss and comprehensive income include the results of each of the consolidating entities or business from the earliest date presented or since the date when the consolidating entities or business first came under the common control, where there is a shorter period, regardless of the date of the common control combination.

A uniform set of accounting policies is adopted by those entities. All intra-group transactions, balances and unrealised gains on transactions between consolidating entities or business are eliminated on consolidation.

(d) Intangible assets

Intangible assets that are acquired by the Group are stated at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (see Note 2(i)(ii)). Expenditure on internally generated goodwill and brands is recognised as an expense in the period in which it is incurred.

Amortisation of intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over the assets' estimated useful lives. The following intangible assets with finite useful lives are amortised from the date they are available for use and their estimated useful lives are as follows:

– Software 10 years

Both the period and method of amortisation are reviewed annually.

Intangible assets are not amortised while their useful lives are assessed to be indefinite. Any conclusion that the useful life of an intangible asset is indefinite is reviewed annually to determine whether events and circumstances continue to support the indefinite useful life assessment for that asset. If they do not, the change in the useful life assessment from indefinite to finite is accounted for prospectively from the date of change and in accordance with the policy for amortisation of intangible assets with finite lives as set out above.

(e) Other investments in debt and equity investments

The Group's policies for investments in debt and equity investments, other than investments in subsidiaries are set out below.

Investments in debt and equity investments are recognised/derecognised on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at fair value through profit or loss (FVPL) for which transaction costs are recognised directly in profit or loss. These investments are subsequently accounted for as follows, depending on their classification.

(i) Investments other than equity investments

Non-equity investments held by the Group are classified into one of the following measurement categories:

– amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method (see Note 2(s)(vii)).

– FVOCI – recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Changes in fair value are recognised in other comprehensive income, except for the recognition in profit or loss of expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognised, the amount accumulated in other comprehensive income is recycled from equity to profit or loss.

– fair value through profit or loss (FVPL) if the investment does not meet the criteria for being measured at amortised cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

(ii) Equity investments

An investment in equity investments is classified as FVPL unless the equity investment is not held for trading purposes and on initial recognition of the investment the Group makes an irrevocable election to designate the investment at FVOCI such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve is transferred to retained earnings. It is not recycled through profit or loss. Dividends from an investment in equity investments, irrespective of whether classified as at FVPL or FVOCI, are recognised in profit or loss as other income in accordance with the policy set out in Note 2(s)(vi).

(f) Investment property

Investment properties are land and/or buildings which are owned or held under a leasehold interest (see Note 2(h)) to earn rental income and/or for capital appreciation. These include land held for a currently undetermined future use and property that is being constructed or developed for future use as investment property.

Investment properties are stated at fair value, unless they are still in the course of construction or development at the end of the reporting period and their fair value cannot be reliably measured at that time. Any gain or loss arising from a change in fair value or from the retirement or disposal of an investment property is recognised in profit or loss. Rental income from investment properties is accounted for as described in Note 2(s)(v).

(g) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see Note 2(i)(ii)).

The cost of self-constructed items of property, plant and equipment includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads and borrowing costs (see Note 2(u)).

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives as follows:

– Buildings	5-70 years
– Vehicles	5-10 years
– Office and other equipment	3-5 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually. No depreciation is provided in respect of construction in progress until it is completed and ready for intended use.

(h) Leased assets

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

(i) As a lessee

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets which, for the Group are primarily laptops and office furniture. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see Notes 2(g) and 2(i)(ii)), except for the following type of right-of-use asset:

– right-of-use assets that meet the definition of investment property are carried at fair value in accordance with Note 2(f).

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("lease modification") that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

In the consolidated statement of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

(ii) As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. If this is not the case, the lease is classified as an operating lease.

When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. The rental income from operating leases is recognised in accordance with Note 2(s)(v).

When the Group is an intermediate lessor, the sub-leases are classified as a finance lease or as an operating lease with reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the group applies the exemption described in Note 2(h)(i), then the Group classifies the sub-lease as an operating lease.

(i) Credit losses and impairment of assets

(i) Credit losses from financial instruments, contract assets and lease receivables

The Group recognises a loss allowance for expected credit losses (ECLs) on the following items:

– financial assets measured at amortised cost (including cash and cash equivalents, trade and other receivables);

– contract assets as defined in IFRS 15 (see Note 2(k));

– debt securities measured at FVOCI (recycling); and

– lease receivables.

Other financial assets measured at fair value, including equity and debt securities measured at FVPL and equity investments designated at FVOCI, are not subject to the ECL assessment.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

The expected cash shortfalls are discounted using the following discount rate where the effect of discounting is material:

– fixed-rate financial assets, trade and other receivables and contract assets: effective interest rate determined at initial recognition or an approximation thereof;

– lease receivables: discount rate used in the measurement of the lease receivables.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

ECLs are measured on either of the following bases:

– 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and

– lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

For all other financial instruments, the Group recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (ii) the financial asset is 90 days past due. The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

– failure to make payments of principal or interest on their contractually due dates;

– an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);

– an actual or expected significant deterioration in the operating results of the debtor; and

– existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Basis of calculation of interest income

Interest income recognised in accordance with Note 2(s)(vii) is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset.

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

– significant financial difficulties of the debtor;

– a breach of contract, such as a default or past due event;

– it becoming probable that the borrower will enter into bankruptcy or other financial reorganisation;

– significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or

– the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset, lease receivable or contract asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(ii) Impairment of non-current assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

– property, plant and equipment, including right-of-use assets;

– intangible assets; and

– investments in subsidiaries in the Company's statement of financial position.

If any such indication exists, the asset's recoverable amount is estimated.

– Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

– Recognition of impairment losses

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

– Reversals of impairment losses

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior periods. Reversals of impairment losses are credited to profit or loss in the period in which the reversals are recognised.

(j) Inventories

Inventories are assets which are held for sale in the ordinary course of business, in the process of production for such sale or in the form of materials or supplies to be consumed in the production process or in the rendering of services.

Inventories are carried at the lower of cost and net realisable value as follows:

– Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

– Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised.

The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(k) Contract assets and contract liabilities

A contract asset is recognised when the Group recognises revenue (see Note 2(s)) before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are assessed for expected credit losses (ECL) in accordance with the policy set out in Note 2(i)(i) and are reclassified to receivables when the right to the consideration has become unconditional (see Note 2(l)).

A contract liability is recognised when the customer pays non-refundable consideration before the Group recognises the related revenue (see Note 2(s)). A contract liability would also be recognised if the Group has an unconditional right to receive non-refundable consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised (see Note 2(l)).

For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method (see Note 2(s)(vii)).

(l) Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset (see Note 2(k)).

Receivables are stated at amortised cost using the effective interest method less allowance for credit losses (see Note 2(i)(i)).

(m) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for expected credit losses (ECL) in accordance with the policy set out in Note 2(i)(i).

(n) Trade and other payables

Trade and other payables are initially recognised at fair value and are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(o) Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method. Interest expense is recognised in accordance with the group's accounting policy for borrowing costs (see Note 2(u)).

(p) Employee benefits

(i) Short term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the period in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(ii) Defined benefit retirement plan obligations

The Group's net obligation in respect of defined benefit retirement plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine the present value and the fair value of any plan assets is deducted. The calculation is performed by a qualified actuary using the projected unit credit method.

Service cost and net interest expense on the net defined benefit liability are recognised in profit or loss and allocated by function as part of "administrative expenses". Current service cost is measured as the increase in the present value of the defined benefit obligation resulting from employee service in the current period. Net interest expense for the period is determined by applying the discount rate used to measure the defined benefit obligation at the beginning of the reporting period to the net defined benefit liability. The discount rate is the yield at the end of the reporting period on high quality corporate bonds that have maturity dates approximating the terms of the Group's obligations.

When the benefits of a plan are changed, or when a plan is curtailed, current service cost for the portion of the changed benefit related to past service by employees, or the gain or loss on curtailment, is recognised as an expense in profit or loss at the earlier of when the plan amendment or curtailment occurs and when related restructuring costs or termination benefits are recognised.

Remeasurements arising from defined benefit retirement plans are recognised in other comprehensive income and reflected immediately in equity. Remeasurements comprise actuarial gains and losses, the return on plan assets (excluding amounts included in net interest on the net defined benefit liability (asset)) and any change in the effect of the asset ceiling (excluding amounts included in net interest on the net defined benefit liability (asset)).

(iii) Termination benefits

Termination benefits are recognised at the earlier of when the group can no longer withdraw the offer of those benefits and when it recognises restructuring costs involving the payment of termination benefits.

(q) Income tax

Income tax for the period comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to business combinations and items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous periods.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

Where investment properties are carried at their fair value in accordance with the accounting policy set out in Note 2(f), the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, the amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

– in the case of current tax assets and liabilities, the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

– in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

  – the same taxable entity; or

  – different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(r) Provisions, contingent liabilities

Provisions are recognised when the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(s) Revenue and other income

Income is classified by the Group as revenue when it arises from the sale of goods, the provision of services or the use by others of the Group's assets under leases in the ordinary course of the Group's business.

Revenue is recognised when control over a product or service is transferred to the customer, or the lessee has the right to use the asset, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Where the contract contains a financing component which provides a significant financing benefit to the customer for more than 12 months, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction with the customer, and interest income is accrued separately under the effective interest method. Where the contract contains a financing component which provides a significant financing benefit to the Group, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method. The Group takes advantage of the practical expedient in paragraph 63 of IFRS 15 and does not adjust the consideration for any effects of a significant financing component if the period of financing is 12 months or less.

Further details of the Group's revenue and other income recognition policies are as follows:

(i) Property management services

For property management services, the Group bills a fixed amount for each month of service provided and recognises revenue in the amount to which the Group has the right to invoice based on the value of performance completed on a monthly basis.

For property management services income arising from properties managed under lump sum basis, where the Group acts as principal, the Group entitles to revenue at the value of property management services fee received or receivable. For property management services income arising from properties managed under commission basis, where the Group acts as an agent of the property owners, the Group entitles to revenue at a pre-determined percentage or fixed amount of the property management services fees the property owners are obligated to pay.

(ii) Value-added services to non-property owners

Value-added services to non-property owners mainly include tenant sourcing and management services, sales office and display unit management and pre-delivery support services, landscape engineering services, engineering operations and maintenance services, and preliminary planning and design consultancy services to property developers. The Group recognises revenue when such services have been provided, and these services are normally billable immediately upon the services are rendered or in instalments at certain milestones.

(iii) Community value-added services

Community value-added services mainly include heat energy supply services, carpark space operation services, catering services and property leasing services. For heat energy supply services, the Group bills a fixed amount for each month of service provided and recognises revenue in the amount to which the Group has the right to invoice based on the value of performance completed on a monthly basis. For other value-added services, the Group recognises revenue when the respective services are rendered, and these services are normally billable immediately upon the services are rendered or in instalments at certain milestones.

If contracts involve the provision of multiple services, the transaction prices are allocated to each performance obligation based on their relative stand-alone selling prices. If the stand-alone selling prices are not directly observable, they are estimated based on expected cost plus a margin or adjusted market assessment approach, depending on the availability of observable information.

(iv) Sales of parking lots

Revenue arising from the sale of parking lots in the ordinary course of business is recognised when legal assignment is completed, which is the point in time when the customer has the ability to direct the use of the parking lot and obtain substantially all of the remaining benefits of the parking lot. Deposits and instalments received on parking lots sold prior to the date of revenue recognition are included in the statement of financial position under contract liabilities (see Note 2(k)).

(v) Rental income from operating leases

Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are earned.

(vi) Dividends

Dividend income from unlisted investments is recognised when the shareholder's right to receive payment is established.

(vii) Interest income

Interest income is recognised as it accrues under the effective interest method. For financial assets measured at amortised cost that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit-impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of loss allowance) of the asset (see Note 2(i)(i)).

(viii) Government grants

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as deduction to related expenses in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are recognised initially as deferred income and amortised to profit or loss on a straight-line basis over the useful life of the assets by way of recognised in other income.

(t) Translation of foreign currencies

Foreign currency transactions during the period are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. The transaction date is the date on which the Company initially recognises such non-monetary assets or liabilities.

The results of foreign operations are translated into RMB at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items are translated into RMB at the closing foreign exchange rates at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

(u) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

(v) Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:

   (i) has control or joint control over the Group;

   (ii) has significant influence over the Group; or

   (iii) is a member of the key management personnel of the Group or the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

   (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

   (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

   (iii) Both entities are joint ventures of the same third party.

   (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

   (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(w) Segment reporting

Operating segments, and the amounts of each segment item reported in the Historical Financial Information, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

3 ACCOUNTING JUDGEMENT AND ESTIMATES

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Notes 11, 21 and 24(d) contain information about the assumptions and their risk factors relating to valuation of investment property, defined benefit retirement obligations and fair value of other equity investments. Key sources of estimation uncertainty in the preparation of the Historical Financial Information are as follows:

(i) Expected credit losses for receivables

The credit losses for trade and other receivables are based on assumptions about risk of expected credit loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. For details of the key assumptions and inputs used, see Note 24(a). Changes in these assumptions and estimates could materially affect the result of the assessment and it may be necessary to make additional loss allowances in future periods.

(ii) Recognition of deferred tax assets and income tax

Deferred tax assets in respect of tax losses carried forward and deductible temporary differences are recognised and measured based on the expected manner of realisation or settlement of the carrying amount of the relevant assets and liabilities, using tax rates enacted or substantively enacted at the end of each reporting date. In determine the carrying amounts of deferred tax assets, expected taxable profits are estimated which involves a number of assumptions relating to the operating environment of the Group and require a significant level of judgement exercised by the directors. Any change in such assumptions and judgement would affect the carrying amounts of deferred tax assets to be recognised and hence the net profit in future periods.

The Group files income taxes in numerous tax authorities. Judgement is required in determining the provision for taxation. There are some transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts originally recorded, the differences will impact on the current income tax and deferred income tax provisions in the periods in which the differences arise.

(iii) Valuation of investment properties

Investment properties are stated at fair value based on the valuation performed by an independent firm of professional valuers after taking into consideration the market evidences of transaction prices, and where appropriate, the rental income allowing for reversionary income potential.

In determining the fair value, the valuers have taken into consideration the market conditions existed at the end of each reporting period or where appropriate, a method of valuation where involves, inter alia, certain estimates including market prices, prevailing market rents for comparable properties in the same location and condition, appropriate discount rate and expected future market rents. In relying on the valuation report, the management has exercised their judgement and are satisfied that the method of valuation is reflective of the prevailing market conditions as at the end of each reporting period.

(iv) Valuation of equity investments designated at FVOCI

The investment in unlisted equity instrument is accounted for as "financial assets measured at fair value through other comprehensive income" which is stated at fair value. The fair value of the financial asset is determined based on significant unobservable inputs using valuation techniques. Judgement and estimation are required in establishing the relevant techniques and the relevant inputs thereof. Changes in assumptions relating to these factors could affect the reported fair values of the investment. See Note 24(d) for further disclosures.

(v) Retirement and other supplemental benefit obligations

The retirement and other supplemental benefit obligations are estimated based on a number of factors that are determined on an actuarial basis using a number of assumptions as disclosed in Note 21. The accuracy of the estimate mainly depends on the extent of deviation between the actuarial assumptions and the actual conditions. The Group's actuarial assumptions mainly comprised of but not limited to the following:

- Demographic assumptions:
  - Mortality rate;
  - Annual withdrawal rate.
- Financial assumptions:
  - Discount rate;
  - Annual increase rate of medical benefits;
  - Annual increase rate of basic salary and social security insurance, housing fund and enterprise annuity contributions.

Any changes in these assumptions will have an impact on the carrying amount of retirement and other supplemental benefit obligations.

4 REVENUE AND SEGMENT REPORTING

The principal activities of the Group are the provision of property management services, community value-added services and value-added services to non-property owners. Further details regarding the Group's principal activities are disclosed in Note 4(b).

(a) Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date

For property management services, the Group recognises revenue when the services are provided on monthly basis and recognises to which the Group has a right to invoice and that corresponds directly with the value of performance completed. The Group has elected the practical expedient for not to disclose the remaining performance obligations for this type of contracts. The majority of the property management services do not have a fixed term.

For community value-added services and value-added services to non-property owners, they are rendered in short period of time and there is no significant unsatisfied performance obligation at the end of respective years.

(b) Segment reporting

The directors of the Company have been identified as the Group's most senior executive management. Operating segments are identified on the basis of internal reports that the Group's most senior executive management reviews regularly in allocating resource to segments and in assessing their performances.

The Group's most senior executive management makes resources allocation decisions based on internal management functions and assess the Group's business performance as one integrated business instead of by separate business lines or geographical regions. Accordingly, the Group has only one operating segment and therefore, no segment information is presented.

No geographical segment analysis is shown as all of the Group's revenue are derived from activities in, and from customers located in the PRC and all the Group's assets are situated in the PRC.

Disaggregation of revenue from contracts with customers by the timing of revenue recognition, and disaggregation of revenue from contracts with customers by major service lines for the years ended 31 December 2018, 2019 and 2020 and the five months ended 31 May 2020 and 2021 is set out below.

	Year ended 31 December			**Five months ended 31 May**	
	2018	**2019**	**2020**	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Revenue from contracts with customers within the scope of IFRS 15					
Disaggregated by timing of revenue recognition					
– Revenue recognised over time	846,551	999,839	1,039,803	414,216	473,856
– Revenue recognised at point in time	–	–	22,909	–	–
Revenue from other sources					
– Rental income	71,321	45,574	27,842	10,011	4,595
	917,872	1,045,413	1,090,554	424,227	478,451
Disaggregated by service lines					
– Property management services	560,056	681,260	732,986	279,320	309,001
– Value-added services to non-property owners	114,527	131,781	112,419	37,791	52,995
– Community value-added services	243,289	232,372	245,149	107,116	116,455
	917,872	1,045,413	1,090,554	424,227	478,451

For the years ended 31 December 2018, 2019 and 2020 and the five months ended 31 May 2020 and 2021, revenue from BUCG and its subsidiaries (the "BUCG Group") contributed 16.1%, 19.1%, 16.6%, 15.2% (unaudited) and 16.8% respectively of the Group's revenue. Other than the BUCG Group, the Group's customer base is diversified and none of them contributed 10% or more of the Group's revenue during the relevant periods.

5 OTHER INCOME

		Year ended 31 December			Five months ended 31 May	
	Note	**2018**	**2019**	**2020**	**2020**	**2021**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Fair value gain of investment properties *(Note 11)*		6,830	11,050	7,310	3,070	390
Net (loss)/gain on disposal of property, plant and equipment		(135)	(124)	92	(4)	(16)
Additional deduction of input value-added tax ("VAT")	*(i)*	–	2,348	5,073	1,505	1,935
Others		(135)	618	1,125	168	(175)
		6,560	13,892	13,600	4,739	2,134

Note:

(i) Pursuant to Caishui [2019] No. 87 Announcement on Clarifying the VAT Weighted Deduction Policy for the Life Service Sector, the taxpayers engaging in the provision of life services are allowed to deduct extra 15% of the deductible input VAT for relevant periods.

6 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after crediting/charging:

(a) Finance income

	Year ended 31 December			Five months ended 31 May	
	2018	**2019**	**2020**	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Interest income on bank deposits	1,991	2,244	2,103	488	3,976
Interest income on receivables from related parties	10,298	11,205	10,373	5,135	2,127
	12,289	13,449	12,476	5,623	6,103

(b) Finance costs

	Year ended 31 December			Five months ended 31 May	
	2018	**2019**	**2020**	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Interest on defined benefit obligations *(Note 21(b))*	2,205	2,040	2,067	856	903
Interest on lease liabilities *(Note 12)*	1,517	439	271	142	146
	3,722	2,479	2,338	998	1,049

(c) Staff costs

		Year ended 31 December			Five months ended 31 May	
	Note	**2018**	**2019**	**2020**	**2020**	**2021**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Salaries, wages and other benefits		350,677	382,227	379,617	144,169	160,039
Expenses recognised in respect of defined benefit retirement plans *(Note 21(b))*		1,387	1,785	2,210	785	2,105
Contributions to defined contribution retirement plan	*(i)*	35,074	31,427	9,566	5,931	16,033
		387,138	415,439	391,393	150,885	178,177

Note:

(i) Employees of the Group's subsidiaries in the PRC are required to participate in a defined contribution retirement scheme administered and operated by the local municipal government. The Group's subsidiaries in the PRC contribute funds which are calculated on certain percentages of the average employee salary as agreed by the local municipal government to the scheme to fund the retirement benefits of the employees. To reduce the impact of the COVID-19 pandemic on enterprises, governments in certain regions in the PRC had gradually reduced or exempted the social insurance contributions in 2020.

(d) Other items

	Year ended 31 December			Five months ended 31 May	
	2018	**2019**	**2020**	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Amortisation cost of intangible assets *(Note 13)*	218	275	420	171	194
Depreciation charge *(Note 12)*					
– Owned property, plant and equipment	4,215	5,105	5,666	2,296	2,071
– Other properties leased for own use carried at cost	21,330	16,746	6,704	2,631	2,204
Bank charges	1,965	2,030	1,892	432	553
Cost of inventories *(Note 15)*	–	–	21,818	–	–
Expected credit loss on trade and other receivables					
– Trade receivables *(Note 16(b))*	2,591	2,774	6,414	5,061	4,052
– Other receivables	(206)	294	(71)	–	(19)
Auditors' remuneration					
– Audit services	216	320	351	146	19
Listing expenses	–	–	–	–	482

7 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(a) Taxation in the consolidated statement of profit or loss and other comprehensive income represents:

	Year ended 31 December			Five months ended 31 May	
	2018	**2019**	**2020**	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Current tax – PRC Corporate Income Tax					
Provision for the year/period *(Note 22(a))*	13,917	15,064	22,207	13,153	13,177
Deferred tax					
Origination and reversal of temporary differences *(Note 22(b)(i))*	883	1,592	96	(1,334)	(1,509)
	14,800	16,656	22,303	11,819	11,668

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

	Note	Year ended 31 December			Five months ended 31 May	
		2018	2019	2020	2020	2021
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Profit before taxation		56,177	67,775	91,060	48,747	50,041
Notional tax on profit before taxation, calculated at the rates applicable to profits in the jurisdictions concerned	*(i)*	14,044	16,944	22,765	12,187	12,510
Tax effect of PRC preferential tax rates	*(ii), (iii)*	(44)	(704)	(487)	(351)	(498)
Tax effect of non-deductible expenses		894	557	84	4	21
Non-taxable income		(94)	(141)	(59)	(21)	(8)
Tax effect of temporary differences unrecognised at deferred tax assets		–	–	–	–	(357)
Actual tax expense		14,800	16,656	22,303	11,819	11,668

Notes:

(i) The provision for PRC Corporate Income Tax for 2018, 2019, 2020 and the five months ended 31 May 2021 is calculated at 25% of the estimated assessable profits for the year.

(ii) Certain subsidiaries of the Group have been approved as Small Low-profit Enterprises ("SLE"). The entitled subsidiaries are subject to a preferential income tax rate of 5%, 10% or 20% during the Relevant Periods.

(iii) Pursuant to Caishui [2011] No. 58 Notice on Issues Concerning Relevant Tax Policies to In-depth Implementation of the Western Development Strategy and Announcement [2012] No. 12 Public Announcement on Corporate Income Tax Issues Relating to In-depth Implementation of the Western Development Strategy, Chongqing Property, being the enterprise engaged in state encouraged industries established in the specified western regions, was taxed at a preferential income tax rate of 15% in 2018.

8 DIRECTORS' AND SUPERVISORS' EMOLUMENTS

For the directors and supervisors as at the date of this report, their emoluments for the Relevant Periods are as follows:

	Directors' fee	Salaries and other allowances	Discretionary bonus	Retirement scheme contributions	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2018					
Executive Directors					
Yang Jun	–	174	496	23	693
Yao Xin	–	366	298	23	687
Luo Zhou	–	142	1,040	23	1,205
Supervisors					
Liu Fang	–	75	258	21	354
	–	757	2,092	90	2,939

	Directors' fee	Salaries and other allowances	Discretionary bonus	Retirement scheme contributions	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2019					
Executive Directors					
Yang Jun	–	181	536	24	741
Yao Xin	–	364	310	24	698
Luo Zhou	–	152	932	24	1,108
Supervisors					
Liu Fang	–	111	320	23	454
	–	808	2,098	95	3,001

	Directors' fee	Salaries and other allowances	Discretionary bonus	Retirement scheme contributions	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2020					
Chairman and Executive Director					
Zhang Weize	–	–	–	–	–
Executive Directors					
Yang Jun	–	211	574	24	809
Yao Xin	–	363	341	24	728
Luo Zhou	–	133	770	24	927
Non-executive Directors					
Xie Ping	–	–	–	–	–
Mao Lei	–	–	–	–	–
Supervisors					
Liu Fengyuan	–	–	–	–	–
Bian Xiaodong	–	–	–	–	–
Liu Fang	–	76	363	24	463
	–	783	2,048	96	2,927

	Directors' fee	Salaries and other allowances	Discretionary bonus	Retirement scheme contributions	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Five months ended 31 May 2020 (unaudited)					
Executive Directors					
Yang Jun	–	81	239	9	329
Yao Xin	–	161	142	9	312
Luo Zhou	–	65	319	9	393
Supervisors					
Liu Fang	–	52	151	8	211
	–	359	851	35	1,245

	Directors' fee	Salaries and other allowances	Discretionary bonus	Retirement scheme contributions	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Five months ended 31 May 2021					
Chairman and Executive Director					
Zhang Weize	–	85	68	8	161
Executive Directors					
Yang Jun	–	106	239	11	356
Yao Xin	–	108	142	11	261
Luo Zhou	–	86	245	11	342
Non-executive Directors					
Xie Ping	–	–	–	–	–
Mao Lei	–	–	–	–	–
Supervisors					
Liu Fengyuan	–	–	–	–	–
Bian Xiaodong	–	–	–	–	–
Liu Fang	–	44	141	11	196
	–	429	835	52	1,316

The directors and supervisors above were appointed on 22 December 2020. The emoluments shown above represents remuneration received from the Group by them in their capacity as employees of the Group during the Relevant Periods.

On 11 October 2021, Mr. Cheng Peng, Mr. Kong Weiping and Mr. Kong Chi Mo were appointed as independent non-executive directors of the Company.

During the year ended 31 December 2020, Mr. Zhang Weize was not paid directly by the Group but received remuneration from the Group's holding company and during the year ended 31 December 2020 and the five months ended 31 May 2021, Mr. Xie Ping, Mr. Mao Lei and Mr. Liu Fengyuan were not paid directly by the Group but received remuneration from the Group's holding company, in respect of their services to the larger group which includes the Group. No apportionment has been made as the qualifying services provided by them to the Group are incidental to their responsibilities to the larger group.

During the Relevant Periods, no emoluments were paid by the Group to the director as an inducement to join or upon joining the Group or as compensation for loss of office. No director of the Company waived or agreed to waive any emoluments during the Relevant Periods.

9 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, three are directors whose emoluments are disclosed in Note 8 above for the years ended 31 December 2018, 2019 and 2020 and the five months ended 31 May 2020 and 2021. The aggregate of the emoluments in respect of the remaining two individuals for the year ended 31 December 2018, 2019 and 2020 are as follows:

	Year ended 31 December			**Five months ended 31 May**	
	2018	**2019**	**2020**	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Salaries and other allowances	286	299	268	135	158
Discretionary bonus	791	859	890	371	303
Retirement scheme contributions	46	48	48	19	22
	1,123	1,206	1,206	525	483

The emoluments of the above individuals with the highest emoluments are within the following bands:

	Year ended 31 December			**Five months ended 31 May**	
	2018	**2019**	**2020**	**2020**	**2021**
Nil to Hong Kong Dollar ("HKD") 1,000,000	2	2	2	2	2

10 EARNINGS PER SHARE

Earnings per share information is not presented due to the Reorganisation and the preparation of the financial information of the Group for the Relevant Periods on the basis as disclosed in Note 1.

11 INVESTMENT PROPERTIES

	Note	As at 31 December			As at 31 May
		2018	2019	2020	2021
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Fair value					
At 1 January		253,480	260,310	271,360	103,580
Change in fair value		6,830	11,050	7,310	390
Deemed distribution	*(i)*	–	–	(175,090)	–
At 31 December/ 31 May		260,310	271,360	103,580	103,970

Note:

(i) In connection with the Reorganisation as detailed in Note 1, certain investment properties and property, plant and equipment at the carrying amount of RMB175,090,000 and RMB2,859,000 respectively, were transferred to BUCC at nil consideration. The Group reflected the transfer and related tax effect as a deemed distribution to BUCC.

The following table presents the fair value of the Group's properties measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date

- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available

- Level 3 valuations: Fair value measured using significant unobservable inputs

	Fair value as at 31 December			As at 31 May
	2018	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Investment properties located in Beijing, the PRC:				
– Residential – Level 3	68,630	72,000	3,030	3,070
– Commercial – Level 3	191,680	199,360	100,550	100,900
	260,310	271,360	103,580	103,970

During the years ended 31 December 2018, 2019 and 2020 and the five months ended 31 May 2021, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

All of the Group's investment properties were revalued as at 31 December 2018, 2019 and 2020 and 31 May 2021. The valuations were carried out by an independent firm, Cushman & Wakefield, with recent experience in the location and category of properties being valued. The Group's management have had discussion with the surveyors on the valuation assumptions and valuation.

