



Riverine China Holdings Limited 浦江中國控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1417

GLOBAL OFFERING



Sole Sponsor



Sole Global Coordinator



Joint Bookrunners



IMPORTANT

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



Riverine China Holdings Limited

(浦江中國控股有限公司)

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GLOBAL OFFERING

Number of Shares offered under the Global Offering	:	100,000,000 Shares (subject to the Over-allotment Option)
Number of International Offer Shares	:	90,000,000 Shares (subject to reallocation and the Over-allotment Option)
Number of Hong Kong Offer Shares	:	10,000,000 Shares (subject to reallocation)
Maximum Offer Price	:	HK\$2.14 per Offer Share, plus brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% (payable in full on application in Hong Kong dollars and subject to refund)
Nominal value	:	HK\$0.01 per Share
Stock code	:	1417

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

The Offer Price is expected to be determined by agreement between the Sole Global Coordinator (for itself and on behalf of the Underwriters) and our Company on the Price Determination Date. The Price Determination Date is expected to be on or around Friday, 1 December 2017 or such later date as may be agreed by the Sole Global Coordinator and our Company, but in any event not later than Monday, 4 December 2017. The Offer Price will not be more than HK\$2.14 per Offer Share and is currently expected to be not less than HK\$1.43 per Offer Share unless otherwise announced. Investors applying for Hong Kong Offer Shares must pay, on application, the maximum Offer Price of HK\$2.14 for each Offer Share together with brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%, subject to refund if the Offer Price is lower than HK\$2.14.

The Sole Global Coordinator (for itself and on behalf of the Underwriters) may, with consent of our Company, reduce the indicative Offer Price range stated in this prospectus and/or the number of Offer Shares being offered at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such case, a notice of reduction of the indicative Offer Price range will be announced on the website of the Stock Exchange at www.hkexnews.hk and our Company's website at www.riverinepm.com not later than the morning of the last day for lodging applications under the Hong Kong Public Offering. If applications for Hong Kong Offer Shares have been submitted prior to the last day for lodging applications under the Hong Kong Public Offering, then even if the Offer Price is so reduced, such applications cannot subsequently be withdrawn. Further details are set out in the sections headed "Structure of the Global Offering" and "How to Apply for the Hong Kong Offer Shares" in this prospectus.

If, for any reason, the Offer Price is not agreed between the Sole Global Coordinator (for itself and on behalf of the Underwriters) and our Company on or before Monday, 4 December 2017, the Global Offering will not become unconditional and will lapse immediately.

Prior to making an investment decision, prospective investors should consider carefully all of the information set out in this prospectus, including the risk factors set out in the section headed "Risk Factors" in this prospectus.

Prospective investors of the Hong Kong Offer Shares should note that the obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement to subscribe, and to procure subscribers to subscribe for, the Hong Kong Offer Shares, are subject to termination by the Sole Global Coordinator (for itself and on behalf of the Underwriters) if certain events shall occur prior to 8:00 a.m. (Hong Kong time) on the Listing Date. Further details of the terms of such provisions are set out in the section headed "Underwriting" in this prospectus.

The Offer Shares have not been and will not be registered under the U.S. Securities Act or any state securities law in the United States and may not be offered, sold, pledged or transferred within the United States or to, or for the account or benefit of US persons, except pursuant to an exemption from, or in a transaction not subject to, the registration requirement under the U.S. Securities Act.

28 November 2017

EXPECTED TIMETABLE⁽¹⁾

If there is any change in the following expected timetable, our Company will issue a separate announcement.

Date⁽¹⁾
2017

Latest time for completing electronic applications under HK eIPO White Form service through the designated website www.hkeipo.hk ⁽⁴⁾	11:30 a.m. on Friday, 1 December
Application Lists open ⁽²⁾	11:45 a.m. on Friday, 1 December
Latest time for lodging WHITE and YELLOW Application Forms, giving electronic application instructions to HKSCC ⁽³⁾ and completing payment of HK eIPO White Form applications by effecting internet banking transfer(s) or PPS payment transfer(s)	12:00 noon on Friday, 1 December
Application Lists close ⁽²⁾	12:00 noon on Friday, 1 December
Expected Price Determination Date ⁽⁵⁾	Friday, 1 December
Announcement of the 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 allotment of the Hong Kong Offer Shares under the Hong Kong Public Offering to be published in The Standard (in English), in Hong Kong Economic Times (in Chinese), on the website of the Stock Exchange at www.hkexnews.hk ; and the website of our Company at www.riverinepm.com on or before	Friday, 8 December
Announcement of the Results of applications in the Hong Kong Public Offering (with successful applicants' identification document numbers, if appropriate) to be available under a variety of channels as described in "How to Apply for the Hong Kong Offer Shares — 11. Publication of Result" including the website of the Stock Exchange at www.hkexnews.hk and the website of our Company at www.riverinepm.com from	Friday, 8 December
Results of allocations in the Hong Kong Public Offering to be available at www.tricor.com.hk/ipo/result with a "search by ID" function from	Friday, 8 December

EXPECTED TIMETABLE⁽¹⁾

Date⁽¹⁾
2017

Despatch of share certificates of the Offer Shares or deposit of share certificates of the Offer Shares into CCASS in respect of wholly or partially successful applications pursuant to the Hong Kong Public Offering on or before ⁽⁶⁾	Friday, 8 December
Despatch of HK eIPO White Form e-Auto Refund payment instructions and refund cheques (if applicable) on or before ⁽⁷⁾	Friday, 8 December
Dealing in the Shares on the Stock Exchange expected to commence at 9:00 a.m. on	Monday, 11 December

Notes:

1. All times refer to Hong Kong local time, except as otherwise stated. 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.
2. If there is a “black” rainstorm warning or a tropical cyclone warning signal number 8 or above in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Friday, 1 December 2017, the Application Lists will not open and close on that day. Further information is set out in the section headed “How to Apply for the Hong Kong Offer Shares — 10. Effect of bad weather on the opening of the Application Lists” in this prospectus.
3. Applicants who apply by giving **electronic application instructions** to HKSCC via CCASS should refer to the section headed “How to Apply for the Hong Kong Offer Shares — 6. Applying by giving **electronic application instructions** to HKSCC via CCASS” in this prospectus.
4. You will not be permitted to submit your application through the designated website **www.hkeipo.hk** after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained a payment reference number from the 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.
5. The Price Determination Date is expected to be on or around Friday, 1 December 2017, and in any event not later than Monday, 4 December 2017. If, for any reason, the Offer Price is not agreed by the Sole Global Coordinator (for itself and on behalf of the Underwriters) and our Company by Monday, 4 December 2017, the Global Offering (including the Hong Kong Public Offering) will not proceed and will lapse.
6. Share certificates for the Offer Shares are expected to be issued on or around Friday, 8 December 2017 but will only become valid certificates of title 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 before 8:00 a.m. on the Listing Date, which is expected to be on or about Monday, 11 December 2017. Investors who trade the Offer Shares on the basis of publicly available allocation details prior to the receipt of Share certificates or prior to the Share certificates becoming valid do so entirely at their own risk. If the Global Offering does not become unconditional or the Underwriting Agreements are terminated in accordance with their terms, we will make an announcement as soon as possible.
7. e-Auto Refund payment instructions and refund cheques will be issued in respect of wholly or partially unsuccessful applications and in respect of successful applications if the Offer Price as finally determined is less than the price payable on application.

Particulars of the structure of the Global Offering, including the conditions thereto, are set out in the section headed “Structure of the Global Offering” in this prospectus.

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IMPORTANT NOTICE TO INVESTORS

You should rely only on the information contained in this prospectus and the Application Forms to make your investment decision. We have not authorised anyone to provide you with information that is different from what is contained in this prospectus and the Application Forms. Any information or representation not made in this prospectus and the Application Forms must not be relied on by you as having been authorised by us, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of their respective directors, officers, employees, agents or representatives or any other persons or parties involved in the Global Offering.

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SUMMARY

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

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

BUSINESS OVERVIEW

We are a property management company in the PRC. We, through our subsidiaries and investments in associated companies, provide a wide range of property management services and value-added services to a variety of properties in the PRC, and a majority of which are in Shanghai. A few properties managed by us are located in Anhui, Zhejiang, Jiangsu, Hubei and Hunan Provinces. According to China Index Academy, we ranked 30th on the list of "Top Hundred Property Service Enterprises" (2016中國物業服務百強企業) among the property management companies in the PRC in terms of scale of property management, business performance service quality, development potential and society responsibility. Thus, we achieved a leading position in providing property management services to public properties in the PRC in 2016.

During the Track Record Period, approximately 88.7%, 91.0%, 93.4% and 89.9% of our total revenue was generated from provision of property management services to non-residential properties whereas the remaining 11.3%, 9.0%, 6.6% and 10.1% was generated from residential properties and other services, respectively. Hence, our property management services have been and will continue to be strategically focused on non-residential properties in the PRC.

Our property management services: Our property management services can be broadly divided into two areas: standard property management services (engineering, repair and maintenance services, customer services, security services, and cleaning and gardening services); and value-added services including various kinds of consultancy services relating to or ancillary to property management.

Our business model: In line with current market practice, we enter into one or more than one property management agreements with each customer which set out therein the scope of our services and our management fees. The term of our property service agreements generally ranges from one to two years and the agreements will automatically terminate upon expiration if not renewed and are terminable before their expiration upon mutual consent.

Our managed properties: Our managed properties include various kinds of properties with a majority in Shanghai with our services expanding into other regions including Anhui, Zhejiang, Jiangsu, Hubei and Hunan Provinces. Our managed properties can generally be classified into six categories based on their nature and usage, namely, (i) public properties (including public arenas and public transportation properties; (ii) office buildings and hotels; (iii) commercial establishments; (iv) government properties; (v) residential properties; and (vi) other properties. Some of our managed properties are landmarks in Shanghai including the Shanghai World Expo Exhibition and Convention Center (世博展覽館), Hongqiao International Airport Eastern Transport Terminal (虹橋機場東交通中心(公交站區)) and Orient International Finance Plaza (東方國際金融廣場). The GFA of properties grouped in the category of "others" are non-revenue bearing in nature, thus their revenue and GFA breakdowns are not included in below tables.

Our revenue model: We predominantly charge our property management fees on a lump sum basis whereby our customers pay us a lump sum service fee for our property management services and at the same time, we bear all related costs and expenses incurred. On a few occasions, our property management fees are charged on a fixed remuneration basis, whereby our customers will pay a fixed amount of commission to us, and at the same time, bear all related costs and expenses incurred.

We generally charge our customers with property management fees, which are mainly calculated based on the GFA of individual managed properties. These are fees related to revenue-bearing GFA. On the other hand, we also charge customers for a particular single type

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of property management services or other value-added services based on a fixed agreed price without making reference to the managed properties' GFA. These are fees related to non-revenue bearing GFA. In this connection, the GFA of our managed properties can be broadly divided into revenue-bearing GFA and non-revenue bearing GFA.

As the property management fees paid to us on a lump sum basis are primarily calculated based on the revenue-bearing GFA of individual managed properties, in negotiating the property management fees with our customers, we will take into account, among others, the type and composition of property management services to be rendered by us and, the relevant cost of services to be provided. Hence, different mixture composition of the type of property management services will affect the management fees per sq.m. The table below sets forth a breakdown of our revenue by relevancy of fees to GFA for the year/period indicated.

	For the year ended 31 December						For the six months ended 30 June			
	2014		2015		2016		2016		2017	
	Revenue	% of total	Revenue	% of total	Revenue	% of total	Revenue	% of total	Revenue	% of total
	RMB'000		RMB'000		RMB'000		RMB'000		RMB'000	
							(unaudited)			
Lump sum basis										
Fees related to revenue-bearing GFA	256,442	86.2%	245,685	83.8%	245,712	79.4%	114,517	78.1%	142,899	81.4%
Fees related to non-revenue bearing GFA	37,529	12.6%	40,648	13.9%	58,151	18.8%	29,311	20.0%	30,273	17.3%
Fixed remuneration basis	2,959	1.0%	5,331	1.8%	5,160	1.7%	2,512	1.7%	2,347	1.3%
Others	453	0.2%	1,365	0.5%	245	0.1%	240	0.2%	—	—
Total	297,383	100.0%	293,029	100.0%	309,268	100.0%	146,580	100%	175,519	100.0%

The table below sets forth our gross profit and gross profit margin by relevancy of fees to GFA for the year/period indicated.

	For the year ended 31 December						For the six months ended 30 June			
	2014		2015		2016		2016		2017	
	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	
	%		%		%		%		%	
							(unaudited)			
Lump sum basis:										
Fees related to revenue-bearing GFA	41,298	16.1%	38,625	15.7%	44,289	18.0%	22,900	20.0%	26,150	18.3%
Fees related to non-revenue bearing GFA	9,224	24.6%	11,698	28.8%	11,492	19.8%	5,720	19.5%	4,900	16.2%
Fixed remuneration	2,959	100.0%	5,331	100.0%	5,160	100.0%	2,512	100%	2,347	100.0%
Others	407	89.8%	1,140	83.5%	(298)	-121.6%(Note)	(277)	-115.4%(Note)	—	—
Total	53,888	18.1%	56,794	19.4%	60,643	19.6%	30,855	21.0%	33,397	19.0%

Note: This refers to income generated from Shanghai Fukeruide for the provision of property leasing agency service. Such income decreased significantly in 2016 due to the Group's focus on its provision of property management services. In order to streamline our operations and to focus on our core business in property management, the entire equity interest in Shanghai Fukeruide was disposed on 23 July 2016. For further details, please refer to the sub-section headed "History, Reorganisation and Corporate Structure — Inter-group Restructuring — Disposal of Shanghai Fukeruide" in this prospectus.

For further information, please refer to the section headed "Financial Information — Description of Selected Items in our Consolidated Statements of Profit or Loss and Comprehensive Income — Gross Profit and Gross Profit Margin" in this prospectus.

SUMMARY

The table below sets forth a breakdown of our revenue from our property management fees calculated based on revenue-bearing GFA by the type of managed properties for the year/period indicated.

	For the year ended 31 December						For the six months ended 30 June			
	2014		2015		2016		2016		2017	
	Revenue	% of total	Revenue	% of total	Revenue	% of total	Revenue	% of total	Revenue	% of total
	RMB'000		RMB'000		RMB'000		RMB'000 (unaudited)		RMB'000	
Non-residential										
(i) Public properties	84,710	33.0%	79,442	32.3%	79,136	32.2%	37,917	33.1%	39,974	27.9%
(ii) Office buildings and hotels	105,107	41.0%	110,968	45.2%	115,216	46.9%	53,420	46.6%	69,289	48.5%
(iii) Commercial establishments	27,038	10.5%	20,828	8.5%	20,369	8.3%	8,553	7.5%	10,431	7.3%
(iv) Government properties	6,980	2.7%	10,030	4.1%	11,144	4.5%	5,808	5.1%	5,831	4.1%
Total of non-residential properties	223,835	87.2%	221,268	90.1%	225,865	91.9%	105,698	92.3%	125,525	87.8%
(v) Residential properties	32,607	12.8%	24,417	9.9%	19,847	8.1%	8,819	7.7%	17,374	12.2%
Total	256,442	100.0%	245,685	100.0%	245,712	100.0%	114,517	100%	142,899	100.0%

The table below sets forth a breakdown of our revenue-bearing GFA under the management of our Group by type of properties for the year/period indicated.

	For the year ended 31 December						For the six months ended 30 June			
	2014		2015		2016		2016		2017	
	GFA	% of total	GFA	% of total	GFA	% of total	GFA	% of total	GFA	% of total
	'000 sq.m.		'000 sq.m.		'000 sq.m.		'000 sq.m.		'000 sq.m.	
Non-residential										
(i) Public properties	1,531	27.6%	1,604	30.1%	1,419	31.7%	1,419	33.9%	1,437	29.3%
(ii) Office buildings and hotels	1,237	22.3%	1,067	20.1%	1,471	32.9%	1,292	30.9%	1,500	30.6%
(iii) Commercial establishments	598	10.8%	593	11.2%	524	11.7%	576	13.8%	493	10.0%
(iv) Government properties	85	1.5%	101	1.9%	101	2.3%	100	2.4%	101	2.1%
Total of non-residential properties	3,451	62.2%	3,365	63.3%	3,515	78.6%	3,387	81.0%	3,531	72.0%
(v) Residential properties	2,095	37.8%	1,954	36.7%	958	21.4%	793	19.0%	1,373	28.0%
Total	5,546	100.0%	5,319	100.0%	4,473	100.0%	4,180	100%	4,904	100.0%

During the Track Record Period, the total GFA (being the aggregate of the revenue-bearing GFA and non-revenue bearing GFA) of our managed properties was approximately 6.8 million sq.m., 6.6 million sq.m., 8.2 million sq.m. and 8.7 million sq.m. respectively. At the same time, apart from organic growth of our business, we also expanded our business by strategically investing in property management companies. During the Track Record Period, the total GFA of the properties managed by our joint venture companies and associated companies was 4.4 million sq.m., 5.4 million sq.m., 8.3 million sq.m. and 8.3 million sq.m. respectively.

Our pricing policy: We generally price our services based on a number of factors, comprising of (i) our expense forecast including the sub-contracting fees and labour costs; (ii) the proposed terms of the property management agreement; (iii) the scope of the property management services; (iv) the types and locations of the property; (v) the prevailing market condition and our estimation of our competitors' pricing; and (vi) if applicable, the local government's guidance price on property management fees.

SUMMARY

Our property management agreements

The table below indicates the movement of the total number of property management agreements related to the properties managed by our Group and our associated companies (including the agreements which had expired but we continued to provide property management services, the agreements for provision of property management services where the properties are under construction and the property management agreement subcontracted to us) during the Track Record Period:

	For the year ended 31 December			For the six months ended 30 June
	2014	2015	2016	2017
	Number of agreements	Number of agreements	Number of agreements	Number of agreements
As of beginning of period	175	198	236	278
New engagement	40	69	63	20
Terminations	(17)	(31)	(21)	(14)
As of end of period	<u>198</u>	<u>236</u>	<u>278</u>	<u>284</u>

Our Group obtained new property management agreement through (i) tendering (including public tenders and tenders by invitation), (ii) giving quotations to our potential customers, and (iii) co-operation with the property management subsidiaries of the property developers. Please refer to the sub-section headed “Business — Property Management Agreements” in this prospectus for our tender success rate during the Track Record Period.

OUR CUSTOMERS AND SUPPLIERS

The table below sets forth our revenue generated from different types of customers for the year/period indicated.

	For the year ended 31 December						For the six months ended 30 June			
	2014		2015		2016		2016		2017	
	Revenue	% of total	Revenue	% of total	Revenue	% of total	Revenue	% of total	Revenue	% of total
	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%
							(Unaudited)			
Property owners	228,037	76.7%	230,401	78.6%	247,058	79.9%	116,671	79.6	132,591	75.5%
Property owners' associations	17,415	5.9%	16,211	5.5%	16,046	5.2%	8,214	5.6	14,112	8.1%
Property developers	35,363	11.9%	25,682	8.8%	25,884	8.3%	11,969	8.2	17,638	10.0%
Tenant	16,269	5.4%	17,184	5.9%	19,100	6.2%	8,993	6.1	10,544	6.0%
Others	299	0.1%	3,551	1.2%	1,180	0.4%	733	0.5	634	0.4%
	<u>297,383</u>	<u>100.0%</u>	<u>293,029</u>	<u>100.0%</u>	<u>309,268</u>	<u>100.0%</u>	<u>146,580</u>	<u>100.0</u>	<u>175,519</u>	<u>100.0%</u>

Revenue generated from property owners accounted for 76.7%, 78.6%, 79.9% and 75.5% of the total revenue respectively during the Track Record Period. The second largest type of customer was property developers whose fees are mostly related to revenue-bearing GFA. The revenue derived from property owners' associations consists mostly of management fees from residential properties. The major property types of tenants include office buildings and commercial establishments.

For the years ended 31 December 2014, 2015, 2016 and the six months ended 30 June 2017, revenue from our top five customers collectively amounted to approximately RMB89.3 million, RMB77.4 million, RMB80.4 million and RMB44.3 million, accounting for approximately 30.0%, 26.5%, 26.0% and 25.2% respectively, of our total revenue, and the total revenue from our largest customer amounted to RMB27.1 million, RMB26.4 million, RMB29.9 million and

SUMMARY

RMB16.5 million, respectively, accounting for 9.1%, 9.0%, 9.7% and 9.4% of our total revenue respectively. For details, please refer to the sub-section headed “Business — Customers” in this prospectus.

Our major suppliers are primarily sub-contractors for our property and management services. In addition, our Group also purchases from third party suppliers materials such as garbage bags, wheel accessories for litter bins and light bulbs that are used in connection with the provision of our services. For the years ended 31 December 2014, 2015, 2016 and the six months ended 30 June 2017, the amount of purchases from our five largest suppliers amounted to RMB87.7 million, RMB91.1 million, RMB87.8 million and RMB41.1 million, respectively, accounting for approximately 36.0%, 38.6%, 35.2% and 28.9% of our total cost of services provided respectively, and the amount of purchases from our largest supplier amounted to RMB43.4 million, RMB46.1 million, RMB43.3 million and RMB16.2 million, respectively, accounting for 17.8%, 19.5%, 17.4% and 11.4% of our total cost of services provided respectively. For details, please refer to the sub-section headed “Business — Suppliers and Sub-contractors” in this prospectus.

COMPETITIVE LANDSCAPE AND MARKET SHARE

We mainly compete with national, regional and local large scale property management service enterprises. We believe that the major competitive factors include management scale, operating performance, service quality, growth potential, social responsibility, etc. of the enterprises.

The PRC property management industry is highly fragmented with an increased concentration in recent years. At the end of 2016, there were over 100,000 property management service enterprises in the PRC. However, only a few have built up operations of a national scale with established brand awareness among customers. According to China Index Academy, the total GFA under management of the Top Hundred Property Management Enterprises in the PRC amounted to 5,450 million sq.m., which represented 29.4% of the total GFA of all properties under management in the PRC in 2016, indicating a low concentration of the property management industry.

OUR STRENGTHS

Our Directors believe that the following strengths are the key factors contributing to our success to date:

- (i) we are one of the leading non-residential property management companies in the PRC, which is engaged by our customers as an independent property management company, for the provision of professional, independent and quality property management services;
- (ii) we have the flexibility in negotiating with our customers with respect to our property management fees and have a higher profit potential;
- (iii) we provide consistent and cost-efficient property management services to our customers through our standardised facilities management methodologies and advanced information technology by way of internet of things and building information modelling; and
- (iv) we have a strong management team with a proven track record and our own workforce who have in-depth knowledge and experience in our industry.

For details, please refer to the sub-section headed “Business — Our Strengths” in this prospectus.

SUMMARY

OUR BUSINESS STRATEGIES

We plan to continue to focus on providing high quality professional property management services to non-residential properties in the PRC market and expand our business both vertically, by providing various value-added services and horizontally by leveraging our experience, expertise and strong brand recognition to expand the geographical coverage of our services. We intend to achieve our objectives by implementing strategies including: (i) continue to grow our business horizontally and strategically through mergers and acquisitions, investments, joint ventures and business collaboration; (ii) expand our business vertically in the industry chain and the supply chain of the property management industry; (iii) continue to develop our information technology system and enhance service quality to our customers and users of our managed properties; (iv) continue to recruit more talent and, at the same time, provide training for our existing staff to cope with the expansion of our operations; and (v) continue to streamline and standardise our property management services in order to elevate our service quality and consistency and optimise our cost efficiency.

For details, please refer to the sub-section headed “Business — Our Business Strategies” in this prospectus.

OUR SHAREHOLDING STRUCTURE

The Controlling Shareholders

Immediately following completion of the Global Offering and assuming that the Over-allotment Option is not exercised, Partner Summit will own 73.5% of the issued share capital of our Company. Partner Summit is in turn held as to 87.0% by Vital Kingdom, 10.0% by Source Forth and 3.0% by Pine Fortune. Vital Kingdom is wholly-owned by Mr. Xiao, Source Forth is wholly-owned by Mr. Fu and Pine Fortune is wholly-owned by Mr. Chen. As each of Mr. Xiao, Mr. Fu and Mr. Chen (via his respective investment holding company controlled by them) has agreed to jointly control his respective interests in our Company, the decisions as to the business and operations of our Group shall be in accordance with the unanimous consent of all of them. As a result, upon completion of the Global Offering and assuming that the Over-allotment Option is not exercised, each of Mr. Xiao, Mr. Fu and Mr. Chen is deemed to be interested in 73.5% of the issued share capital of our Company. Partner Summit, Vital Kingdom, Mr. Xiao, Source Forth, Mr. Fu, Pine Fortune and Mr. Chen are a group of Controlling Shareholders. Mr. Xiao is our executive Director and chairman of our Board. Mr. Fu is our executive Director and vice chairman of our Board. For details of the shareholding of the group of Controlling Shareholders in each of the Group companies, please refer to the section headed “History, Reorganisation and Corporate Structure” in this prospectus.

Pre-IPO investment

On 18 August 2016, Pujiang Holding entered into a Pre-IPO Investment Agreement with Mr. Yan, our pre-IPO investor under which Pujiang Holding agreed to transfer 2% of its equity interest in Pujiang Property to Mr. Yan for a consideration of Hong Kong dollar equivalent of RMB1,215,000, which was determined as a result of the arm’s length negotiation between the parties by reference to the net asset value of Pujiang Property in the sum of RMB52,353,843.65 as of 30 June 2016 as appraised by an independent valuer and by taking into account the adjustments of other payables in the approximate sum of RMB4,700,000 as shown in the audited financial statement for the six months ended 30 June 2016. The aforesaid consideration was fully settled by Mr. Yan on 23 September 2016. The equity interest of Pujiang Property became owned as to 98% by Leading Way and 2% by Mr. Yan since then. For details, please refer to the sub-section headed “History, Reorganisation and Corporate Structure — Pre-IPO Investment” in this prospectus.

KEY OPERATIONAL AND FINANCIAL DATA

The following is a summary of our consolidated financial information as of and for the years ended 31 December 2014, 2015, 2016 and the six months ended 30 June 2017, extracted from the Accountants’ Report set out in Appendix I to this prospectus. The below summary should be read in conjunction with the consolidated financial information in Appendix I, including the notes and the information set forth in the section headed “Financial Information” in this prospectus.

SUMMARY

Summary of consolidated statements of profit or loss and comprehensive income

	For the year ended 31 December						For the six months ended 30 June			
	2014		2015		2016		2016		2017	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000 (unaudited)	%	RMB'000	%
REVENUE	297,383	100.0%	293,029	100.0%	309,268	100.0%	146,580	100%	175,519	100.0%
Cost of services provided	(243,495)	-81.9%	(236,235)	-80.6%	(248,625)	-80.4%	(115,725)	-79.0%	(142,122)	-81.0%
GROSS PROFIT	53,888	18.1%	56,794	19.4%	60,643	19.6%	30,855	21.0%	33,397	19.0%
Other income and gains, net	7,982	2.7%	9,270	3.2%	10,283	3.3%	7,437	5.1%	4,607	2.7%
Selling and distribution expenses	(3,811)	-1.3%	(4,831)	-1.6%	(4,188)	-1.3%	(2,292)	(1.3%)	(1,508)	-0.9%
Administrative expenses	(20,875)	-7.0%	(18,843)	-6.4%	(31,267)	-10.1%	(10,753)	(7.3%)	(15,803)	-9.0%
Finance costs	(462)	-0.2%	(1,407)	-0.5%	(1,177)	-0.4%	(381)	(0.3%)	(1,080)	-0.6%
Share of profits and losses of:										
Joint ventures	1,533	0.5%	5,254	1.8%	4,280	1.4%	2,567	1.8%	2,651	1.5%
Associates	880	0.3%	296	0.1%	2,285	0.7%	701	0.5%	2,398	1.4%
PROFIT BEFORE TAX	39,135	13.1%	46,533	16.0%	40,859	13.2%	28,134	19.2%	24,662	14.1%
Income tax expense	(9,827)	-3.3%	(11,051)	-3.8%	(10,323)	-3.3%	(6,631)	(4.5%)	2,212	1.3%
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR/PERIOD	29,308	9.8%	35,482	12.2%	30,536	9.9%	21,503	14.7%	26,874	15.3%
Attributable to:										
Owners of the parent	28,673	97.8%	34,456	97.1%	30,966	101.4%	21,406	99.5%	27,126	100.9%
Non-controlling interests	635	2.2%	1,026	2.9%	(430)	-1.4%	97	0.5%	(252)	-0.9%
	29,308	100.0%	35,482	100.0%	30,536	100.0%	21,503	100%	26,874	100.0%

Our revenue decreased only slightly by approximately 1.5% from RMB297.4 million for the year ended 31 December 2014 to RMB293.0 million for the year ended 31 December 2015, and recorded an annual increase of approximately 5.6% to RMB309.3 million for the year ended 31 December 2016. Our revenue increased from RMB146.6 million for the six months ended 30 June 2016 to RMB175.5 million for the six months ended 30 June 2017, representing an increase of 19.7%. The increase in net profit of approximately 25.0% for the six months ended 30 June 2017 as compared to the six months ended 30 June 2016 was mainly due to the release of income tax provisions made in prior years. For further details, please refer to the paragraph headed "Income Tax — Possible tax underpaid attributable to different taxation basis" under the section headed "Financial Information" and note 10 — Income tax expense/(credit) in the Accountants' Report in Appendix I to this prospectus.

We obtained government grants during the Track Record Period, in recognition of our qualities as an enterprise within the ambit of the modern service industries, which takes advantages of new service approaches, has low pollutants emission level, and has demonstrated steady growth of business operation and financial performance. Since the government grants are awarded subject to the discretion of the relevant governmental authorities, they are not derived in the Group's ordinary and usual course of business and are not recurring in nature, we cannot assure you that the government grants will be awarded in the future. The table below illustrates the Group's net profits after excluding all extraordinary items during the Track Record Period.