The following table gives information about how the fair values of these investment properties are determined (in particular, the valuation techniques and inputs used).

Investment properties held by the Group in the consolidated statements of financial position	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
Residential	Market approach and income approach The key inputs are: – Market price – Capitalisation rate – Unit rent of individual unit	Market price per sq.m: 31 December 2018: RMB43,800 31 December 2019: RMB44,700 31 December 2020: RMB45,600 31 May 2021: RMB46,200	The higher the market price, the higher the market value
		Capitalisation rate: 31 December 2018: 3.0%-3.5% 31 December 2019: 3.0%-3.5% 31 December 2020: 3.0%-3.5% 31 May 2021: Not applicable	The higher the capitalisation rate, the lower the market value
		Unit rent of individual unit per sq.m. per month: 31 December 2018: RMB53.4 31 December 2019: RMB56.1 31 December 2020: RMB58.9 31 May 2021: Not applicable	The higher the unit rent, the higher the market value
Commercial	Income approach The key inputs are: – Capitalisation rate – Unit rent of individual unit	Capitalisation rate: 31 December 2018: 5.5%-6.0% 31 December 2019: 5.5%-6.0% 31 December 2020: 5.5%-6.0% 31 May 2021: 5.5%-6.0%	The higher the capitalisation rate, the lower the market value
		Unit rent of individual unit per sq.m. per month: 31 December 2018: RMB52-RMB161 31 December 2019: RMB53-RMB165 31 December 2020: RMB54-RMB168 31 May 2021: RMB140-RMB168	The higher the unit rent, the higher the market value

The fair value of investment properties is determined based on income approach or market approach. Under the income approach, the fair value of investment properties is estimated based on capitalisation rate and unit rent. The unit rent is mainly made reference to the rents in existing lease. Under the market approach, the fair value is estimated based on comparable transactions for properties in similar location, accessibility, age, quality, size and other factors.

The Group leases out investment properties under operating lease. The leases typically run for an initial period of 3 months to 15 years, with an option to renew the leases after that date at which time all terms are renegotiated.

Undiscounted lease payments under non-cancellable operating leases in place at the reporting date will be receivable by the Group in future periods as follows:

	As at 31 December			As at 31 May
	2018	**2019**	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	8,201	13,891	14,548	13,662
After 1 year but within 2 years	10,501	8,433	10,722	5,309
After 2 year but within 3 years	5,756	4,815	5,309	3,335
After 3 year but within 4 years	4,815	1,513	3,335	1,313
After 4 year but within 5 years	1,513	771	1,313	–
After 5 years	771	–	–	–
	31,557	29,423	35,227	23,619

12 PROPERTY, PLANT AND EQUIPMENT

	Buildings	Properties leased for own use carried at cost	Vehicles	Office and other equipment	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cost:					
At 1 January 2018	16,688	40,256	3,700	15,340	75,984
Additions	1,851	2,111	629	3,534	8,125
Disposals	–	–	(612)	(484)	(1,096)
At 31 December 2018	18,539	42,367	3,717	18,390	83,013
Additions	5,493	3,197	362	4,204	13,256
Disposals	–	–	(714)	(1,296)	(2,010)
At 31 December 2019	24,032	45,564	3,365	21,298	94,259
Additions	802	5,996	229	3,130	10,157
Disposals	(5,233)	–	–	(2,103)	(7,336)
Deemed distribution *(Note 11)*	(3,030)	–	–	–	(3,030)
At 31 December 2020	16,571	51,560	3,594	22,325	94,050
Additions	–	4,995	11	944	5,950
Disposals	(1,448)	(1,928)	–	(215)	(3,591)
At 31 May 2021	15,123	54,627	3,605	23,054	96,409

	Buildings	Properties leased for own use carried at cost	Vehicles	Office and other equipment	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Accumulated depreciation:					
At 1 January 2018	(8,906)	–	(1,775)	(8,209)	(18,890)
Charge for the year	(1,792)	(21,330)	(308)	(2,115)	(25,545)
Written back on disposals	–	–	399	458	857
At 31 December 2018	(10,698)	(21,330)	(1,684)	(9,866)	(43,578)
Charge for the year	(2,180)	(16,746)	(287)	(2,638)	(21,851)
Written back on disposals	–	–	340	1,172	1,512
At 31 December 2019	(12,878)	(38,076)	(1,631)	(11,332)	(63,917)
Charge for the year	(2,463)	(6,704)	(404)	(2,799)	(12,370)
Written back on disposals	5,436	–	–	1,604	7,040
Written back on deemed distribution *(Note 11)*	171	–	–	–	171
At 31 December 2020	(9,734)	(44,780)	(2,035)	(12,527)	(69,076)
Charge for the period	(672)	(2,204)	(234)	(1,165)	(4,275)
Written back on disposals	1,448	161	–	195	1,804
At 31 May 2021	(8,958)	(46,823)	(2,269)	(13,497)	(71,547)
Carrying amount:					
At 31 May 2021	6,165	7,804	1,336	9,557	24,862
At 31 December 2020	6,837	6,780	1,559	9,798	24,974
At 31 December 2019	11,154	7,488	1,734	9,966	30,342
At 31 December 2018	7,841	21,037	2,033	8,524	39,435

Right-of-use assets

The analysis of expense items in relation to leases recognised in profit or loss is as follows:

	Year ended 31 December			Five months ended 31 May	
	2018	2019	2020	2020	2021
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Depreciation charge of right-of-use assets:					
– Properties leased for own use	21,330	16,746	6,704	2,631	2,204

	Year ended 31 December			Five months ended 31 May	
	2018	**2019**	**2020**	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Interest on lease liabilities *(Note 6(b))*	1,517	439	271	142	146
Expense relating to short-term leases	3,082	2,246	9,592	3,997	844

During the years ended 31 December 2018, 2019 and 2020 and the five months ended 31 May 2021, additions to right-of-use assets were primarily related to the capitalised lease payments payable under new tenancy agreements.

Details of total cash outflow for leases and the maturity analysis of lease liabilities are set out in Notes 17(d) and 24(b), respectively.

The Group leases offices and commercial properties under leases expiring in 1-5 years. None of the leases includes variable lease payments.

13 INTANGIBLE ASSETS

	As at 31 December			As at 31 May
	2018	**2019**	**2020**	**2021**
	Software *RMB'000*	**Software** *RMB'000*	**Software** *RMB'000*	**Software** *RMB'000*
Cost:				
At beginning of the year/period	2,044	2,414	3,804	4,401
Additions	370	1,390	597	–
At end of the year/period	2,414	3,804	4,401	4,401
Accumulated amortisation:				
At beginning of the year/period	355	573	848	1,268
Charge for the year/period	218	275	420	194
At end of the year/period	573	848	1,268	1,462
Net book value:				
At end of the year/period	1,841	2,956	3,133	2,939

The amortisation charge for the year/period is included in "administrative expenses" in the consolidated statement of profit or loss and other comprehensive income.

14 OTHER FINANCIAL ASSETS

		As at 31 December			As at 31 May
	Note	**2018**	**2019**	**2020**	**2021**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Equity investments designated at FVOCI					
– Unlisted equity investments	*24(d)*	42,919	95,597	94,410	94,990

As at 31 December 2018, 2019 and 2020 and 31 May 2021, the unlisted equity investments mainly represent equity interests in Beijing Jindi Real Estate Development Co., Ltd. (北京金第房地產開發有限責任公司, "Jindi Real Estate"). The Group holds 9.09% equity interests in Jindi Real Estate. In 2019, the Group made a further capital injection of RMB45,450,000 to Jindi Real Estate, which is in proportion to its holding of the total equity interests in Jindi Real Estate. The Group designated its equity investments at FVOCI, as the investments are held for strategic purpose. No dividends were received on these investments during the Relevant Periods.

15 INVENTORIES

	As at 31 December			As at 31 May
	2018	**2019**	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Raw materials	310	742	282	715
Low-value consumables	426	295	175	67
Parking lots for sales	–	–	6,467	6,467
	736	1,037	6,924	7,249

The analysis of the amount of inventories recognised as an expense and included in profit or loss is as follows:

	As at 31 December			As at 31 May
	2018	**2019**	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Carrying amount of parking lots sold	–	–	21,818	–

As at 31 May 2021, the amount of parking lots for sales expected to be recovered after more than one year is RMB5,043,000. All of the other inventories are expected to be recovered within one year.

16 PREPAYMENTS, TRADE AND OTHER RECEIVABLES

	As at 31 December			As at 31 May
	2018	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables				
– related parties *(Note 26(c))*	105,022	164,300	93,078	84,586
– third parties	170,724	217,714	239,567	274,298
	275,746	382,014	332,645	358,884
Less: allowance for trade receivables *(Note 24(a))*	(42,697)	(45,471)	(51,885)	(55,937)
	233,049	336,543	280,760	302,947
Amounts due from related parties *(Note 26(c))*				
– interest-bearing receivables	378,191	403,053	220,000	–
– interest receivables	3,409	4,483	2,125	–
– other receivables from related parties	36,952	7,462	2,003	2,258
Dividends receivable *(Note 26(c))*	1,550	1,550	1,594	1,594
Deposits	3,497	3,352	2,831	2,128
Interest receivables	–	–	–	2,654
Other receivables	3,027	3,533	5,674	4,766
Less: allowance for other receivables	(1,033)	(1,186)	(1,073)	(1,073)
	425,593	422,247	233,154	12,327
Financial assets measured at amortised cost	658,642	758,790	513,914	315,274
Prepayments				
– related parties *(Note 26(c))*	–	82	19,335	19,288
– third parties	36,224	40,990	31,746	39,042
Input VAT to be deducted	2,698	4,684	3,937	4,735
	697,564	804,546	568,932	378,339

Trade receivables are primarily related to revenue generated from property management and services provided to community and non-property owners.

As at 31 December 2018, 2019 and 2020 and 31 May 2021, apart from the receivables from BUCC and BUCID amounting to RMB378,191,000, RMB403,053,000, RMB220,000,000 and nil respectively, which bear interests at a range of 1.15% to 4.50%, other amounts due from related parties are unsecured and interest-free. Details of the amounts due from related parties are set out in Note 26(c).

All trade and other receivables are expected to be recovered or recognised as expense within one year.

(a) Ageing analysis

As of the end of each reporting period, the ageing analysis of trade receivables based on the date of revenue recognition which is the same as the due date, and net of allowance for impairment of trade receivables is as follows:

	As at 31 December			As at 31 May
	2018	**2019**	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	186,030	277,642	221,258	245,269
1 to 2 years	27,595	36,611	33,657	29,412
2 to 3 years	10,511	13,900	15,073	14,934
3 to 4 years	4,510	4,410	6,326	8,206
4 to 5 years	2,857	1,956	2,422	3,102
Over 5 years	1,546	2,024	2,024	2,024
	233,049	336,543	280,760	302,947

Trade receivables are due when the receivables are recognised. Further details on the Group's credit policy and credit risk arising from trade receivables are set out in Note 24(a).

(b) Expected credit loss on trade receivables

The movements in the loss allowance in respect of trade receivables during the Relevant Periods are as follows:

	As at 31 December			As at 31 May
	2018	**2019**	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January	40,106	42,697	45,471	51,885
Expected credit loss recognised	2,591	2,774	6,414	4,052
At 31 December/31 May	42,697	45,471	51,885	55,937

17 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION

(a) Cash and cash equivalents comprise:

The Group

	As at 31 December			As at 31 May
	2018	**2019**	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cash on hand	290	228	101	33
Cash at bank	377,427	335,650	751,859	883,671
Less: restricted cash *(Note)*	42,106	42,230	4,916	4,233
	335,611	293,648	747,044	879,471

The Company

	As at 31 December			As at 31 May
	2018	**2019**	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cash at bank	–	–	53,000	693,704

Note:

As at 31 December 2018 and 2019, restricted cash mainly represents cash deposited by a third party for purchase of certain heating-related assets from the Group.

As at 31 December 2020 and 31 May 2021, restricted cash represents cash deposited in banks as joint accounts with property owners, mainly including the property management fees the Group collected from the projects under commission basis.

(b) Reconciliation of profit before taxation to cash generated from operations:

		Year ended 31 December			Five months ended 31 May	
	Note	**2018**	**2019**	**2020**	**2020**	**2021**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Profit before taxation		56,177	67,775	91,060	48,747	50,041
Adjustments for:						
Interest income on receivables from related parties	*6(a)*	(10,298)	(11,205)	(10,373)	(5,135)	(2,127)
Finance costs	*6(b)*	3,722	2,479	2,338	998	1,049
Depreciation of property, plant and equipment	*12*	25,545	21,851	12,370	4,927	4,275
Amortisation of intangible assets	*13*	218	275	420	171	194
Changes in fair value of investment properties	*11*	(6,830)	(11,050)	(7,310)	(3,070)	(390)
Expected credit loss on trade and other receivables	*6(d)*	2,385	3,068	6,343	5,061	4,033
Loss/(Gain) on disposal of property, plant and equipment	*5*	135	124	(92)	4	16
Changes in working capital:						
Decrease/(Increase) in inventories		2,701	(301)	(5,887)	153	(325)
(Increase)/Decrease in prepayments, trade and other receivables		(84,603)	(84,786)	43,241	(50,736)	(30,331)
(Increase)/Decrease in restricted cash		(42,106)	(124)	37,314	39,314	683
(Decrease)/Increase in contract liabilities		(5,689)	22,982	24,030	(100,172)	(88,303)
Increase in trade and other payables		133,338	54,715	50,474	163,013	55,576
(Increase)/Decrease in defined benefit obligations		(775)	(1,215)	(696)	(470)	1,124
Cash generated from/(used in) operations		73,920	64,588	243,232	102,805	(4,485)

(c) Reconciliation of liabilities arising from financing activities

Lease liabilities	Year ended 31 December			Five months ended 31 May	
	2018	2019	2020	2020	2021
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
At the beginning of the year/period	40,256	17,338	6,388	6,388	5,636
Changes from financing cash flows:					
Interest element of lease rentals paid	(1,517)	(439)	(271)	(142)	(146)
Capital element of lease rentals paid	(25,029)	(14,147)	(6,748)	(3,620)	(1,747)
Total changes from financing cash flows	(26,546)	(14,586)	(7,019)	(3,762)	(1,893)
Other changes:					
Increase in lease liabilities	2,111	3,197	5,996	3,325	3,228
Finance costs *(Note 6(b))*	1,517	439	271	142	146
Total other changes	3,628	3,636	6,267	3,467	3,374
At the end of the year/period	17,338	6,388	5,636	6,093	7,117

(d) Total cash outflow for leases

Amounts included in the cash flow statement for leases comprise the following:

	Year ended 31 December			Five months ended 31 May	
	2018	2019	2020	2020	2021
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Within operating cash flows	(3,082)	(2,246)	(9,592)	(3,997)	(844)
Within financing cash flows	(26,546)	(14,586)	(7,019)	(3,762)	(1,893)
	(29,628)	(16,832)	(16,611)	(7,759)	(2,737)

These amounts relate to the following:

	Year ended 31 December			Five months ended 31 May	
	2018	2019	2020	2020	2021
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Lease rentals paid	(29,628)	(16,832)	(16,611)	(7,759)	(2,737)

18 TRADE AND OTHER PAYABLES

The Group

	As at 31 December			As at 31 May
	2018	**2019**	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables				
– related parties	26,322	23,053	29,009	23,006
– third parties	91,926	127,797	134,842	141,968
	118,248	150,850	163,851	164,974
Amounts due to related parties *(Note (i))*	16,499	13,331	95,307	77,869
Accrued payroll and other benefits	12,866	19,323	19,803	32,123
Other taxes and charges payable	20,742	25,438	25,796	11,275
Deposits *(Note (ii))*	102,038	111,850	71,129	72,201
Amounts due to property owners	15,313	14,403	14,378	14,193
Receipts on behalf of property owners and tenants *(Note (iii))*	22,373	41,263	50,692	67,592
Housing maintenance funds payable *(Note (iv))*	259,886	241,954	235,105	229,297
Receipts on behalf of local government *(Note (v))*	–	–	–	67,344
Amounts due to property developers	13,812	13,812	13,812	13,814
Other payables and accruals	23,337	27,605	53,194	47,961
	486,866	508,979	579,216	633,669
	605,114	659,829	743,067	798,643

The Company

	As at 31 December			As at 31 May
	2018	**2019**	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables				
– related parties	–	–	250	–
– third parties	–	–	–	489
	–	–	250	489
Amounts due to subsidiaries	–	–	–	648,723
Other payables and accruals	–	–	–	38
	–	–	–	648,761
	–	–	250	649,250

Notes:

(i) Starting from 2020, the Group received refurnishment payment from a tenant on behalf of fellow subsidiaries of BUCG, which provide refurnishment services to such tenant. As a result, the amount due to related parties at 31 December 2020 and 31 May 2021 also included the refurnishment payment of RMB79,547,000 and RMB67,586,000 respectively.

(ii) Deposits mainly represent the deposits paid by the property owners and tenants for property management and refurnishment, and the deposit received from a third party for purchase of certain heating-related assets from the Group.

(iii) Receipts on behalf of property owners and tenants mainly represent utility charges received from residents on behalf of utility companies and operation income on public facilities received on behalf of property owners.

(iv) Housing maintenance funds payable mainly represents the housing maintenance funds Beiyu Property received from BUCC. Pursuant to related regulations and instructions from BUCC, Beiyu Property received the housing maintenance funds from BUCC in connection with the transfer of property management service on certain residential properties, which are properties built prior to the adoption of public housing maintenance fund policy issued by related government authorities in the 1990's. The funds are to be used along with the repair and overhaul of related properties in accordance with related regulations and instructions from BUCC.

(v) Receipts on behalf of local government represent the payments collected from individuals for purchase of public housing facilities which will be handed over to Beijing Housing Fund Management Center subsequently. On 2 July 2021, RMB39,041,000 has been paid to Beijing Housing Fund Management Center.

(vi) All the trade and other payables (including amounts due to related parties) are expected to be settled within one year or are repayable on demand.

As of the end of each relevant periods, the ageing analysis of trade payables, based on the invoice date, is as follows:

	As at 31 December			**As at 31 May**
	2018	**2019**	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	69,567	117,891	131,319	135,096
1 to 2 years	22,997	3,254	5,635	5,720
2 to 3 years	16,761	11,680	1,574	595
Over 3 years	8,923	18,025	25,323	23,563
	118,248	150,850	163,851	164,974

19 CONTRACT LIABILITIES

	As at 31 December			As at 31 May
	2018	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Billings in advance of performance				
– related parties	619	1,608	5,515	15,862
– third parties	200,986	222,979	243,102	144,452
	201,605	224,587	248,617	160,314

Movements in contract liabilities

	As at 31 December			As at 31 May
	2018	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Balance at 1 January	272,407	201,605	224,587	248,617
Revenue recognised that was included in the balance of contract liabilities at the beginning of the year/period	(271,775)	(200,833)	(224,017)	(227,027)
Increase by cash received	200,973	223,815	248,047	138,724
Balance at 31 December/31 May	201,605	224,587	248,617	160,314

Contract liabilities of the Group mainly arise from the advance payments made by customers while the underlying services are yet to be provided.

The amounts of contract liabilities expected to be recognised as revenue after more than one year are RMB772,000, RMB570,000, RMB1,179,000 and RMB1,139,000 at 31 December 2018, 2019 and 2020 and 31 May 2021, respectively.

20 LEASE LIABILITIES

	As at 31 December			As at 31 May
	2018	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	12,763	5,389	3,167	3,802
After 1 year but within 2 years	3,576	999	1,051	2,291
After 2 years	999	–	1,418	1,024
	4,575	999	2,469	3,315
	17,338	6,388	5,636	7,117

21 DEFINED BENEFIT RETIREMENT PLANS

The Group paid post-employment benefits to certain of its retirees, inactive employees and active employees after their normal retirement age in the PRC. In addition, the Group was committed to make termination benefits payment to certain inactive employees. These benefits were only applicable to the qualifying employees.

The actuarial valuations of the present value of the defined benefit obligations as at 31 December 2018, 2019 and 2020 and 31 May 2021 were carried out by an independent firm of actuaries, Willis Towers Watson, a member of China Association of Actuaries, using the Projected Unit Credit actuarial cost method.

The plans expose the Group to actuarial risks, such as interest rate risk and longevity risk. Information about the plans is disclosed below:

(a) The amounts recognised in the consolidated statement of financial position are as follows:

	As at 31 December			As at 31 May
	2018	**2019**	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Present value of the defined benefit obligations	59,661	60,486	59,449	61,030

A portion of the above liability is expected to be settled after more than one year. However, it is not practicable to segregate this amount from the amounts payable in the next twelve months, as future payments will also relate to future services rendered and future changes in actuarial assumptions and market conditions. The Group expects to pay RMB2,662,000 to defined benefit retirement plans in 2021.

(b) Movements in the present value of the defined benefit obligations

	As at 31 December			As at 31 May
	2018	**2019**	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January:	51,832	59,661	60,486	59,449
Remeasurements:				
– Actuarial losses/(gains) arising from changes in financial assumptions	6,399	–	(2,408)	(446)
	58,231	59,661	58,078	59,003
Benefits paid by the Group	(2,162)	(3,000)	(2,906)	(981)
Current service cost	1,387	1,785	2,210	2,105
Interest cost	2,205	2,040	2,067	903
At 31 December/31 May	59,661	60,486	59,449	61,030

(c) Amounts recognised in the consolidated statement of profit or loss and other comprehensive income are as follows:

	Year ended 31 December			Five months ended 31 May	
	2018	**2019**	**2020**	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Current service cost	1,387	1,785	2,210	785	2,105
Interest on defined benefit obligations	2,205	2,040	2,067	856	903
Total amounts recognised in profit or loss	3,592	3,825	4,277	1,641	3,008
Actuarial losses/(gains)	6,399	–	(2,408)	28	(446)
Total amounts recognised in other comprehensive income	6,399	–	(2,408)	28	(446)
Total defined benefit costs	9,991	3,825	1,869	1,669	2,562

The current service cost and interest on defined benefit obligations are recognised in the following line items in the consolidated statement of profit or loss and other comprehensive income:

	Year ended 31 December			Five months ended 31 May	
	2018	**2019**	**2020**	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Administrative expenses	1,387	1,785	2,210	785	2,105
Finance costs	2,205	2,040	2,067	856	903
	3,592	3,825	4,277	1,641	3,008

(d) Significant actuarial assumptions (expressed as weighted averages) and sensitivity analysis are as follows:

	Year ended 31 December			Five months ended 31 May	
	2018	**2019**	**2020**	**2020**	**2021**
				(unaudited)	
Discount rate – post-employment benefits	3.50%	3.50%	3.75%	3.75%	3.75%
Annual withdrawal rate	3.00%	3.00%	3.00%	3.00%	3.00%
Annual increase rate of medical benefits	6.00%	6.00%	6.00%	6.00%	6.00%
Mortality rate	CL5/CL6 (2010-2013)	CL5/CL6 (2010-2013)	CL5/CL6 (2010-2013)	CL5/CL6 (2010-2013)	CL5/CL6 (2010-2013)

During the Relevant Periods, the weighted-average duration of post-employment benefits and termination benefits of the defined benefit obligations was 7 years and 3 years respectively.

The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of each reporting period, while holding all other factors constant.

	Increase/(decrease) of defined benefit obligations			
	2018	**2019**	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Discount rate				
– increase by 0.25%	(2,290)	(2,336)	(2,289)	(2,350)
– decrease by 0.25%	2,443	2,492	2,442	2,509
Annual withdrawal rate				
– increase by 1%	(1,372)	(1,401)	(1,375)	(1,459)
– decrease by 1%	1,583	1,617	1,586	1,682
Annual increase rate of medical benefits				
– increase by 1%	7,008	7,158	7,022	7,306
– decrease by 1%	(5,375)	(5,490)	(5,386)	(5,599)

22 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(a) Current taxation in the consolidated statement of financial position represents:

	Year ended 31 December			As at 31 May
	2018	**2019**	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
PRC Corporate Income Tax				
At 1 January	58,782	61,743	68,220	78,718
Charged to profit or loss *(Note 7)*	13,917	15,064	22,207	13,177
Payments during the year/period	(10,956)	(8,587)	(11,709)	(79,262)
At 31 December/31 May	61,743	68,220	78,718	12,633

(b) Deferred tax assets and liabilities recognised:

(i) Movement of each component of deferred tax assets and liabilities

The components of deferred tax assets/(liabilities) recognised in the consolidated statements of financial position and the movements during the Relevant Periods are as follows:

Deferred tax arising from:	Credit loss allowance	Defined benefit obligations	Tax Loss	Depreciation charge of right-of-use assets	Revaluation of investment properties	Revaluation of financial assets	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2018	10,279	12,958	160	–	(54,077)	693	(29,987)
Credited/(charged) to profit or loss	531	358	797	(861)	(1,708)	–	(883)
Credited to other comprehensive income	–	1,600	–	–	–	151	1,751

Deferred tax arising from:	Credit loss allowance	Defined benefit obligations	Tax Loss	Depreciation charge of right-of-use assets	Revaluation of investment properties	Revaluation of financial assets	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 31 December 2018 and 1 January 2019	10,810	14,916	957	(861)	(55,785)	844	(29,119)
Credited/(charged) to profit or loss	751	206	(494)	708	(2,763)	–	(1,592)
Charged to other comprehensive income	–	–	–	–	–	(1,807)	(1,807)
At 31 December 2019 and 1 January 2020	11,561	15,122	463	(153)	(58,548)	(963)	(32,518)
Credited/(charged) to profit or loss	1,510	343	(79)	(42)	(1,828)	–	(96)
(Charged)/credited to other comprehensive income	–	(602)	–	–	–	297	(305)
Effect of deemed distribution	–	–	–	–	28,615	–	28,615
At 31 December 2020 and 1 January 2021	13,071	14,863	384	(195)	(31,761)	(666)	(4,304)
Credited/(charged) to profit or loss	1,090	507	(51)	61	(98)	–	1,509
Charged to other comprehensive income	–	(112)	–	–	–	(145)	(257)
At 31 May 2021	14,161	15,258	333	(134)	(31,859)	(811)	(3,052)

(ii) Reconciliation to the consolidated statement of financial position

	As at 31 December			As at 31 May
	2018	**2019**	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Net deferred tax asset recognised in the consolidated statements of financial position	26,683	27,146	28,318	29,752
Net deferred tax liability recognised in the consolidated statements of financial position	(55,802)	(59,664)	(32,622)	(32,804)
	(29,119)	(32,518)	(4,304)	(3,052)

23 CAPITAL, RESERVES, DIVIDENDS AND NON-CONTROLLING INTERESTS

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

	Share capital	Capital reserve	Defined benefit obligation remeasurement reserve	Accumulated losses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at 22 December 2020 (date of establishment)	–	–	–	–	–
Changes in equity for 2020:					
Profit and total comprehensive income for the period	–	–	–	(459)	(459)
Issue of shares *(Note 1)*	110,000	772,500	–	–	882,500
Balance at 31 December 2020 and 1 January 2021	110,000	772,500	–	(459)	882,041
Changes in equity for the five months ended 31 May 2021:					
Profit for the period	–	–	–	93	93
Other comprehensive income	–	–	(32)	–	(32)
Total comprehensive income	–	–	(32)	93	61
Balance at 31 May 2021	110,000	772,500	(32)	(366)	882,102

(b) Share capital

The Company was established in the PRC on 22 December 2020 as a joint stock company with limited liability with a registered share capital of RMB110,000,000.

(c) Dividends

No dividends have been paid by the Company since its establishment.

In 2018, 2019 and 2020, dividends of RMB6,859,000, RMB6,278,000 and RMB10,700,000 respectively have been declared and paid by Beiyu Property and Chengcheng Property to the previous owners. In 2018, 2019 and 2020, dividends of RMB320,000, RMB6,516,000 and RMB5,444,000 respectively have been declared and paid by Tiannuo Property, Beiyu Tengan and Chengcheng Property to non-controlling interests.

(d) Nature and purpose of reserves

(i) Capital reserve

For the purpose of the Historical Financial Information, capital reserve balance mainly represents:

– the aggregate amount of the paid-in capital and capital reserve of all entities comprising the Group at the respective dates and before the establishment of the Company;

– the excess of net assets of the Operating Companies and cash transferred to the Company by the previous owners upon the establishment of the Company less the nominal value of the ordinary shares issued to the previous owners; and

– the difference between the consideration paid and net assets acquired by the Company for acquisition of non-controlling interests in subsidiaries.

(ii) Statutory surplus reserve

Statutory reserve is established in accordance with the relevant PRC rules and regulations and the articles of association of the companies which are incorporated in the PRC until the reserve balance reaches 50% of their registered capital. The transfer to this reserve must be made before distribution of a dividend to equity holders.

For the entities concerned, this reserve can be utilised in setting off accumulated losses or increasing capital and is non-distributable other than in liquidation.

As at 31 December 2018, 2019 and 2020 and 31 May 2021, appropriation to statutory surplus reserve made by the Company's subsidiaries amounting to RMB35,375,000, RMB36,389,000, RMB48,482,000 and RMB48,482,000 respectively was included in the consolidated retained earnings attributable to equity shareholders of the Company.

(iii) Defined benefit obligation remeasurement reserve

Defined benefit obligation remeasurement reserve represents actuarial gains and losses after tax from experience adjustments and changes in actuarial assumptions for the defined benefit plan.