	For the year ended 31 December			For the six months ended 30 June
	2014	2015	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000
Net profit attributable to owners of the parent	28,673	34,456	30,966	27,126
Deduction of extraordinary items:				
government grants	(6,832)	(7,358)	(7,980)	(4,188)
less taxation	1,708	1,839	1,995	1,047
net gain on disposal of a subsidiary, net taxation	—	—	(851)	—
Add back Listing expenses less taxation	—	—	8,907	1,050
	—	—	(1,236)	(263)
Net profit excluded extraordinary items (Note)	23,549	28,937	31,801	24,772

SUMMARY

Note: Net profit excluded extraordinary items is a non-GAAP measure. We have presented this non-GAAP measure to provide supplemental information to facilitate the evaluation of companies in our industry by analysts and investors. Other companies in our industry may calculate this non-GAAP item differently than we do. Prospective investors should not consider it as a substitute of our profit or loss for the year/period.

Summary of consolidated statements of cash flows

	For the year ended 31 December			For the six months ended 30 June	
	2014	2015	2016	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Net cash generated from/(used in) operating activities	50,585	28,671	21,463	(10,097) ^(Note)	3,663
Net cash (used in)/generated from investing activities	(17,094)	87,657	(52,278)	(40,131)	30,039
Net cash flows generated from/(used in) financing activities	10,738	(53,166)	(41,453)	(56,639)	(11,625)
Net increase/(decrease) in cash and cash equivalents	44,229	63,162	(72,268)	(106,867)	22,077
Cash and cash equivalents at the beginning of the year/period	44,311	88,540	151,702	151,702	79,434
Cash and cash equivalents at the end of the year/period	88,540	151,702	79,434	44,835	101,511

Note: For the six months ended 30 June 2016, we recorded negative cash flow from our operating activities of approximately RMB10.1 million. The properties managed by our Group include, among others, government properties and public properties, which are owned and operated by the government departments or authorities, in which the approval for payment has to follow a set of procedures and would normally take a longer time in the first half of the year as compared to properties owned by private companies.

Selected information extracted from consolidated statements of financial position

	As at year ended 31 December			For the six months ended 30 June
	2014	2015	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000
Non-current assets	37,984	33,504	52,900	55,217
Current assets	208,208	262,939	205,944	210,174
Current liabilities	147,552	220,080	198,552	178,025
Net current assets	60,656	42,859	7,392	32,149

Selected key financial ratios

Financial metric	Formula	As at and for the year ended 31 December			As at and for the six months ended 30 June
		2014	2015	2016	2017
Rates of return:					
Return on equity	Net profit for the respective periods divided by the total equity as at the end of the respective period	29.7%	46.5%	50.6%	61.5% ⁽³⁾
Return on total assets	Net profit for the respective periods divided by the total assets as at the end of the respective period	11.9%	12.0%	11.8%	20.3% ⁽³⁾
Liquidity:					
Current ratio	Current assets divided by current liabilities	1.4	1.2	1.0	1.2
Quick ratio	Current assets (less inventory) divided by current liabilities	1.4	1.2	1.0	1.2
Capital adequacy:					
Gearing ratio	Total debt ⁽¹⁾ divided by total equity at the end of the respective periods	10.2%	103.8%	82.9%	45.8%
Net debt to equity ratio	Net debt ⁽²⁾ divided by total equity at the end of the respective periods	Net cash position	Net cash position	Net cash position	Net cash position

Notes:

- (1) Total debts are defined to include amounts due to related parties and a joint venture and interest-bearing bank borrowings.
- (2) Net debt is defined to include total debts net of cash and cash equivalents.
- (3) Return on equity and return on total assets for the six months ended 30 June 2017 are annualised by multiplying the net profit for the relevant period by two.

SUMMARY

DIVIDENDS

We do not have a fixed dividend policy. For the three years ended 31 December 2014, 2015, 2016 and the six months ended 30 June 2017, dividends in the amount of nil, RMB57.8 million, RMB41.9 million and nil, respectively were declared by the Group which were paid in full. However, these historical dividends are not indicative of the amount of future dividends, if any, and there can be no assurance that any dividends will be paid for any future period.

The payment and the amount of dividends (if any) will depend on our results of operation, cash flows, financial position, statutory and regulatory restrictions on the payment of dividends by us, future prospects, and other factors that we may consider relevant.

LISTING EXPENSES

The total listing expenses (including underwriting commissions) in relation to the Global Offering are estimated to be approximately HK\$31.8 million (assuming an Offer Price of HK\$1.785 per Share, being the mid-point of the indicative Offer Price range of HK\$1.43 to HK\$2.14 per Share in this prospectus, and the over-allotment option is not exercised). During the Track Record Period, we incurred listing expenses of approximately HK\$11.6 million in our consolidated statements of profit or loss and comprehensive income. We estimate that we will incur approximately HK\$9.4 million to be charged in consolidated statements of profit or loss and comprehensive income for the year ending 31 December 2017 and amount of HK\$10.8 million is expected to be charged against equity upon the Listing.

FUTURE PLANS AND USE OF PROCEEDS

We estimate that the aggregate net proceeds from the Global Offering, after deducting underwriting commissions and estimated expenses paid and payable by our Company in connection with the Global Offering, to be approximately HK\$146.7 million, assuming the Over-allotment Option is not exercised and the Offer Price of HK\$1.785 per Share, being the mid-point of the proposed Offer Price range of HK\$1.43 to HK\$2.14 per Share.

We intend to apply such net proceeds from the Global Offering in the following manner assuming the Offer Price is fixed at HK\$1.785 per Share (being the mid-point of the indicative Offer Price range):

<u>Amount (HK\$ in million)</u>	<u>Approximate % of Total Estimated Net Proceeds</u>	<u>Intended Use</u>
49.9	34.0%	Horizontal expansion by acquisition, investment or forming business alliance with property management companies in the markets to which we want to expand our property management business
34.8	23.7%	Vertical expansion in the property management industry: (i) industry chain expansion by provision of consultancy services, data information collection support and analysis services and internet-of-things services etc. to property developers and property owners and forming strategic alliance and collaboration with them; and (ii) supply chain expansion by investing in or entering into business alliance with sub-contracted service providers
23.2	15.8%	Development of our information technology system
19.0	13.0%	Recruitment of talent and implementation of training and recruitment programmes
5.8	4.0%	Repayment of bank borrowings
14.0	9.5%	General working capital

For details, please refer to the section headed "Future Plans and Use of Proceeds" in this prospectus.

SUMMARY

REASONS FOR THE LISTING

Our Directors believe that the Listing will greatly benefit our Group taking into account the facts (i) that the proceeds from the Listing will enable our Group to grasp the business opportunities arose from (a) the expected growth of the property management industry in the PRC; (b) our competitive edge in the public property management sector in the industry, which, according to China Index Academy, is less concentrated with dispersed development; (ii) the proceeds of Listing would mitigate our cash outflow exposure; and (iii) the listing status will enhance our Group's corporate profile, credibility and brand awareness, our market status amongst customers, suppliers, subcontractors and employees, enable us to raise fund in the capital market for future business development and diversify our shareholder base.

OFFERING STATISTICS

	<u>Based on the Offer Price of HK\$1.43 per Share</u>	<u>Based on the Offer Price of HK\$2.14 per Share</u>
Market capitalisation (<i>Note 1</i>)	HK\$572 million	HK\$856 million
Unaudited pro forma adjusted consolidated net tangible assets per Share (<i>Note 2</i>) (<i>Note 3</i>)	RMB0.47 (equivalent to HK\$0.55)	RMB0.62 (equivalent to HK\$0.72)

Notes:

1. The calculation of our market capitalisation is based on 400,000,000 Shares which will be in issue immediately following completion of the Global Offering, but takes no account of any Shares which may be issued upon the exercise of the Over-allotment Option and any options which may be granted under the Share Option Scheme or any Shares which may be allotted and issued or repurchased by Company pursuant to the general mandate to issue shares and general mandate to repurchase shares as described in the section headed "Share Capital" in this prospectus.
2. The unaudited pro forma adjusted consolidated net tangible assets per Share is determined after the adjustments as described in note 2 in the section headed "Unaudited Pro Forma financial information — A. Unaudited pro forma statement of adjusted consolidated net tangible assets" as set out in Appendix II to this prospectus and on the basis that 400,000,000 Shares are issued and outstanding as set out in the section headed "Share Capital" in this prospectus, but takes no account of any Shares which may be issued upon the exercise of the Over-allotment Option or the options which may be granted under the Share Option Scheme.
3. The unaudited pro forma adjusted consolidated net tangible assets per Share is converted into Hong Kong dollars at an exchange rate RMB1.00 to HK\$1.16.

LITIGATION AND NON-COMPLIANCE

Neither we nor any of our Directors is currently a party to any material legal, arbitral or administrative proceedings. We are not aware of any threat of, any claims or any legal, arbitral or administrative proceedings, which, in our opinion, is likely to have a material adverse effect on our business, financial conditions or results of operations.

During the Track Record Period, certain of our subsidiaries, namely, Pujiang Property, Shanghai Bund, Shanghai Bund Green, Shanghai Hong Ji and Shanghai Rui Zheng utilised and engaged dispatched staff which exceeded a regulatory threshold of 10% of the total number of their respective workers.

To rectify the situation, these subsidiaries signed employment contracts with the dispatched staff or engaged more sub-contracting staff. The number of dispatched staff engaged by these subsidiaries had been reduced to below the regulatory limit respectively since 31 October 2016. According to the confirmation issued by the Human Resources and Social Security Bureau of Huang Pu District, Shanghai* (上海黃浦區勞動和社會保障局), we had not been and will not be subject to any pecuniary penalty or administrative action nor being asked to take any remedial action. Our PRC Legal Advisers opined that the risk of penalty or administrative action with respect to dispatched staff does not exist. For details, please refer to the sub-section headed "Business — Litigation and Non-compliance — Non-compliance" in this prospectus.

SUMMARY

As advised by our PRC Legal Advisers, during the Track Record Period, there were no non-compliance incidents under the relevant PRC laws and regulations that would cause a material adverse effect on the business, financial conditions or results of operation of our Group.

RISK FACTORS

There are certain risks involved in our operations and many of these risks are beyond our control. These risks can be characterised as: (i) risks relating to our business and industry; (ii) risks relating to conducting business in the PRC; and (iii) risks relating to the Global Offering. We believe the following are some of the major risks that may have a material adverse effect on us:

- we may be subject to losses or our profit margin may be reduced if we fail to increase our revenue or control our operating costs in connection with our performance of property management services;
- we rely on third-party sub-contractors to perform certain property management services and dispatch agencies for provision of labour;
- rising staff costs and sub-contracting costs may increase our costs and reduce our profitability;
- we concentrate a significant portion of our operations in Shanghai, and we are susceptible to trends and developments in this region;
- our future acquisitions may not be successful and we may face difficulties in integrating acquired operations with our existing business; and
- termination or non-renewal of our property management agreements could have a material adverse effect on our business, financial position and results of operations.

You should carefully consider the risk factors set out in this prospectus in its entirety before making a decision to invest in the Shares. Please refer to the section headed “Risk Factors” in this prospectus for further details.

RECENT DEVELOPMENTS AND NO MATERIAL ADVERSE CHANGE

Subsequent to 30 June 2017 and up to the Latest Practicable Date, 26 new property management agreements, with an aggregate GFA of approximately 1.3 million sq.m., were awarded to our Group and our associated companies. For the nine months ended 30 September 2017, we did not experience any material adverse change in our financial position. After the Track Record Period and up to the date of this prospectus, there was no material adverse industry, market, operational (including the GFA of our managed properties) or regulatory development relating to our business or any other event that materially and adversely affected our operating results or financial condition.

After performing sufficient due diligence work which our Directors consider appropriate and after due and careful consideration, our Directors confirm that there has been no material adverse change in our financial or trading position, contingent liabilities, guarantees or prospects of our Group since 30 June 2017, the date of the latest audited financial information of our Group, and up to the date of this prospectus.

DEFINITIONS

Unless the context otherwise requires, the following expressions have the following meanings in this prospectus. Certain other terms are explained in “Glossary” in this prospectus.

“2016 CIA Top Hundred Report”	the “2016 China Top Hundred Property Management Companies Report” (2016中國物業服務百強企業研究報告) published by China Index Academy in collaboration with China Property Management Association (中國物業管理協會) in June 2016, which is based on historical data collected as of 31 December 2015, covering 210 property management companies
“Accountants’ Report”	the accountants’ report set out in Appendix I to this prospectus
“Anhui Bund”	Anhui Bund Property Management Company Limited* (安徽外灘物業管理有限公司), a limited liability company established in the PRC on 26 December 2005, our non wholly-owned subsidiary and indirectly owned as to 51% by our Company and as to 49% by Anhui Wan Tou Property Limited* (安徽皖投置業有限責任公司), our connected person at the subsidiary level
“Anhui Pu Bang”	Anhui Pu Bang Property Management Company Limited* (安徽浦邦物業管理有限公司), a limited liability company established in the PRC on 4 August 2015, our associated company and indirectly owned as to 49% by our Company and 51% by an Independent Third Party
“Anhui Pu Jing”	Anhui Pu Jing Property Company Limited* (安徽浦景物業有限公司), a limited liability company established in the PRC on 10 May 2017, our non wholly-owned subsidiary and indirectly owned as to 51% by our Company and as to 49% by 亳州市文化旅遊發展有限責任公司 (Bozhou Cultural Tourism Limited*)
“Application Form(s)”	WHITE application form(s), YELLOW application form(s) and GREEN application form(s) or, where the context so requires, any of them
“Articles of Association” or “Articles”	the articles of association of our Company adopted on 15 November 2017 and as amended from time to time, a summary of which is set out in Appendix III to this prospectus
“associate(s)”	has the meaning ascribed to it under the Listing Rules

DEFINITIONS

“associated company(ies)”	a company which, in accordance with the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants, is recorded using the equity method of accounting in an entity’s financial statements
“Bengbu Gardening”	Bengbu Zhi Xin Gardening Company Limited* (蚌埠市置信園藝有限公司), a limited liability company established in the PRC on 20 July 2012, our joint venture company and wholly-owned by Bengbu Zhi Xin
“Bengbu Guang Jia”	Bengbu Guang Jia Property Management Company Limited* (蚌埠廣嘉物業管理有限公司), a limited liability company established in the PRC on 17 March 2004, our joint venture company and wholly-owned by Bengbu Zhi Xin
“Bengbu Hua Xin”	Bengbu Hua Xin Property Management Company Limited* (蚌埠市華信物業有限公司), a limited liability company established in the PRC on 29 July 2013, our joint venture company and owned as to 60% by Bengbu Zhi Xin and 40% by an Independent Third Party
“Bengbu Zhi Xin”	Bengbu Zhi Xin Property Company Limited* (蚌埠市置信物業有限公司), a limited liability company established in the PRC on 13 September 2004, our joint venture company and indirectly owned as to 50% by our Company and 50% by two Independent Third Parties
“Board” or “Board of Directors”	the board of Directors of our Company
“Business Day(s)”	any day(s) (excluding Saturdays, Sundays and public holidays) in Hong Kong on which licenced banks in Hong Kong are generally open for normal banking business to the public
“BVI”	the British Virgin Islands
“CAGR”	compound annual growth rate
“Capitalisation Issue”	the issue of Shares to be made upon capitalisation of part of the share premium account of our Company as referred to in the sub-section headed “Further information — Written resolutions of our Shareholders passed on 15 November 2017” in Appendix IV to this prospectus
“Cayman Companies Law” or “Companies Law”	the Companies Law (2013 Revision) of the Cayman Islands, Cap. 22 (Law 3 of 1961) as amended, supplemented or otherwise modified from time to time

DEFINITIONS

“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 Participant”	a CCASS Clearing Participant or a CCASS Custodian Participant or a CCASS Investor Participant
“China Index Academy”	China Index Academy Limited, an independent market research company
“Circular No. 37”	Notice of the State Administration of Foreign Exchange on the Administration of Foreign Exchange Involved in Overseas Investment and Financing and Return on Investment Conducted by PRC Residents via Special-Purpose Companies (國家外匯管理局關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知)
“CISIC”	China Industrial Securities International Capital Limited, a corporation licenced by the SFC to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO
“close associate(s)”	has the meaning ascribed to it under the Listing Rules
“Companies Ordinance”	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”	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”	Riverine China Holdings Limited (浦江中國控股有限公司), an exempted company incorporated under the laws of Cayman Islands with limited liability on 27 July 2016
“connected person(s)”	has the meaning ascribed to it under the Listing Rules

DEFINITIONS

“Confirmation of the Controlling Shareholders”	a confirmation dated 12 August 2016 entered into by Mr. Xiao, Mr. Fu and Mr. Chen, a group of Controlling Shareholders of our Company, whereby they confirmed the existence of their acting in concert arrangement. A summary of the Confirmation of the Controlling Shareholders is set out in the section headed “Relationship with Controlling Shareholders” in this prospectus
“Controlling Shareholder(s)”	has the meaning ascribed to it under the Listing Rules and, in the context of this prospectus, means a group of controlling shareholders of our Company, namely Partner Summit, Vital Kingdom, Mr. Xiao, Source Forth, Mr. Fu, Pine Fortune and Mr. Chen
“CSRC”	the China Securities Regulatory Commission (中國證券監督管理委員會)
“Deed of Indemnity”	the deed of indemnity dated 15 November 2017 entered into by the Controlling Shareholders in favour of our Company, a summary of which is set out in the paragraph headed “Statutory and General Information — Other Information — Tax and Other Indemnities” in Appendix IV to this prospectus
“Deed of Non-Competition”	the deed of non-competition dated 15 November 2017 entered into by the Controlling Shareholders in favour of our Company, a summary of the principal terms of which is set out in the section headed “Relationship with Controlling Shareholders” in this prospectus
“Director(s)”	the director(s) of our Company
“EIT Law”	Enterprise Income Tax Law of People’s Republic of China by order No. 63 of the President (《中華人民共和國企業所得稅法》)
“GAAP”	generally accepted accounting principles
“GDP”	gross domestic product
“Global Offering”	the Hong Kong Public Offering and the International Offering
“ GREEN Application Form(s)”	the application form(s) to be completed by the HK eIPO White Form Service Provider designated by the Company
“Group” or “our Group”	our company, its subsidiaries or, where the context so requires, in respect of the period before our company became the holding company of our current subsidiaries, the business operated by such subsidiaries or their predecessors (as the case may be)

DEFINITIONS

“Hefei Zheng Wen”	Hefei Zheng Wen Bund Property Management Company Limited* (合肥市政文外灘物業管理有限公司), a limited liability company established in the PRC on 14 April 2004, our joint venture company and indirectly owned as to 50% by our Company and 50% by an Independent Third Party
“HK\$” or “HK dollars” or “HK cents”	Hong Kong dollars and cents, the lawful currency of Hong Kong
“HKASs”	Hong Kong Accounting Standards
“HKFRSs”	Hong Kong Financial Reporting Standards
“HKSCC”	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
“HKSCC Nominees”	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Offer Shares”	the 10,000,000 Shares initially offered by our company for subscription pursuant to the Hong Kong Public Offering (subject to re-allocation as described in the section headed “Structure of the Global Offering” in this prospectus)
“Hong Kong Public Offering”	the offer of the Hong Kong Offer Shares for subscription by the public in Hong Kong at the Offer Price on the terms and conditions described in this prospectus and the Application Forms
“Hong Kong Branch Share Registrar”	Tricor Investor Services Limited
“Hong Kong Underwriters”	the underwriters of the Hong Kong Public Offering named in the section headed “Underwriting — Hong Kong Underwriters” in this prospectus
“Hong Kong Underwriting Agreement”	the underwriting agreement dated 27 November 2017 relating to the Hong Kong Public Offering and entered into among our company, the Controlling Shareholders, the executive Directors, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters as further described in the sub-section headed “Underwriting — Underwriting Arrangements and Expenses — Hong Kong Public Offering” in this prospectus

DEFINITIONS

“Independent Non-executive Director”	an independent non-executive Director of our company
“Independent Third Party(ies)”	an individual(s) or a company(ies) who/which is/are not connected person(s) of our company within the meaning of the Listing Rules
“Inter-group Restructuring”	the delineation of the property management business of our Group from the non-property management business of Pujiang Holding and/or Mr. Xiao through the acquisition of the joint venture companies, subsidiaries, associated companies and investment held for sale initially beneficially owned by Pujiang Holding and/or Mr. Xiao by Pujiang Property. For details, please refer to the sub-section headed “History, Reorganisation, and Corporate Structure — Inter-group Restructuring” in this prospectus
“International Offer Shares”	the 90,000,000 Shares being initially offered by us for subscription at the Offer Price pursuant to the International Offering, subject to re-allocation and the Over-allotment Option as described in the section headed “Structure of the Global Offering” in this prospectus
“International Offering”	the conditional placing by the International Underwriters of the International Offer Shares at the Offer Price to selected professional, institutional and private investors as set forth in the section headed “Structure of the Global Offering” in this prospectus
“International Underwriters”	the underwriters of the International Offering, who are expected to enter into the International Underwriting Agreement to underwrite the International Offering
“International Underwriting Agreement”	the underwriting agreement relating to the International Offering expected to be entered into on or about the Price Determination Date by our Company, the Controlling Shareholders, the executive Directors, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, and the International Underwriters, as further described in the sub-section headed “Underwriting — Underwriting Arrangements and Expenses — International Offering” in this prospectus
“Joint Bookrunners”	CISIC and Haitong International Securities Company Limited

DEFINITIONS

“Joint Lead Managers”	CISIC, Haitong International Securities Company Limited, ChaoShang Securities Limited, China Goldjoy Securities Limited, China Sky Securities Limited, Head & Shoulders Securities Limited, SPDB International Capital Limited, Yicko Securities Limited and Yue Xiu Securities Company Limited
“LATC”	Law of the People’s Republic of China on the Administration of Tax Collection (《中華人民共和國稅收徵收管理法》)
“Latest Practicable Date”	19 November 2017, being the latest practicable date prior to the issuance of this prospectus for the purpose of ascertaining certain information contained in this prospectus prior to its publication
“Leading Way”	Leading Way Holdings Limited (立威集團有限公司), a company incorporated under the laws of Hong Kong on 20 May 2016 with limited liability, which is a wholly-owned subsidiary of Sino Ease, and an indirect wholly-owned subsidiary of our Company
“Listing”	the listing of the Shares on the Main Board of the Stock Exchange
“Listing Committee”	the Listing Committee of the Stock Exchange
“Listing Date”	the date, expected to be on or around Monday, 11 December 2017, on which the Shares are listed and from which dealings in the Shares are permitted to take place on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“Macau”	the Macau Special Administrative Region of the PRC
“Main Board”	the stock market (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
“Memorandum of Association” or “Memorandum”	the memorandum of association of our company (as amended from time to time), conditionally adopted on 15 November 2017, which will become effective upon the Listing Date, a summary of which is set out in Appendix III to this prospectus
“MOF”	the PRC Ministry of Finance (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)

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“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) or its predecessor, the Ministry of Construction of the PRC (中華人民共和國建設部)
“Mr. Bai”	Mr. Bai Min (白珉), our vice president
“Mr. Chen”	Mr. Chen Yao (陳瑤), our Controlling Shareholder and the spouse of Ms. Lin
“Mr. Cheng”	Mr. Cheng Dong (程東), our independent non-executive Director
“Mr. Fu”	Mr. Fu Qichang (傅其昌), our Controlling Shareholder, vice-chairman of the Board and our executive Director
“Mr. Jia”	Mr. Jia Shaojun (賈少軍), our vice president
“Mr. Shu”	Mr. Shu Wah Tung Laurence (舒華東), our independent non-executive Director
“Mr. Weng”	Mr. Weng Guoqiang (翁國強), our independent non-executive Director
“Mr. Xiao”	Mr. Xiao Xingtao (肖興濤), our Controlling Shareholder, chairman of the Board and our executive Director
“Mr. Xiao HT”	Mr. Xiao Hongtao (肖宏濤), the younger brother of Mr. Xiao
“Mr. Xiao YQ”	Mr. Xiao Yuqiao (肖予喬), our executive Director, chief executive officer, and the son of Mr. Xiao
“Mr. Xu”	Mr. Xu Wenzhang (徐文章), our vice president
“Mr. Xu CB”	Mr. Xu Chaobin (許朝濱), our assistant president
“Mr. Yan”	Mr. Yan Andrew Y (閻焱), our pre-IPO investor and connected person pursuant to Rule 14A.07(2) of the Listing Rules as Mr. Yan was our non-executive Director in the last 12 months and resigned on 29 August 2017
“Ms. Lin”	Ms. Lin Yanna (林燕娜), the spouse of Mr. Chen
“Ms. Zhu”	Ms. Zhu Hong (朱紅), our vice president
“NDRC”	the National Development and Reform Commission of PRC (國家發展和改革委員會)

DEFINITIONS

“Ningbo Plaza”	Ningbo Plaza Property Management Company Limited* (寧波市城市廣場物業管理有限公司), a limited liability company established in the PRC on 20 January 1995, our associated company and indirectly owned as to 49% by our Company and 51% by an Independent Third Party
“Nantong Pu Sheng”	Nantong Pu Sheng Intelligent Property Company Limited* (南通浦盛智能物業有限公司), a limited liability company established in the PRC on 18 October 2017, our associated company and indirectly owned as to 49% by our Company and 51% by an Independent Third Party
“NPC”	the National People’s Congress of PRC (全國人民代表大會)
“Offer Price”	the final offer price per Offer Share (exclusive of brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%) which will be not more than HK\$2.14 and is expected to be not less than HK\$1.43, such price to be determined in the manner as further described in the paragraph headed “Pricing and allocation” under the section headed “Structure of the Global Offering” in this prospectus
“Offer Shares”	the International Offer Shares and the Hong Kong Offer Shares
“Over-allotment Option”	the option expected to be granted by our Company to the International Underwriters, exercisable by the Stabilising Manager under the International Underwriting Agreement, to require our Company, at any time within a period commencing from the Listing Date until the 30th day after the last day for the lodging of applications under the Hong Kong Public Offering, to allot and issue up to an aggregate of 15,000,000 additional Shares, representing 15% of the Offer Shares initially being offered under the Global Offering, on the same terms as those applicable to the Global Offering, to cover over-allocations in the International Offering, details of which are further described in the sub-section headed “Structure of the Global Offering — Over-allotment Option” in this prospectus
“Partner Summit”	Partner Summit Holdings Limited (合高控股有限公司), a company incorporated under laws of the BVI on 16 June 2016 with limited liability, which is owned as to 87% by Vital Kingdom, 10% by Source Forth and 3% by Pine Fortune and is our Controlling Shareholder

DEFINITIONS

“Pine Fortune”	Pine Fortune Global Limited (富柏環球有限公司), a company incorporated under laws of the BVI on 16 June 2016 with limited liability, which is wholly-owned by Mr. Chen and is our Controlling Shareholder
“PRC” or “China”	the People’s Republic of China which, for the purposes of this prospectus only, excludes Hong Kong, Macau and Taiwan
“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
“PRC Legal Advisers”	Grandall Law Firm (Shanghai), a qualified PRC law firm acting as the PRC legal advisers to our Company for the application for the Listing
“Price Determination Agreement”	the agreement to be entered between the Sole Global Coordinator (on behalf of the Underwriters) and our Company on the Price Determination Date to fix and record the Offer Price
“Price Determination Date”	the date, expected to be on or about Friday, 1 December 2017, or such later date as the Sole Global Coordinator (on behalf of the Underwriters) and our Company may agree, on which the Offer Price will be fixed for the purposes of the Global Offering
“Principal Share Registrar”	Conyers Trust Company (Cayman) Limited
“Pujiang Property”	Shanghai Pujiang Property Company Limited* (上海浦江物業有限公司), a limited liability company established in the PRC on 2 December 2002 and an indirect wholly-owned subsidiary of our Company
“Pujiang Holding”	Shanghai Pujiang Holding Company Limited* (上海浦江控股有限公司), a limited company established in the PRC on 18 June 2007, which was beneficially owned as to 87% by Mr. Xiao, 10% by Mr. Fu and 3% by Mr. Chen as at the Latest Practicable Date
“Regulation S”	Regulation S under the U.S. Securities Act
“Reorganisation”	the corporate reorganisation of the Group in preparation for the Listing, details of which are set out in the section headed “History, Reorganisation and Corporate Structure — Reorganisation” in this prospectus
“Reporting Accountants”	reporting accountant of the Company, Ernst & Young

DEFINITIONS

“Repurchase Mandate”	the general unconditional mandate to repurchase Shares given to our Directors by our Shareholder, particulars of which are set forth in the paragraph headed “Statutory and General Information — Further information about our Group — Written resolutions of our Shareholders” in Appendix IV to this prospectus
“RMB” or “Renminbi”	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)
“SAIC”	the State Administration for Industry and Commerce of PRC (國家工商行政管理總局)
“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)
“SAT”	the State Administration of Taxation of PRC (國家稅務總局)
“SCNPC”	the Standing Committee of National People’s Congress of the PRC (中華人民共和國全國人民代表大會常務委員會)
“SFC”	Securities and Futures Commission of Hong Kong
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Shanghai Bund”	Shanghai Bund Property Company Limited* (上海外灘物業有限公司), a limited liability company established in the PRC on 8 April 1996 and an indirect wholly-owned subsidiary of our Company
“Shanghai Bund Green”	Shanghai Bund Green Construction Company Limited* (上海外灘綠化建設有限公司), a limited liability company established in the PRC on 10 August 2004 and an indirect wholly-owned subsidiary of our Company
“Shanghai Cheng Quan”	Shanghai Cheng Quan Investment and Management Firm* (上海澄泉投資管理事務所), a sole proprietorship owned by Mr. Fu and established in the PRC