(iv) Fair value reserve

Fair value reserve represents the cumulative net change in the fair value of equity investments designated at FVOCI.

(e) Non-controlling interests ("NCI")

NCI primarily relates to Chengcheng Property, Chongqing Property and Tiannuo Property. Details of these entities during the Relevant Periods are set out below.

	As at 31 December			As at 31 May
	2018	**2019**	**2020**	**2021**
Percentage of equity interest held by non-controlling interests:				
– Chengcheng Property	58.43%	58.14%	–	–
– Chongqing Property	58.43%	58.14%	–	–
– Tiannuo Property	50%	50%	50%	50%

As detailed in Note 1, upon the completion of the Reorganisation, the non-controlling interests of Chengcheng Property and Chongqing Property, representing 58.14% of their equity interest, were acquired by the Company and since then Chengcheng Property and Chongqing Property are 100% owned by the Company.

	Year ended 31 December			Five months ended 31 May	
	2018	**2019**	**2020**	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Profit/(loss) for the year/period allocated to non-controlling interests:					
– Chengcheng Property	5,005	10,813	8,842	8,854	–
– Chongqing Property	(268)	1,207	1,476	1,122	–
– Tiannuo Property	(312)	598	812	(864)	1,006

	As at 31 December			As at 31 May
	2018	**2019**	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Accumulated balances of non-controlling interests at the reporting period:				
– Chengcheng Property	28,897	33,478	–	–
– Chongqing Property	1,853	3,055	–	–
– Tiannuo Property	17,807	17,975	18,473	19,479

The following tables illustrate the summarised financial information of the above subsidiaries. The amounts disclosed are before any inter-company eliminations:

(i) Chengcheng Property

	Year ended 31 December		
	2018	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*
Revenue	315,636	362,372	389,277
Profit for the year	8,565	18,598	15,209
Total comprehensive income	8,214	18,598	15,339
Profit allocated to NCI	5,005	10,813	8,842
Dividend paid to NCI	–	6,087	5,128

	As at 31 December	
	2018	**2019**
	RMB'000	*RMB'000*
Current assets	319,567	367,096
Non-current assets	7,563	7,613
Current liabilities	(274,308)	(313,611)
Non-current liabilities	(3,366)	(3,516)
Net assets	49,456	57,582
Carrying amount of NCI	28,897	33,478

(ii) Chongqing Property

	Year ended 31 December		
	2018	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*
Revenue	14,352	20,262	21,109
(Loss)/profit for the year	(459)	2,076	2,538
Total comprehensive income	(459)	2,076	2,538
(Loss)/profit allocated to NCI	(268)	1,207	1,476
Dividend paid to NCI	–	–	–

	As at 31 December	
	2018	**2019**
	RMB'000	*RMB'000*
Current assets	7,523	10,890
Non-current assets	77	83
Current liabilities	(4,422)	(5,719)
Non-current liabilities	–	–
Net assets	3,178	5,254
Carrying amount of NCI	1,853	3,055

(iii) Tiannuo Property

	Year ended 31 December			Five months ended 31 May	
	2018	2019	2020	2020	2021
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Revenue	106,508	120,892	128,088	47,139	51,682
(Loss)/profit for the year/period	(624)	1,196	1,624	(1,727)	2,011
Total comprehensive income	(633)	1,196	1,627	(1,727)	2,013
(Loss)/profit allocated to NCI	(312)	598	812	(864)	1,006
Dividend paid to NCI	254	429	314	–	–

	As at 31 December			As at 31 May
	2018	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current assets	84,007	79,041	80,479	87,035
Non-current assets	19,785	19,745	19,225	17,545
Current liabilities	(65,189)	(61,018)	(60,177)	(63,286)
Non-current liabilities	(2,989)	(1,819)	(2,581)	(2,336)
Net assets	35,614	35,949	36,946	38,958
Carrying amount of NCI	17,807	17,975	18,473	19,479

(f) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost. The Group's overall strategy remains unchanged throughout the Relevant Periods.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

24 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

Exposure to credit, liquidity and interest rate risks arises in the normal course of the Group's business. The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to cash at bank, and trade and other receivables. The Group's exposure to credit risk arising from cash and cash equivalents are limited because the counterparties are banks and financial institutions with a high credit standing assigned by the management of the Group, to which the Group considers to have low credit risk.

In respect of amounts due from related parties, dividends receivable, deposits and prepayments, and amounts due from staff included in other receivables, the Group has assessed that the expected credit loss rate for these receivables is immaterial under 12 months expected losses method based on historical settlement records and looking-forward information. Thus except for RMB1,033,000, RMB1,186,000, RMB1,073,000 and RMB1,073,000 of allowance provision provided, no other loss allowance provision for these receivables was recognised during the Relevant Periods.

In respect of trade receivables, the Group measures loss allowances at an amount equal to lifetime ECLs based on historical settlement records and forward-looking information. The Group has large number of customers and there was no concentration of credit risk. In addition, the Group has monitoring procedures to ensure that follow-up action is taken to recover overdue debts. The Group considers that a default event occurs when there is significant decrease in services fee collection rate and estimates the expected credit loss rate for the Relevant Periods. Normally, the Group does not obtain collateral from customers.

The Group has no concentration of credit risk in view of its large number of customers.

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables as at 31 December 2018, 2019 and 2020 and 31 May 2021.

	As at 31 December 2018			As at 31 December 2019			As at 31 December 2020			As at 31 May 2021		
	Expected loss rate	Gross carrying amount	Loss allowance	Expected loss rate	Gross carrying amount	Loss allowance	Expected loss rate	Gross carrying amount	Loss allowance	Expected loss rate	Gross carrying amount	Loss allowance
	%	*RMB'000*	*RMB'000*	%	*RMB'000*	*RMB'000*	%	*RMB'000*	*RMB'000*	%	*RMB'000*	*RMB'000*
Related parties	0.10%	105,022	(105)	0.10%	164,300	(164)	0.10%	93,078	(93)	0.10%	84,586	(85)
Third parties												
Within 1 year	7.84%	97,462	(7,637)	7.35%	132,793	(9,764)	7.26%	143,029	(10,386)	7.26%	180,836	(13,131)
1-2 years	26.39%	29,249	(7,719)	23.09%	38,723	(8,942)	22.48%	40,393	(9,082)	22.48%	33,891	(7,620)
2-3 years	40.03%	16,487	(6,599)	34.66%	20,248	(7,017)	34.06%	22,857	(7,784)	34.05%	21,184	(7,214)
3-4 years	48.98%	8,840	(4,330)	46.69%	8,273	(3,863)	48.22%	12,218	(5,892)	48.23%	14,289	(6,891)
4-5 years	60.41%	6,009	(3,630)	62.06%	5,156	(3,200)	64.49%	6,820	(4,398)	64.48%	8,734	(5,632)
Over 5 years	100.00%	12,677	(12,677)	100.00%	12,521	(12,521)	100.00%	14,250	(14,250)	100.00%	15,364	(15,364)
		275,746	(42,697)		382,014	(45,471)		332,645	(51,885)		358,884	(55,937)

Expected loss rates are based on actual loss experience over the past 3 years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

Trade receivables from third parties usually have higher expected loss rates. As at 31 December 2018, 2019 and 2020 and 31 May 2021, trade receivables from third parties accounted for 61.9%, 57.0%, 72.0% and 76.4% of the total trade receivables. Loss allowance are calculated based on the ECL rates and reflected the increase in trade receivables from third parties during the Relevant Periods.

(b) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short-term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the board when the borrowings exceed certain predetermined levels of authority. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and readily realisable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following tables show the remaining contractual maturities at the end of each reporting period of the Group's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group can be required to pay.

	As at 31 December 2018					As at 31 December 2019			
Contractual undiscounted cash outflow	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	Total	Carrying amount at 31 December	Within 1 year or on demand	More than 1 year but less than 2 years	Total	Carrying amount at 31 December
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and other payables	605,114	–	–	605,114	605,114	659,829	–	659,829	659,829
Lease liabilities	12,807	3,673	1,005	17,485	17,338	5,523	1,005	6,528	6,388
	617,921	3,673	1,005	622,599	622,452	665,352	1,005	666,357	666,217

	As at 31 December 2020					As at 31 May 2021			
Contractual undiscounted cash outflow	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	Total	Carrying amount at 31 December	Within 1 year or on demand	More than 1 year but less than 2 years	Total	Carrying amount at 31 May
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and other payables	743,067	–	–	743,067	743,067	798,643	–	798,643	798,643
Lease liabilities	3,356	1,157	1,481	5,994	5,636	4,026	3,422	7,448	7,117
	746,423	1,157	1,481	749,061	748,703	802,669	3,422	806,091	805,760

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk is not significant.

(d) Fair value measurement

(i) Financial assets and liabilities measured at fair value

The Group's unlisted equity investments were revalued against carrying amounts of the respective investments during the Relevant Periods. A valuation report is prepared by the external valuer at each year end and is reviewed and approved by the chief accountant. Discussion of the valuation process and results with the chief accountant is held once a year, to coincide with the reporting dates.

	Fair value hierarchy	Fair value at 31 December			Fair value at 31 May
		2018	2019	2020	2021
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Recurring fair value measurements					
Other financial assets					
– Equity investments designated at FVOCI	Level 3	42,919	95,597	94,410	94,990

During the Relevant Periods, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of each reporting period in which they occur.

Information about Level 3 fair value measurements

	Valuation techniques and key inputs	**Significant unobservable inputs**	**Relationship of unobservable inputs to fair value**
Unlisted equity investments, mainly representing equity interests in Jindi Real Estate, a property development company holding land and properties for development for sale or for rent. Major land and properties of Jindi Real Estate have been revalued at each year end.	Income approach and market approach The key inputs are: – Capitalisation rate; – Unit rent of individual unit; – Market price	Capitalisation rate: 31 December 2018: 5.98%-7.48% 31 December 2019: 5.94%-7.44% 31 December 2020: 5.91%-7.41% 31 May 2021: 5.87%-7.37%	The higher the capitalisation rate, the lower the market value
		Unit rent per sq.m. per month: 31 December 2018: RMB86-RMB127 31 December 2019: RMB89-RMB131 31 December 2020: RMB92-RMB130 31 May 2021: RMB92-RMB130	The higher the unit rent, the higher the market value
		Market price per sq.m.: 31 December 2018: RMB22,580-RMB78,370 31 December 2019: RMB23,280-RMB80,800 31 December 2020: RMB24,000-RMB80,000 31 May 2021: RMB24,500-RMB81,300	The higher the market price, the higher the market value

The movements during the Relevant Periods in the balance of these Level 3 fair value measurements are as follows:

	As at 31 December			**As at 31 May**
	2018	**2019**	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Fair value				
At 1 January	43,524	42,919	95,597	94,410
Capital contribution	–	45,450	–	–
Change in fair value	(605)	7,228	(1,187)	580
At 31 December/31 May	42,919	95,597	94,410	94,990

The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of each reporting period, while holding all other factors constant.

	Increase/(decrease) of other financial assets – equity investments designated at FVOCI			
	As at 31 December			As at 31 May
	2018	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Capitalisation rate				
– increase by 0.25%	(1,697)	(1,722)	(1,725)	(1,732)
– decrease by 0.25%	1,697	1,722	1,725	1,732
Unit rent per sq.m. per month				
– increase by 1%	592	597	591	595
– decrease by 1%	(592)	(597)	(591)	(595)
Market price per sq.m.				
– increase by 1%	831	863	840	853
– decrease by 1%	(831)	(863)	(840)	(853)

(ii) Fair value of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial instruments carried at amortised cost were not materially different from their fair values as at 31 December 2018, 2019 and 2020 and 31 May 2021.

25 CONTINGENT ASSETS AND LIABILITIES

The Group did not have any material contingent liabilities as at 31 December 2018, 2019 and 2020 and 31 May 2021.

26 MATERIAL RELATED PARTY TRANSACTIONS

(a) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors as disclosed in Note 8 and certain of the highest paid employees as disclosed in Note 9, is as follows:

	Year ended 31 December			Five months ended 31 May	
	2018	2019	2020	2020	2021
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Short-term employee benefits	4,603	4,803	4,713	1,718	1,867
Post-employment benefits	161	165	169	55	89
	4,764	4,968	4,882	1,773	1,956

Total remuneration is included in "staff costs" (see Note 6(c)).

(b) Significant related party transactions

During the Relevant Periods, the Group entered into the following transactions with its related parties.

Nature of related party	Year ended 31 December 2018	2019	2020	Five months ended 31 May 2020	2021
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Provision of services					
– The BUCG Group	147,729	200,141	181,332	64,353	80,611
– Associates of the BUCG Group	35	38	3,696	956	–
Receiving services					
– The BUCG Group	7,274	25,904	43,889	14,781	11,659
– Associates of the BUCG Group	5,446	–	1,136	55	–
Purchase of parking lots					
– The BUCG Group	–	–	46,654	–	–
Interest income					
– The BUCG Group	10,298	11,205	10,373	5,135	2,127
Rental expenses					
– The BUCG Group	21,289	14,867	11,244	4,685	1,059
Deposits (withdrawn)/placed					
– The BUCG Group	(24,542)	24,862	(183,053)	5,776	(220,000)

(c) Balances with related parties:

	As at 31 December 2018	2019	2020	As at 31 May 2021
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade nature				
Prepayments and trade receivables				
– The BUCG Group	105,022	164,271	111,357	103,874
– Associates of the BUCG Group	–	111	1,056	–
Trade payables				
– The BUCG Group	25,496	23,053	27,873	22,768
– Associates of the BUCG Groups	826	–	1,136	238
Contract liabilities				
– The BUCG Group	619	1,593	5,500	15,860
– An associate of the BUCG Group	–	15	15	2
Lease liabilities				
– The BUCG Group	15,105	3,950	4,355	5,626
Non-trade nature				
Other receivables				
– The BUCG Group	420,102	416,548	225,722	3,832
– An associate of the BUCG Group	–	–	–	20
Other payables				
– The BUCG Group	16,499	13,331	95,307	77,869

As at 31 December 2018, 2019, and 2020 and 31 May 2021, apart from the receivables from BUCC and BUCID amounting to RMB378,191,000, RMB403,053,000, RMB220,000,000 and nil respectively, which bear interests at a range of 1.15% to 4.50%, other amounts due from related parties are unsecured and interest-free. The directors of the Group confirm that the non-trade balances with related parties will be fully repaid prior to the initial listing of the shares of the Company.

(d) Name and relationship with the related parties

During the Relevant Periods, transactions with the following parties are considered as related party transactions:

Name of related party	Relationship with the Group
BUCG 北京城建集團有限責任公司	The controlling shareholder of the Company
BUCC 北京住總集團有限責任公司	Shareholder of the Company, which is controlled by BUCG
BUCID 北京城建投資發展股份有限公司	Shareholder of the Company, which is controlled by BUCG
Beijing Uni.-Construction Real Estate Development Co., Ltd. 北京住總房地產開發有限公司	Company controlled by BUCG
Beijing Urban Construction Chengdu Real Estate Co., Ltd.* 北京城建成都地產有限公司	Company controlled by BUCG
Beijing Urban Construction No.2 Construction Engineering Co., Ltd.* 北京城建二建設工程有限公司	Company controlled by BUCG
Beijing Urban Construction Xinghua Real Estate Co., Ltd.* 北京城建興華地產有限公司	Company controlled by BUCG
Beijing Urban Construction Xingtai Real Estate Development Co., Ltd.* 北京城建興泰房地產開發有限公司	Company controlled by BUCG
Beijing Urban Construction Xingyun Real Estate Co., Ltd.* 北京城建興雲房地產有限公司	Company controlled by BUCG
Beijing Hengqi Investment Management Co., Ltd.* 北京衡其投資管理有限責任公司	Company controlled by BUCG
Jindi Real Estate 北京金第房地產開發有限責任公司	Company controlled by BUCG
Beijing Century Hongcheng Land Co., Ltd.* 北京世紀鴻城置業有限公司	Company controlled by BUCG
Tianjin Jingbao Land Co., Ltd.* 天津京寶置業有限公司	Company controlled by BUCG
Tianjin Capital Investment & Development Co., Ltd.* 天津京城投資開發有限公司	Company controlled by BUCG

Name of related party	Relationship with the Group
Beijing Urban Construction Road & Bridge Group Co., Ltd.* 北京城建道橋建設集團有限公司	Associate of the BUCG Group
Beijing Urban Construction Boiler Pipe Installation Co., Ltd.* 北京城建鍋爐管道安裝有限公司	Associate of the BUCG Group
Beijing Urban Construction Installation Group Co., Ltd.* 北京城建安裝集團有限公司	Associate of the BUCG Group
Beijing Urban Construction Great Wall Construction Decoration Engineering Co. Ltd* 北京城建長城建築裝飾工程有限公司	Associate of the BUCG Group
Beijing Urban Construction Yatai Jindian Construction Engineering Co., Ltd.* 北京城建亞泰金典建設工程有限公司	Associate of the BUCG Group
Beijing Uni.-Construction Zhengtong Municipal Engineering Co., Ltd.* 北京住總正通市政工程有限公司	Associate of the BUCG Group

* The English names of the above companies which operate in the PRC are for identification only.

27 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

There is no significant non-adjusting event after the Relevant Periods.

28 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE RELEVANT PERIODS

Up to the date of issue of this report, the IASB has issued a number of amendments, new standards and interpretations which are not yet effective for the Relevant Periods and which have not been adopted in the Historical Financial Information.

	Effective for accounting periods beginning on or after
Annual Improvements to IFRS Standards 2018-2020	1 January 2022
Amendments to IFRS 3, *Reference to the Conceptual Framework*	1 January 2022
Amendments to IAS 16, Property, Plant and Equipment: *Proceeds before Intended Use*	1 January 2022
Amendments to IAS 37, *Onerous Contracts – Cost of Fulfilling a Contract*	1 January 2022
Amendments to IAS 1, *Classification of Liabilities as Current or Non-current*	1 January 2023
IFRS 17, *Insurance contracts*	1 January 2023
Amendments to IAS 1 and IFRS Practice Statement 2, *Disclosure of Accounting Policies*	1 January 2023

	Effective for accounting periods beginning on or after
Amendments to IAS 8, *Definition of Accounting Estimates*	1 January 2023
Amendments to IAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*	1 January 2023
Amendments to IFRS 10 and IAS 28, *Sale or contribution of assets between an investor and its associate or joint venture*	To be determined at a future date
Amendments to IFRS 4, *Extension of the temporary exemption from applying IFRS 9*	To be determined at a future date

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company and its subsidiaries comprising the Group in respect of any period subsequent to 31 May 2021.

The following information does not form part of the Accountants' Report received from the Company's reporting accountants, KPMG, Certified Public Accountants, Hong Kong, as set out in Appendix I to this prospectus, and is included herein for illustrative purposes only. The unaudited pro forma financial information should be read in conjunction with the section headed "Financial information" in this prospectus and the historical financial information included in the Accountants' Report set out in Appendix I to this prospectus.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

The following unaudited pro forma statement of adjusted net tangible assets of our Group is prepared in accordance with Rule 4.29 of the Listing Rules and is set out below to illustrate the effect of the Global Offering on the consolidated net tangible assets of the Group attributable to the equity shareholders of the Company as at 31 May 2021 as if the Global Offering had taken place on 31 May 2021.

The unaudited pro forma statement of adjusted net tangible assets has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the financial position of the Group had the Global Offering been completed as at 31 May 2021 or at any future date.

	Consolidated net tangible assets attributable to the equity shareholders of the Company as at 31 May 2021[1]	**Estimated net proceeds from the Global Offering**[2]	**Unaudited pro forma adjusted net tangible assets attributable to equity shareholders of the Company as at 31 May 2021**	**Unaudited pro forma adjusted net tangible assets attributable to equity shareholders of the Company per Share**[3]	
	RMB'000	*RMB'000*	*RMB'000*	*RMB*	*HK$*[4]
Based on an Offer Price of HK$8.28 per H Share	428,429	203,847	632,276	4.31	5.23
Based on an Offer Price of HK$9.96 per H Share	428,429	254,580	683,009	4.66	5.66

Notes:

(1) The consolidated net tangible assets attributable to the equity shareholders of the Company as at 31 May 2021 is based on the consolidated total equity attributable to the equity shareholders of the Company as at 31 May 2021 of RMB430,331,000 after deduction of intangible assets of RMB2,939,000 as shown in the Accountants' Report set out in Appendix I to this prospectus, and adjusting the share of intangible assets attributable to non-controlling interests of RMB1,037,000.

(2) The estimated net proceeds from the Global Offering are based on the indicative Offer Prices of HK$8.28 per H Share (being the minimum Offer Price) and HK$9.96 per Share (being the maximum Offer Price) and the issuance of 36,667,200 H Shares, after deduction of the underwriting fees and other related expenses paid or payable by the Group (excluding the expenses that have been charged to profit or loss during the Track Record Period), and does not take into account any shares which may be issued upon the exercise of the Over-allotment Option. The estimated net proceeds of the Global Offering have been converted to Renminbi at the PBOC rate of HK$1.00 to RMB0.82 prevailing on 23 October 2021. No representation is made that Hong Kong dollars amount have been, could have been or may be converted to Renminbi, or vice versa, at that rate or at any other rate.

(3) The unaudited pro forma adjusted net tangible assets attributable to equity shareholders of the Company per Share is arrived at by dividing the unaudited pro forma adjusted net tangible assets attributable to equity shareholders of the Company by 146,667,200 Shares, being the number of shares expected to be in issue following the completion of the Global Offering, and does not take into account any shares which may be issued upon the exercise of the Over-allotment Option.

(4) The unaudited pro forma adjusted net tangible assets attributable to equity shareholders of the Company per Share amounts in RMB are converted to Hong Kong dollar with the PBOC rate of RMB0.82 to HK$1.00 prevailing on 23 October 2021. No representation is made that Renminbi amount have been, could have been or may be converted to Hong Kong dollars, or vice versa, at that rate or at any other rate.

(5) No adjustment has been made to reflect any trading result or other transactions of the Group entered into subsequent to 31 May 2021.

B. REPORT ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report received from the reporting accountants, KPMG, Certified Public Accountants, Hong Kong, in respect of the Group's pro forma financial information for the purpose of incorporation in this prospectus.

KPMG

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION

To the Directors of Beijing Capital Jiaye Property Services Co., Limited

We have completed our assurance engagement to report on the compilation of pro forma financial information of Beijing Capital Jiaye Property Services Co., Limited (the "Company") and its subsidiaries (collectively the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted net tangible assets as at 31 May 2021 and related notes as set out in Part A of Appendix II to the prospectus dated 29 October 2021 (the "Prospectus") issued by the Company. The applicable criteria on the basis of which the Directors have compiled the pro forma financial information are described in Part A of Appendix II to the Prospectus.

The pro forma financial information has been compiled by the Directors to illustrate the impact of the proposed offering of the ordinary shares of the Company (the "Global Offering") on the Group's financial position as at 31 May 2021 as if the Global Offering had taken place at 31 May 2021. As part of this process, information about the Group's financial position as at 31 May 2021 has been extracted by the Directors from the Group's historical financial information included in the Accountants' Report as set out in Appendix I to the Prospectus.

Directors' Responsibilities for the Pro Forma Financial Information

The Directors are responsible for compiling the pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies Hong Kong Standard on Quality Control 1 "Quality Control for Firms That Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements" issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements ("HKSAE") 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the pro forma financial information in accordance with paragraph 4.29 of the Listing Rules, and with reference to AG 7 issued by the HKICPA.

For purpose of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of events or transactions as at 31 May 2021 would have been as presented.

A reasonable assurance engagement to report on whether the pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and

- the pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgement, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our procedures on the pro forma financial information have not been carried out in accordance with attestation standards or other standards and practices generally accepted in the United States of America, auditing standards of the Public Company Accounting Oversight Board (United States) or any overseas standards and accordingly should not be relied upon as if they had been carried out in accordance with those standards and practices.

We make no comments regarding the reasonableness of the amount of net proceeds from the issuance of the Company's shares, the application of those net proceeds, or whether such use will actually take place as described in the section headed "Future Plans and Use of Proceeds" in the Prospectus.

Opinion

In our opinion:

(a) the pro forma financial information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group, and

(c) the adjustments are appropriate for the purposes of the pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

KPMG
Certified Public Accountants
Hong Kong
29 October 2021

The following is the text of a letter, summary of valuations and valuation reports prepared for the purpose of incorporation in this prospectus received from Cushman & Wakefield Limited, an independent property valuer, in connection with its opinion of market values of the properties as at August 31, 2021.

27/F One Island East
Taikoo Place
18 Westlands Road
Quarry Bay
Hong Kong

October 29, 2021

The Directors
Beijing Capital Jiaye Property Services Co., Limited
Room 301, 3rd Floor
Building 34, Fahua South Lane
Dongcheng District
Beijing, PRC

Dear Sirs,

We refer to the instructions for us to value the properties of Beijing Capital Jiaye Property Services Co., Limited (referred to as the "Company") and its subsidiaries (together referred to as the "Group") in the People's Republic of China (the "PRC") (as more particularly described in the attached valuation report), we confirm that we have carried out inspection, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of market values of the properties as at August 31, 2021 (the "Valuation Date").

Our valuations of each of the properties represent its Market Value which in accordance with HKIS Valuation Standards 2020 published by The Hong Kong Institute of Surveyors ("HKIS") is defined as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

Our valuations exclude an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangement, special considerations or concessions granted by anyone associated with the sale, or any element of value available only to a specific owner or purchaser.

In the course of our valuations of the properties situated in the PRC, with reference to the PRC Legal opinion of the legal adviser, Commerce & Finance Law Offices (通商律師事務所), we have prepared our valuations on the basis that transferable land use rights in respect of the properties for its specific term at nominal annual land use fees have been granted and that any premium payable have already been fully paid. We have relied on the information and advice given by the Company and the PRC legal opinion of the Company's legal adviser, dated October 29, 2021, regarding the title to the properties and the interest in the properties. In valuing the properties, we have prepared our valuations on the basis that the owners have enforceable title to the properties and have free and uninterrupted rights to use, occupy or assign the properties for the whole of the unexpired terms as granted.

No allowance has been made in our valuations for any charges, pledges or amounts owing on the properties nor any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is valued on the basis that the properties are free from encumbrances, restrictions and outgoings of an onerous nature which could affect their values.

In valuing the properties which are held by the Group for investment in the PRC, we have adopted Investment Method by capitalising the rental derived from the existing tenancies with due provision of the reversionary rental potential of the properties, or where appropriate, by Market Comparison Method assuming sale of the properties in existing state by making reference to comparable sales evidence as available in the relevant market subject to appropriate adjustments including but not limited to location, accessibility, size and other relevant factors.

Key Assumptions adopted in Investment Method for the properties in the PRC:

Use	**Market Unit Rent RMB/sq.m./per month**	**Capitalisation Rate**
Residential	RMB70	3.0% to 3.5%
Commercial	RMB140 to 180	5.5% to 6.0%

Key Assumptions adopted in Market Comparison Method for the Properties in the PRC:

Use	**Market Unit Value RMB/sq.m.**
Residential	RMB46,600
Commercial	RMB24,800 to 30,800

In the course of our valuations, we have relied to a very considerable extent on the information given to us by the Group and its legal adviser regarding the title to the properties and the interests of the Group in the properties. We have accepted advice given by the Group on such matters as planning approvals or statutory notices, easements, tenure, identification of land and buildings, particulars of occupancy, tenancy details, completion date of buildings, interest attributable to the Group, site and floor areas, and all other relevant matters.

Dimensions, measurements and areas are based on the copies of documents or other information provided to us by the Group and are therefore only approximations. No on-site measurement has been carried out. We have had no reason to doubt the truth and accuracy of the information provided by the Group which is material to the valuation. We were also advised that no material facts have been omitted from the information provided to us.

We would point out that the copies of documents provided to us are mainly compiled in Chinese characters and the transliteration into English represents our understanding of the contents. We would therefore advise the Company to make reference to the original Chinese edition of the documents and consult your legal adviser regarding the legality and interpretation of these documents.

We have been provided by the Group with copies of documents in relation to the current title to the properties. However, we have not been able to conduct searches to verify the ownership of the properties; we have not inspected the original documents to ascertain any amendments which may not appear on the copies handed to us. We are also unable to ascertain the title of the properties in the PRC and we have therefore relied on the advice given by the PRC Legal adviser and the Group.

Our Beijing Office valuers, Ms. Yilia Shi (4 years of valuation experience) have inspected the exterior and, wherever possible, the interior of the properties in February 2021. However, no structural survey has been made, but in the course of our inspection, we did not note any serious defects. We are, however, not able to report that the properties are free of rot, infestation or other structural defects. No test was carried out on any of the services. Our valuation is prepared on the assumption that these aspects are satisfactory.

Unless otherwise stated, we have not carried out detailed on-site measurements to verify the site and floor areas of the properties and we have assumed that the areas shown on the documents handed to us are correct.

Unless otherwise stated, all monetary amounts stated in our valuation report are in Renminbi ("RMB"), the official currency of the PRC.

We hereby confirm that we and the undersigned have no pecuniary or other interests that could conflict with the proper valuations of the properties or could reasonably be regarded as being capable of affecting our ability to give an unbiased opinion.