DEFINITIONS

“Shanghai Fukeruide”	Shanghai Fukeruide Property Services Limited* (上海福克瑞德物業服務有限公司) (currently known as Shanghai Fukeruide Real Estate Agency Limited* (上海福克瑞德房地產經紀有限公司)), a limited liability company established in the PRC on 30 June 2006 and an indirect wholly-owned subsidiary of Pujiang Property prior to its disposal by our Group on 26 September 2016
“Shanghai Guo Tao”	Shanghai Guo Tao Property Company Limited* (上海國濤房地產有限公司), a limited liability company established in the PRC on 30 May 2003, an investment held for sale of the Group and indirectly owned as to 10% by the Company, 30% by Mr. Xiao and 60% by two Independent Third Parties
“Shanghai Hong Ji”	Shanghai Hong Ji Property Management Company Limited* (上海虹吉物業管理有限公司), a limited liability company established in the PRC on 18 March 2016 and an indirect wholly-owned subsidiary of our Company
“Shanghai Jie Gu”	Shanghai Jie Gu Technology Company Limited* (上海介谷科技有限公司), a limited liability company established in the PRC on 3 May 2016 and indirectly owned as to 85% by our Company and 15% by Shanghai Hai Chuang, our connected person at the subsidiary level
“Shanghai Jiu Yi”	Shanghai Jiu Yi Property Management Company Limited* (上海久怡物業管理有限公司), a limited liability company established in the PRC on 8 April 1996 and an indirect wholly-owned subsidiary of our Company
“Shanghai Industry and Commerce Bureau”	Shanghai Industry and Commerce Administration Bureau (上海市工商行政管理局)
“Shanghai Pu Zun”	Shanghai Pu Zun Investment and Management Firm* (上海浦尊投資管理事務所), a sole proprietorship owned by Mr. Xiao and established in the PRC
“Shanghai Qiang Sheng”	Shanghai Qiang Sheng Property Company Limited* (上海強生物業有限公司), a limited liability company established in the PRC on 17 December 1992, our associated company and indirectly owned as to 30% by our Company and as to 70% by an Independent Third Party
“Shanghai Rui Zheng”	Shanghai Pujiang Rui Zheng Property Company Limited* (上海浦江瑞正物業有限公司), a limited liability company established in the PRC on 8 January 2004 and an indirect wholly-owned subsidiary of our Company

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“Shanghai Tong Shu”	Shanghai Tong Shu Construction and Engineering Design Centre* (上海同樹建設工程設計中心), a sole proprietorship owned by Mr. Chen and established in the PRC
“Shanghai Xin Di”	Shanghai Dong Fang Xin Di Commercial Services Company Limited* (上海東方欣迪商務服務有限公司), a limited liability company established in the PRC on 10 December 2015, our associated company and indirectly owned as to 45% by our Company and as to 55% by an Independent Third Party
“Share(s)”	share(s) of HK\$0.01 each in the share capital of our Company
“Share Option Scheme”	the share option scheme conditionally adopted by our Company on 15 November 2017, the principal terms of which are set out in the paragraph headed “8. Share Option Scheme” in Appendix IV to this prospectus
“Shareholder(s)”	holder(s) of issued Share(s)
“Sino Ease”	Sino Ease Global Limited (中安環球有限公司), a company incorporated under laws of the BVI on 16 June 2016 with limited liability, which is directly wholly-owned by our Company
“Sole Sponsor” or “Sole Global Coordinator”	CISIC
“Source Forth”	Source Forth Limited (泉啟有限公司), a company incorporated under laws of the BVI on 8 June 2016 with limited liability, which is wholly-owned by Mr. Fu and is our Controlling Shareholder
“sq. ft.”	square feet
“sq. m.”	square metre
“Stabilising Manager”	Haitong International Securities Company Limited
“Stock Borrowing Agreement”	the stock borrowing agreement expected to be entered into between the Stabilising Manager and Partner Summit, pursuant to which the Stabilising Manager may borrow up to 15,000,000 Shares to cover any over-allocations under the Listing
“Stock Exchange” or “Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary” or “subsidiaries”	has the meaning ascribed thereto in section 15 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

DEFINITIONS

“Substantial Shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Takeovers Code”	the Code on Takeovers and Mergers issued by the SFC, as amended, supplemented or otherwise modified from time to time
“Top Hundred Property Management Enterprises”	the 100 property management service enterprises listed on the list of “Top 100 Property Service Enterprises in China of 2016” (2016中國物業服務百強企業) issued by China Property Management Institute (中國物業管理協會) and China Index Academy
“Track Record Period”	the period comprising the financial years ended 31 December 2014, 2015, 2016 and the six months ended 30 June 2017
“Trading Day”	means a day on which the Stock Exchange is open for the business of dealing in securities
“Underwriters”	the Hong Kong Underwriters and the International Underwriters
“Underwriting Agreements”	the Hong Kong Underwriting Agreement and the International Underwriting Agreement
“U.S.” or “United States”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“US dollars” or “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
“Vital Kingdom”	Vital Kingdom Investments Limited (至御投資有限公司), a company incorporated under laws of the BVI on 17 May 2016 with limited liability, which is wholly-owned by Mr. Xiao and is our Controlling Shareholder
“we”, “us” or “our”	our Company or our Group (as the case may be)
“ WHITE Application Form(s)”	the application form(s) for the Hong Kong Offer Shares for use by the public who require such Hong Kong Offer Shares to be issued in the applicant’s own name
“ HK eIPO White Form Service”	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 www.hkeipo.hk

DEFINITIONS

“ HK eIPO White Form Service Provider”	the HK eIPO White Form services provide designated by our Company, as specified on the designed website at www.hkeipo.hk
“ YELLOW Application Form(s)”	the application form(s) for the Hong Kong Offer Shares for use by the public who require such Hong Kong Offer Shares to be deposited directly into CCASS
“%” or “per cent”	per centum or percentage

All dates and times in this prospectus refer to Hong Kong time unless otherwise stated.

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

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

The English translation of company names in Chinese or another language which are marked with “” and the Chinese translation of company names in English which are marked with “*” are for identification purposes only. Translated English names of Chinese natural persons, legal persons, governmental authorities, institutions, PRC-incorporated companies or other entities or any descriptions for which no English translation exists are unofficial translations for identification purposes only.*

GLOSSARY

This glossary of technical terms contains explanations of certain terms, definitions and abbreviations used in this prospectus in connection with the Group and its business. As such, these terms and their meanings may not correspond to standard industry meaning or usage of these terms meanings or usage of these terms.

“fees related to non-revenue bearing GFA”	management fees or income derived from non-revenue bearing GFA, which is calculated without making reference to the GFA of the property
“fees related to revenue-bearing GFA”	management fees or income derived from revenue-bearing GFA, which has a positive correlation with the GFA of the property
“fixed remuneration basis”	a revenue generating model whereby we charge a fixed amount of commission on top of all the costs involved in the management of the property or facility
“GFA”	gross floor area
“high-end office buildings”	the office buildings of which the property management fee per month per sq.m. charged is higher than the 75th percentile of the property management fee per month per sq.m. charged by the Top Hundred Property Management Enterprises
“high-end residential properties”	the residential properties of which the property management fee per month per sq.m. charged is higher than 75th percentile of the property management fee per month per sq.m. charged by the Top Hundred Property Management Enterprises
“independent property management companies”	property management companies that are not affiliated with any property developers
“ISO”	the International Organisation of Standardisation, world-wide federation of rational standard system
“lump sum basis”	a revenue generating model whereby we charge a fixed amount of management fees on a monthly, quarterly or annual basis which represents the “all-inclusive” fees for all of the property management services provided by us and our sub-contractors
“mobile application” or “mobile app”	a software application designed to run on smartphones, tablet and other mobile devices and is available through application distribution platforms, which are typically operated by the owner of the mobile operating system

GLOSSARY

“non-revenue bearing GFA”	the GFA of the properties managed by us which have no direct correlation to the fees we charged, including properties where we provide single type of property management service, buildings under construction, idle land parcels, temporary buildings, warehouses, factories and stand-alone car parks (<i>Note</i>)
“public arenas”	covered or non-covered enclosed large public venues and establishments, including cultural venues, stadiums and exhibition halls
“public properties”	buildings and ancillary facilities therein that are open to the public, including public arenas and public transportation properties
“public transportation properties”	buildings and ancillary facilities therein that are related to public transportation, including airport terminals, railway stations, public transport car parks, etc.
“revenue-bearing GFA”	the GFA of the properties managed by us to which we provide two or more types of property management services and the GFA of which is used as a reference to the calculation of our management fees (<i>Note</i>)

Note: According to the indicator system of 2016 Top Hundred Property Management Enterprises in the PRC compiled by China Index Academy, total GFA of property management projects refers to the aggregate floor area of occupied buildings managed under all full services property management agreements. The floor area under property management agreements where only single type of property management service is provided is expressly excluded from the calculation of GFA.

FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements that are, by their nature, subject to significant risks and uncertainties, including the risks described in the section headed “Risk Factors” in this prospectus. These forward-looking statements include, without limitation, words and expressions such as “aim”, “expect”, “believe”, “plan”, “intend”, “estimate”, “project”, “seek”, “anticipate”, “going forward”, “ought to”, “may”, “will”, “should”, “would” and “could” or similar expressions, words or statements or the negative thereof, in particular, in the sections headed “Business” and “Financial Information” in this prospectus in relation to future events, including our strategies, plans, objectives, goals, targets, our future financial, business or other performance and development, the future development of our industry and the future development of the general economy of our key markets, as well as the national and global economy.

These statements are based on numerous assumptions regarding our present and future business strategy and the environment in which we will operate in the future. These forward-looking statements reflecting our current views with respect to future events are not a guarantee of future performance and are subject to known and unknown risks, uncertainties, assumptions and other factors, some of which are beyond our control, which may cause our actual results, performance or achievements, or industry results to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements.

Important factors that could materially affect our actual results, performance or achievements include the risk factors described in the section headed “Risk Factors” and elsewhere in this prospectus, and the following:

- our business prospects and future developments, trends and conditions in the industry and markets in which we operate;
- our strategies, plans, objectives and goals;
- advance in technology;
- changes to the regulatory environment and general outlook in the industry and markets in which we operate;
- customer preference and availability of replacement products;
- our ability to reduce costs;
- exchange rate fluctuations;
- the performance of global financial markets, including changes in our ability to access the capital markets and changes in the level of interest rates;
- availability and costs of bank loans and other forms of financing;
- our liquidity and financial conditions;
- our relationship with, and other conditions affecting, our suppliers and customers;

FORWARD-LOOKING STATEMENTS

- catastrophic losses from fires, floods, windstorms, earthquakes, diseases or other adverse weather conditions or natural disasters;
- currency exchange restrictions; and
- our dividend policy.

Subject to the requirements of applicable laws, rules and regulations, we do not have any obligation to update or otherwise revise the forward-looking statements in this prospectus, whether as a result of new information, future events or otherwise. As a result of these and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this prospectus might not occur in the way we expect, or at all. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements contained in this prospectus are qualified by reference to the cautionary statements set out in this section.

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

RISK FACTORS

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

There are certain risks involved in our operations and many of these risks are beyond our control. These risks can be characterised as: (i) risks relating to our business and industry; (ii) risks relating to conducting business in the PRC; and (iii) risks relating to the Global Offering. Additional risks and uncertainties that are not presently known to us or that we currently deem immaterial may develop and become material and could also harm our business, financial condition and results of operations.

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

We may be subject to losses or our profit margins may reduce if we fail to increase our revenue or control our operating costs in connection with our performance of property management services

During the Track Record Period, our revenue was generated primarily from the provision of property management services that we charged on a lump sum basis though a minimum portion of our services are charged on a fixed remuneration basis. We recognise the total amount of property management fees that we received from our customers on a lump sum basis as revenue and recognise the costs we incurred in relation to the performance of property management services as our cost of sales. These property management fees are charged on a pre-determined price per GFA as an “all-inclusive” charge for all property management services we provided. For further details, please see the sub-section headed “Business — Revenue Model” in this prospectus.

While our property management fees are charged on a pre-determined lump sum basis, we also bore all the expenses that arose from our provision of property management services. During the Track Record Period, we experienced a rise in various areas of operating costs incurred for the performance of property management services. We also faced rising pressures in relation to staff costs and sub-contracting costs owing to various factors. As such, there was a risk that the fees we collected would be insufficient to cover all of the costs we incurred for the provision of management services. In this case, we would not be able to collect the shortfall from our customers.

In such circumstances, we may need to cut costs with a view to reducing any possible shortfall with respect to future property management fees, which may negatively affect the quality of our property management services.

RISK FACTORS

We rely on third-party sub-contractors to perform certain property management services and dispatch agencies for provision of labour

Our Group engaged sub-contractors to deliver comprehensive property management services to our customers. For the three years ended 31 December 2014, 2015, 2016 and the six months ended 30 June 2017, our sub-contracting cost amounted to approximately RMB63.7 million, RMB61.3 million, RMB76.8 million and RMB70.7 million, respectively, representing approximately 26.1%, 25.9%, 30.9% and 49.8% respectively of our cost of services provided. However, we may not be able to monitor our sub-contracted services and/or engineering services as directly and efficiently as our own services. If the performance of our sub-contractors fails to meet the requirements of our Group or those of our customers, we may experience delay or failure in delivering our services to our customers. This could adversely affect the profitability of our business. Furthermore, if their performance is below our requisite standards, these sub-standard services may adversely damage our business reputation, causing our customers to terminate our property management agreement, negatively affect the relationship with our customers and potentially expose us to litigations and claims from our customers.

Furthermore, our existing agreements with sub-contractors typically have a term ranging from one to three years. Any interruption to our sub-contracted arrangements with our sub-contractors may potentially result in a breach of the property management agreements we entered into with our customers. Moreover, in order to maintain the consistency of our services, we intend to build up long term business relationship with our sub-contractors. As such, the costs related to sub-contracting staff and sub-contracting engineering services will continue to account for a significant portion of our total cost of services provided in the future. Any increase in fees in relation to this sub-contracting arrangement may adversely affect our profitability. We cannot assure that we will always be able to find suitable sub-contractors or renew our sub-contracting agreements with existing sub-contractors in a timely manner, on terms acceptable to us, or at all.

Apart from engaging sub-contractors, we also hire dispatched staff through dispatch agencies. Pursuant to the Interim Provisions on Labour Dispatch (勞務派遣規定) (the “**Interim Provisions**”) which came into effect on 1 March 2014, an employer shall strictly control the number of dispatched staff to make sure that it does not exceed 10% of the total number of its workers. The total number of workers refers to the aggregate of the direct hires who execute labour contracts with the host entity and any labour dispatched staff currently engaged by the employer. For details, please see the section headed “Regulatory Overview — Legal Supervision over Labour Protection in the PRC” in this prospectus.