In valuing the properties, we have complied with the requirements set out in Chapter 5 and Practice Note 12 of the Rules governing the Listing of Securities published by The Stock Exchange of Hong Kong Limited and HKIS Valuation Standards 2020.

We also confirm that we are an independent qualified valuer, as referred to Rule 5.08 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The recent outbreak of the Novel Coronavirus (COVID-19) has brought high volatility to global financial markets and uncertainty to the property market. It is expected that property values will be very sensitive to development of the pandemic and changes in the financial markets. The extents of impact on different sectors of the market are different and the time for marketing and negotiating sale of a property will be longer than normal. There will be less certainty as to how long a valuation may sustain and property prices may fluctuate rapidly and materially over a short period of time. Our valuations of the properties are valid only at the Valuation Date and any subsequent changes in market conditions as well as the resulting impacts on property values after the Valuation Date cannot be taken into account. If any party intends to make reference to our valuation when entering into any transaction, he must bear in mind the high market volatility during this period of time and that property values may or may not have changed since the Valuation Date.

This valuation report is issued for the use of the Company for the purpose of incorporating into the prospectus only.

We attach herewith Summary of Valuations and Valuation Reports.

Yours faithfully,
For and on behalf of
Cushman & Wakefield Limited
Philip C Y Tsang
Registered Professional Surveyor (General Practice)
Registered China Real Estate Appraiser
MSc, MHKIS
Director
Valuation & Advisory Services

Note: Philip C.Y. Tsang is a Member of HKIS and a Registered Professional Surveyor (General Practice). Mr. Tsang has over 28 years of experience in the professional property valuation and advisory services in the PRC. Mr. Tsang has sufficient current national knowledge of the market, and the skills and understanding to undertake the valuation competently.

SUMMARY OF VALUATIONS

Property	Market value in existing state as at August 31, 2021 *(RMB)*	Interest attributable to the Group *(%)*	Market value in existing state attributable to the Group as at August 31, 2021 *(RMB)*
Properties held for investment by the Group in the PRC			
1. Room 201, Unit 5, Block No. 35 of Longhuayuan Community, Huilongguan Town, Changping District, Beijing, the PRC	3,100,000	100	3,100,000
2. Room 112, Level 1 and 2, Block No. Jia 406 of Cuichengxinyuan Community, Chaoyang District, Beijing, the PRC	4,660,000	50	2,330,000
3. Level 1, Block No. 1 of Enjili Community, Haidian District, Beijing, the PRC	25,240,000	100	25,240,000
4. Level 1 and 2, Block No. 27 of Enjili Community, Haidian District, Beijing, the PRC	71,550,000	100	71,550,000
Total:	**104,550,000**		**102,220,000**

VALUATION REPORT

Properties held for investment by the Group in the PRC

Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at August 31, 2021
1. Room 201, Unit 5, Block No. 35 of Longhuayuan Community, Huilongguan Town, Changping District, Beijing, the PRC	The property comprises a residential unit on Level 2 of a 7-storey residential building completed in 1995 with a total gross floor area of approximately 66.44 sq.m. The property is located at the south of Huilongguan West Road, the west of Yuzhi West Road, Changping District, Beijing. Developments nearby are commercial and residential buildings. The property is planned for residential use; there is no environmental issues and litigation dispute; there is no plan for renovation or change the use of the property. The land use rights have been granted for residential use for an unspecified land use term.	As at the Valuation Date, the property was subject to a tenancy at a monthly rent of RMB4,000 and is now subject to a new tenancy at a monthly rent of RMB4,200 with the expiry date in 2022.	RMB3,100,000 (RENMINBI THREE MILLION ONE HUNDRED THOUSAND) (100% interest attributable to the Group: RMB3,100,000 (RENMINBI THREE MILLION ONE HUNDRED THOUSAND))

Notes:

(1) According to Real Estate Certificate No.(2016)0051790 issued on July 25, 2016, the share (共有) land use rights with a total site area of 2,105.76 sq.m. have been granted for residential use for an unspecified land use term and the building ownership of the property with a total gross floor area of 66.44 sq.m. have been vested in Beijing Uni.-Construction Beiyu Property Service Co., Ltd. (北京住總北宇物業服務有限責任公司) ("Beiyu Property"), a wholly owned subsidiary of the Company.

(2) According to Business Licence No. 911101051011538828 dated on March 25, 2019, Beiyu Property has been established as a limited company with a registered capital of RMB30,300,000.

(3) According to the PRC legal opinion:

(i) Beiyu Property has obtained the Real Estate Certificate; and

(ii) Beiyu Property independently enjoys the right to transfer, lease, mortgage or dispose of the property in other legal ways in accordance with the law.

(4) The status of the title and grant of major approvals and licences in accordance with the information provided by the Group:

Real Estate Certificate	Yes
Business Licence	Yes

VALUATION REPORT

Properties held for investment by the Group in the PRC

Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at August 31, 2021
2. Room 112, Level 1 and 2, Block No. Jia 406 of Cuichengxinyuan Community, Chaoyang District, Beijing, the PRC	The property comprises an unit on Level 1 and 2 of a 2-storey building completed in 2008 with a total gross floor area of approximately 214.06 sq.m. The property is located at the west of Wuji Road, the north of Nanwu Road, Chaoyang District, Beijing. Developments nearby are commercial and residential buildings. The property is planned for public supporting facilities (配套公建) use; there is no environmental issues and litigation dispute; there is no plan for renovation or change the use of the property. The land use rights of the property have been granted for a term of 40 years due to expire on April 4, 2047 for commercial use.	As at the Valuation Date, the property was subject to a tenancy at a monthly rent of RMB25,000 with the expiry date in 2022.	RMB4,660,000 (RENMINBI FOUR MILLION SIX HUNDRED SIXTY THOUSAND) (50% interest attributable to the Group: RMB2,330,000 (RENMINBI TWO MILLION THREE HUNDRED THIRTY THOUSAND))

Notes:

(1) According to Building Ownership Certificate No.1125975 issued on August 27, 2010, the building ownership of the property with a total gross area of 214.06 sq.m. has been vested in Beijing Tiannuo Property Management Co., Ltd. (北京天諾物業管理有限責任公司) ("Tiannuo Property"), a 50% subsidiary of the Company, for public supporting facilities (配套公建) use.

(2) According to the information on the Commodity Housing Sale and Purchase Contract No. XF256214 dated November 29, 2010, the land use rights of the property have been granted for a term of 40 years due to expire on April 4, 2047 for commercial use.

(3) According to Business License No. 91110105700242254T dated on September 28, 2020, Tiannuo Property has been established as a limited liability company with a registered capital of RMB10,600,000.

(4) According to the PRC legal opinion:

(i) Tiannuo Property has obtained the Building Ownership Certificate; and

(ii) Tiannuo Property independently enjoys the right to transfer, lease, mortgage or dispose of the property in other legal ways in accordance with the law.

(5) The status of the title and grant of major approvals and licences in accordance with the information provided by the Group:

Building Ownership Certificate	Yes
Commodity Housing Sale and Purchase Contract	Yes
Business Licence	Yes

VALUATION REPORT

Properties held for investment by the Group in the PRC

Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at August 31, 2021
3. Level 1, Block No. 1 of Enjili Community, Haidian District, Beijing, the PRC	The property comprises Level 1 of a 7-storey commercial building completed in 1993 with a total gross floor area of approximately 833.89 sq.m. The property is located at the east of Enjili Kindergarten, the south of Linglong Road, Haidian District, Beijing. Developments nearby are commercial and residential buildings. The property is planned for commercial use; there is no environmental issues and litigation dispute; there is no plan for renovation or change the use of the property. The land use rights is held for an unspecified land use term.	As at the Valuation Date, the property was fully leased out subject to various tenancies at a total monthly rent of RMB120,000 with the latest expiry date in 2022.	RMB25,240,000 (RENMINBI TWENTY FIVE MILLION TWO HUNDRED FORTY THOUSAND) (100% interest attributable to the Group: RMB25,240,000 (RENMINBI TWENTY FIVE MILLION TWO HUNDRED FORTY THOUSAND))

Notes:

(1) According to Building Ownership Certificate No. 00856 issued on June 12, 2000, the building ownership of the property with a total gross area of 833.89 sq.m. has been vested in Beijing Uni.-Construction Beiyu Property Service Co., Ltd. (北京住總北宇物業服務有限責任公司) ("Beiyu Property"), a wholly owned subsidiary of the Company.

(2) According to Business Licence No. 911101051011538828 dated on March 25, 2019, Beiyu Property has been established as a limited company with a registered capital of RMB30,300,000.

(3) According to the PRC legal opinion:

(i) Beiyu Property has obtained the Building Ownership Certificate; and

(ii) Beiyu Property independently enjoys the right to transfer, lease, mortgage or dispose of the property in other legal ways in accordance with the law.

(4) The status of the title and grant of major approvals and licences in accordance with the information provided by the Group:

Building Ownership Certificate	Yes
Business Licence	Yes

VALUATION REPORT

Properties held for investment by the Group in the PRC

Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at August 31, 2021
4. Level 1 and 2, Block No. 27 of Enjili Community, Haidian District, Beijing, the PRC	The property comprises Level 1 and 2 of a 7-storey commercial building completed in 1993 with a total gross floor area of approximately 2,393.57 sq.m. The property is located at the north of West Balizhuang Road, the south of Liuyi Primary School, Haidian District, Beijing. Developments nearby are commercial and residential buildings. The property is planned for commercial use; there is no environmental issues and litigation dispute; there is no plan for renovation or change the use of the property. The land use rights is held for an unspecified land use term.	As at the Valuation Date, the property was fully leased out subject to various tenancies at a total monthly rent of RMB380,000 with the latest expiry date in 2024.	RMB71,550,000 (RENMINBI SEVENTY ONE MILLION FIVE HUNDRED FIFTY THOUSAND) (100% interest attributable to the Group: RMB71,550,000 (RENMINBI SEVENTY ONE MILLION FIVE HUNDRED FIFTY THOUSAND))

Notes:

(1) According to Building Ownership Certificate No.00855 issued on June 12, 2000, the building ownership of the property with a total gross area of 2,393.57 sq.m. (in which Level 1: 1,149.53 q. m. and Level 2: 1,244.04 sq.m.) has been vested in Beijing Uni.-Construction Beiyu Property Service Co., Ltd. (北京住總北宇物業服務有限責任公司) ("Beiyu Property"), a wholly owned subsidiary of the Company.

(2) According to Business Licence No. 911101051011538828 dated on March 25, 2019, Beiyu Property has been established as a limited company with a registered capital of RMB30,300,000.

(3) According to the PRC legal opinion:

(i) Beiyu Property has obtained the Building Ownership Certificate; and

(ii) Beiyu Property independently enjoys the right to transfer, lease, mortgage or dispose of the property in other legal ways in accordance with the law.

(4) The status of the title and grant of major approvals and licences in accordance with the information provided by the Group:

Building Ownership Certificate	Yes
Business Licence	Yes

HONG KONG TAXATION

Dividend Taxation

Under the current practice of the Inland Revenue Department of Hong Kong, no tax is payable in Hong Kong in respect of dividends paid by us.

Capital Gains and Profit Tax

No tax is imposed in Hong Kong in respect of capital gains from the sale of H shares. However, trading gains from the sale of the H Shares by persons carrying on a trade, profession or business in Hong Kong, where such gains are derived from or arise in Hong Kong from such trade, profession or business will be subject to Hong Kong profits tax, which is currently imposed at the maximum rate of 16.5% on corporations and at the maximum rate of 15% on unincorporated businesses. Certain categories of taxpayers (for example, financial institutions, insurance companies and securities dealers) are likely to be regarded as deriving trading gains rather than capital gains unless these taxpayers can prove that the investment securities are held for long-term investment purposes.

Trading gains from sales of H Shares effected on the Stock Exchange will be considered to be derived from or arise in Hong Kong. Liability for Hong Kong profits tax would thus arise in respect of trading gains from sales of H Shares effected on the Stock Exchange 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 the Hong Kong securities, including H Shares (in other words, a total of 0.26% is currently payable on a typical sale and purchase transaction involving H Shares). In addition, a fixed duty of HK$5.00 is currently payable on any instrument of transfer of H Shares. Where one of the parties is a resident outside Hong Kong and does not pay the ad valorem duty due by it, the duty not paid will be assessed on the instrument of transfer (if any) and will be payable by the transferee. If no stamp duty is paid on or before the due date, a penalty of up to ten times the duty payable may be imposed.

Estate Duty

Pursuant to the Revenue (Abolition of Estate Duty) Ordinance 2005, estate duty ceased to be chargeable in Hong Kong in respect of the estates of persons dying on or after February 11, 2006.

TAXATION OF OUR COMPANY IN HONG KONG

Our Directors do not consider that any of our Company's income is derived from or arose in Hong Kong for the purpose of Hong Kong taxation. Our Company will therefore not be subject to Hong Kong taxation.

PRC LAWS AND REGULATIONS RELATING TO TAXATION

Income Tax

According to the EIT Law, promulgated by the NPC on March 16, 2007 and came into effect on January 1, 2008 and revised on February 24, 2017 and December 29, 2018 and the Implementation Regulations on the Enterprise Income Tax Law (《企業所得稅法實施條例》) (the "**Implementing Regulations of the EIT Law**"), issued by the State Council on December 6, 2007 and came into effect on January 1, 2008 and revised on April 23, 2019, the tax rate of 25% will be applied to the income related to all PRC enterprises, foreign-invested enterprises and foreign enterprises which have established production and operation facilities in the PRC.

These enterprises are classified into as either resident enterprises or non-resident enterprises. Enterprises which are established in China in accordance with PRC laws, or which are established in accordance with the law of the foreign country or region but whose actual administration institutions (referring to the institutions conducting substantive and all-around management and control over the enterprises production, operation, personnel, accounting matters, finance, etc.) are in PRC, are resident enterprises. Thus, the tax rate of 25% applies to their income from both inside and outside PRC.

Enterprises which are established according to the law of a foreign country or region and whose actual administration institutions are not in China, but which have established institutions or premises in China or which have not established institutions or premises in China but have income earned in China are non-resident enterprise. According to the Implementation Regulations of EIT Law, non-resident enterprises which have not established institutions or premises in China or which have established institutions in China but whose incomes have no actual connection to its institution or establishment inside China shall be subject to a reduced enterprise income tax rate of 10% on incomes derived from China.

Income Tax Relating To Dividend Distribution

The PRC and the government of Hong Kong Special Administrative Region signed the Arrangement between the Mainland of the PRC and Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排) on August 21, 2006 (the "**Tax Arrangement**"). According to the Tax Arrangement, the withholding tax rate of 5% is applicable to dividends paid by a PRC company to a Hong Kong resident, provided that the recipient is a company that directly holds at least 25% of the equity interests of the PRC company. The 10% withholding tax rate applies to dividends paid by a PRC company to a Hong Kong resident if the recipient is a company that holds less than 25% of the equity interests of the PRC company.

Furthermore, according to the Circular of the STA on Promulgating the Administrative Measures for Non-Residents to Enjoy the Treatment under Treaties (the "**Trial Implementation**") (國家稅務總局關於發佈<非居民納稅人享受協定待遇管理辦法>的公告), which was issued by the STA on October 14, 2019 and became effective on January 1, 2020, any non-resident taxpayer who judge by themselves that they meet the conditions for entitlement to the conventional treatment may obtain the conventional treatment when filing a tax return or making a withholding declaration through a withholding agent, and shall collect and save relevant materials for examination in accordance with the Trial Implementation, subject to the subsequent administration by the tax authorities.

According to the Notice on Certain Issues with Respect to the Enforcement of Dividend Provisions in Tax Treaties (國家稅務總局關於執行稅收協定股息條款有關問題的通知) issued on February 20, 2009 by the STA, if the relevant PRC tax authorities determine, in their discretion, that a company benefits from such reduced income tax rate due to a structure or arrangement that is primarily tax-driven, such PRC tax authorities may adjust the preferential tax treatment.

Value-added Tax

According to the Temporary Regulations on Value-Added Tax (《中華人民共和國增值稅暫行條例》), issued on December 13, 1993 by the State Council, came into effect on January 1, 1994 and last amended on November 19, 2017 and the Detailed Rules for the Implementation of the Provisional Regulations of the PRC on Value-Added Tax (《中華人民共和國增值稅暫行條例實施細則》), issued on December 25, 1993 by the Ministry of Finance, and became effective on the same day and revised on December 15, 2008 and October 28, 2011 (collectively, the "**VAT Law**"), taxpayers who engaged in the sale of goods, the provision of processing, repairing and replacement services, sell service, intangible assets or immovables or import goods within the territory of the PRC must pay value-added tax. Other than those specified listed in the VAT law, tax rate for selling services or intangible assets is 6%.

Furthermore, in accordance with the Notice on Fully Launch of the Pilot Scheme for the Conversion of Business Tax to Value-Added Tax (《關於全面推開營業稅改徵增值稅試點的通知》), issued by the Ministry of Finance and the State Administration of Taxation on March 23, 2016, came into effect on May 1, 2016, the state started to fully implement the pilot program from business tax to value-added tax on May 1, 2016. All taxpayers of business tax in construction industry, real estate industry, financial industry and living service industry have been included in the scope of the pilot and should pay value-added tax instead of business tax.

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》), which was promulgated by the Ministry of Finance and the State Administration of Taxation on April 4, 2018, and came into force as of May 1, 2018, the VAT rates are adjusted. To be specific, (1) where a taxpayer engages in a taxable sales activity for the VAT purpose or imports goods, the previous applicable 17% and 11% tax rates are adjusted to be 16% and 10% respectively. (2) The original 11% deduction rate, applicable to agricultural products bought by a taxpayer, will be lowered to 10%. (3) For agricultural products bought by a taxpayer for the production or sales purposes or for processing goods on a commission basis subject to 16% tax rate, the input VAT shall be calculated at the 12% deduction rate. (4) Exported goods, originally subject to 17% tax rate and 17% export rebate rate, will be subject to a lower export rebate rate, a decrease to 16%, while exported goods and cross-border taxable activities, subject to 11% tax rate and 11% export rebate rate, will be subject to 10% export rebate rate.

According to the Announcement on Policies for Deepening the VAT Reform (《關於深化增值稅改革有關政策的公告》), which was promulgated by the Ministry of Finance, the State Administration of Taxation and the General Administration of Customs on March 20, 2019, and came into force as of April 1, 2019, the VAT rates was further adjusted, (1) for general VAT payers' sales activities or imports that are subject to VAT at an existing applicable rate of 16% or 10%, the applicable VAT rate is adjusted to 13% or 9% respectively; (2) For the agricultural products purchased by taxpayers to which an existing 10% deduction rate is applicable, the deduction rate is adjusted to 9%; and for the agricultural products purchased by taxpayers for production or commissioned processing, which are subject to VAT at 13%, the input VAT will be calculated at a 10% deduction rate; (3) for the exportation of goods or labour services that are subject to VAT at 16%, with the applicable export refund at the same rate, the export refund rate is adjusted to 13%; and for the exportation of goods or cross-border taxable activities that are subject to VAT at 10%, with the export refund at the same rate, the export refund rate is adjusted to 9%. 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.

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 issued by the State Council on August 6, 1988, came into effect on October 1, 1988, and was 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 Ministry of Finance on September 29, 1988 and came into effect on October 1, 1988, PRC stamp duty only applies to specific taxable document executed or received within the PRC, having legally binding force in the PRC and protected under the PRC laws.

PRC LAWS AND REGULATIONS RELATING TO FOREIGN EXCHANGE

Foreign currencies conversion is mainly subject to the Administrative Regulations on Foreign Exchange of the PRC (中華人民共和國外匯管理條例) promulgated by the PRC State Council on January 29, 1996 and latest amended on August 5, 2008 and the Administrative Provisions on the Settlement, Sales and Payment of Foreign Exchange (結匯、售匯及付匯管理規定) promulgated by the PBOC on June 20, 1996. Under such regulations, RMB is generally freely convertible to foreign currencies for current account transactions (such as trade and service-related foreign exchange transactions and dividend payments), but not for capital account transactions (such as capital transfer, direct investment, securities investment, derivative products or loans), except where a prior approval from the SAFE and/or its competent local counterparts is obtained.

According to the Decision of the State Council on Canceling and Adjusting A Batch of Items Requiring Administrative Approval (《國務院關於取消和調整一批行政審批項目等事項的決定》) issued by the State Council on October 23, 2014, SAFE and its branches canceled the review and approval on the foreign exchange settlement for the repatriation of funds raised abroad under the overseas listed foreign capital stock account.

According to the Notice on Relevant Issue Concerning the Administration of Foreign Exchange for Overseas Listing (《關於境外上市外匯管理有關問題的通知》) issued by the SAFE on December 26, 2014, the domestic companies shall register the overseas listed with the foreign exchange control bureau located at its registered address in 15 working days after the completion of the overseas listing and issuance. The funds raised by the domestic companies through overseas listing may be repatriated to China or deposited overseas, provided that the intended use of the fund shall be consistent with the contents of the document and other public disclosure documents.

According to the Notice of State Administration of Foreign Exchange on Reforming and Standardizing Capital Account Foreign Exchange Settlement Administration 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 SAFE on June 9, 2016, it has been specified clearly in the relevant policies that, for the capital account foreign exchange income subject to voluntary foreign exchange settlement (including the repatriation of the proceeds from overseas listing), the domestic institutions may conduct the foreign exchange settlement at the banks according to their operation needs. The proportion of the capital account foreign exchange income subject to voluntary foreign exchange settlement was tentatively set as 100%, provided that SAFE may adjust the aforesaid proportion according to the international payment balance status in good time.

PRC LEGAL SYSTEM

The PRC legal system is based on the Constitution of the PRC (the "Constitution") and is made up of written laws, administrative regulations, local regulations, separate regulations, autonomous regulations, rules and regulations of departments, rules and regulations of local governments, international treaties of which the PRC government is a signatory, and other regulatory documents. Court verdicts do not constitute binding precedents. However, they may be used as judicial reference and guidance.

According to the Constitution and the Legislation Law of the PRC (the "Legislation Law"), the NPC and the Standing Committee of the NPC are empowered to exercise the legislative power of the State. The NPC has the power to formulate and amend basic laws governing civil and criminal matters, state organs 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 any parts of 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 organ of the PRC administration and has the power to formulate administrative regulations based on the Constitution and laws.

The people's congresses of provinces, autonomous regions and municipalities and their respective standing committees may formulate local regulations based on the specific circumstances and actual requirements of their own respective administrative areas, provided that such local regulations do not contravene any provision of the Constitution, laws or administrative regulations.

The ministries and commissions of the State Council, PBOC, the State Audit Administration as well as the other organs endowed with administrative functions directly under the State Council may, in accordance with the laws as well as the administrative regulations, decisions and orders of the State Council and within the limits of their power, formulate rules.

The people's congresses of larger cities and their respective standing committees may formulate local regulations based on the specific circumstances and actual requirements of such cities, which will become enforceable after being reported to and approved by the standing committees of the people's congresses of the relevant provinces or autonomous regions but such local regulations shall conform with the Constitution, laws, administrative regulations, and the relevant local regulations of the relevant 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 nationality (nationalities) in the areas concerned.

The people's governments of the provinces, autonomous regions, and municipalities directly under the central government and the comparatively larger cities may enact rules, in accordance with laws, administrative regulations and the local regulations of their respective provinces, autonomous regions or municipalities.

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 greater than that of administrative regulations, local regulations and rules. The authority of administrative regulations is greater than that of local regulations and rules. The authority of local regulations is greater 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 greater than that of the rules enacted by the people's governments of the comparatively larger cities within the administrative areas of the provinces and 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 or separate regulations which have been 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 and laws, to annul any local regulations that contravene the Constitution, laws or administrative regulations, and to annul any autonomous regulations or local regulations which have been approved by the standing committees of the people's congresses of the relevant provinces, autonomous regions or municipalities directly under the central government, but which contravene the Constitution and the Legislation Law. The State Council has the power to alter or annul any inappropriate ministerial rules and rules of local governments. The people's congresses 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. According to the Decision of the Standing Committee of the NPC Regarding the Strengthening of Interpretation of Laws passed on June 10, 1981, the Supreme People's Court of the PRC (the "Supreme People's Court") has the power to give general interpretation on questions involving the specific application of laws and decrees in court trials. The State Council and its ministries and commissions are also vested with the power to give interpretation of the administrative regulations and department rules which they have promulgated. At the regional level, the power to give interpretations of the local laws and regulations as well as administrative rules is vested in the regional legislative and administrative organs which promulgate such laws, regulations and rules.

PRC JUDICIAL SYSTEM

Under the Constitution and the PRC Law on the Organization of the People's Courts the PRC judicial system is made up of the Supreme People's Court, the local people's courts, military courts and other special people's courts.

The local people's courts are comprised of the primary people's courts, the intermediate people's courts and the higher people's courts. The primary people's courts are organised into civil, criminal, administrative, supervision and enforcement divisions. The intermediate people's courts are organised into divisions similar to those of the primary people's courts, and are entitled to organise other courts as needed such as the intellectual property division.

The higher level people's courts supervise the primary and intermediate people's courts. The people's procuratorates also have the right to exercise legal supervision over the civil proceedings of people's courts of the same level and lower levels. The Supreme People's Court is the highest judicial body in the PRC. It supervises the judicial administration of the people's courts at all levels.

The people's courts apply a two-tier appellate system. A party may appeal against a judgement or order of a local people's court to the people's court at the next higher level. Second judgements or orders given at the next higher level are final. First judgements or orders of the Supreme People's Court are also final. However, if the Supreme People's Court or a people's court at a higher level finds an error in a judgement or an order which has been given in any people's court at a lower level, or the presiding judge of a people's court finds an error in a judgement which has been given in the court over which he presides, the case may then be retried according to the judicial supervision procedures.

The PRC Civil Procedure Law (《中華人民共和國民事訴訟法》) (the "Civil Procedure Law"), which was adopted in 1991 and amended in 2007, 2012 and 2017, sets forth the criteria for instituting a civil action, the jurisdiction of the people's courts, the procedures to be followed for conducting a civil action and the procedures for enforcement of a civil judgement or order. 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 parties to a contract may, by express agreement, select a judicial court where civil actions may be brought, provided that the judicial court is either the plaintiff's or the defendant's domicile, the place of execution or implementation of the contract or the place of the object of the action, provided that the provisions of this law regarding the level of jurisdiction and exclusive jurisdiction shall not be violated.

A foreign national 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 apply the same limitations to the citizens and enterprises of that foreign country within the PRC. If any party to a civil action refuses to comply with a judgement or ruling made by a people's court or an award made by an arbitration panel in the PRC, the other party may apply to the people's court for the enforcement of the same. There are time limits of two years imposed on the right to apply for such enforcement. If a person fails to satisfy a judgement made by the court within the stipulated time, the court will, upon application by either party, enforce the judgement in accordance with the law.

A party seeking to enforce a judgement or ruling of a people's court against a party who is not personally or whose property is not within the PRC may apply to a foreign court with jurisdiction over the case for recognition and enforcement of the judgement or ruling. A foreign judgement or ruling may also be recognised and enforced by the people's court according to PRC enforcement procedures if the PRC has entered into or acceded to an international treaty with the relevant foreign country, which provides for such recognition and enforcement, or if the judgement or ruling satisfies the court's examination according to the principle of reciprocity, unless the people's court finds that the recognition or enforcement of such judgement or ruling will result in a violation of the basic legal principles of the PRC, its sovereignty or security or against social and public interest.

THE PRC COMPANY LAW, SPECIAL REGULATIONS AND MANDATORY PROVISIONS

A joint stock limited company which is incorporated in the PRC and seeking a listing on the Hong Kong Stock Exchange is mainly subject to the following three laws and regulations in the PRC:

- The PRC Company Law which was promulgated by the Standing Committee of the NPC on December 29, 1993, came into effect on July 1, 1994, revised on December 25, 1999, August 28, 2004, October 27, 2005, December 28, 2013 and October 26, 2018 respectively and the latest revision of which was implemented on October 26, 2018;

- The Special Regulations which was promulgated by the State Council on August 4, 1994 pursuant to Articles 85 and 155 of the PRC Company Law in force at that time, and were applicable, to the overseas share offering and listing of joint stock limited companies; and

- The Mandatory Provisions of Articles of Association of Companies Listing Overseas (《到境外上市公司章程必備條款》) (the "Mandatory Provisions") which were issued jointly by the former Securities Commission of the State Council and the former State Economic Restructuring Commission on August 27, 1994, stating the mandatory provisions which must be incorporated into the articles of association of a joint stock limited company seeking an overseas listing. As such, the Mandatory Provisions are set out in the Articles of Association of the Company, the summary of which is set out in the section entitled "Appendix VI – Summary of the Articles of Association" in this Prospectus.

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 an enterprise legal person incorporated under the PRC Company Law with its registered capital divided into shares of equal par value. The liability of its shareholders is limited to the amount of shares held by them and the company is liable to its creditors for an amount equal to the total value of its assets.

A state-owned enterprise ("SOE") that is reorganised into a joint stock limited company shall comply with the conditions and requirements specified by laws and administrative regulations for the modification of its operation mechanisms, the disposal and valuation of the company's assets and liabilities and the establishment of internal management organisations.

A joint stock limited company shall conduct its business in accordance with laws and administrative regulations. It may invest in other limited liability companies and joint stock limited companies and its liabilities with respect to such invested companies are limited to the amount invested. Unless otherwise provided by law, the joint stock limited company may not be a contributor that undertakes joint and several liabilities for the debts of the invested companies.