In order to reduce the percentage of dispatched staff engaged by us to a level that complies with the Interim Provisions, we started to scale down our engagements with dispatched staff at the beginning of the Track Record Period. Since then, we gradually reduced our reliance on dispatched staff who rendered services to our customers. Notwithstanding that, for the three years ended 31 December 2014, 2015, 2016 and the six months ended 30 June 2017, our dispatched staff cost amounted to approximately RMB75.0 million, RMB56.1 million, RMB36.9 million and RMB0.9 million, respectively, representing approximately 30.8%, 23.7%, 14.9%,

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0.6% of our cost of services provided, respectively. We cannot guarantee if we can have sufficient workers to perform different types of property management services after reducing our reliance on dispatched staff.

Rising labour costs may increase our costs and reduce our profitability

According to China Index Academy, the property management industry requires a large workforce to deliver security, cleaning, gardening, repairing and other services, and the staff cost is one of the largest components of our operating costs. The increase of labour cost has posed an increasing pressure on the operating costs of our property management services.

During the Track Record Period, the main factors affecting our cost included our labour costs (including staff cost, dispatched staff cost and sub-contracting costs). The amount of staff cost was mainly affected by the increase in the staff headcount due to the expansion of our operations and the general trend of wage increases in the PRC. Our staff cost and dispatched staff cost, which were included in the cost of sales, amounted to approximately RMB136.5 million, RMB136.9 million, RMB121.9 million and RMB48.0 million, accounting for approximately 56.1%, 58.0%, 49.0% and 33.8% of our cost of sales for the three years ended 31 December 2014, 2015, 2016 and the six months ended 30 June 2017 respectively. Sub-contracting costs represent the fees we pay for the services that are outsourced to the sub-contractors. Our sub-contracting staff costs included in cost of sales amounted to approximately RMB54.6 million, RMB50.8 million, RMB66.1 million and RMB67.3 million, accounting for approximately 22.4%, 21.5%, 26.6% and 47.4% of our cost of sales in the three years ended 31 December 2014, 2015, 2016 and the six months ended 30 June 2017 respectively. If the labour costs keep on increasing, our costs may increase in the future. This could materially and adversely affect our business operations and financial conditions.

Our strategic focus on the provision of property management services to non-residential properties may not be as successful as we have expected

We strategically focus on provision of property management services to non-residential properties, particularly, public properties and office buildings, which, in our Directors' views, would generate a higher profit margin. We had therefore decided to reduce our operation in the residential properties save for the residential properties in Anhui, a new market to which we planned to expand during the Track Record Period. During the Track Record Period, we did not pursue for renewal of our property management agreements in relation to some residential properties, upon their expiration if the profits generated from such agreements did not reach our expectation. Owing to our strategic focus on non-residential properties, we had experienced a decrease in revenue-bearing GFA of our contracted managed properties, though our revenue for the three years ended 31 December 2014, 2015, and 2016 was approximately RMB297.4 million, RMB293.0 million and RMB309.3 million, respectively, representing a CAGR of 2.0% from 31 December 2014 to 31 December 2016.

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However, our strategic focus on the provision of property management services to non-residential properties and our plan to continue the same are based upon our assessment of market prospect. We cannot assure you that our assessment will always turn out to be correct or we can grow our business as planned. Our plans to continue to focus on the non-residential properties may be affected by a number of factors beyond our control, such as changes in PRC's economic condition, changes in government policies with respect to the management of government properties, changes in supply and demand for our services, as well as our ability to obtain sufficient financing for our expansion efforts.

Moreover, non-residential properties, in particular, public properties, government properties, premium office buildings and hotels generally require higher standard on aspects such as security services and facility management. We have to recruit and train new managers and other employees, select experienced third-party sub-contractors and suppliers, for our operations and build up reputation and understand the needs and preference of the owners and occupiers of the non-residential properties we manage. If we fail to do so, we may not be able to maintain our leading position for provision of property management services to non-residential properties.

We concentrate a significant portion of our operations in Shanghai, and we are susceptible to trends and developments in this region

A significant portion of our operations is concentrated in Shanghai. During the Track Record Period, approximately 86.8%, 86.2%, 90.6% and 89.9% of our revenue was generated from our managed properties in Shanghai. We expect that Shanghai will continue to account for a significant portion of our operations in the near future. If Shanghai experiences any adverse economic conditions, such as an economic downturn, natural disaster, contagious disease outbreak or terrorist attack, or if the local government authorities adopt regulations that place additional restrictions or burdens on us or on the property consultation industry in general, our business, financial position and results of operations could be materially and adversely affected.

Our business strategies and future plan may not materialise as planned, and any failure to manage any future growth effectively may have a material adverse effect on our business, financial position and results of operations

Our Group intends to implement the business strategies set out in the sub-section headed "Business — Our Business Strategies" in this prospectus. In particular, we intend to expand our business (i) vertically by both industry chain and supply chain expansions and (ii) horizontally by expanding our business to other cities in the PRC through acquisition, investment and forming business alliance with other property management companies with high potential.

To this end, we plan to (i) continue to expand by strategically acquiring, investing in or entering into business cooperation with property management companies operated in the new markets into which we plan to penetrate; (ii) provide consultancy services to the property developers and/or property owners; and (iii) invest in or form business alliances with various kinds of sub-contracted services providers, such as the providers of cleaning, gardening and engineering services.

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Our Directors believe that investing in new business opportunities is cost effective and has a high growth potential. However, our knowledge of the property management in the new markets may be limited as our operation has been focusing on the Shanghai markets. Moreover, we may encounter difficulties in becoming accustomed to the administrative, regulatory and tax environments in new markets, which could be considerably different from those in Shanghai. We may not have the same level of familiarity with local business practices or business relationships with local vendors, third-party sub-contractors, suppliers and other business partners as we do in Shanghai. We may have limited ability to leverage our brand name in new markets in the way that we have done so in our established markets, and may face more intense competitions from established property management companies or property developers that manage their own properties in those new markets.

Our ability to achieve business growth depends on our ability to successfully hire, train, supervise and manage additional officers and employees, generate sufficient liquidity internally or obtain external financing for our capital needs, replicate our business model, allocate our human resources and manage our relationships with a growing number of customers, suppliers and other business partners. There is no assurance that our future growth will materialise and that we will be able to manage our future growth effectively, and failure to do so would have a material adverse effect on our business, financial position and results of operations.

Moreover, there is no assurance that our Group will be able to successfully maintain or increase our market share, grow our business or expand our services and customer base successfully after deploying our Group's management and financial resources. Any failure in maintaining our current market position or implementing our business strategies could materially and adversely affect our business, financial condition and results of operations.

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

During the Track Record Period, we achieved business growth partly through the acquisition of a number of property management companies from third parties, which had enabled us to expand our business scale and improve our financial results. Our future business expansions rely, to a large extent, upon our ability to identify and acquire suitable target property management companies, which will be affected by various factors, including, but not limited to:

- the availability of qualified acquisition targets in the market;
- the financing capability and sufficiency of cash flow;
- the speed of urbanisation, the land supply and the number or construction projects of the new markets that we plan to penetrate into; and
- the willingness of the existing equity holders to sell their equity interests in these targets to us.

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Even if we can identify suitable opportunities, we may not be able to complete the acquisitions on terms 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.

Furthermore, we may face difficulties in integrating the operations of the acquisition targets with our existing business, particularly when integrating our existing workforce of regional property management teams with the acquisition targets. 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 position and results of operations.

Our information technology systems may fail to attract and retain sufficient interest from our customers

We believe that our information technology systems including “Dynamic Building Matrix” and “Tracker” are crucial to the successful growth of our Company. We plan to enhance our service quality and attract large local and multinational customers. For more details about our information technology system, please refer to the sub-section headed “Business — Our Business Strategies — Continue to develop our information technology system and enhance service quality to our customers and users of our managed properties” in this prospectus.

However, our information technology systems are relatively new and still evolving, with no assurance that our customers will respond to favourably. New products and services, or new market entry, may require substantial time, resources and capitals, and profitability targets may not be achieved. If our customers do not find our information technology systems helpful in planning their use, management and operation of properties, our customers may lose interest in our information technology systems and thus may use our systems less frequently or even stop using our systems altogether, which in turn, may materially and adversely affect our financial conditions and results of operations.

Furthermore, the smooth implementation of our information technology systems depends on the efficient and uninterrupted operation of our computer systems. We may experience system interruptions that make our information technology systems and their services unavailable or difficult to access, and prevent us from promptly responding or providing services to our customers. Such events could reduce the attractiveness of our information technology systems and adversely affect our operating results.

In addition, providing certain services through our information technology systems involves security risks, including cyber attacks, security breaches and identity theft. In order to succeed, we have to be able to provide secured transmission of confidential information over public networks. Any penetration of network security or other misappropriation or misuse of personal information could cause interruptions in our business operations and subject us to increased costs, litigations and other liabilities, which would negatively affect our financial and operating results and damage our reputation.

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Termination or non-renewal of our property management agreements could have a material adverse effect on our business, financial position and results of operations

Our revenue from property management services amounted to approximately RMB296.9 million, RMB291.7 million, RMB309.0 million and RMB175.5 million, representing approximately 99.8%, 99.5%, 99.9% and 100.0% respectively, of our total revenue during the Track Record Period. Our property management services are provided in accordance with the property management agreements we have entered into with our customers including property owners and owners' associations, property developers, and tenants (including state-owned enterprises and sizeable private enterprises). Our property management agreements typically have a term ranging from one to two years.

Moreover, during the Track Record Period, we continued to provide services to certain properties despite the expiration of relevant property management agreements. As this type of work relationships may be unilaterally terminated by either party, there is no guarantee that we can continue to provide services and generate revenue from these properties, either by maintaining the current work relationships or through formal agreements. Cessation of providing property management services to a significant number of these properties could have a material negative impact on our revenue. For further details, please refer to the sub-section headed "Business — Expiration Schedule for Property Management agreements — Properties we continued to provide services upon expiry of agreement" in this prospectus.

Hence, there is no assurance that our customers would not terminate the property management agreements with us prior to the expiration date or would renew the property management agreements upon expiration. Termination or non-renewal of a significant number of management agreements could have a material negative impact on our revenue from property management services.

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

The PRC property management industry is highly competitive and fragmented. For details, please refer to the sub-section headed "Industry Overview — Competitive Landscape of the PRC Property Management Industry" in this prospectus. Our major competitors include national, regional and local commercial property management companies. Competition may intensify as our competitors may expand their service offerings or new competitors may penetrate into our existing or new markets. We believe that we compete with our competitors on a number of factors, including, among others, operation scale, brand recognition, financial resources, cost efficiency, price and service quality.

Our competitors may have better track records, longer operating histories and more financial, technical, sales, marketing, distribution and other resources than us, as well as having more market recognition and larger customer bases. As a result, these competitors may be able to devote more resources to the development, promotion, and support of their property management services. In addition to competitions from established companies, emerging companies may enter our existing or new markets. We cannot guarantee that we will be able to

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continue to compete effectively or maintain or improve our market position, and such failure could have a material adverse effect on our business, financial position and results of operations.

Our rights to occupy and use some of our land and buildings are subject to legal uncertainties

We face several legal uncertainties in our continued occupation of some of the properties we currently use.

As at the Latest Practicable Date, there were two properties leased by us for which the landlords had not provided the relevant building ownership certificates or any documentary evidence to prove their respective ownerships. The floor area of such property is approximately 281 sq.m. representing approximately 0.75% of the GFA of the buildings that we leased in China as of that date. Our PRC Legal Advisers advised that such lease agreement may be void and we may be required to relocate from the premise.

For details, please refer to the sub-section headed “Business — Properties” in this prospectus.

PRC government regulations on the property industry may limit our growth potential

The PRC government has implemented a series of measures to control the economic growth in recent years. In particular, the PRC government has continued to introduce various restrictive measures to discourage speculative investments in the property market, such as imposing controls over the land supply for property development, foreign exchange controls, restrictions against property development financing, additional taxes and levies on property sales and foreign investments in the PRC property market. Such government measures may negatively affect sales and the delivery schedules of the properties, thus limiting our growth potential and resulting in a material adverse effect on our business, financial position and results of operations.

Our insurance may not sufficiently cover, or may not cover at all, our potential losses and liabilities

We believe our insurance coverage is in line with the industry practice in the PRC and we did not experience any material insurance claims in relation to our business during the Track Record Period and up to the Latest Practicable Date. For more details regarding our insurance policies, please refer to the sub-section headed “Business — Insurance” in this prospectus. However, our insurance coverage may not adequately protect us against all potential losses and liabilities that we may incur in the course of our business operations, which may result in adverse effects on our business. Moreover, there are certain types of losses and liabilities against which no insurance policies in the PRC are available at commercially practicable terms, such as losses suffered due to business interruptions, earthquakes, typhoons, flooding, wars or civil disorder. If we are held responsible for any such damages, liabilities or losses due to insufficiency or unavailability of insurance, there could be a material adverse effect on our business, financial position and results of operations.

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

We may, from time to time, be involved in disputes with and subject to claims from, among others, the users, visitors and property owners of our managed properties. For example, property owners may take legal actions against us if they believe that our services are below the standards set forth in the property management agreements. Furthermore, we may from time to time be involved in disputes with and subject to claims by other parties associated with our business operations, such as our sub-contractors, suppliers and employees, or other third parties who sustain injuries or damages at the premises of our managed properties.

Such disputes and claims may lead to legal or other proceedings or result in negative publicity against us and damage our reputation. We may also incur substantial costs and have to divert management attention and other resources from our business operations to defend ourselves in such proceedings. Any such dispute, claim or proceeding may have a material adverse effect on our business, financial position and results of operations.

Our business has to be operated with various registrations, certifications and licences and the loss of or failure to obtain and/or renew any or all of these registrations, certifications and/or licences could materially and adversely affect our business

According to the laws of the PRC, our Group is required to obtain/maintain certain registrations and/or certifications in order to operate our business. For details, please refer to the section headed “Regulatory Overview” in this prospectus.

These registrations, certificates and/or licences are granted/renewed and maintained upon our satisfactory compliance with, among others, the applicable criteria set by the relevant government departments or organisations. These registrations and/or certificates may only be valid for a limited period of time and may be subject to periodic reviews and renewals by government authorities or relevant organisations. We cannot assure you that all these required registrations, certificates or licences can be maintained, obtained or renewed in a timely manner or at all. Any changes in the existing policies by the government authorities may result in our failure to obtain or maintain such relevant registrations, certificates and/or licences. If we cannot obtain and/or renew these registrations, certificates and/or licences, we may have to temporarily suspend the relevant business operated by us, which would have a material adverse effect on our business and results of operations.

Dividends declared in the past may not be indicative of the dividend policy in the future

Our Group declared dividends of approximately nil, RMB57.8 million, RMB41.9 million and nil, respectively for the three years ended 31 December 2014, 2015, 2016 and the six months ended 30 June 2017 respectively. They were settled and financed by our internal resources.