Incorporation

A joint stock limited company may be incorporated by promotion or public subscription.

A joint stock limited company may be incorporated by a minimum of two but not more than 200 promoters, and at least half of the promoters must have residence within the PRC. According to the Special Regulations, SOEs or enterprises with the majority of their assets owned by the PRC government may be restructured into joint stock limited companies which may issue shares to overseas investors in accordance with the relevant regulations. These companies, if incorporated by promotion, may have less than five promoters and may issue new shares once incorporated.

According to the Securities Law of the PRC (《中華人民共和國證券法》) (the "**PRC Securities Law**"), any company that applies for the listing of securities shall fulfill the listing requirements prescribed in the listing rules of the stock exchange.

The promoters must convene an inaugural meeting within 30 days after the issued shares have been fully paid up, and must give notice to all subscribers or make an announcement of the date of the inaugural meeting 15 days before the meeting. The inaugural meeting may be convened only with the presence of promoters or subscribers representing at least half of the shares in the company. At the inaugural meeting, matters including the adoption of articles of association and the election of members of the board of directors and members of the board of supervisors of the company will be dealt with. 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 after the conclusion of the inaugural meeting, the board of directors must 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 the business licence has been issued by the relevant registration authority. Joint stock limited companies established by the subscription method shall file the approval on the offering of shares issued by the securities administration department of the State Council with the company registration authority for record.

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 are required to sign on this document to ensure that this document 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 share. However, shares issued to promoter(s) or legal person(s) shall be in the form of registered share 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 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 Mandatory Provisions, shares issued by the company in RMB to domestic investors shall be called domestic shares. Shares issued by the company in foreign currency to foreign investors shall be called foreign shares. Foreign shares which are listed overseas shall be called overseas listed and foreign invested shares.

A company may offer its shares to the public overseas with approval by the securities administration department of the State Council. Specific provisions shall be specifically formulated by the CSRC. Under the Special Regulations, upon approval of the CSRC, a company may agree, in the underwriting agreement in respect of an issue of overseas listed and foreign invested shares, to retain not more than 15% of the aggregate number of overseas listed and foreign invested shares proposed to be issued after accounting for the number of underwritten shares.

The share offering price may be equal to or greater than nominal value, but shall not be less than nominal value.

The transfer of shares by shareholders should be conducted via the legally established stock exchange or in accordance with other methods as stipulated by the State Council. Transfer of registered shares by a shareholder must be made by means of an endorsement or by other means stipulated by laws or administrative regulations. Bearer shares are transferred by delivery of the share certificates to the transferee.

Shares held by a promoter of a company shall not be transferred within one year after the date of the company's incorporation. Shares issued by a company prior to the public offer of its shares shall not be transferred within one year from the date of listing of the shares of the company on a stock exchange. Directors, supervisors and senior management of a company shall not transfer over 25% of the shares held by each of them in the company each year during their term of office and shall not transfer any share of the company held by each of them within one year after the listing date. There is no restriction under the PRC Company Law as to the percentage of shareholding a single shareholder may hold in a company.

Transfers of shares may not be entered in the register of shareholders within 20 days before the date of a shareholders' meeting or within five days before the record date set for the purpose of distribution of dividends.

Allotment and Issue of Shares

All issue 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. It may issue shares at par value or at a premium, but it may not issue shares below the par value.

A company shall obtain the approval of the CSRC to offer its shares to the overseas public. Under the Special Regulations, shares issued to foreign investors by joint stock limited companies and listed overseas are known as "overseas listed and foreign invested shares." Shares issued to investors within the PRC by joint stock limited companies, which also issues overseas listed and foreign invested shares, are known as "domestic shares." Upon approval of the securities regulatory authority of the State Council, a company issuing overseas listed and foreign invested shares in total shares determined by the issuance program may agree with underwriters in the underwriting agreement to retain not more than 15% of the aggregate number of overseas listed and foreign invested shares outside the underwritten amount. The issuance of the retained shares is deemed to be a part of this issuance.

Registered Shares

Under the PRC Company Law, the shareholders may make capital contributions in cash, or alternatively may make capital contributions with such valuated non-monetary property as physical items, intellectual property rights, and land-use rights that may be valued in monetary term and may be transferred in accordance with the law. Pursuant to the Special Regulations, overseas listed and foreign invested shares issued shall be in registered form, denominated in Renminbi and subscribed for in a foreign currency. Domestic shares issued shall also be in registered form.

Under the PRC Company Law, when the company issues shares in registered form, it shall maintain a register of shareholders, stating 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 of Share Capital

According to the PRC Company Law, when the joint stock limited company issues new shares, resolutions shall be passed by a shareholders' general meeting, approving the class and number of the new shares, the issue price of the new shares, the commencement and end of the new share issuance and the class and amount of new shares to be issued to existing shareholders. When the company launches a public issuance of new shares with the approval of the securities regulatory authorities of the State Council, it shall publish a prospectus and financial and accounting reports, and prepare the share subscription form. After the new share issuance has been paid up, the change shall be registered with the company registration authorities and an announcement shall be made.

Reduction of Share Capital

A company may reduce its registered capital in accordance with the following procedures prescribed by the PRC Company Law:

- it shall prepare a balance sheet and a property list;
- the reduction of registered capital shall be approved by a shareholders' general meeting;
- it shall inform its creditors of the reduction in capital within 10 days and publish an announcement of the reduction in the newspaper within 30 days after the resolution approving the reduction 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;
- it shall apply to the relevant administration of industry and commerce for the registration of the reduction in registered capital.

Repurchase of Shares

According to the PRC Company Law, a joint stock limited company may not purchase its shares other than for one of the following purposes: (i) to reduce its registered capital; (ii) to merge with another company that holds its shares; (iii) to grant its shares to its employees as incentives; (iv) to purchase its shares from shareholders who are against the resolution regarding the merger or division with other companies at a shareholders' general meeting; (v) where its shares are used to convert corporate bonds issued by a listed company that can be converted into stocks; or (vi) where it is necessary for a listed company to maintain its corporate value and stockholders' equity.

The purchase of shares on the grounds set out in (i) to (ii) above shall require approval by way of a resolution passed by the shareholders' 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 Item (iii), (v) or (vi), hold a total number of its own shares not more than 10% of the total shares issued by the company and transfer or cancel within three years of the purchase.

Transfer of Shares

Shares held by shareholders may be transferred in accordance with the relevant laws and regulations. Pursuant to the PRC Company Law, transfer of shares by shareholders shall be carried out at a legally established securities exchange or in other ways stipulated by the State Council. No modifications of registration in the share register caused by transfer of registered shares shall be carried out within 20 days prior to the convening of shareholder's general meeting or five days prior to the base date for determination of dividend distributions. However, where there are separate provisions by law on alternation of registration in the share register of listed companies, those provisions shall prevail. Pursuant to the Mandatory Provisions, no modifications of registration in the share register caused by transfer of shares shall be carried out within 30 days prior to convening of shareholder's general meeting or five days prior to any base date for determination of dividend distributions.

Under the PRC Company law, shares issued prior to the public issuance of shares shall not be transferred within one year from the date of the joint stock limited company's listing on a stock exchange. Directors, supervisors and the senior management shall declare to the company their shareholdings in the company and any changes of such shareholdings. They shall not transfer more than 25% of all the shares they hold in the company annually during their tenure. They shall not transfer the shares they hold 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 their resignation from their positions with 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 to vote thereat;

- the right to transfer shares in accordance with laws, administrative regulations and provisions of the articles of association;

- the right to inspect the company's articles of association, share register, counterfoil of company debentures, minutes of shareholder's 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 proposals or enquires on 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 board of directors where the articles of association is violated by the above resolutions;

- the right to receive dividends and other types 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 residual properties of the company in proportion to the number of shares held; and

- other rights granted by laws, administrative regulations, other regulatory documents and the company's articles of association.

The obligations of a shareholder include the obligation to abide by the Company's articles of association, to pay the subscription moneys 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 remove the directors and supervisors (other than the supervisor representative of the employees of the company) and to decide on matters relating to the remuneration of directors and supervisors;

- to examine and approve reports of the board of directors;

- to examine and approve reports of the board of supervisors;

- to examine and approve the company's proposed annual financial budget and final accounts;

- to examine and approve the company's proposals for profit distribution plans and loss recovery plans;

- to decide on any increase or reduction of the company's registered capital;

- to decide on the issue of bonds by the company;

- to decide on issues such as merger, division, dissolution and liquidation of the company and other matters;
- to amend the company's articles of association; and
- other powers as provided for in the articles of association.

Shareholders' annual general meetings are required to be held once every year. Under the PRC Company Law, an extraordinary shareholders' general meeting is required to be held within two months after the occurrence of any of the following:

- the number of directors is less than the number stipulated by the law or less than two-thirds of the number specified in the articles of association;
- the aggregate losses of the company which are not recovered reach one-third of the company's total paid-in share capital;
- when shareholders alone or in aggregate holding 10% or more of the company's shares request the convening of an extraordinary general meeting;
- whenever the board of directors deems necessary;
- when the board of supervisors so requests; or
- other circumstances as provided for in the articles of associations.

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 duties, the meeting shall be presided over by the vice chairman. In the event that the vice chairman is incapable of performing or not performing his duties, a director nominated by more than half of directors shall preside over the meeting.

Where the board of directors is incapable of performing or not performing 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 shareholder's general meetings shall be given to all shareholders 15 days prior to the meeting.

There is no specific provision in the PRC Company Law regarding the number of shareholders constituting a quorum in a shareholders' meeting. Pursuant to the Special Regulations and the Mandatory Provisions, shareholder's general meeting may be convened where the number of voting shares held by the shareholders present at the meeting reaches one half or more of the company's total voting shares. If this is not attained, the company shall within five days notify the shareholders again of the matters to be considered and time and venue of the meeting to shareholders in the form of public announcement. The company may convene the shareholders' general meeting after such public announcement. Pursuant to the Mandatory Provisions, modification or abrogation of rights conferred to any class of shareholders shall be passed both by special resolution of shareholders' general meeting and by class meeting convened respectively by shareholders of the affected class.

Pursuant to the Special Regulations, where the company convenes annual shareholders' general meeting, shareholders holding more than 5% of voting shares have a right to submit to the company new proposals in writing, in which the matters falling within the scope of shareholders' general meeting shall be placed in the agenda of the meeting. Under the PRC Company Law, any shareholder who holds or shareholders who together hold 3% or more of the shares of the company may put forward an interim proposal and submit to the board of directors for the proposal in writing ten days in advance of a general meeting.

Under the PRC Company Law, shareholders present at 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.

Pursuant to the provisions of the articles of association or a resolution of the shareholders' general meeting, the accumulative voting system may be adopted for the election of directors and supervisors at the shareholders' general meeting. Under the accumulative voting system, each share shall be entitled to vote equivalent to the number of directors or supervisors to be elected at the shareholders' general meeting and shareholders may consolidate their voting rights when casting a vote.

Pursuant to 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 types of shares, warrants or other similar securities; (iv) the issue of debentures; (v) the merger, division, dissolution, liquidation or change in the form 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.

Under 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 to endorse such minutes. The minutes shall be kept together with the shareholders' attendance register and the proxy forms.

Board

Under the PRC Company Law, a joint stock limited company shall have a board of directors, which shall consist of 5 to 19 members. Members of the board of directors may include representatives of the employees of the company, who shall be democratically elected by the company's staff at the staff representative assembly, general staff meeting or otherwise. The term of a director shall be stipulated in the articles of association, but no term of office shall last for more than three years. Directors may serve consecutive terms if re-elected. A director shall continue to perform his duties in accordance with the laws, administrative regulations and 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 term of office, or if the resignation of directors 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 the shareholders' general meetings and report on its work to the shareholders' general meetings;
- to implement the resolutions passed in shareholders' general meetings;
- to decide on the company's business plans and investment proposals;
- to formulate the company's proposed annual financial budget 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 prepare plans for the merger, division, dissolution and change in the form of the company;
- to formulate the company's basic management system; and
- to exercise any other power under the articles of association.

Board Meetings

Under the PRC Company Law, meetings of the board of directors of a joint stock limited company shall be convened at least twice a year. Notice 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 voting rights, more than one-third of the directors or the board of supervisors. The chairman shall convene and preside over such meeting within 10 days after receiving such proposal. Meetings of the board of directors shall be held only if half or more of the directors are present. Resolutions of the board of directors shall be passed by more than half of all directors. Each director shall have one vote for resolutions to be approved by the board of directors. Directors shall attend board meetings in person. If a director is unable to attend a board meeting, he may appoint another director by a written power of attorney specifying the scope of the authorization to attend the meeting on his behalf.

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 may be released from that liability.

Chairman of the Board

Under the PRC Company Law, the board of directors shall appoint a chairman and may appoint a vice chairman. The chairman and the vice chairman are elected with approval of more than half of all the directors. The chairman shall convene and preside over board meetings and examine the implementation of board resolutions. The vice chairman shall assist the work of the chairman. In the event that the chairman is incapable of performing or not performing his duties, the duties shall be performed by the vice chairman. In the event that the vice chairman is incapable of performing or not performing his duties, a director nominated by more than half of the directors shall perform his duties.

Qualification of Directors

The PRC Company Law provides that the following persons may not serve as a director:

- a person who is unable or has limited ability to undertake any civil liabilities;
- a person who has been convicted of an offence of bribery, corruption, embezzlement or misappropriation of property, or the destruction of socialist market economy order; or who has been deprived of his political rights due to his crimes, in each case where less than five years have elapsed since the date of completion of the sentence;

- a person who has been a former director, factory manager or manager of a company or an enterprise that has entered into insolvent liquidation and who was personally liable for the insolvency 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 licence revoked due to violations of the law and 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 under which a person is disqualified from acting as a director are set out in the Mandatory Provisions.

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 is made up of representatives of the shareholders and an appropriate proportion of representatives of the employees of the company. The actual proportion shall be stipulated in the articles of association, provided that the proportion of representatives of the employees shall not be less than one-third of the supervisors. Representatives of the employees of the company in the board of supervisors shall be democratically elected by the employees at the employees' representative assembly, employees' general meeting or otherwise.

The directors and senior management may not act concurrently as supervisors.

The board of supervisors shall appoint a chairman and may appoint a vice chairman. The chairman and the vice chairman of the board of supervisors are elected with approval of more than half of all the supervisors. The chairman of the board of supervisors shall convene and preside over the meetings of the board of supervisors. In the event that the chairman of the board of supervisors is incapable of performing or not performing his duties, the vice chairman of the board of supervisors shall convene and preside over the meetings of the board of supervisors. In the event that the vice chairman of the board of supervisors is incapable of performing or not performing his duties, a supervisor nominated 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 or she may serve consecutive terms if re-elected. A supervisor shall continue to perform his duties in accordance with the laws, administrative regulations and 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 term of office, or if the resignation of supervisors results in the number of supervisors being less than the quorum.

The board of supervisors exercises the following powers:

- to review the company's financial position;
- to supervise the directors and senior management in their performance of their duties and to propose the removal of directors and senior management who have violated laws, regulations, the articles of association or the resolutions of shareholders' meeting;
- when the acts of directors and senior management are harmful to the company's interests, to require correction of those acts;
- to propose the convening of extraordinary shareholders' general meetings and to convene and preside over shareholders' general meetings when the board of directors fails to perform the duty of convening and presiding over shareholders' general meeting under this law;
- to initiate proposals for resolutions to shareholders' general meeting;
- to initiate proceedings against directors and senior management; and
- other powers specified in the articles of association.

Supervisors may attend board meetings and make enquiries or proposals in respect of board resolutions. The board of supervisors may initiate investigations into any irregularities identified in the operation of the company and, where necessary, may engage an accounting firm to assist their work at the company's expense.

Manager and Senior Management

Under the PRC Company Law, a company shall have a manager who shall be appointed or removed by the board of directors. The manager shall report to the board of directors and may exercise the following powers:

- to supervise the business and administration of the company and arrange for the implementation of resolutions of the board of directors;

- to arrange for the implementation of the company's annual business plans and investment proposals;
- to formulate the general administration system of the company;
- to formulate the company's detailed rules;
- to recommend the appointment and dismissal of deputy managers and person in charge of finance;
- to appoint or dismiss other administration officers (other than those required to be appointed or dismissed by the board of directors); and
- to other powers conferred by the board of directors or the articles of association.

The manager shall comply with other provisions of the articles of association concerning his/her powers. The manager shall attend board meetings.

According to the PRC Company Law, senior management shall mean the manager, deputy manager(s), person-in-charge of finance, board secretary (in case of a listed company) of a company and other personnel as stipulated in the articles of association.

Duties of Directors, Supervisors and Senior Management

Directors, supervisors and senior management of the company are required under the PRC Company Law to comply with the relevant laws, regulations and the articles of association, and have fiduciary and diligent duties to the company. Directors, supervisors and senior management are prohibited from abusing their powers to accept bribes or other unlawful income and from misappropriating of the company's properties. Directors and senior management are prohibited from:

- misappropriation of the company's capital;
- depositing the company's capital into accounts under his own name or the name of other individuals;
- loaning company funds to others or providing guarantees in favour of others supported by the company's assets in violation of the articles of association or without prior approval of the shareholders' general meeting or board of directors;
- entering into contracts or deals with the company in violation of the articles of association or without prior approval of the shareholders' general meeting;

- using their position and powers to procure business opportunities for themselves or others that should have otherwise been available to the company or operating for their own benefits or managing on behalf of others businesses similar to that of the company without prior approval of the shareholders' general meeting;
- accept and possess commissions paid by a third party for transactions conducted with the company;
- unauthorised divulgence of confidential business information of the company; or
- other acts in violation of their duty of loyalty to the company.

A director, supervisor or senior management who contravenes any law, regulation or the company's articles of association in the performance of his duties resulting in any loss to the company shall be personally liable to the company.

Finance and Accounting

Under the PRC Company Law, a company shall establish financial and accounting systems according to laws, administrative regulations and the regulations of the financial department of the State Council and shall at the end of each financial year prepare a financial and accounting report which shall be audited by an accounting firm as required by law. The company's financial and accounting report shall be prepared in accordance with provisions of the laws, administrative regulations and the regulations of the financial department of the State Council.

Pursuant to the PRC Company Law, the company shall deliver its financial and accounting reports to all shareholders within the time limit stipulated in the articles of association and make its financial and accounting reports available at the company for inspection by the shareholders at least 20 days before the convening of an annual general meeting of shareholders. It must also publish its financial and accounting reports.

When distributing each year's after-tax profits, it shall set aside 10% of its after-tax profits into a statutory common reserve fund (except where the fund has reached 50% of its registered capital).

If its statutory common reserve fund is not sufficient to make up losses of the previous year, profits of the current year shall be applied to make up losses before allocation is made to the statutory common reserve fund pursuant to the above provisions.

After allocation of the statutory common reserve fund from after-tax profits, it may, upon a resolution passed at the shareholders' general meeting, allocate discretionary common reserve fund from after-tax profits.

The remaining after-tax profits after making up losses and allocation of common reserve fund shall be distributed in proportion to the number of shares held by the shareholders, unless otherwise stipulated in the articles of association.

Shares held by the Company shall not be entitled to any distribution of profit.

The premium received through issuance of shares at prices above par value and other incomes required by the financial department of the State Council to be allocated to the capital reserve fund shall be allocated to the company's capital reserve fund.

The Company's reserve fund shall be applied to make up losses of the company, expand its business operations or be converted to increase the registered capital of the company. However, the capital reserve fund may not be applied to make up the company's losses. Upon the conversion of statutory common reserve fund into capital, the balance of the statutory common reserve fund shall not be less than 25% of the registered capital of the company before such conversion.

The Company shall have no other accounting books except the statutory accounting books. Its assets shall not be deposited in any accounts opened in the name of any individual.

Appointment and Retirement of Accounting Firms

Pursuant to the PRC Company Law, the appointment or dismissal of accounting firms responsible for the auditing of the company shall be determined by shareholders' general meeting or board of directors in accordance with provisions of articles of association. The accounting firm should be allowed to make representations when the shareholders' general meeting or board of directors conducts a vote on the dismissal of the accounting firm. The company should provide true and complete accounting evidences, books, financial and accounting reports and other accounting data to the accounting firm it employs without any refusal, withholding and misrepresentation.

The Special Regulations provide that a company shall employ an independent accounting firm complying with the relevant regulations of the State to audit its annual report and review and check other financial reports of the company. The accounting firm's term of office shall commence from their appointment at a shareholders' annual general meeting to the end of the next shareholders' annual general meeting.

Distribution of Profits

According to the PRC Company Law, a company shall not distribute profits before losses are covered and the statutory common reserve is drawn. Under the Mandatory Provisions, a company shall appoint receiving agents on behalf of holders of the overseas listed and foreign invested shares to receive on behalf of such shareholders dividends and other distributions payable in respect of their overseas listed and foreign invested shares.

Amendments to Articles of Association

Any amendments to the company's articles of association must be made in accordance with the procedures set out 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 company's approval department authorised by the State Council and the CSRC. In relation to matters involving the company's registration, its registration with the authority must also be changed.

Dissolution and Liquidation

According to the PRC Company Law, a company shall be dissolved by reason of the following: (i) the term of its operations set down in the articles of association has expired or other events of dissolution specified in the articles of association have occurred; (ii) the shareholders' general meeting have resolved to dissolve the company; (iii) the company is dissolved by reason of merger or division; (iv) the business licence is revoked; the company is ordered to close down or be dissolved; or (v) the company is dissolved by the people's court in response to the request of shareholders holding shares that represent more than 10% of the voting rights of all its shareholders, on the grounds that the company suffers significant hardship in its operation and management that cannot be resolved through other means, and the ongoing existence of the company would bring significant losses for shareholders.

In the event of (i) above, it may carry on its existence by amending its articles of association. The amendment of the articles of association in accordance with provisions set out above shall require approval of more than two-thirds of voting rights of shareholders attending a shareholders' general meeting.

Where the company is dissolved in the circumstances described in subparagraphs (i), (ii), (iv), or (v) above, a liquidation group shall be established and the liquidation process shall commence within 15 days after the occurrence of an event of dissolution. The members of the company's liquidation group shall be composed of its directors or the personnel appointed by the shareholders' general meeting. If a liquidation group is not established within the stipulated period, creditors may apply to the people's court and request the court to appoint relevant personnel to form the liquidation group. The people's court should accept such application and form a liquidation group to conduct liquidation in a timely manner.

The liquidation group shall exercise the following powers during the liquidation period:

- to handle the company's assets and to prepare a balance sheet and an inventory of the assets;
- to notify creditors through notice or public announcement;
- to deal with the company's outstanding businesses related to liquidation;

- to pay any tax overdue as well as tax amounts arising from the process of liquidation;

- to claim credits and pay off debts;

- to handle the company's remaining assets after its debts have been paid off; and

- to represent the company in civil lawsuits.

The liquidation group shall notify the company's creditors within 10 days after its establishment and issue public notices in newspapers within 60 days. A creditor shall lodge his claim with the liquidation group within 30 days after receiving notification, or within 45 days of the public notice if he did not receive any notification. A creditor shall state all matters relevant to his creditor rights in making his claim and furnish evidence. The liquidation group shall register such creditor rights. The liquidation group shall not make any debt settlement to creditors during the period of claim.

Upon liquidation of properties and the preparation of the balance sheet and inventory of assets, the liquidation group shall draw up a liquidation plan to be submitted to the shareholders' general meeting or people's court for confirmation.

The company's remaining assets after payment of liquidation expenses, wages, social insurance expenses and statutory compensation, outstanding taxes and debts shall be distributed to shareholders according to their shareholding proportion. It shall continue to exist during the liquidation period, although it can only engage in any operating activities that are related to the liquidation. The company's properties shall not be distributed to the shareholders before repayments are made in accordance to the foregoing provisions.

Upon liquidation of the company's properties and the preparation of the balance sheet and inventory of assets, if the liquidation group becomes aware that the company does not have sufficient assets to meet its liabilities, it must apply to the people's court for a declaration for bankruptcy.

Following such declaration, the liquidation group shall hand over all matters relating to the liquidation to the people's court.

Upon completion of the liquidation, the liquidation group shall submit a liquidation report to the shareholders' general meeting or the people's court for verification. Thereafter, the report shall be submitted to the registration authority of the company in order to cancel the company's registration, and a public notice of its termination shall be issued. Members of the liquidation group are required to discharge their duties honestly and in compliance with the relevant laws. Members of the liquidation group shall be prohibited from abusing their powers to accept bribes or other unlawful income and from misappropriating the company's properties.

A member of the liquidation group is liable to indemnify the company and its creditors in respect of any loss arising from his intentional or gross negligence.

Overseas Listing

According to the Special Regulations, a company shall obtain the approval of the CSRC to list its shares overseas. A company's plan to issue overseas listed and foreign invested shares and domestic shares which has been approved by the CSRC may be implemented by the board of directors of the company by way of separate issue within 15 months after approval is obtained from the CSRC.

Loss of Share Certificates

If a registered share certificate is lost, stolen or destroyed, the relevant shareholder may apply, in accordance with the relevant provisions set out in the Civil Procedure Law, to a people's court to declare such certificate invalid. After the people's court declares the invalidity of such certificate, the shareholder may apply to the company for a replacement share certificate. A separate procedure regarding the loss of overseas listed and foreign invested share certificates is provided for in the Mandatory Provisions.

Termination of Listing

The PRC Securities Law stipulates that if listed securities fall under the circumstances subject to termination of listing as prescribed by a stock exchange, the stock exchange shall terminate the listing of such securities in accordance with the business rules.

Merger and Demerger

Companies may merge through merger by absorption or through the establishment of a newly merged entity. If it merges by absorption, the company which is absorbed shall be dissolved. If it merges by forming a new corporation, both companies will 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 and reformed the CSRC.

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 Concerning Domestic Listed Foreign Shares of Joint Stock Limited Companies (《國務院關於股份有限公司境內上市外資股的規定》). These regulations deal mainly with the issue, subscription, trading and declaration of dividends and other distributions of domestic listed and foreign invested shares and disclosure of information of joint stock limited companies having domestic listed and foreign invested 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 national securities law in the PRC, which is divided into 14 chapters and 226 articles regulating, among other things, the issue and trading of securities, takeovers by listed companies, securities exchanges, securities companies 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 any domestic enterprise that seeks to issue securities abroad either directly or indirectly or that lists its securities to be traded abroad shall comply with the relevant provisions of the State Council.

Shanghai-Hong Kong Stock Connect

On April 10, 2014, CSRC and SFC issued the Joint Announcement of China Securities Regulatory Commission and Hong Kong Securities and Futures Commission – Principles that Should be Followed when the Pilot Program that Links the Stock Markets in Shanghai and Hong Kong is Expected to be Implemented and approved in principle the launch of the pilot program that links the stock markets in Shanghai and Hong Kong (《中國證券監督管理委員會香港證券及期貨事務監察委員會聯合公告 – 預期實行滬港股票市場交易互聯互通機制試點時將需遵循的原則》) (hereinafter referred to as "Shanghai-Hong Kong Stock Connect") by the Shanghai Stock Exchange (hereinafter referred to as "SSE"), the Hong Kong Stock Exchange, CSDCC and HKSCC. Shanghai-Hong Kong Stock Connect comprises the two portions of Northbound Trading Link and Southbound Trading Link. Southbound Trading Link refers to the entrustment of China securities houses by China investors to trade stocks listed on the Hong Kong Stock Exchange within a stipulated range via filing by the securities trading service company established by the SSE with the Hong Kong Stock Exchange. During the initial period of the pilot program, the stocks of Southbound Trading Link consist of constituent stocks of the Hong Kong Stock Exchange Hang Seng Composite Large Cap Index and the Hang Seng Composite MidCap Index as well as stocks of A+H stock companies concurrently listed on the Hong Kong Stock Exchange and the SSE. The total limit of Southbound Trading Link is RMB250 billion and the daily limit is RMB10.5 billion. During the initial period of the pilot program, it is required by SFC that China investors participating in Southbound Trading Link are only limited to institutional investors and individual investors with a securities account and capital account balance of not less than RMB500,000.

On November 10, 2014, CSRC and SFC issued a Joint Announcement, approving the official launch of Shanghai-Hong Kong Stock Connect by SSE, the Hong Kong Stock Exchange, CSDCC and HKSCC. Pursuant to the Joint Announcement, trading of stocks under Shanghai-Hong Kong Stock Connect will commence on November 17, 2014.

On September 30, 2016, CSRC issued the Filing Provision on the Placement of Shares by Hong Kong Listed Companies with Domestic Original Shareholders under Southbound Trading Link (《關於港股通下香港上市公司向境內原股東配售股份的備案規定》) which came into effect on the same day. The act of the placement of shares by Hong Kong listed companies with domestic original shareholders under Southbound Trading Link shall be filed with CSRC. Hong Kong listed companies shall file the application materials and approved documents with CSRC after obtaining approval from the Hong Kong Stock Exchange for their share placement applications. CSRC will carry out supervision based on the approved opinion and conclusion of the Hong Kong side.

On November 14, 2019, CSRC issued the Guidance of Applying "Full Liquidity" for Domestic Unlisted Shares of H Shares Company (《H股公司境內未上市股份申請「全流通」業務指引》), and the Reply to the Press by the CSRC Spokesperson regarding the Fully Implementation of the "Full Liquidity" Reform of H Shares (《中國證監會新聞發言人就全面推開H股「全流通」改革答記者問》) issued by the CSRC on November 15, 2019, H Shares company can apply for "full liquidity" alone or together with refinance application. Unlisted corporation can apply for "full liquidity" together with IPO application. Once been approved by CSRC, shareholders of domestic unlisted shares shall change shares registration according to relevant rules of CSDCC, as well as relevant rules of shares registration and shares listing of HK market, and shall disclose information lawfully.

ARBITRATION AND ENFORCEMENT OF ARBITRAL AWARDS

The Arbitration Law of the PRC (《中華人民共和國仲裁法》) (the "Arbitration Law") was passed by the Standing Committee of the NPC on August 31, 1994, 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 by the PRC Arbitration Association of arbitration regulations, formulate interim arbitration rules in accordance with the Arbitration Law and the Civil Procedure Law. Where the parties have by agreement provided arbitration as the method for dispute resolution, the people's court will refuse to handle the case except when the arbitration agreement is declared invalid.

The Mandatory Provisions require an arbitration clause to be included in the articles of association of an issuer. Matters in arbitration 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.

Where a dispute or claim of rights referred to in the preceding paragraph is referred to arbitration, the entire claim or dispute must be referred to arbitration, and all persons who have a cause of action based on the same facts giving rise to the dispute or claim or whose participation is necessary for the resolution of such dispute or claim, must comply with the arbitration. Disputes in respect of the definition of shareholder and disputes in relation to the issuer's 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 (《中國國際經濟貿易仲裁委員會》) ("CIETAC") in accordance with its rules or the Hong Kong International Arbitration Centre ("HKIAC") in accordance with its Securities Arbitration Rules (the "Securities Arbitration Rules"). Once a claimant refers a dispute or claim to arbitration, the other party shall submit to the arbitral body elected 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 centres 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 a party fails to comply with an award, the other party to the award may apply to the people's court for 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 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 (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 recognize 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 reached between Hong Kong and the Supreme People's Court for the mutual enforcement of arbitral awards. On June 18, 1999, the Supreme People's Court adopted the Arrangement on Mutual Enforcement of Arbitral Awards between Mainland China and Hong Kong (《關於內地與香港特別行政區相互執行仲裁裁決的安排》), which became effective on February 1, 2000. In accordance with this arrangement, awards made by PRC arbitral authorities under the Arbitration Law can be enforced in Hong Kong, and Hong Kong arbitration awards are also enforceable in the PRC.

Judicial judgement 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 judgement, 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. "Choice of court agreement in written" 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 dispute with particular legal relation occurred or likely to occur by the party concerned. Therefore, the party concerned may apply to the Court of China or the court of the Hong Kong Special Administrative Region to recognize and enforce the final judgement made in China or Hong Kong that meet certain conditions of the aforementioned regulations.

SUMMARY OF MATERIAL DIFFERENCES BETWEEN HONG KONG AND PRC COMPANY LAW

The Hong Kong laws applicable to a company incorporated in Hong Kong are the Companies Ordinance and the Companies (Winding Up and Miscellaneous Provisions) Ordinance and are supplemented by common law and the rules of equity that are applicable to Hong Kong. As a joint stock limited company established in the PRC that is seeking a listing of shares on the Stock Exchange, our Company is governed by the PRC Company Law and all other rules and regulations promulgated pursuant to the PRC Company Law.

Set out below is a summary of certain material differences between the Companies Ordinance applicable to a company incorporated in Hong Kong and the PRC Company Law applicable to a joint stock limited company incorporated under the PRC Company Law. This summary is, however, not intended to be an exhaustive comparison.

Incorporation of Corporate

Under the Companies Ordinance, a company with share capital shall be incorporated by the Registrar of Companies in Hong Kong and the company will acquire an independent corporate existence upon its incorporation. A company may be incorporated as a public company or a private company. Pursuant to the Companies Ordinance, the articles of association of a private company incorporated in Hong Kong shall contain provisions that restrict a member's right to transfer shares. A public company's articles of association do not contain such provisions.

Under the PRC Company Law, a joint stock limited company may be incorporated by promotion or stock flotation. The newly amended PRC Company Law which came into effect on October 26, 2018, has no provisions on minimum registered capital of joint stock limited companies, except that laws, administrative regulations and State Council decisions have separate provisions on paid-in registered capital and the minimum registered capital of joint stock limited companies, in which case the company should follow such provisions.

Hong Kong law does not prescribe minimum capital requirement for a Hong Kong company.

Share Capital

Under Hong Kong law, the directors of a Hong Kong company may, with the prior approval of the shareholders if required, issue new shares of the company. The PRC Company Law provides that any increase in our Company's registered capital must be approved by its shareholders' general meeting and the relevant PRC governmental and regulatory authorities.

Under the PRC Company Law, the shares may be subscribed for in the form of money or non-monetary assets (other than assets not entitled to be used as capital contributions under relevant laws and administrative regulations). If capital contribution is made other than in cash, valuation and verification of the assets contributed must be carried out and converted into shares according to the laws. Non-monetary assets used for capital contributions shall not be overvalued or undervalued. Where laws or administrative regulations provide otherwise, those provisions shall prevail. There is no such restriction on a Hong Kong company under the Hong Kong law.

Restrictions on Shareholding and Transfer of Shares

Under PRC laws, our Company's Domestic Shares, which are denominated and subscribed for in Renminbi, may only be subscribed for and traded by the State, PRC legal persons, natural persons, qualified foreign institutional investors, or eligible foreign strategic investors. Overseas listed H shares, which are denominated in Renminbi and subscribed for in a foreign currency, may only be subscribed for and traded by investors from Hong Kong, Macau, Taiwan or any country and territory outside the PRC, or qualified domestic institutional investors. However, qualified institutional investors and individual investors may trade the Southbound Hong Kong Trading Link and the Northbound Shanghai Trading Link (or the Northbound Shenzhen Trading Link) shares via participating in the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect.

Under the PRC Company Law, a promoter of a joint stock limited company is not allowed to transfer the shares it holds for a period of one year after the date of establishment of the company. Shares issued prior to the public offering cannot be transferred within one year from the listing date of the shares on a stock exchange. Shares transferred each year by the directors, supervisors and senior management of a joint stock limited company during their respective term of office shall not exceed 25% of the total shares they held in the company, and the shares they held in the company cannot be transferred within one year from the listing date of the shares, and also cannot be transferred within half a year after such person leave office. The articles of association may set other restrictive requirements on the transfer of the company's shares held by its directors, supervisors and senior management. There are no such restrictions on shareholding and transfers of shares under Hong Kong law apart from six-month lockup on the company's issue of shares and the 12-month lockup on controlling shareholders' disposal of shares pursuant to the Listing Rules.

Financial Assistance for Acquisition of Shares

The PRC Company Law does not prohibit or restrict a joint stock limited company or its subsidiaries from providing financial assistance for the purpose of an acquisition of its own or its holding company's shares. However, the Mandatory Provisions contain special restrictions provisions on a company and its subsidiaries on providing aforesaid financial assistance similar to those under the Companies Ordinance.

Variation of Class Rights

The PRC Company Law has no specific provision relating to variation of class rights. However, the PRC Company Law states that the State Council can promulgate separate regulations relating to other kinds of shares. The Mandatory Provisions contain elaborate provisions relating to the circumstances which are deemed to be variations of class rights and the approval procedures required to be followed in respect thereof. The relevant provisions have been incorporated in the Articles of Association, summary of which is set out in "Appendix VI – Summary of the Articles of Association" to this Prospectus.

Under the Companies Ordinance, no rights attached to any class of shares can be varied except (i) with the approval of a special resolution of the holders of the relevant class of shares at a separate meeting, (ii) with the consent in writing of the holders representing at least 75% of the total voting rights of the relevant class of shares, or (iii) if there are provisions in the articles of association relating to the variation of those rights, then in accordance with those provisions.

We have incorporated provisions to protect the rights of class shares into the Articles of Association in a similar way as required by the laws of Hong Kong in accordance with the Listing Rules and Mandatory Provisions. The Articles of Association define the holders of overseas listed shares and domestic shares as shareholders of different classes of shares. The special procedure for voting by class shareholders is not applicable in the following circumstances: (1) after approval by a special resolution in shareholders' general meeting, the Company issue domestic shares and overseas listed foreign shares separately or at the same time at an interval of 12 months, and the proposed number of domestic shares and overseas listed foreign shares to be issued respectively will not exceed 20% of the outstanding issued shares of such class; (2) the plans to issue domestic shares and overseas listed foreign shares upon establishment of the Company are completed within 15 months from the date of approval by the securities regulatory authority of the State Council; and (3) after the Company has issued H shares in an overseas region, and after approval has been granted by the State Council or the securities regulatory authority of the State Council, the shareholders of the Company offer the unlisted shares held by them for listing and dealing in overseas regions.

Directors, Senior Management and Supervisors

The PRC Company Law, unlike Companies Ordinance, does not contain any requirements relating to the declaration of directors' interests in material contracts, restrictions on companies providing certain benefits to directors and guarantees in respect of directors' liability and prohibitions against compensation for loss of office without shareholders' approval. The Mandatory Provisions, however, contain certain restrictions on interested contracts and specify the circumstances under which a director may receive compensation for loss of office.

Supervisory Committee

Under the PRC Company Law, a joint stock limited company's directors and members of the senior management are subject to the supervision of supervisory committee. There is no mandatory requirement for the establishment of supervisory committee for a company incorporated in Hong Kong. The Mandatory Provisions provide that each supervisor owes a duty, in the exercise of his powers, to act in good faith and honestly in what he considers to be in the best interests of the company and to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

Derivative Action by Minority Shareholders

Pursuant to Hong Kong law, minority shareholders may initiate a derivative action on behalf of all shareholders against directors, who have committed a breach of their fiduciary duties to the company if the directors control a majority of votes at a general meeting, thereby effectively preventing a company from suing the directors in breach of their duties in its own name. The PRC Company Law provides shareholders of a joint stock limited company with the right so that in the event where the directors and senior management violate their obligations and cause damages to a company, the shareholders individually or jointly holding more than 1% of the shares in the company for more than 180 consecutive days may request in writing the supervisory committee to initiate proceedings in the people's court. In the event that the supervisory committee violates their obligations and cause damages to company, the above said shareholders may send written request to the board of directors to initiate proceedings in the people's court. Upon receipt of aforesaid written request from the shareholders, if the supervisory committee or the board of directors refuses to initiate such proceedings, or has not initiated proceedings within 30 days from the date of receipt of the request, or if under urgent situations, failure of initiating immediate proceeding may cause irremediable damages to the company, the above said shareholders shall, for the benefit of the company's interests, have the right to initiate proceedings directly to the people's court in their own name.

The Mandatory Provisions also provides further remedies against the directors, supervisors and senior management who breach their duties to the company.

Protection of Minorities

Under Hong Kong law, a shareholder who complains that the business of a company incorporated in Hong Kong are conducted in a manner unfairly prejudicial to his interests may petition to the court to either appoint a receiver or manager over the property or business of the company or make an appropriate order regulating the affairs of the company. Furthermore, under certain circumstances, the Financial Secretary of Hong Kong may appoint inspectors who are given extensive statutory powers to investigate the affairs of a company incorporated in Hong Kong. The PRC Company Law provides that, a company which encounters substantial operational or management difficulties, and its continuance will cause significant loss to the interests of its shareholders and the situation cannot be resolved by other means, shareholders of the company who hold more than ten percent of the voting rights of all shareholders may apply to a people's court for the dissolution of the company. The Mandatory Provisions, however, except as required by laws and regulations or the Listing Rules provides that a controlling shareholder shall not exercise its voting rights in a manner prejudicial to the interests of the shareholders generally or of a proportion of the shareholders of a company to relieve a director or supervisor of his duty to act honestly in the best interests of the company or to approve the expropriation by a director or supervisor of the company's assets or the individual rights of other shareholders.

Notice of Shareholders' General Meetings

Under the PRC Company Law, notice of a shareholders' annual general meeting and an interim general meeting must be given to shareholders no less than 20 days and 15 days before the date of such meeting, respectively. For a company incorporated in Hong Kong, the minimum period of notice is 21 days in the case of an annual general meeting and 14 days in other cases.

Quorum for Shareholders' General Meetings

Under the Companies Ordinance, the quorum for a general meeting must be at least two shareholders unless the articles of association of the company otherwise provided. For companies with only one shareholder, the quorum must be one shareholder. The PRC Company Law does not specify the quorum for a shareholders' general meeting.

Voting

Under the Companies Ordinance, an ordinary resolution of shareholders' general meetings should be passed by more than half of the votes and a special resolution of shareholders' general meetings should be passed by no less than 75% of such votes. Under the PRC Company Law, the passing of any resolution requires affirmative votes of shareholders representing more than half of the voting rights held by the shareholders who attend the general meeting except in cases of proposed amendments to a company's articles of association, increase or decrease of registered capital, merger, division or dissolution, or change of corporation form, which require affirmative votes of shareholders representing more than two-thirds of the voting rights held by the shareholders who attend the general meeting.

Financial Disclosure

Under the PRC Company Law, a joint stock limited company is required to make available at the company for inspection by shareholders its financial report 20 days before its shareholders' annual general meeting. In addition, a joint stock limited company of which the shares are publicly issued must publish its financial report. The Companies Ordinance requires a company incorporated in Hong Kong to send to every shareholder a copy of its financial statements, auditors' report and directors' report, which are to be presented before the company's annual general meeting, not less than 21 days before such meeting. The Mandatory Provisions and regulations requires that a company must, in addition to preparing financial statements according to the PRC GAAP, have its financial statements prepared and audited in accordance with international accounting standards or accounting standards of the overseas listing place, and such financial statements must also contain a statement of the financial effect of the material differences (if any) from the financial statements prepared in accordance with the PRC GAAP. The lower of the after-tax profits stated in the abovementioned two kinds of financial statements shall prevail in the allocation of after-tax profits for the accounting year. The company shall publish its financial reports twice in each accounting year. An interim financial report shall be published within 60 days after the end of the first six months of each accounting year, while an annual financial report shall be published within 120 days after the end of each accounting year.

The Special Regulations require that there should not be any contradiction between the information disclosed within and outside the PRC and that, to the extent that there are differences in the information disclosed in accordance with the relevant PRC and overseas laws, regulations and requirements of the relevant stock exchanges, such differences should also be disclosed simultaneously.

Information on Directors and Shareholders

The PRC Company Law gives shareholders the right to inspect the company's articles of association, minutes of the shareholders' general meetings, share register, counterfoil of company debentures, resolutions of board meetings, resolutions of the supervisory committee and financial and accounting reports, which is similar to the shareholders' rights of Hong Kong companies under Hong Kong law.

Receiving Agent

Under the PRC Company Law and Hong Kong law, dividends once declared become liabilities payable to shareholders. The limitation period for debt recovery action under Hong Kong law is six years, while under the PRC laws this limitation period is three years. The Mandatory Provisions require the relevant company to appoint a trust company registered under the Trustee Ordinance (Chapter 29 of the Laws of Hong Kong) as a receiving agent to receive on behalf of holders of shares dividends declared and all other monies owed by the company in respect of its shares.

Corporate Reorganization

Reorganization involving a company incorporated in Hong Kong may be effected in a number of ways, such as a transfer of the whole or part of the business or property of the company in the course of voluntary winding up to another company pursuant to Section 237 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance or a compromise or arrangement between the company and its creditors or between the company and its members under Division 2 of Part 13 of the Companies Ordinance, which requires the sanction of the court. Under the PRC laws, merger, division, dissolution or change the form of a joint stock limited company has to be approved by shareholders at the shareholders' general meeting.

Dispute Arbitration

In Hong Kong, disputes between shareholders on the one hand, and a company incorporated in Hong Kong or its directors on the other hand, may be resolved through legal proceedings in the courts. The Mandatory Provisions provide that such disputes should be submitted to arbitration at either the HKIAC or the CIETAC, at the claimant's choice.

Mandatory Deductions

Under the PRC Company Law, a joint stock limited company is required to contribute 10% of the profit into their statutory reserve funds upon distribution of their post-tax profits of the current year. There are no corresponding provisions under Hong Kong law.

Remedies of the Company

Under the PRC Company Law, if a director, supervisor or senior management in carrying out his duties infringes any law, administrative regulation or the articles of association of a company, which results in damage to the company, that director, supervisor or senior management should be responsible to the company for such damages. In addition, the Listing Rules require listed companies' articles of association to provide for remedies of the company similar to those available under Hong Kong law (including rescission of the relevant contract and recovery of profits from a director, supervisor or senior management).

Dividends

The Company has the power in certain circumstances to withhold, and pay to the relevant tax authorities, any tax payable under PRC laws on any dividends or other distributions payable to a shareholder. Under Hong Kong law, the limitation period for an action to recover a debt (including the recovery of dividends) is six years, whereas under PRC laws, the relevant limitation period is three years.

Fiduciary Duties

In Hong Kong, there is the common law concept of the fiduciary duty of directors. Under the PRC Company Law and the Special Regulations, directors, supervisors and senior management should be loyal and diligent. Under the Mandatory Provisions, directors, supervisors and senior management are not permitted, without the knowledge and approval of the shareholders' general meeting, to engage in any activities which compete with the interests of the company.

Closure of Register of Shareholders

The Companies Ordinance requires that the register of shareholders of a company must not generally be closed for the registration of transfers of shares for more than 30 days (extendable to 60 days in certain circumstances) in a year, whereas, as required by the Mandatory Provisions, share transfers shall not be registered within 30 days before the date of a shareholders' general meeting or within five days before the base date set for the purpose of distribution of dividends.

Amendment to Articles of Association

A PRC issuer may not permit or cause any amendment to be made to its articles of association which would contravene the PRC Company Law, the Mandatory Provisions and the Listing Rules.

This appendix contains a summary of the main provisions of the Articles of Association of the Company adopted on April 23, 2021, which will take effect from the date of listing of H shares on the Hong Kong Stock Exchange. The main purpose of this appendix is to provide potential investors with an overview of the Articles of Association of the Company, so it may not contain all the information that is important to potential investors.

1. SHARES AND REGISTERED CAPITAL

The shares of the Company shall be issued in the form of share certificates. The Company shall issue ordinary shares. With the approval from authorities authorized by the State Council, the Company may issue other classes of shares when needed.

All the shares issued by the Company shall have a nominal value, with each share having a nominal value of RMB1.00.

The Company shall issue shares in an open, fair and just manner, and each share of the same class shall enjoy the same rights.

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.

2. INCREASE OF REGISTERED CAPITAL AND REPURCHASE OF SHARES

(1) Increase of Capital

The Company may, based on its business and development needs and in accordance with the laws, administrative regulations, normative documents, departmental rules and requirements of the relevant listing rules of the places where the shares of the Company are listed and the Articles of Association, increase its capital in the following manners upon resolutions being adopted by the shareholders' general meetings:

(I) by public offering of shares;

(II) by non-public offering of shares;

(III) by placing shares to its existing shareholders;

(IV) by distributing bonus shares to its existing shareholders;

(V) by capitalizing its capital common reserve;

(VI) by other means permitted by the laws, administrative regulations or authorized by relevant 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 laws, administrative regulations, departmental rules, normative documents and the requirements of the listing rules of the places where the shares of the Company are listed.

(2) Reduction of Capital

The Company may reduce its registered capital. The Company shall reduce its registered capital in accordance with the procedures stipulated in the Company Law, other relevant regulations and the Articles of Association.

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 (10) days of adopting the resolution to reduce its registered capital and shall publish an announcement in the newspaper within thirty (30) days. A creditor shall have the right within thirty (30) days from the receipt of a written notice or, for those who have not received a written notice, within forty-five (45) days from the date of the public announcement, to require the Company to repay its debts or to provide a corresponding guarantee for such debt.

(3) Repurchase of Shares

In the following circumstances, provided that the laws and regulations, the listing rules of the places where the shares of the Company are listed and the Articles of Association are not violated, the Company may repurchase its issued shares in accordance with the procedures provided in the relevant laws and regulations and the Articles of Association:

(I) to reduce the registered capital of the Company by cancelling shares;

(II) to merge with other companies which own shares in the Company;

(III) to utilize its shares in employee stock ownership plans or share incentive;

(IV) where the shareholders, who disagree with the resolution in relation to merger or division of the Company made at the general meeting, require the Company to repurchase the shares held by such shareholders;

(V) to utilize its shares to satisfy the conversion of convertible bonds issued by the Company;

(VI) to safeguard the value of the Company and the interests of the shareholders when necessary;

(VII) other circumstances permitted by the laws, administrative regulations, departmental rules, normative documents, the listing rules of the places where the shares of the Company are listed and other relevant regulations.

The Company shall not acquire its own shares unless provided in the aforesaid circumstances. In the event that the Company repurchases its own shares according to this article, the procedure, proportion and method of repurchase and disposal of repurchased shares shall be in compliance with the requirements of relevant laws, administrative regulations and the listing rules of the places where the shares of the Company are listed.

Unless the Company is in the process of liquidation, the repurchase of issued shares by the Company shall be subject to the following provisions:

(I) If the shares are repurchased at their nominal value, payment shall be deducted from the balance of the distributable profits in the books of the Company and from the proceeds of fresh issue of new shares for the purpose of repurchase of issued shares;

(II) If the shares are repurchased at a premium, payment up to the nominal value shall be deducted from the balance of the distributable profits in the books of the Company and from the proceeds of fresh issue of new shares for the purpose of such repurchase. Payment of the portion in excess of the nominal value shall be effected in the following manner:

(1) if the repurchased shares were issued at nominal value, payment shall be deducted from the balance of distributable profits in the books of the Company;

(2) if the repurchased shares were issued at a premium, payment shall be deducted from the balance of distributable profits in the books of the Company and from the proceeds of fresh issue of new shares for the purpose of share repurchase provided that, the amount paid out of the proceeds of fresh issue of new shares shall not exceed the aggregate of premium received on the issue of the shares repurchased, nor the amount of capital surplus reserve fund account of the Company at the time of such repurchase (including the amount of the premium received on the fresh issue of new shares);

(III) The payment for the following shall be made out of the distributable profits of the Company:

(1) acquisition of the rights to repurchase its shares;

(2) modification of any contract of the repurchase of its shares;

(3) release from any of its obligations under the repurchase contract.

(IV) After the registered capital of the Company has been reduced by the total nominal amount of the shares so cancelled pursuant to relevant provisions, the amount which has been deducted from the distributable profits and used for repurchasing the nominal value of the shares shall be credited to the capital reserve fund account of the Company.

Where the laws, administrative regulations, departmental rules, normative documents and relevant provisions of the securities regulatory authority at the places where the shares of the Company are listed have any other provisions in respect of the financial arrangement relating to the aforesaid share repurchase, such provisions shall prevail.

3. TRANSFER OF SHARES

Any share of the Company shall not be transferred to minors, persons with unsound minds or other legally incapacitated persons.

The shares of the Company held by the promoters shall not be transferred within one year after the incorporation of the Company. The shares issued before the Company's public offering of shares shall not be transferred within one (1) year from the date when the Company's shares 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 25 percent of the total number of their shares in the Company per annum during their terms of office. The aforesaid persons shall not transfer their shares in the Company within half a year after they terminate service with the Company.

4. FINANCIAL ASSISTANCE FOR THE PURCHASE OF THE SHARES OF THE COMPANY

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 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.

"Financial assistance" shall include but not limited to the assistance in the following means:

(I) gift;

(II) 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), termination or waiver of rights;

(III) 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 contract as well as the assignment of rights under such loan or contract;

(IV) financial assistance in any other form provided by the Company 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.

The "undertaking of obligations" shall include the undertaking of an obligation by the obligor by entering into a contract or making an arrangement (irrespective of whether or not such contract or arrangement is enforceable and irrespective of whether or not such obligation is assumed by the obligor individually or jointly with any other person), or by changing the obligor's financial position in any other way.

The acts listed below shall not be regarded as the acts prohibited by the Articles of Association:

(I) the Company provides the relevant financial assistance in the interests of the Company in good faith, and the primary purpose of such financial assistance is not to purchase the Company's shares, or such financial assistance is an incidental part of master plan of the Company;

(II) the Company distributes its assets as dividends in accordance with the law;

(III) the Company distributes dividends in the form of shares;

(IV) the Company reduces its registered capital, repurchases its shares or adjusts the equity structure in accordance with the Articles of Association;

(V) 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 profit of the Company);

(VI) the Company provides the funding for employee stock ownership plans (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 profit of the Company).

5. SHARES AND REGISTER OF SHAREHOLDERS

(1) Shares

The share certificates of the Company shall be in registered form.

In addition to the particulars provided for in the Company Law, the share certificates of the Company shall clearly state such other particulars as required by the stock exchange(s) on which the Company's shares are listed.

The share certificates shall be signed by the chairman of the Board. Where the signatures of the general manager or other senior management of the Company are required by the securities regulatory authorities or the stock exchange(s) where the Company's shares are listed, the share certificates shall also be signed by the general manager or 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, the general manager or such other senior management 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 or the stock exchange(s) where the Company's shares are listed shall apply.

(2) Register of Shareholders

The Company shall establish a register of shareholders in accordance with certificates from the share registrar, and shall register therein the following particulars:

(I) the name, address (domicile), and occupation or nature of each shareholder;

(II) the class and number of shares held by each shareholder;

(III) the amount paid or payable for the shares held by each shareholder;

(IV) the serial number of the share certificate held by each shareholder;

(V) the date on which each shareholder is registered as a shareholder;

(VI) 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 shareholders of overseas-listed foreign shares and entrust the administration thereof to an overseas agent in accordance with the understandings and agreements reached between the securities regulatory authority under the State Council and the overseas securities regulatory authorities. The original register of shareholders of H shares listed on the Hong Kong Stock Exchange shall be kept in Hong Kong.

The Company shall keep at its domicile a copy of the register of shareholders of overseas-listed foreign shares. The entrusted overseas agent shall always ensure that the original and copies of the register of shareholders of overseas listed foreign shares are consistent.

Where the original and copies of the register of shareholders of overseas-listed foreign shares are inconsistent, the original shall prevail.

The Company shall maintain a complete register of shareholders. The register of shareholders shall include the following parts:

(I) a register kept at the Company's domicile other than those specified in items (II) and (III) of this Article;

(II) the register(s) of shareholders of overseas-listed foreign shares kept in the place(s) of the overseas stock exchange(s) where the shares are listed;

(III) registers 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.

Changes and corrections to each part of the register of shareholders shall be carried out in accordance with the law of the places where that part of the register of shareholders is kept.

If any provisions of the applicable laws, regulations and the Listing Rules require a period of closure of the register of shareholders prior to the date of a shareholders' general meeting or before the record date for the Company's determining the distribution of dividends, such provisions shall apply.

When the Company convenes a general meeting, distributes dividends, commences liquidation or participates in other activities requiring the identification of shareholders, the convener of the general meeting or the Board shall decide the record date. The shareholders whose names registered on the register of shareholders at the close of trading on the record date shall be entitled to the relevant shareholders rights.

If any person objects to the register of shareholders and requests to have his/her name recorded in or deleted from the register of shareholders, such person may apply to the court with jurisdiction for correcting the register of shareholders.

If any shareholder in the register of shareholders or any person requesting to have his/her name recorded in the register of shareholders loses his/her share certificates, such shareholder or person may apply to the Company for issuing replacement certificates in respect of the shares held by them.

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.

6. RIGHTS AND OBLIGATIONS OF SHAREHOLDERS

A shareholder of the Company is a person who lawfully holds shares of the Company and has his/her name recorded in the register of shareholders.

A shareholder shall enjoy the relevant rights and assume the relevant obligations in accordance with the class and number of shares he/she holds. Shareholders holding the same class of shares shall enjoy the same rights and assume the same obligations.

The ordinary shareholders of the Company shall enjoy the following rights:

(I) the right to receive dividends and other distributions in proportion to their shareholdings;

(II) the right to request, convene, preside, attend or appoint a proxy to attend shareholders' general meetings in accordance with laws and to exercise the voting rights;

(III) the right to supervise the Company's business operations, to present proposals and to raise enquires;

(IV) the right to transfer, give as a gift or pledge shares in accordance with laws, administrative regulations, normative documents and relevant requirements of the securities regulatory authorities of the place where the shares of the Company are listed as well as the Articles of Association;

(V) the right to obtain relevant information in accordance with laws, administrative regulations, departmental rules, normative documents and the listing rules of the places where the shares of the Company are listed as well as the Articles of Association:

1. the right to obtain a copy of the Articles of Association, subject to payment of a reasonable cost;

2. the right to inspect and copy, subject to payment of a reasonable charge:

   (1) a copy of all parts of the register of all the shareholders;

   (2) personal particulars of each of the Company's Directors, Supervisors and senior management members, including:

      (a) present name and alias and any former name and alias;

      (b) principal address (domicile);

      (c) nationality;

      (d) primary and all other part-time occupations;

      (e) identification documents and its number.

   (3) the report on the status of the issued share capital of the Company;

   (4) special resolutions of the Company;

   (5) 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, refined according to domestic shares and foreign shares;

   (6) minutes of shareholders' general meetings;

   (7) the financial reports, the latest audited financial statements and the Directors', auditors' and Supervisors' reports;

   (8) a copy of the latest annual report filed with the company registration authority or other competent authorities.