Any declaration of dividends proposed by our Directors after the Listing and the amount of such dividends will depend on various factors. These factors include our results of operation, financial conditions, future prospects and other factors which our Directors may then consider to be important. For further details of the dividend policy of our Company, please see the sub-

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section headed “Financial Information — Dividends and Distributable Reserves” in this prospectus. Dividends declared in the past are not indicative of our future dividend policy. We cannot guarantee if and when dividends will be paid in the future.

Our profit margin will be reduced if there are eliminations of, or alterations to, any of the incentives provided to us by the PRC government

Pursuant to the Shanghai Municipal People’s Government (上海市人民政府) investment promotion policies, our Group received subsidies from the government since 2002. The grants amount is a certain percentage of tax paid. We received government grants in the amount of approximately RMB6.8 million, RMB7.4 million, RMB8.0 million and RMB4.2 million for the years ended 31 December 2014, 2015, 2016 and the six months ended 30 June 2017 respectively.

Since the government grants are awarded subject to the discretion of the relevant governmental authorities, they are not derived from the Group’s ordinary and usual course of business and are not recurring in nature, we cannot assure you that the government grants will be awarded in the future. Moreover, since there can be unexpected changes in the laws, regulations and governmental policies of the PRC, we face uncertainty relating to the availability of government grants. Any eliminations or alterations to any of the incentives provided to us by the PRC government would have an adverse effect on our financial performance and results of our operations.

We may not be able to protect our intellectual properties, which could damage our brand

Our intellectual properties, including the “Pujiang (浦江)” brand, are crucial business assets, key to customer loyalty and essential to our future growth. Our business is dependent on our continued ability to use our intellectual properties to increase brand recognition and to further grow our brand equity. Unauthorised use of our intellectual properties could diminish the value of our brand, market reputation and competitive advantages.

We rely on a combination of registered trademarks and copyrights to protect our intellectual property rights. For details on our registrations in relation to our intellectual properties, please refer to the sub-section headed “Business — Intellectual Property Rights” in this prospectus. However, the protection provided by these registrations may be limited. It can be expensive and difficult in policing unauthorised use of our intellectual properties. In addition, the enforceability, scope and validity of laws and regulations of intellectual property rights in the PRC are still evolving and can be uncertain. If we are unable to track unauthorised use and/or take necessary actions to enforce our intellectual property rights, such inability or failure would have an adverse effect on our business, financial performance, results of operations and reputations.

Our liquidity position may be adversely affected if our customers do not pay our fee to us on time or in full

We rely on cash inflow from our customers to meet our payment obligations to our suppliers and sub-contractors. We would experience significant cash flow mismatch when there is a significant timing difference between making payments to our suppliers and sub-contractors and receiving payments from customers.

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Our trade receivables are mainly the receivables from the income of property management services. The credit terms granted by our Group are from 30 days to 90 days after issuance of the monthly/quarterly invoice, respectively.

As of 31 December 2014, 2015, 2016 and 30 June 2017, our trade receivables amounted to RMB48.5 million, RMB50.2 million, RMB61.4 million and RMB69.8 million, respectively, accounted for approximately 23.3%, 19.1%, 29.8% and 33.2% of our total current assets, respectively. As of 31 December 2014, 2015 and 2016 and 30 June 2017, the trade receivables which were neither past due nor impaired amounted to RMB42.4 million, RMB39.2 million, RMB53.3 million and RMB55.3 million, respectively, accounted for approximately 87.4%, 78.1%, 86.8% and 79.2% of our total trade receivables. However, there is no assurance that the financial position of our customers will remain healthy in the future. If our customers experience any financial distress or are unable to settle their payments due to us in a timely manner or at all, our financial condition and results of operations could be materially and adversely affected.

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

Our success depends heavily on the services provided by our key management personnel, and we believe that the senior management team will continue to be essential to the development and success of our business. Each of our executive Directors (Mr. Xiao, Mr. Fu and Mr. Xiao YQ) has more than 10 years of experience in the commercial property management industry. If any of them or any of our other key employees leaves and we are unable to promptly hire and integrate a qualified replacement, our business, financial position and results of operations may be materially and adversely affected. For further information on our senior management, please see the section headed “Directors and Senior Management” in this prospectus. In addition, the future growth of our business will depend in part on our ability to attract and retain qualified personnel in all aspects of our business, including corporate management and property management personnel. If we are unable to attract and retain these qualified personnel, our growth may be limited and our business, financial position and operating results could be materially and adversely affected.

We are exposed to risks of losing major customers

Our Group is exposed to risks of losing major customers. The aggregate sales of our five largest customers contribute RMB89.3 million, RMB77.4 million, RMB80.4 million and RMB44.3 million, respectively, accounting for 30.0%, 26.5%, 26.0% and 25.2% respectively to our revenue during the Track Record Period. The amount of sales of the largest customer of our Group amounted to RMB27.1 million, RMB26.4 million, RMB29.9 million and RMB16.5 million, respectively, accounted for 9.1%, 9.0%, 9.7% and 9.4% respectively of our revenue in the same period. Although our Group has maintained an amicable business relationship with our major customers, there is no assurance that these customers will continue to renew property management agreements with the Group on similar terms which are commercially reasonable. In case of any claims relating to the quality or performance non-compliance by any of the major customers and if such claims affect the existing relationship of our major customers with us our overall performance may be adversely affected.

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We have limited control over our associates and joint ventures and any actions taken by our associates or joint ventures may adversely affect the operation of our Group

In view of the PRC's continuous growth in the economy and urbanisation, as well as the expected rise in the number of non-residential properties in the PRC, apart from growing our business through organic growth initiatives, we plan to continue to invest in associates and establish joint ventures. During the Track Record Period, our shares of profits of associates and joint ventures were RMB2.4 million, RMB5.6 million, RMB6.6 million and RMB5.1 million for the years ended 31 December 2014, 2015, 2016 and the six months ended 30 June 2017, respectively, representing approximately 8.2%, 15.8%, 21.6% and 19.0% of our Group's net profit. For details, please refer to the section headed "Financial Information — Share of Profits and Losses of Joint Ventures" and "Financial Information — Share of profits and losses of associates" in this prospectus.

Associates and joint ventures may involve risks associated with, among others, the possibility that our associates and joint ventures may:

- have economic or business interests or goals inconsistent with ours;
- take actions contrary to our instructions, requests or our policies or objectives;
- have financial difficulties; or
- have disputes with us as to the scope of their responsibilities and obligations.

In addition, since we do not have full control over the business and operations of our associates and joint ventures, we cannot assure that they have been, or will be in compliance with all applicable PRC laws and regulations. We cannot assure you that we will not encounter problems with respect to our associates and joint ventures, which may have an adverse effect on our business, results of operations and financial condition.

Our substantial amounts of deferred tax assets are subject to the uncertainties of accounting judgments

In the application of our accounting policies, our management is required to make judgments, estimates and assumptions about the carrying amounts of certain assets and liabilities. We believe that the substantial amounts of our deferred tax assets are subject to uncertainties of accounting estimates.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Our deferred tax assets as at 31 December 2014, 2015 and 2016 and 30 June 2017 were RMB6,221,000, RMB6,131,000, RMB8,444,000 and RMB9,512,000, respectively.

The recognition of deferred tax assets involves significant judgments and estimates of our management on the timing and level of future taxable profits. When the expectation is different from the original estimate, such differences will impact the recognition of deferred tax assets

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and taxation charges in the period in which such estimate is changed. The carrying amount of deferred tax assets may be reduced when it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be utilised. Accordingly, if our profitability in the future is significantly lower than our managements' estimates when our deferred tax assets were recognised, our ability to recover such deferred tax assets would be materially and adversely affected, which could have a material adverse effect on our results of operations.

RISKS RELATING TO CONDUCTING BUSINESS IN THE PRC

All of our business assets and operations are in the PRC, and that is where all our revenue is derived from. Accordingly, our results of operations, financial position, performance and prospects are subject, to a significant degree, to economic, political and legal developments in the PRC, including the following risks:

The economic, political and social conditions in the PRC, as well as government policies, laws and regulations, could affect our business, financial condition and results of operations

All our business assets and operations are in the PRC and that is where all of our revenue is derived. Accordingly, our results of operations and prospects are, to a significant degree, subject to economic, political and legal developments in the PRC. The PRC's economy differs from the economies of most developed countries in many respects, including the extent of government involvement, its level of development, its growth rate and its control over foreign exchange. The PRC's economy has been transitioning from a planned economy to a more market-oriented economy. In recent years, the PRC government has implemented measures emphasising market forces for economic reform, the reduction of State ownership of productive assets and the establishment of sound corporate governance in business enterprises. However, the PRC government continues to play a significant role in regulating industrial development. It also exercises significant control over the PRC's economic growth through the allocation of resources, controlling payment of foreign currency-denominated obligations, setting monetary policies and providing preferential treatments to particular industries or companies. All of these factors could affect the economic conditions in the PRC and, in turn, our business. While the economy of the PRC has experienced significant growth in the past 20 years, growth has been uneven across both geographic regions and various sectors of the economy and that growth may not continue. We cannot predict whether our results of operations and financial condition could be materially and adversely affected by changes in economic conditions in the PRC, or the PRC governmental monetary policies, interest rate policies, tax regulations or policies and regulations.

Uncertainties with respect to the PRC legal system could limit the legal protections available to you and us

Our operating subsidiaries are incorporated under the laws of the PRC. The PRC legal system is based on written statutes. Prior court decisions may be cited for reference but have limited precedential value. In 1979, the PRC government began to promulgate a comprehensive system of laws and regulations governing economic matters in general, such as foreign investment, corporate organisation and governance, commerce, taxation and trade. As we conduct all of our businesses in the PRC, our operations are principally governed by PRC laws

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and regulations. However, since the PRC legal system continues to rapidly evolve, the interpretations of many laws, regulations and rules are not always uniform and enforcement of these laws, regulations and rules involves uncertainties, which may limit the legal protections available to us. Furthermore, intellectual property rights and confidentiality protections in the PRC may not be as effective as in the U.S. or other countries. Our Group devotes substantial resources to the research and development of new products and technologies. Given that the current legal system in the PRC provides insufficient protection against infringement of intellectual property rights and the PRC market is very capable of design replications, we may not be able to enjoy the fair return on our originality and our input in the development of new products. In addition, we cannot predict the effect of future developments in the PRC legal system, including the promulgation of new laws, changes to existing laws or the interpretation or enforcement thereof, or the pre-emption of local regulations by national laws. These uncertainties could limit the legal protections available to us and other foreign investors, including you. In addition, any litigation in the PRC may be protracted and result in substantial costs and diversion of our resources and management attention.

PRC regulation on loans and direct investment by offshore holding companies to PRC entities may delay or prevent us from using the proceeds of the Global Offering to make loans or additional capital contributions to our PRC subsidiaries

In utilising the proceeds from the Global Offering or any further offering, as an offshore holding company of our PRC subsidiaries, we may make loans to our PRC subsidiaries, or we may make additional capital contributions to our PRC subsidiaries. Any loans to our PRC subsidiaries are subject to PRC regulations and approvals. For example, loans by us to our wholly owned PRC subsidiaries in the PRC to finance their activities cannot exceed statutory limits and must be registered with the SAFE or its local counterpart. We may also decide to finance our PRC subsidiaries through capital contributions. These capital contributions must be approved by the MOFCOM or its local counterparts. We cannot assure you that we will be able to obtain these government registrations or approvals on a timely basis, if at all, with respect to future loans or capital contributions by us to our subsidiaries or any of their respective subsidiaries. If we fail to receive such registrations or approvals, our ability to use the proceeds of the Global Offering and to capitalise our PRC operations may be negatively affected, which could adversely and materially affect our liquidity and our ability to fund and expand our business.

We are a holding company and we rely on dividend payments from our subsidiaries for funding, which are subject to restrictions under PRC laws

We are a holding company incorporated in the Cayman Islands, and we operate our core businesses through our subsidiaries in the PRC. Therefore, the availability of funds for us to pay dividends to our Shareholders and to service our indebtedness depends upon dividends received from these PRC subsidiaries. If our subsidiaries incur debt or losses, their ability to pay dividends or other distributions to us may be impaired, restricting our ability to pay dividends and to repay our indebtedness. PRC laws require that dividends be paid only out of the after-tax profit of our PRC subsidiaries calculated according to PRC accounting principles, which differ in many aspects from generally accepted accounting principles in other jurisdictions. PRC laws also require enterprises established in the PRC to set aside part of their after-tax profits as

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statutory reserves. These statutory reserves are not available for distribution as cash dividends. In addition, restrictive covenants in bank credit facilities or other agreements that we or our subsidiaries may enter into in the future may also restrict the ability of our subsidiaries to pay dividends to us. These restrictions on the availability of our funding may impact our ability to pay dividends to our Shareholders and to service our indebtedness.

We may be deemed a PRC “resident enterprise” under the EIT Law and be subject to PRC taxation on our worldwide income

The EIT Law and its implementation regulations issued by the State Council (國務院) define the term “de facto management bodies” as “bodies that substantially carry out comprehensive management and control on the business operation, employees, accounts and assets of enterprises”. Under the EIT Law, a foreign enterprise whose “de facto management bodies” are located in the PRC is considered a “resident enterprise” and will be subject to an uniform 25% enterprise income tax rate on its global income. In April 2009, the SAT further specified certain criteria for the determination of what constitutes “de facto management bodies” for foreign enterprises which are controlled by PRC enterprises. If all of these criteria are met, the relevant foreign enterprise controlled by a PRC enterprise will be deemed to have its “de facto management bodies” located in the PRC and therefore be considered a PRC resident enterprise. These criteria include whether: (i) the enterprise’s day-to-day operational management is primarily exercised in the PRC; (ii) decisions relating to the enterprise’s financial and human resource matters are made or subject to approval by organisations or personnel in the PRC; (iii) the enterprise’s primary assets, accounting books and records, company seals, and board and shareholders’ meeting minutes are located or maintained in the PRC; and (iv) 50% or more of voting board members or senior executives of the enterprise habitually reside in the PRC. We are currently not treated as a PRC resident enterprise by the relevant tax authorities in the PRC. Since the daily management of our operation, assets and our management are all based in the PRC, we cannot guarantee that we will not be considered as a “resident enterprise” under the EIT Law and not be subject to the enterprise income tax rate of 25% on our global income. If we are subsequently regarded as a PRC resident enterprise by the relevant tax authorities, this may adversely affect our financial condition and results of operation.

You may experience difficulties in effecting service of legal process, enforcing foreign judgments or bringing original actions in the PRC against us, the management or our experts named in this prospectus

We conduct all of our operations in the PRC and all of our assets are located in the PRC. In addition, all of our Directors and executive officers reside within the PRC or Hong Kong. As a result, it may not be possible to effect service of legal processes outside the PRC or Hong Kong (as the case may be) upon some of our Directors and senior executive officers with respect to matters arising under applicable securities laws. Moreover, the PRC Legal Advisers have advised that the PRC has not entered into treaties with the US or a number of other countries providing for the reciprocal recognition and enforcement of judgments of foreign courts. In addition, according to the PRC Civil Procedures Law* (中華人民共和國民事訴訟法), courts in the PRC will not enforce a foreign judgment if they decide that the judgment violates the basic

RISK FACTORS

principles of PRC law or national sovereignty, security or public interest. Therefore, it may be difficult for you to enforce against us and/or our management in the PRC any judgment obtained from non-PRC courts.