Documents of item (1) to (8) (except item (2)) mentioned above 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 shareholders to inspect free of charge (minutes of shareholders' general meetings are available for inspection by the shareholders only).

(VI) in the event of the termination or liquidation of the Company, to participate in the distribution of remaining assets of the Company in accordance with the shareholdings;

(VII) with respect to shareholders who vote against any resolution adopted at the shareholders' general meeting on the merger or division of the Company, the right to demand the Company to buy back their shares;

(VIII) the shareholders separately or in aggregate holding more than three percent (3%) of the shares of the Company shall have the right to submit provisional proposals in writing to the Board of Directors ten (10) working days prior to the shareholders' general meeting;

(IX) other rights under laws, administrative regulations, departmental rules, normative documents, listing rules of the places where the shares of the Company are listed and the Articles of Association.

The Company shall not exercise any power 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.

7. RESTRICTIONS ON RIGHTS OF THE CONTROLLING SHAREHOLDERS

Save for the obligations imposed by laws, administrative regulations, departmental rules, normative documents or required by the listing rules of the places where the shares of the Company are listed, the controlling shareholders shall not, in the exercise of their shareholders' rights, make decisions prejudicial to the interests of all or part of the shareholders in the exercise of their voting rights on the issues set forth below:

(I) releasing the responsibility of a Director or Supervisor to act in good faith in the best interests of the Company;

(II) approving the expropriation by a Director or Supervisor (for his/her own or others' benefits), in any means, of the Company's assets, including but not limited to opportunities beneficial to the Company;

(III) approving the expropriation by a Director or Supervisor (for his/her own or others' benefits) of the personal interests of other shareholders, including but not limited to any rights to distributions and voting rights, but excluding restructuring of the Company submitted to general meeting for approval in accordance with the Articles of Association.

8. GENERAL MEETING

(1) General Provisions for Convening a General Meeting

The general meeting shall be the authority of power of the Company and shall exercise the following functions and powers in accordance with laws:

(I) to decide on the business operation guidelines, development strategies and investment plans for the Company;

(II) to elect and change Directors and Supervisors who are not employees' representatives, and decide on the remunerations of Directors and Supervisors;

(III) to consider and approve reports of the Board;

(IV) to consider and approve reports of the Supervisory Committee;

(V) to consider and approve the annual financial budgets and final accounting proposals of the Company;

(VI) to consider and approve the Company's profit distribution plans and loss recovery plans;

(VII) to resolve on the increase or reduction of the registered capital of the Company

(VIII) to resolve on the merger, division, dissolution, liquidation or change in the form of the Company;

(IX) to resolve on the issuance of bonds or other securities of the Company and listing proposals;

(X) to consider and approve employee stock ownership plans or share incentive schemes;

(XI) to amend the Articles of Association;

(XII) to consider and approve the Company's purchase or disposal of major assets within one year with the aggregate transaction amount exceeding 30% of the latest audited total assets of the Company;

(XIII) to consider and approve the external guarantees which shall be approved at the shareholders' general meeting in accordance with the Articles of Association;

(XIV) to consider and approve connected transactions which shall be approved at the shareholders' general meeting in accordance with laws, regulations, and the listing rules of the places where the shares of the Company are listed;

(XV) to determine the Company's engagement, removal or discontinuance of engagement of accounting firms;

(XVI) to consider proposals submitted by shareholders holding three per cent (3%) or more of the shares with voting rights of the Company;

(XVII) to consider other matters required to be resolved at the shareholders' general meeting pursuant to laws, administrative regulations, departmental rules, normative documents, listing rules of the places where the shares of the Company are listed and the Articles of Association.

Apart from special circumstances such as where the Company is in crisis, 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 shareholders' general meeting by special resolution.

General meetings consist of annual general meetings and extraordinary general meetings. The annual general meeting shall be held once (1) every year within six (6) months after the end of the previous financial year.

Extraordinary general meetings shall be convened as and when necessary. The Company shall convene an extraordinary general meeting within two (2) months upon occurrence of the following events:

(I) when the number of Directors falls below the minimum requirement of the Company Law, or is less than two thirds (2/3) of the number specified by the Articles of Association;

(II) the unrecovered losses of the Company amount to one third (1/3) of the total amount of its paid-up share capital;

(III) when shareholder(s) severally or jointly holding ten per cent (10%) or more of the Company's shares request(s) to convene such meeting in writing;

(IV) the Board considers necessary or the Supervisory Committee proposes to convene such meeting;

(V) when proposed by two (2) or more of independent non-executive Directors;

(VI) other circumstances stipulated by laws, administrative regulations, departmental rules, the listing rules of the places where the shares of the Company are listed or the Articles of Association.

The number of shares held by the shareholder(s) as described in item (III) shall be calculated at the close of trading on the date when such shareholder(s) request in writing or on the preceding trading day (if the written request is made on a non-trading day).

(2) Convening of General Meetings

The Board of Directors may convene the general meetings.

Two (2) or more of independent non-executive Directors shall be entitled to propose to the Board to convene an extraordinary general meeting. Regarding the proposal requesting to convene an extraordinary general meeting by the independent non-executive Directors, the Board shall, in accordance with laws, administrative regulations and the Articles of Association, inform in writing whether it agrees or disagrees to convene an extraordinary general meeting within ten (10) days upon receipt of the proposal.

The Supervisory Committee shall be entitled to propose to the Board to convene an extraordinary general meeting, and shall put forward its proposal to the Board in writing. The Board shall, pursuant to laws, administrative regulations and the Articles of Association, inform in writing whether it agrees or disagrees to convene the extraordinary general meeting within ten (10) days upon receipt of the proposal.

Shareholder(s) severally or jointly holding ten per cent (10%) or more of the shares of the Company shall be entitled to request the Board to convene an extraordinary general meeting or class meeting, and shall put forward such request to the Board in writing. The Board shall, pursuant to laws, administrative regulations and the Articles of Association, inform in writing whether it agrees or disagrees to convene the extraordinary general meeting or class meeting within ten (10) days upon receipt of the request.

If the Board does not agree to hold the extraordinary general meeting or class meeting or fails to respond within ten (10) days upon receipt of the request, shareholder(s) severally or jointly holding ten per cent (10%) or more of the shares of the Company shall be entitled to propose to the Supervisory Committee to convene an extraordinary general meeting or a class meeting, and shall put forward such request to the Supervisory Committee in writing. In the case of failure to issue the notice of extraordinary general meeting or class meeting within the prescribed period, the Supervisory Committee shall be deemed as failing to convene and preside over the general meeting and the shareholder(s) severally or jointly holding ten per cent (10%) or more shares of the Company for ninety (90) or more consecutive days may convene and preside over such meeting by itself/themselves.

(3) Proposals of General Meetings

When a general meeting is convened by the Company, the Board, Supervisory Committee and shareholder(s) who severally or jointly hold(s) three per cent (3%) or more of the shares of the Company, shall be entitled to make proposals to the general meetings.

Shareholder(s), who severally or jointly hold(s) three per cent (3%) or more of the shares of the Company, may submit ad hoc proposals in writing to the convener ten (10) days before the convening of the general meeting. The convener shall issue a supplemental notice of the general meeting within two (2) days upon receipt of the proposals and announce the contents of the ad hoc proposals, and place the proposals on the agenda for the general meeting and submit the proposals for consideration at the general meeting if such proposals fall within the scope of duties of general meetings.

Except for circumstances provided in the above paragraph, 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.

(4) Notice of General Meeting

Where an annual general meeting is convened by the Company, it shall issue a written notice of the meeting to the registered shareholders at least twenty (20) days prior to the convening of the general meeting to notify all the registered shareholders of the matters proposed to be considered as well as the date and venue of the general meeting, and in the case of an extraordinary general meeting, it shall notify all the registered shareholders at least fifteen (15) days or ten (10) working days (whichever is longer) prior to the convening of such general meeting.

When calculating the time limit of the notice, the date of the general meeting convened and the issue date of such notice shall be excluded.

Unless otherwise provided in the Articles of Association, the notice of general meeting shall be served on the shareholders (whether or not entitled to vote at the meeting), by delivery or prepaid mail to their addresses as shown in the register of shareholders. For the holders of domestic shares, notice of the general meeting may be issued by way of public notice.

The notice of general meeting issued to the holders of H shares may be published on the website of the Hong Kong Stock Exchange and the Company's website. Once the announcement is made, all holders of H shares shall be deemed to have received the notice of general meeting.

(5) The Convening of the General Meeting

Any shareholder who has the right to attend and vote at the general meeting may attend the general meeting in person, or appoint a proxy to attend and vote on his/her behalf. The shareholder has the right to appoint one or more person(s) (the person may not be a shareholder) as his/her proxy to attend and vote on his/her behalf.

The shareholder's proxy may exercise the following rights in accordance with the shareholder's authorization:

(I) the shareholders' right to speak at the general meeting;

(II) the right to demand a poll by himself/herself or jointly with others;

(III) unless otherwise provided by the Articles of Association, the right to exercise voting rights by a show of hands or by a poll, provided that where more than one (1) proxy is appointed, the proxies may only exercise such voting rights by a poll.

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 signed by its Director or attorney duly authorized.

The proxy form shall be deposited at the domicile of the Company or such other place as the notice of the general meeting may specify not less than twenty-four (24) hours prior to convening of the general meeting at which the relevant matters will be voted on, or twenty-four (24) hours before the designated voting time.

The chairman of the Board shall preside over and act as chairman of the general meeting convened by the Board. If the chairman of the Board is unable to attend the general meeting or fails to perform his/her duties, the vice chairman of the Board shall preside over and act as chairman of the general meeting. Where there is no vice chairman of the Board or the vice chairman of the Board is unable to attend the general meeting or fails to perform his/her duties, the Board may appoint one Director to convene the general meeting and act as chairman of the general meeting, or more than half of all Directors may select one Director to preside over the general meeting. Where it is unable to select the chairman of the general meeting, one (1) person selected by shareholders attending the general meeting shall act as chairman of the general meeting. Where the shareholders fail to elect a chairman of the general meeting for any reason, the shareholder (including his/her proxy) present in person or by proxy who holds the largest number of voting shares shall be the chairman of the general meeting.

The chairman/chairwoman of the Supervisory Committee shall preside over the general meeting convened by the Supervisory Committee. If the chairman/chairwoman of the Supervisory Committee is unable or fails to fulfill his/her duties, one (1) Supervisor jointly elected by more than half of the Supervisors shall preside over the general meeting.

A representative elected by the convener(s) shall preside over the general meeting convened by the shareholders.

(6) Voting and Resolutions at the General Meeting

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 (1/2) 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 (2/3) or more of the voting rights held by shareholders (including their proxies) attending the general meeting.

Shareholders (including proxies) 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.

Voting on all resolutions by Shareholders at the general meeting will be decided by way of a poll except where the chairman of the meeting, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands.

The following matters shall be resolved by way of special resolutions at a general meeting:

(I) increase or reduction of the registered capital of the Company and issue of shares of any class, warrants or other similar securities of the Company;

(II) issuance of corporate bonds and listing proposals of the Company;

(III) division, merger, dissolution and liquidation or change in the form of the Company;

(IV) purchase or disposal of major assets or guarantee of the Company within one year with the amount exceeding 30% of the latest audited total assets of the Company;

(V) amendments to the Articles of Association;

(VI) any other matters as required by laws, administrative regulations, departmental rules, normative documents, listing rules of the places where the shares of the Company are listed or the Articles of Association and matters which, as resolved by way of an ordinary resolution at a general meeting, will have a material impact on the Company and need be approved by way of special resolutions.

(7) Procedures for Voting by 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 and the Articles of Association.

Apart from holders of other classes of shares, holders of domestic shares and overseas listed foreign shares are deemed to be shareholders of different classes. Where the share capital of the Company includes shares which do not carry voting rights, the words "non-voting shares" must appear in the designation of such shares.

The following circumstances shall be deemed as change or abrogation of the rights of a certain class shareholder:

(I) 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;

(II) 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;

(III) to cancel or reduce rights to accrued dividends or cumulative dividends attached to shares of such class;

(IV) to reduce or cancel rights attached to the shares of such class to preferentially receive dividends or distributions of assets in a liquidation of the Company;

(V) 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 such class;

(VI) to cancel or reduce rights to receive payments made by the Company in a particular currency attached to the shares of such class;

(VII) to create a new class of shares with voting rights, distribution rights or other privileges equal or superior to those of the shares of such class;

(VIII) to restrict the transfer or ownership of the shares of such class or to impose additional restrictions;

(IX) to issue rights to subscribe for, or to convert into, shares of such class or another class;

(X) to increase the rights and privileges of the shares of another class;

(XI) to restructure the Company in such a way as to cause shareholders of different classes to undertake liabilities disproportionately during the restructuring;

(XII) to amend or cancel provisions in this section.

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 (II) to (VIII) and (XI) to (XII) above, except that interested shareholders shall not vote at such shareholders' class meetings.

The term "interested shareholders" in the preceding paragraph shall mean:

(I) 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 the Articles of Association, the controlling shareholders as defined in Chapter 18 of the Articles of Association shall be the "interested shareholders";

(II) in case of a buy-back of shares by the Company by an off-market agreement in accordance with the Articles of Association, holders of shares in relation to such agreement shall be the "interested shareholders";

(III) 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 (2/3) or more of the total voting rights being held by the shareholders of that class who are present and entitled to vote at the shareholders' class meeting.

In respect of a shareholders' class meeting convened by the Company, the period of issuing a written notice shall be the same as the period of issuing a written notice of a non-class meeting to be convened together with such class meeting, and the provisions of Article 72 of the Articles of Association shall apply.

9. DIRECTORS AND THE BOARD OF DIRECTORS

(1) Directors

Directors shall be elected and replaced by the general meeting and serve a term of three (3) years. A director may serve consecutive terms if re-elected upon the expiry of his/her term, unless otherwise required by the relevant laws and regulations and the Articles of Association.

A general meeting may remove a director before expiry of his/her term of office by an ordinary resolution subject to compliance with relevant regulations.

(2) Board of Directors

The Company shall have a Board of Directors which shall be accountable to the general meeting. The Board of Directors consists of 6-15 Directors, the number of independent non-executive Directors shall be no less than three (3) and shall account for no less than one-third (1/3) of the total number of members of the Board.

The Board of Directors shall be accountable to the general meeting and shall exercise the following powers and duties:

(I) to convene a general meeting and report its work to such meeting;

(II) to implement the resolutions of a general meeting;

(III) to decide on the operation plans and investment schemes of the Company and formulate the development strategies of the Company;

(IV) to prepare the draft annual budget and final accounts of the Company;

(V) to prepare the profit distribution plan and the loss recovery plan of the Company;

(VI) to prepare the plan for the Company to increase or reduce its registered capital, issuance of bonds and other securities and other listing plans;

(VII) to prepare plans of the Company with respect to mergers, divisions, dissolution or changes of the form of the Company;

(VIII) to prepare plans of the Company with respect to material acquisitions and acquisition of the Company's shares;

(IX) to decide on the establishment of the internal organizations;

(X) to appoint or remove the general manager and secretary to the Board; to appoint or remove the deputy general manager, chief accountant, general legal advisor, marketing director and other senior management members nominated by the general manager, and decide on the remunerations and rewards and punishments thereof;

(XI) to determine the composition of special committees under the Board, and the chairman (convener) of each special committee;

(XII) to establish a basic management system of the Company;

(XIII) to prepare plans to amend the Articles of Association;

(XIV) to propose to the general meeting with respect to the engagement or replacement of the audit firm of the Company;

(XV) to receive the work report of the general manager of the Company and examine such work;

(XVI) to manage the disclosure of information by the Company in accordance with laws and regulations, the listing rules of the places where the shares of the Company are listed and the Company's internal rules and regulations;

(XVII) to determine the investment, acquisition or disposal of assets, financing, connected transactions and other matters that need to be decided on by the Board of Directors in accordance with the provisions of laws, regulations and the listing rules of the places where the shares of the Company are listed;

(XVIII) to determine other material matters of the Company, except for the matters to be resolved at the general meeting in accordance with the Company Law and the Articles of Association;

(XIX) to exercise any other duties and powers specified in relevant laws, administrative regulations, departmental rules, normative documents, the listing rules of the places where the shares of the Company are listed or the Articles of Association.

Except for the Board resolutions in respect of the matters specified in clauses (VI), (VII) and (XIII) above which shall be passed by not less than two-thirds (2/3) of the Directors, the Board resolutions in respect of all other matters may be passed by the affirmative vote of a simple majority of the Directors.

The Board meeting shall not be held unless more than one half of the Directors are present.

Unless otherwise provided in the Articles of Association, matters can be approved by voting by more than half of the Directors as resolutions of the Board of Directors. As for the voting on a Board resolution, each Director shall have one vote only.

When a Director is related to companies which are the subject of a resolution to be decided at a Board meeting, the related Director shall not vote on that resolution, and shall not vote on behalf of other Directors. Such Board meeting can be held if more than one half of the non-related Directors attend. Resolutions made by the Board meeting shall be passed by more than one half of the non-related Directors. However, if the matters to be considered are matters that need to be approved by no less than two-thirds of the Directors, such matters shall be approved by voting by no less than two-thirds of the non-related Directors. If less than three (3) non-related Directors attend the Board meeting, the matter shall be submitted to the general meeting for consideration.

10. SECRETARY TO THE BOARD

The Company shall have one (1) secretary to the Board. The secretary to the Board shall be one of the senior management members.

The secretary to the Board shall be a natural person with prerequisite professional knowledge and experience and be engaged or dismissed by the Board of Directors.

Any Directors or other senior management members of the Company may serve concurrently as the secretary to the Board of the Company. The accountants of the accounting firm engaged by the Company shall not serve concurrently as the secretary to the Board of the Company.

11. SUPERVISORY COMMITTEE

The Company shall have a Supervisory Committee. The Supervisory Committee shall be comprised of three (3) Supervisors, of which the proportion of employee representative supervisors shall not be less than one-third (1/3). Shareholder representative supervisors shall be elected and dismissed by the general meetings. Employee representative supervisors shall be elected by employee representative meetings, employee meetings or other forms of democratic elections.

The Supervisors shall serve for a term of three (3) years. The term of a Supervisor is renewable and subject to re-election upon the expiration of his/her term of office.

The Supervisory Committee shall have one (1) chairman who shall be appointed or dismissed by the votes of two-thirds (2/3) or more of the members of the Supervisory Committee.

The Supervisory Committee shall exercise the following duties and powers:

(I) to review the financial position of the Company;

(II) to supervise the performance of Directors and senior management members of their duties to the Company, and propose dismissal of Directors and senior management members that have violated the laws, administrative regulations, the Articles of Association or the resolutions of the general meetings;

(III) to demand rectification by Directors and senior management members when the acts of such persons are prejudicial to the Company's interest and, if necessary, report to the general meeting or relevant national competent authorities;

(IV) 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 as specified by the Company Law;

(V) to propose the convening of an extraordinary Board meeting;

(VI) to put forward proposals to general meetings;

(VII) to initiate litigations against Directors and senior management members in accordance with provisions of the Company Law;

(VIII) 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 in the name of the Company to assist with further examination if there are any queries;

(IX) other duties and powers conferred by the laws, administrative regulations, departmental rules, normative documents, listing rules of the places where the Company is listed and the Articles of Association.

Meeting of the Supervisory Committee shall be held at least once every six (6) months.

12. GENERAL MANAGER AND OTHER SENIOR MANAGEMENT

The Company shall have one (1) general manager, and may have several deputy general managers according to business needs, one (1) secretary to the Board, one (1) chief accountant, one (1) general legal advisor and one (1) marketing director. Directors may serve concurrently as the general manager or other senior management members. The general manager and other senior management members shall be appointed or dismissed by the Board of Directors.

The general manager, deputy general manager, secretary to the Board, chief accountant, general legal advisor and marketing director of the Company are senior management members of the Company.

The deputy general manager, chief accountant, general legal advisor and marketing director shall be nominated by the general manager and appointed or dismissed by the Board of Directors. The deputy general manager, chief accountant, general legal advisor and marketing director may resign before the expiration of his/her term of office.

The general manager shall be accountable to the Board of Directors and exercise the following powers and duties:

(I) to take charge of the operation and management of the Company, organize the implementation of resolutions of the Board of Directors and report to the Board of Directors;

(II) to organize the implementation of the annual business plan and investment scheme of the Company;

(III) to draft the plan for the establishment of an internal management organization of the Company;

(IV) to formulate the Company's basic management system;

(V) to make specific rules and regulations of the Company;

(VI) to propose to the Board of Directors for the appointment or dismissal of the deputy general manager, chief accountant, general legal advisor and marketing director;

(VII) to propose to the Board of Directors for the appointment or dismissal of the management personnel other than those who should be appointed or dismissed by the Board of Directors;

(VIII) to perform other powers and duties authorized by the Articles of Association or the Board of Directors.

13. BORROWING POWER

The Articles of Association do not contain any specific provision regarding the manner in which the Directors may exercise the right to borrow money or the manner in which such a right is given provided that the Board of Directors shall be entitled to develop proposals for the Company to issue bonds and to list its shares, and that such bond issues must be approved by the shareholders by a special resolution at the general meeting.

14. FINANCIAL AND ACCOUNTING SYSTEM

The Company shall establish its financial and accounting system in accordance with laws, administrative regulations and requirements of relevant authorities in the PRC.

The Company shall prepare a financial report at the end of each accounting year, and such financial statement shall be audited by an accounting firm in compliance with laws. The financial statement shall be prepared in accordance with the provisions of laws, regulations and requirements of the relevant authorities in the PRC.

The Company shall publish two (2) financial reports in each fiscal year; the interim financial report shall be published within sixty (60) days after the end of the first six (6) months of the fiscal year; the annual financial report shall be published within one hundred and twenty (120) days after the end of the fiscal year.

The financial report of the Company shall be kept at the Company and shall be made available to the shareholders at least twenty (20) days before the annual general meeting is held. Each shareholder of the Company shall have the right to obtain the copy of the financial report mentioned in this chapter.

The Company shall deliver or send the aforesaid report or directors' report with the balance sheet, income statement or statement of income and expenditure, or summary of financial statement by post to the registered address of each shareholder at least twenty one (21) days before the annual general meeting. The Company can proceed by way of announcements (including announcement via the Company's website), on condition that such announcements are in compliance with the laws, administrative regulations, departmental rules and the relevant requirements of the securities regulatory authorities of the places where the shares of the Company are listed.

The financial statements of the Company shall, in addition to being prepared in accordance with the PRC accounting principles and regulations, be prepared in accordance with either international accounting principles, or those of the place outside the PRC where the Company's shares are listed. If there is any material difference between the financial statements prepared in accordance with the two accounting principles, such difference shall be stated in the notes to the financial statements. In distributing the Company's after-tax profits of the relevant fiscal year, the lower of the two amounts shown in the financial statements shall be adopted.

15. PROFIT DISTRIBUTION

The profit distribution proposal of the Company for each year shall be reviewed and approved at the general meeting. The Company shall distribute its after-tax profit in the following proportion and order:

(I) recovering losses;

(II) withdrawing ten per cent (10%) after-tax profit of the current year as a statutory common reserve fund;

(III) withdrawing a discretionary common reserve fund according to resolutions of the general meeting;

(IV) distributing dividends to shareholders.

The Company may not withdraw a statutory common reserve fund if the cumulative amount has reached fifty percent (50%) or more of the Company's registered capital. The general meeting shall determine whether to withdraw the discretionary reserve and its proportion after withdrawing the statutory reserve and the risk reserve.

If the statutory reserve could not cover the losses of the preceding year, profit of the year shall be used to cover the losses before withdrawing the statutory reserve.

The Company may distribute dividends in cash or shares. When a dividend is distributed by way of shares, a resolution shall be made by the general meeting and submitted to the securities regulatory authorities and other relevant competent authorities for approval in accordance with the relevant laws and regulations.

The shares of the Company held by the Company shall not be subject to profit distribution.

Subject to the laws and regulations of the PRC and rules of the Hong Kong Stock Exchange, the Company may exercise power to forfeit unclaimed dividends, provided that it may do so only after the expiration of the applicable relevant period.

16. DISSOLUTION AND LIQUIDATION

The Company shall be dissolved for the following reasons:

(I) the business term stipulated in the Articles of Association has expired or other circumstances for dissolution specified in the Articles of Association arise;

(II) the general meeting has resolved to dissolve the Company by way of special resolution;

(III) the merger or division of the Company requires a dissolution;

(IV) the business license is revoked in accordance with the law, or the Company is ordered to close down or is cancelled;

(V) the Company is ordered to close down in accordance with the law due to violation of laws and administrative regulations;

(VI) 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 per cent (10%) or more of the total voting rights of the Company may request the People's Court to dissolve the Company.

Where the Company is dissolved under the circumstances set out in items (I), (II), (IV) and (VI) above, the Company shall establish a liquidation committee to commence liquidation within fifteen (15) days upon the occurrence of the circumstances for dissolution. The composition of the liquidation committee shall be determined by Directors or shareholders' general meeting. If the Company fails to establish a liquidation committee on time, creditors may request the People's Court to designate certain persons to form a liquidation committee to perform 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 shareholders' 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 (12) months from the commencement of the liquidation.

The functions and powers of the Board shall terminate immediately after the resolution for liquidation is passed at the shareholders' 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; the liquidation committee shall present a final report to the general meeting upon completion of the liquidation.

The liquidation committee shall notify all creditors within ten (10) days after its establishment and shall publish announcements within sixty (60) days. The creditors shall declare their rights to the liquidation committee within thirty (30) days after receipt of the notice or within forty-five (45) days after the announcement if the creditors have not received the notice.

After the liquidation committee has examined 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 People's Court for confirmation.

During the liquidation period, the Company remains in existence; however, it shall not commence any business activity that is unrelated to liquidation. The Company's assets shall not be distributed to shareholders prior to settling debts pursuant to the foregoing provision.

After the liquidation committee has examined 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 in accordance with law to declare the Company's bankruptcy.

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.

Following the completion of the liquidation of the Company, the liquidation committee shall prepare a liquidation report, a revenue and expenditure statement 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 competent authorities for confirmation. Within thirty (30) 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.

17. AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The Company may amend the Articles of Association pursuant to the provisions of the laws, administrative regulations and the Articles of Association.

Any amendment to the Articles of Association shall take effect after being deliberated and approved by the general meeting of the Company.

1 FURTHER INFORMATION ABOUT OUR COMPANY

A. Incorporation

Our Company was incorporated in the PRC under the PRC Company Law as a joint stock company with limited liability on December 22, 2020. Our registered office is at Room 301, 3rd Floor, Building 34, Fahua South Lane, Dongcheng District, Beijing. Our Company has established a place of business in Hong Kong at 54/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, and has been registered as a non-Hong Kong Company in Hong Kong under Part 16 of the Companies Ordinance on April 13, 2021. Ms. Mok Ming Wai has been appointed as the authorized representative of our Company for the acceptance of service of process in Hong Kong. The address for service of process on our Company in Hong Kong is the same as its principal place of business in Hong Kong set out above.

As we are incorporated in the PRC, our operation, corporate structure and our Articles of Association are subject to the relevant PRC laws and regulations. A summary of the relevant provisions of our Articles of Association is set out in Appendix VI to this Prospectus. A summary of certain relevant aspects of the PRC laws and regulations is set out in Appendix V to this Prospectus.

B. Changes in the share capital of our Company

As of the date of our establishment as a joint stock company with limited liability, our registered capital was RMB110,000,000 consisting of 110,000,000 issued Domestic Shares with a nominal value of RMB1.00 each, which has been fully paid up by December 31, 2020.

Immediately following the completion of the Global Offering, assuming that the Over-allotment Option is not exercised, our registered share capital will be increased to RMB146,667,200, divided into 110,000,000 Domestic Shares and 36,667,200 H Shares, fully paid up or credited as fully paid up, representing approximately 75% and approximately 25% of our enlarged share capital, respectively.

Save as disclosed above, there has been no alteration in the share capital of our Company since our establishment.

C. Restriction of share repurchase

For details of the restrictions on the share repurchase by our Company, please refer to "Appendix VI – Summary of the Articles of Association" of this Prospectus.

D. Resolutions of our Shareholders passed at our Company's extraordinary general meeting held on April 23, 2021

At the extraordinary general meeting of our Company held on April 23, 2021, the following resolutions, among other things, were passed by the Shareholders:

(a) the issuance by our Company of the H Shares with a nominal value of RMB1.00 each up to 30% of the total share capital of the Company upon completion of the Global Offering (regardless of the H Shares which may be issued upon the exercise of the Over-allotment Option) and such H Shares to be listed on the Hong Kong Stock Exchange;

(b) the granting of the Over-allotment Option in respect of no more than 15% of the number of the H Shares issued as abovementioned;

(c) 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 the Board or its authorized persons have been authorized to amend the Articles of Association in accordance with any comments from the Hong Kong Stock Exchange and the relevant PRC or foreign regulatory authorities; and

(d) the authorization to the Board and its authorized persons to exercise full power to deal with matters relating to the issuance of H Shares and the Listing.

E. Corporate Reorganization

In preparation for the Global Offering, we underwent the Reorganization, for details, please refer to the section headed "History, Development and Corporate Structure – Reorganization" of this Prospectus.

2 FURTHER INFORMATION ABOUT SUBSIDIARIES OF OUR COMPANY

A. Subsidiaries

The list of our subsidiaries is set out in the Accountants' Report, the text of which is set out in Appendix I to this Prospectus.

B. Changes in the share capital of subsidiaries

Save as disclosed in the section headed "History, Development and Corporate Structure – Our Principal Operating Subsidiaries", there has been no alteration in the share capital of any of our subsidiaries within the two years preceding the date of this Prospectus.

3 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 are or may be material, and a copy of each has been delivered to the Registrar of Companies in Hong Kong for registration:

(a) an asset transfer agreement dated December 1, 2020 entered into between Beiyu Property and BUCC, pursuant to which Beiyu Property agreed to transfer certain properties and interests to BUCC at nil consideration;

(b) a transfer agreement dated December 24, 2020 entered into between our Company and BUCC, pursuant to which BUCC agreed to transfer equity interests in Beiyu Property for RMB30.3 million to our Company;

(c) a transfer agreement dated December 25, 2020 entered into between our Company and BUCG, pursuant to which BUCG agreed to transfer equity interests in BUCG Properties for RMB50 million to our Company;

(d) a transfer agreement dated December 25, 2020 entered into between our Company and BUCID, pursuant to which BUCID agreed to transfer equity interests in Chengcheng Property for RMB15 million to our Company;

(e) a share transfer agreement dated December 28, 2020 entered into between our Company and BUCID, pursuant to which BUCID agreed to transfer equity interests in Chongqing Property for RMB3 million to our Company at a consideration of RMB44,228,500;

(f) the Non-competition Agreement, details of which are set out in the section headed "Relationship with Controlling Shareholders – Non-competition Agreement";

(g) the Hong Kong Underwriting Agreement, details of which are set out in the section headed "Underwriting";

(h) a cornerstone investment agreement dated October 13, 2021 entered into by our Company, Keltic Investment (HK) Limited and the Sole Sponsor, pursuant to which Keltic agreed to subscribe for such number of Offer Shares (rounded down to the nearest whole board lot of 400 H Shares) at the Offer Price in an amount of Hong Kong dollars equivalent to RMB70,000,000, subject to adjustments based on the terms and conditions of such agreement; and

(i) a cornerstone investment agreement dated October 13, 2021 entered into by our Company, Glodon (Hongkong) Software Limited and the Sole Sponsor, pursuant to which Glodon agreed to subscribe for such number of Offer Shares (rounded down to the nearest whole board lot of 400 H Shares) at the Offer Price in an amount of Hong Kong dollars equivalent to RMB40,000,000, subject to adjustments based on the terms and conditions of such agreement.

B. Intellectual Property Rights

(a) Patents

As of the Latest Practicable Date, we have not registered or applied for any patents which we consider to be material or potentially material to our business.

(b) Domain names

As of the Latest Practicable Date, we have registered the following domain name which we consider to be material or potentially material to our business:

No.	Domain Name	Owner of Domain Name	Date of Registration	Expiry Date
1	beiyuwuye.com	Beiyu Property	March 2, 2009	March 2, 2022
2	tiannuowuye.com	Tiannuo Property	September 6, 2005	September 6, 2024
3	banggongxiaoge.com	Tiannuo Property	December 9, 2015	December 9, 2025
4	bcpmg.com	Chengcheng Property	March 30, 2012	March 30, 2022
5	bjcjzy.com.cn	BUCG Properties	December 7, 2006	December 7, 2027
6	bcjps.com	The Company	March 26, 2021	March 26, 2023

(c) Software copyrights

As of the Latest Practicable Date, we have registered the following software copyrights which we consider to be material or potentially material to our business:

No.	Software Name	Owner of Copyright	Registration Number	First Release Date
1	Beiyu Operating Lease Management Software V1.0	Beiyu Property	2020SR1737130	July 1, 2019
2	Beiyu Equipment and Facilities Digital Management Software V1.0	Beiyu Property	2018SR1087435	Unreleased
3	Beiyu Equipment and Facilities Patrolling and Monitoring Management Software V1.0	Beiyu Property	2020SR1738264	June 1, 2019

No.	Software Name	Owner of Copyright	Registration Number	First Release Date
4	Beiyu Equipment and Facilities Patrolling and Monitoring Mobile Application Software V1.0	Beiyu Property	2020SR1739381	June 30, 2019
5	Beiyu Equipment and Facilities Mobile Operation Software V1.0	Beiyu Property	2018SR1085587	Unreleased
6	Beiyu Property Fee Management Software V1.0	Beiyu Property	2020SR1738267	August 10, 2019
7	Beiyu Property Owners File Management Software V1.0	Beiyu Property	2020SR1738266	June 1, 2019
8	Beiyu Revenue Statement Analysis Software V1.0	Beiyu Property	2020SR1738265	July 30, 2019
9	Intelligent Street Patrolling and Monitoring Terminal Software V1.0	Tiannuo Property	2017SR636774	Unreleased
10	Intelligent Street Patrolling and Monitoring Plan Management Software V1.0	Tiannuo Property	2017SR610128	Unreleased
11	Intelligent Street Patrolling and Monitoring Event Management Software V1.0	Tiannuo Property	2017SR610718	Unreleased
12	BUCG Housing and Land Asset Information Management Platform V1.0*Note 1*	BUCG, BUCG Properties and Beijing Urban Construction Exploration & Surveying Design Research Institute Co., Ltd.* (北京城建勘測設計研究院有限責任公司)	2017SR505595	Unreleased
13	BUCG Housing and Land Asset Information Management Platform V1.0*Note 2*	BUCG and BUCG Properties	2018SR248887	Unreleased

Notes:

1. BUCG, BUCG Properties and Beijing Urban Construction Survey, Design and Research Institute Co., Ltd.* (北京城建勘測設計研究院有限責任公司) are the co-owners of the software copyright.

2. BUCG and BUCG Properties are the co-owners of the software copyright.

(d) Trademarks

As of the Latest Practicable Date, we have registered the following trademarks which we consider to be material or potentially material to our business:

No.	Proprietor	Trademark	Registration Number	Place of Registration	International Classification	Expiry Date
1	Beiyu Property	北宽住联	23096162	PRC	37、38	March 6, 2028
2	Beiyu Property	北宽宇联	23095821	PRC	37、38	March 6, 2028
3	Tiannuo Property		19121899	PRC	42	March 20, 2027
4	Tiannuo Property		19121710	PRC	35	March 20, 2027
5	Tiannuo Property		18664083	PRC	37	January 27, 2027
6	Tiannuo Property	帮工小哥	19121878	PRC	42	March 27, 2027
7	Tiannuo Property	帮工小哥	18663984	PRC	37	January 27, 2027
8	Beiyu Catering	住立康	42631437	PRC	43	August 27, 2030
9	Beiyu Property	京城佳业	52059353	PRC	45	August 20, 2031
10	Beiyu Property	京城佳业	52057051	PRC	44	August 20, 2031
11	Beiyu Property	京城佳业	52059140	PRC	35	August 20, 2031
12	Beiyu Property	京城佳业	52050664	PRC	9	August 13, 2031
13	Beiyu Property	京城佳业	52049331	PRC	36	August 13, 2031
14	Beiyu Property	京城佳业	52047351	PRC	16	August 20, 2031
15	Beiyu Property	京城佳业	52045960	PRC	29	August 20, 2031
16	Beiyu Property	京城佳业	52042871	PRC	39	August 20, 2031
17	Beiyu Property	京城佳业	52041859	PRC	43	August 13, 2031

No.	Proprietor	Trademark	Registration Number	Place of Registration	International Classification	Expiry Date
18	Beiyu Property	京城佳业	52040321	PRC	37	August 20, 2031
19	Beiyu Property	京城佳业	52038204	PRC	31	August 20, 2031
20	Beiyu Property	京城佳业	52038138	PRC	28	August 20, 2031
21	Beiyu Property	京城佳业	52036366	PRC	42	August 20, 2031
22	Beiyu Property	京城佳业	52034584	PRC	41	August 20, 2031
23	Beiyu Property	京城佳业	52033109	PRC	25	August 13, 2031
24	Chengcheng Property	悳叡私享	52030536	PRC	36	August 20, 2031
25	Chengcheng Property	悳叡私享	52020980	PRC	37	August 20, 2031
26	Chengcheng Property	悳叡私享	52026388	PRC	35	August 20, 2031
27	Chengcheng Property	悳叡私享	52000124	PRC	45	August 20, 2031
28	Chengcheng Property	悳叡私享	52000106	PRC	44	August 20, 2031

As of the Latest Practicable Date, we have applied for the registration the following trademarks which we consider to be material or potentially material to our business:

No	Applicant	Trademark	Application Number	Class	Date of Application
1	Chengcheng Property		48311712	35	July 22, 2020
2	Chengcheng Property		48289715	37	July 22, 2020
3	Chengcheng Property	德睿私享	55117439A	37	April 11, 2021
4	Chengcheng Property	德睿私享	55114524A	36	April 11, 2021
5	Chengcheng Property	德睿私享	55114824	38	April 11, 2021
6	Chengcheng Property	德睿私享	55114826A	45	April 11, 2021

Pursuant to the Trademark Licensing Framework Agreement entered into between our Company and BUCG on October 11, 2021, we had been licensed by BUCG to use the following trademarks registered in the PRC or Hong Kong, which are material to our business:

No.	Registrant	Trademark	Registration Number	Place of Registration	Approved Use Category	Validity Period
1	BUCG		1339830	PRC	39	From November 28, 2019 to November 27, 2029
2	BUCG		1339994	PRC	37	From November 28, 2019 to November 27, 2029
3	BUCG		1339995	PRC	37	From November 28, 2019 to November 27, 2029
4	BUCG		1342253	PRC	39	From December 7, 2019 to December 6, 2029
5	BUCG		1347351	PRC	36	From December 21, 2019 to December 20, 2029
6	BUCG		1347352	PRC	36	From December 21, 2019 to December 20, 2029
7	BUCG	城建	1349763	PRC	37	From December 28, 2019 to December 27, 2029
8	BUCG		1349822	PRC	42	From December 28, 2019 to December 27, 2029
9	BUCG	BUCG	1352280	PRC	42	From January 7, 2020 to January 6, 2030
10	BUCG	BUCG	1364851	PRC	37	From February 14, 2020 to February 13, 2030
11	BUCG	BUCG	1373247	PRC	19	From March 14, 2020 to March 13, 2030
12	BUCG	BUCG	1374460	PRC	7	From March 14, 2020 to March 13, 2030
13	BUCG	BUCG	1374886	PRC	35	From March 14, 2020 to March 13, 2030

No.	Registrant	Trademark	Registration Number	Place of Registration	Approved Use Category	Validity Period
14	BUCG		13757772	PRC	42	From March 7, 2015 to March 6, 2025
15	BUCG		1378223	PRC	19	From March 28, 2020 to March 27, 2030
16	BUCG		1378224	PRC	19	From March 28, 2020 to March 27, 2030
17	BUCG		1379445	PRC	7	From March 28, 2020 to March 27, 2030
18	BUCG		1379825	PRC	35	From March 28, 2020 to March 27, 2030
19	BUCG		1379827	PRC	35	From March 28, 2020 to March 27, 2030
20	BUCG		1381884	PRC	7	From April 7, 2020 to April 6, 2030
21	BUCG	BUCG	1383127	PRC	2	From April 14, 2020 to April 13, 2030
22	BUCG		1385698	PRC	42	From April 14, 2020 to April 13, 2030
23	BUCG		1386114	PRC	2	From April 21, 2020 to April 20, 2030
24	BUCG		1386115	PRC	2	From April 21, 2020 to April 20, 2030
25	BUCG		1388332	PRC	12	From April 21, 2020 to April 20, 2030
26	BUCG		1388333	PRC	12	From April 21, 2020 to April 20, 2030
27	BUCG	BUCG	1388350	PRC	12	From April 21, 2020 to April 20, 2030
28	BUCG	BUCG	1394193	PRC	6	From May 7, 2020 to May 6, 2030
29	BUCG		1394194	PRC	6	From May 7, 2020 to May 6, 2030
30	BUCG		1394195	PRC	6	From May 7, 2020 to May 6, 2030
31	BUCG	BUCG	1398064	PRC	1	From May 21, 2020 to May 20, 2030
32	BUCG		1398067	PRC	1	From May 21, 2020 to May 20, 2030

No.	Registrant	Trademark	Registration Number	Place of Registration	Approved Use Category	Validity Period
33	BUCG		1398068	PRC	1	From May 21, 2020 to May 20, 2030
34	BUCG	北京城建	37848858	PRC	42	From March 14, 2020 to March 13, 2030
35	BUCG	北京城建	37854973	PRC	6	From March 14, 2020 to March 13, 2030
36	BUCG	北京城建	37855192	PRC	35	From March 14, 2020 to March 13, 2030
37	BUCG	北京城建	37855272	PRC	37	From March 14, 2020 to March 13, 2030
38	BUCG	北京城建	37855345	PRC	43	From March 14, 2020 to March 13, 2030
39	BUCG	北京城建	37859097	PRC	12	From March 14, 2020 to March 13, 2030
40	BUCG	北京城建	37864451	PRC	39	From March 14, 2020 to March 13, 2030
41	BUCG	北京城建	37865151	PRC	19	From March 14, 2020 to March 13, 2030
42	BUCG	北京城建	37865469	PRC	1	From March 14, 2020 to March 13, 2030
43	BUCG	北京城建	37865507	PRC	2	From March 14, 2020 to March 13, 2030
44	BUCG	北京城建	37868628	PRC	7	From March 14, 2020 to March 13, 2030
45	BUCG	北京城建	37868819	PRC	36	From March 14, 2020 to March 13, 2030
46	BUCG		302859607	Hong Kong	36, 37, 42	From January 7, 2014 to January 6, 2024
47	BUCG	BUCG	304711950	Hong Kong	42	From October 25, 2018 to October 24, 2028
48	BUCG	BUCG	304711969	Hong Kong	36	From October 25, 2018 to October 24, 2028
49	BUCG	BUCG	304711978	Hong Kong	37	From October 25, 2018 to October 24, 2028

4 FURTHER INFORMATION ABOUT DIRECTORS, SUPERVISORS, CHIEF EXECUTIVE AND SUBSTANTIAL SHAREHOLDERS

A. Particulars of service contracts

Pursuant to Rules 19A.54 and 19A.55 of the Listing Rules, each of our Directors and Supervisors has entered into a service contract with our Company in respect of, among others, (i) compliance with relevant laws and regulations, (ii) observance of the Articles of Association, and (iii) provisions of arbitration with our Company.

Save as disclosed above, none of our Directors or Supervisors has or is proposed to have a service contract with any member of the Company other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation).

B. Directors' and Supervisors' remuneration

Save as disclosed in the section headed "Directors, Supervisors and Senior Management – Remuneration of Directors, Supervisors and Senior Management", none of the Directors or Supervisors received other remuneration or benefits in kind from the Company in respect of each of the three years ended December 31, 2018, 2019 and 2020 and the five months ended May 31, 2021.

C. Disclosure of interests of substantial shareholders

To the best of the Directors' knowledge and information, the following persons will, immediately following the completion of the Global Offering, have interests or short positions in our Shares or underlying Shares which would be required to be disclosed to our Company and the Hong Kong Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO or will, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at any general meeting of our Group:

(a) Interest in Shares of the Company

			Immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised)			Immediately following the completion of the Global Offering (assuming the Over-allotment Option is fully exercised)		
Name of Shareholder	Nature of interest	Class of Shares	Number of Shares directly or indirectly held	Approximate percentage of shareholding in the relevant class of Shares	Approximate percentage of shareholding in the total issued share capital(Note 1)	Number of Shares directly or indirectly held	Approximate percentage of shareholding in the relevant class of Shares	Approximate percentage of shareholding in the total issued share capital(Note 2)
BUCG(Note 3)	Beneficial owner	Domestic Shares	38,779,865	35.25%	26.44%	38,779,865	35.25%	25.49%
	Interest held by controlled corporations(Notes 4 and 5)	Domestic Shares	69,973,674	63.61%	47.71%	69,973,674	63.61%	45.98%
		Total:	108,753,539	98.87%	74.15%	108,753,539	98.87%	71.47%

Name of Shareholder	Nature of interest	Class of Shares	Immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised) Number of Shares directly or indirectly held	Approximate percentage of shareholding in the relevant class of Shares	Approximate percentage of shareholding in the total issued share capital(Note 1)	Immediately following the completion of the Global Offering (assuming the Over-allotment Option is fully exercised) Number of Shares directly or indirectly held	Approximate percentage of shareholding in the relevant class of Shares	Approximate percentage of shareholding in the total issued share capital(Note 2)
BUCID(Note 4)	Beneficial owner	Domestic Shares	49,092,189	44.63%	33.47%	49,092,189	44.63%	32.26%
BUCC(Note 5)	Beneficial owner	Domestic Shares	20,881,485	18.98%	14.24%	20,881,485	18.98%	13.72%
Keltic Investment (HK) Limited (Note 6)	Beneficial owner	H Shares	7,322,400(Note 6)	19.97%	4.99%	7,322,400	17.37%	4.81%
Shenzhen Kaier Hanxiang Shiye Co., Ltd. (深圳凱爾漢湘實業有限公司) (Note 6)	Interest held by a controlled corporation(Note 6)	H Shares	7,322,400(Note 6)	19.97%	4.99%	7,322,400	17.37%	4.81%
Li Weiguo (李衛國)(Note 6)	Interest held by a controlled corporation(Note 6)	H Shares	7,322,400(Note 6)	19.97%	4.99%	7,322,400	17.37%	4.81%
Glodon (Hongkong) Software Limited (Note 7)	Beneficial owner	H Shares	4,659,600(Note 7)	12.71%	3.18%	4,659,600	11.05%	3.06%
Glodon Company Limited (廣聯達科技股份有限公司) (Note 7)	Interest held by a controlled corporation(Note 7)	H Shares	4,659,600(Note 7)	12.71%	3.18%	4,659,600	11.05%	3.06%

Notes:

(1) The calculation is based on the total number of 146,667,200 Shares in issue immediately after the Global Offering (assuming the Over-allotment Option is not exercised).

(2) The calculation is based on the total number of 152,167,200 Shares in issue immediately after the Global Offering (assuming the Over-allotment Option is fully exercised).

(3) BUCG is a wholly state-owned enterprise under the People's Government of Beijing Municipality (北京市人民政府).

(4) BUCID is a non-wholly-owned subsidiary of BUCG. By virtue of the SFO, BUCG is deemed to be interested in the 49,092,189 Domestic Shares held by BUCID.

(5) BUCC is a wholly-owned subsidiary of BUCG. By virtue of the SFO, BUCG is deemed to be interested in the 20,881,485 Domestic Shares held by BUCC.

(6) Keltic Investment (HK) Limited is a cornerstone investor of the Company and has agreed to subscribe for such number of Offer Shares (rounded down to the nearest whole board lot of 400 H Shares) at the Offer Price in an amount of Hong Kong dollars equivalent to RMB55,000,000. Keltic Investment (HK) Limited is a

wholly-owned subsidiary of Shenzhen Kaier Hanxiang Shiye Co., Ltd. (深圳凱爾漢湘實業有限公司), which is in turn wholly owned by Mr. Li Weiguo (李衛國). The relevant Shares calculated herein are based on (a) an exchange rate of HK$1.00: RMB0.82358; and (b) the Offer Price of HK$9.12 (being the mid-point of the indicative Offer Price range), and subject to the rounding down to the nearest whole board lot of 400 H Shares.

(7) Glodon (Hongkong) Software Limited is a cornerstone investor of the Company and has agreed to subscribe for such number of Offer Shares (rounded down to the nearest whole board lot of 400 H Shares) at the Offer Price in an amount of Hong Kong dollars equivalent to RMB35,000,000. Glodon (Hongkong) Software Limited is a wholly-owned subsidiary of Glodon Company Limited (廣聯達科技股份有限公司), an A-share company listed on the Shenzhen Stock Exchange (Stock Code: 002410). The relevant Shares calculated herein are based on (a) an exchange rate of HK$1.00: RMB0.82358; and (b) the Offer Price of HK$9.12 (being the mid-point of the indicative Offer Price range), and subject to the rounding down to the nearest whole board lot of 400 H Shares.

(b) Substantial shareholders of other members of the Group

No.	Name of shareholder	Name of member of the Group	Capacity	Approximate percentage of ownership held by the shareholder
1.	Beijing Hengqi Investment Management Co., Ltd.* (北京衡其投資管理有限責任公司)*(Note 1)*	Senqi Greening	Beneficial owner	16%
2.	Beijing Uni.-Construction Real Estate Development Co., Ltd.* (北京住總房地產開發有限責任公司)*(Note 2)*	Tiannuo Property	Beneficial owner	50%
3.	Li Jianlou (李建樓)*(Note 3)*	Beiyu Tengan	Beneficial owner	23%
4.	Yuan Hui (袁慧)*(Note 3)*	Beiyu Tengan	Beneficial owner	10%
5.	Chen Xiaofan (陳曉帆)*(Note 3)*	Beiyu Tengan	Beneficial owner	10%

Notes:

(1) Beijing Hengqi Investment Management Co., Ltd.* (北京衡其投資管理有限責任公司) is a wholly-owned subsidiary of BUCC, a Controlling Shareholder of the Company.

(2) Beijing Uni.-Construction Real Estate Development Co., Ltd.* (北京住總房地產開發有限責任公司) is a subsidiary of BUCC (owned as to 96.57% by BUCC and its wholly-owned subsidiaries and as to 3.43% through its non-wholly-owned subsidiaries).

(3) Li Jianlou (李建樓) is the chairman of the board of directors and general manager of Beiyu Tengan. Yuan Hui (袁慧) and Chen Xiaofan (陳曉帆) are also employees of our Group. Save as the aforesaid, all of them had no other connected relationship with the Company.

Save as disclosed herein, our Directors are not aware of any person who will, immediately following the completion of the Global Offering (and the offering of any additional H Shares pursuant to the Over-allotment Option), have an interest or short position in our Shares or underlying Shares which would be required to be disclosed to our Company and the Hong Kong

Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO or will, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at any general meeting of our Group.

D. Disclosure of the Directors', Supervisors' or chief executive's interests in the Shares, underlying Shares and debentures of the Company or any of its associated corporations

Immediately following the completion of the Global Offering, none of the Directors, Supervisors or chief executive of our Company has any interest or short position in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO):

(a) which will have to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have taken under such provisions of the SFO), or which will be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or

(b) which will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules, to be notified to our Company and the Hong Kong Stock Exchange.

E. Disclaimers

Save as disclosed in this Prospectus:

(a) None of our Directors or Supervisors nor any of the parties listed in the paragraph headed "5. Other Information – F. Qualification of experts" in this appendix has any direct or indirect interest in the promotion of the Company, or in any assets which have, within the two years immediately preceding the date of this Prospectus, been acquired or disposed of by or leased to the Company, or are proposed to be acquired or disposed of by or leased to the Company.

(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 Hong Kong 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 paragraph headed "5. Other Information – F. Qualification 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 the Company taken as a whole.

(d) None of our Directors or Supervisors is aware of any person (not being a Director, Supervisor or chief executive of the Company) who will, immediately following the completion of the Global Offering, have an interest or short position in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO.

(e) So far as is known to the Directors, none of our Directors or Supervisors or their respective close associates (as defined under the Listing Rules) or any Shareholders of the Company (who, to the knowledge of our Directors, owns more than 5% of the issued share capital of the Company) has any interests in the five largest customers or the five largest suppliers of the Company.

5 OTHER INFORMATION

A. Estate duty

The Directors have been advised that no material liability for estate duty under PRC law is likely to fall upon any member of the Group.

B. Litigation

No member of our Group was engaged in any litigation, arbitration or claim of material importance, and no litigation, arbitration or claim of material importance is known to our Directors to be pending or threatened against any member of our Group as of the Latest Practicable Date.

C. Sole Sponsor

The Sole Sponsor is China International Capital Corporation Hong Kong Securities Limited. The Sole Sponsor satisfies the criteria of independence applicable to sponsors set out in Rule 3A.07 of the Listing Rules.

The Sole Sponsor has made an application on our behalf to the Stock Exchange for a listing of, and permission to deal in, the H Shares to be issued as mentioned in this Prospectus. Our Company has agreed to pay the Sole Sponsor a fee of US$900,000 to act as a sponsor in connection with the Listing.

D. Promoters

The promoters of our Company are BUCG, BUCID, BUCC and Tianjie Group. For details, please refer to the section headed "History, Development and Corporate Structure" of this Prospectus.

Save for the Global Offering and as disclosed in the sections headed "History, Development and Corporate Structure" and "Connected Transactions" of this Prospectus, within the two years immediately preceding the date of this Prospectus, no cash, securities or other benefit has been paid, allotted or given, or proposed to be paid, allotted or given to any promoters in connection with the Global Offering or the related transactions described in this Prospectus.

E. Preliminary expenses

The preliminary expenses of our Company are approximately RMB250,000 and were borne by our Company.

F. Qualification of experts

The qualifications of the experts, as defined under the Listing Rules, who have given opinions in this Prospectus, are as follows:

Name	Qualification
China International Capital Corporation Hong Kong Securities Limited	A corporation licensed to carry out type 1 (dealing in securities), type 2 (dealing in futures contracts), type 4 (advising on securities), type 5 (advising on futures contracts) and type 6 (advising on corporate finance) regulated activities under the SFO
KPMG	Certified Public Accountants; Public Interest Entity Auditor registered in accordance with the Financial Reporting Council Ordinance
Commerce & Finance Law Offices	PRC legal adviser
Cushman & Wakefield Limited	Independent property valuer
China Index Academy	Independent industry consultant

G. Consents of experts

Each of the experts as referred to in the paragraph headed "5. Other Information – F. Qualification of experts" in this appendix has given, and has not withdrawn, their respective written consents to the issue of this Prospectus with the inclusion of their reports and/or letters and/or opinions and/or advices and/or the references to their names included herein in the form and context in which they are respectively included.

None of the experts named above has any shareholding interests in any member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

H. Binding effect

This Prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

I. No material adverse change

Our Directors confirm that there has been no material adverse change in the financial or trading position of our Company since May 31, 2021 (being the date to which our Company's latest audited consolidated financial statements were prepared).

J. Miscellaneous

Save as disclosed in this Prospectus:

(a) Within the two years immediately preceding the date of this Prospectus:

(i) no share or loan capital of the 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 the 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 the 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 for any share in or debenture of the Company.

(b) There are no founders or management or deferred shares or debentures of the Company or any of our subsidiaries.

(c) There has been no interruption in the business of the Company which may have or has had a significant effect on the financial position of the Company in the last 12 months preceding the date of this Prospectus.

(d) The Company has no outstanding convertible debt securities or debentures.

(e) There is no arrangement under which future dividends are waived or agreed to be waived.

(f) There are no exercise of any right of pre-emption or transfer of subscription rights or relevant procedures.

(g) There are no contracts for the hire or hire purchase of any plant to or by any member of the Group for a period of over one year which are substantial in relation to our business.

(h) No part of the equity and debt securities of our Company, if any, is currently listed on or dealt in on any other stock exchange or trading system nor is any listing or permission to list on any stock exchange other than the Hong Kong Stock Exchange is currently being or agreed to be sought.

(i) The Company currently does not intend to apply for the status of a sino-foreign investment joint stock limited company and do not expect to be subject to the PRC Sino-foreign Joint Venture Law.

(j) All necessary arrangements have been made by the Company to enable the H shares to be admitted into CCASS for clearing and settlement.

K. Bilingual Prospectus

The English language and Chinese language versions of this Prospectus are being published separately, in reliance upon the exemption provided by Section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

1. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to the copy of this Prospectus delivered to the Registrar of Companies in Hong Kong for registration were:

(a) a copy of the **GREEN** Application Form;

(b) copies of the material contracts referred to in "Appendix VII – Statutory and General Information – 3. Further Information about Our Business – A. Summary of our material contracts"; and

(c) the written consents referred to in "Appendix VII – Statutory and General Information – 5. Other Information – G. Consents of experts".

2. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection on display on the website of the Stock Exchange at www.hkexnews.hk and our website at http://www.bcjps.com during a period of 14 days from the date of this Prospectus:

(a) the Articles of Association;

(b) the Accountants' Report from KPMG, the text of which is set out in Appendix I;

(c) the report from KPMG relating to the unaudited pro forma financial information, the text of which is set out in Appendix II;

(d) the audited consolidated financial statements of our Group for the three years ended December 31, 2018, 2019 and 2020 and the five months ended May 31, 2021;

(e) the property valuation report prepared by Cushman & Wakefield Limited, the text of which is set out in Appendix III;

(f) the material contracts referred to in "Appendix VII – Statutory and General Information – 3. Further Information about Our Business – A. Summary of our material contracts";

(g) the written consents referred to in "Appendix VII – Statutory and General Information – 5. Other Information – G. Consents of experts";

(h) the legal opinions issued by the PRC Legal Advisers in respect of certain aspects of our Group under PRC law;

(i) the PRC Company Law, the Mandatory Provisions and the Special Regulations together with their unofficial English translations;

(j) the service contracts of the Directors and Supervisors referred to in "Appendix VII – Statutory and General Information – 4. Further Information about Directors, Supervisors, Chief Executive and Substantial Shareholders – A. Particulars of service contracts"; and

(k) the industry report prepared by China Index Academy, the summary of which is set out in "Industry Overview".

北京京城佳業物業股份有限公司
BEIJING CAPITAL JIAYE PROPERTY SERVICES CO., LIMITED