The PRC economy may experience inflationary pressure, which may lead to an increase in interest rates and a slowdown in economic growth

In response to concerns regarding PRC's high rate of growth in industrial production, bank credit, fixed investment and money supply, the PRC government has taken measures to slow down the economic growth to a more manageable level. Among the measures that the PRC Government has taken are restrictions on bank loans in certain sectors. These measures have historically contributed to a slowdown in economic growth in the PRC and a reduction in demand for consumer goods. These measures and any additional measures, including a possible increase in interest rates, could contribute to a further slowdown in the economy of the PRC.

An outbreak of any severe communicable disease in the PRC may have an adverse effect on the economies of certain countries and may adversely affect the results of our operations

The outbreak of any severe communicable disease in the PRC could have a material adverse effect on the overall business sentiment and environment in the PRC, which in turn may have a material adverse effect on domestic consumption and overall GDP growth. As all of our revenue is currently derived from our PRC operations, any contraction or slowdown in the growth of domestic consumption or slowdown in the GDP growth of the PRC may materially and adversely affect our business, prospects, financial condition and results of operations. In addition, if our employees are affected by any severe communicable disease, we may have to close our facilities or institute other measures to prevent the spread of the disease, which may disrupt our operations.

RISKS RELATING TO THE GLOBAL OFFERING

There has been no prior public market for the Shares and the liquidity and market price of the Shares may be volatile

Prior to the Global Offering, no public market for the Shares existed. We have made an application to the Stock Exchange for the listing and trading of the Shares. We cannot guarantee that the Listing will result in the development of an active, liquid public trading market for the Shares after the Global Offering. In addition, the price and trading volume of the Shares may be volatile since factors such as variations in our Group's revenues, earnings and cash flows or any other developments, whether due to seasonal sales fluctuations or for any other reasons, may affect the volume and price at which the Shares will be traded.

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Current volatility in the global financial markets could cause significant fluctuations in the price of the Shares

Financial markets around the world have been experiencing heightened volatility since 2008. Upon Listing, the price and trading volume of the Shares will likely be subject to similar market fluctuations which may be unrelated to our operating performance or prospects. Factors that may significantly impact the volatility of our stock price include:

- developments in our business or in the financial sector generally, including the effect of direct governmental actions in the financial markets;
- the operating and share price performance of companies that investors consider to be comparable to us;
- announcements of strategic developments, acquisitions and other material events by us or our competitors; and
- changes in global financial markets, global economies and general market conditions, such as interest or foreign exchange rates as well as stock and commodity valuations and volatility. As a result of these market fluctuations, the price of the Shares may decline significantly, and you may lose a significant part of your investment.

Future issues, offers or sale of Shares may adversely affect the prevailing market price of the Shares

Future issues of securities by our Company or the disposal of Shares by any of its Shareholders or the perception that such issues or sale may occur, may negatively impact the prevailing market price of the Shares. The Shares held by the Controlling Shareholders are subject to certain lock-up undertakings for periods commencing on the date of this prospectus and up to twelve months after the Listing Date. We cannot give any assurance that the Controlling Shareholders will not dispose of Shares they may own now or in the future.

Certain facts and statistics from official sources contained in this prospectus have come from third party publications and publicly available sources whose reliability cannot be assumed or assured

This prospectus contains information and statistics that are derived from various publicly available government and other publications, which are generally believed to be reliable. However, we cannot guarantee the quality and reliability of these publications. Whilst our Directors and the Sole Sponsor have taken reasonable care to ensure the facts and statistics in this prospectus are accurately reproduced, they have not been independently verified by us. Our Company, the Sole Sponsor, the Underwriters, their respective directors and advisers or any other parties involved in the Global Offering do not make any representation as to the accuracy of such facts and statistics, which may not be consistent with other information and may not be complete or up-to-date. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice and other problems, the facts and statistics in this prospectus may be inaccurate or may not be comparable from period to period to facts

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and statistics produced for other economies and should not be unduly 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 may be the case elsewhere.

Investors may experience difficulties in enforcing their shareholder rights because our Company is incorporated in the Cayman Islands, and the laws of the Cayman Islands relating to the protection of the interests of minority shareholders may differ from those in Hong Kong or other jurisdictions

Our Company is incorporated in the Cayman Islands and its affairs are governed by the Articles, the Companies Law and common law applicable there. The laws of the Cayman Islands may differ from those of Hong Kong or other jurisdictions where investors may be located. As a result, minority shareholders may not enjoy the same rights as pursuant to the laws of Hong Kong or such other jurisdictions. A summary of the Cayman Islands law on protection of minority shareholders is set out in Appendix III headed “Summary of the Constitution of Our Company and Cayman Islands Company Law” to this prospectus.

You will experience immediate dilution and may experience further dilution if we issue additional Shares in the future

We may need to raise additional funds in the future to finance our future plans, whether in relation to existing operations, expanding points of sale or otherwise. If additional funds are raised through the issuance of our new equity or equity-linked securities other than on a pro rata basis to existing Shareholders, then (i) the percentage ownership of our existing Shareholders may be reduced; and/or (ii) such newly issued securities may have rights, preferences or privileges superior to those of the Shares of the existing Shareholders.

Purchasers of Offer Shares may incur an immediate and substantial dilution in net tangible book value per Share as a result of the Global Offering

The Offer Price is substantially higher than the net tangible book value per Share. Therefore, purchasers of the Offer Shares in the Global Offering may experience an immediate and substantial dilution in net tangible book value per Share as a result of the Global Offering.

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

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

1. MANAGEMENT PRESENCE IN HONG KONG

According to Rule 8.12 of the Listing Rules, we must have sufficient management presence in Hong Kong and at least two of our executive Directors must be ordinarily resident in Hong Kong. Currently, our headquarters and principal operations are located in the PRC and all of our executive Directors ordinarily reside in the PRC, we do not, and in the foreseeable future will not, have sufficient management presence in Hong Kong.

Our Directors believe that it would be practically difficult and commercially infeasible for us to appoint Hong Kong residents to act as executive Directors or to relocate our executive Directors who are residents in the PRC to Hong Kong for the mere purpose of complying with Rule 8.12 of the Listing Rules as such arrangements will not only increase the administrative expenses of our Group, but also reduce the effectiveness of our Board in making decisions, especially when business decisions are required to be made within a short period of time.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange has granted to us, a waiver from strict compliance with Rule 8.12 of the Listing Rules, subject to the conditions that, among others, we maintain the following arrangements to maintain regular and effective communication between the Stock Exchange and us:

- (a) we have appointed and will continue to maintain two authorised representatives pursuant to Rule 2.11 and 3.05 of the Listing Rules, namely Mr. Xiao YQ, an executive Director and Mr. Choy Suk Man, the company secretary of our Company, who will act as our principal channel of communication with the Stock Exchange. Mr. Choy Suk Man is ordinarily resident in Hong Kong and will be available to meet with the Stock Exchange in Hong Kong within a reasonable time frame upon the request of the Stock Exchange. Each of our authorised representatives is authorised by our Board to communicate on behalf of our Company with the Stock Exchange;
- (b) both our authorised representatives have means to contact all members of our Board promptly at all times as and when the Stock Exchange wishes to contact any of them on any matters. To enhance the communication between the Stock Exchange, our authorised representatives and Directors, we will implement a number of policies whereby (i) each Director shall provide his/her mobile phone numbers, office phone numbers, fax numbers (if available) and email addresses (if available) to our authorised representatives; (ii) in the event that any Director expects to travel and be out of office, he/she will provide the phone number of the place of his/her accommodation to our authorised representatives; and (iii) all our Directors and authorised representatives will provide their respective mobile phone numbers, office phone numbers, fax numbers (if available) and email addresses (if available) to the Stock Exchange;
- (c) if the circumstances require, meetings of our Board can be summoned and held in such manner as permitted under our Articles at short notice to discuss and address any issue which the Stock Exchange is concerned in a timely manner;

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

- (d) in compliance with Rules 3A.19 of the Listing Rules, we have appointed China Industrial Securities International Capital Limited as our compliance adviser for a period from the Listing Date to the date on which our Company shall comply with Rule 13.46 of the Listing Rules in respect of its financial results for the first full financial year after the Listing Date to provide us with professional advice on continuing obligations under the Listing Rules, and to act at all times, in addition to our two authorised representatives, as our additional channel of communication with the Stock Exchange;
- (e) we will ensure that during the engagement period of our compliance adviser, our compliance adviser has access at all times promptly to our authorised representatives, Directors and other senior officers who will provide our compliance adviser with such information and assistance as they may reasonably require in connection with the performance of their duties;
- (f) in the case of resignation or termination of our compliance adviser during its engagement period, we undertake to appoint a replacement compliance adviser within three months from the effective date of such resignation or termination (as the case may be) pursuant to Rule 3A.27 of the Listing Rules;
- (g) we can arrange meetings between the Stock Exchange and our Directors through our authorised representatives or our compliance adviser, or directly with our Directors within a reasonable time frame. We will inform the Stock Exchange promptly of any change in our authorised representatives and/or our compliance adviser in accordance with the Listing Rules;
- (h) we will appoint other professional advisers (including our legal advisers in Hong Kong), if necessary, after the Listing to assist our Company in addressing any enquiries which may be raised by the Stock Exchange and to ensure that there will be prompt and effective communication with the Stock Exchange; and
- (i) all of our Directors who are not ordinarily resident in Hong Kong have confirmed that they possess or will apply for valid travel documents to visit Hong Kong and would be able to meet with the Stock Exchange in Hong Kong within a reasonable period of time.

2. CONTINUING CONNECTED TRANSACTIONS

Our Group has entered into certain transactions which would constitute continuing connected transactions of our Company pursuant to Chapter 14A of the Listing Rules upon Listing. We have applied to the Stock Exchange for, and the Stock has granted us, a waiver in relation to certain continuing connected transactions under Chapter 14A of the Listing Rules. For further details of such continuing connected transactions and the waiver, please refer to the section headed “Continuing Connection Transactions” in this prospectus.

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus, for which our Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the Laws of Hong Kong) and the Listing Rules for the purpose of giving information about our Group to the public. 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.

The Hong Kong Offer Shares are offered solely on the basis of the information contained and the representations made in this prospectus and the Application Forms. So far as the Global Offering is concerned, no person is authorised to give any information or to make any representation not contained in this prospectus and any information or representation not contained herein must not be relied upon as having been authorised by us, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of their respective directors, agents, employees or advisers (where applicable) or any other parties involved in the Global Offering.

UNDERWRITING

This prospectus is published solely in connection with the Hong Kong Public Offering, which forms part of the Global Offering. For applicants under the Hong Kong Public Offering, this prospectus and the related Application Forms contain the terms and conditions of the Hong Kong Public Offering. The Global Offering comprises the International Offering and the Hong Kong Public Offering and are subject to, in each case, re-allocation described in the section headed "Structure of the Global Offering" in this prospectus.

The Listing is sponsored by the Sole Sponsor and the Global Offering is managed by the Sole Global Coordinator. Subject to the terms of the Hong Kong Underwriting Agreement (including the determination of the Offer Price by agreement between the Sole Global Coordinator (for itself and on behalf of the Underwriters) and our Company on or around Friday, 1 December 2017, but in any event no later than Monday, 4 December 2017, being the expected Price Determination Date), the Hong Kong Offer Shares are fully underwritten by the Hong Kong Underwriters and the International Offer Shares are expected to be fully underwritten by the International Underwriters. For more information about the Underwriters and the underwriting arrangements, see the sub-section headed "Underwriting — Underwriting Arrangements and Expenses" in this prospectus.

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

SELLING RESTRICTIONS

No action has been taken to permit a public offering of the Offer Shares or the general distribution of this prospectus and/or the Application Forms 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 jurisdictions or in any circumstances in which such an offer or invitation is not authorised or to any person to whom it is unlawful to make such an offer or invitation.

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

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

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

Application has been made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Global Offering and the Capitalisation issue, upon the exercise of the Over-allotment Option and upon the exercise of the options that may be granted under the Share Option Scheme.

No part of our Company's share or loan capital is listed, traded or dealt in on any other stock exchange. At present, our Company is not seeking or proposing to seek the listing of, or permission to deal in, our Company's Shares or loan capital on any other stock exchange.

HONG KONG BRANCH REGISTER AND STAMP DUTY

All Shares in issue must be registered on our Company's branch register of members to be maintained in Hong Kong by our Hong Kong Branch Share Registrar and transfer office, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.

Our Company's principal register of members will be maintained by our principal share registrar and transfer office, Conyers Trust Company (Cayman) Limited at Cricket Square, Hutchins Drive, P.O. Box 2681 Grand Cayman, KY1-1111, Cayman Islands. Unless our Directors otherwise agree, all transfer and other documents of title of Shares must be lodged for registration with and registered by the Hong Kong Branch Share Registrar and may not be lodged in the Cayman Islands.

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

All Offer Shares will be registered on the Hong Kong register of members of our Company in Hong Kong. Only Shares registered in our Company's Hong Kong branch register of members may be traded on the Stock Exchange. Dealings in Shares registered on the register of members kept by our Company's Hong Kong Branch Share Registrar and transfer office will be subject to Hong Kong stamp duty.

Unless determined otherwise by our Company, dividends payable in HK dollars in respect of our Shares will be paid to the Shareholders listed on our Company's Hong Kong branch register of members to be maintained in Hong Kong, by ordinary post, at the Shareholders' risk, to the registered address of each Shareholder or if joint Shareholders, to the first-named therein in accordance with the Articles.

PROFESSIONAL TAX ADVICE RECOMMENDED

Applicants for the Offer Shares are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding and dealing in our Shares. It is emphasised that none of our Company, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of their respective directors, supervisors, agents or advisers or any other person involved in the Global Offering accepts responsibility for any tax effects on, or liabilities of holders of our Shares resulting from the subscription, purchase, holding or disposal of our Shares.

PROCEDURE FOR APPLICATION FOR HONG KONG OFFER SHARES

The procedures for applying for the Hong Kong Offer Shares are set out in the section headed "How to Apply for the Hong Kong Offer Shares" in this prospectus and in the relevant Applications Forms.

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.

OVER-ALLOTMENT AND STABILISATION

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

OFFER SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the granting of listing of, and permission to deal in, the Shares on the Stock Exchange as well as the compliance with the stock admission requirements of HKSCC, the Offer Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares on the Stock Exchange or on any other date HKSCC chooses. Settlement of transactions between

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

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.

All necessary arrangements have been made for the shares to be admitted into CCASS. Investors should seek the advice of their stockbroker or other professional advice for details of those settlement arrangements and how such arrangements will affect their rights and interests.

DEALINGS AND SETTLEMENT

Dealings in the Shares on the Stock Exchange are expected to commence at 9:00 a.m. on Monday, 11 December 2017. Shares will be traded in board lots of 2,000 Shares each.

Dealings in the Shares on the Stock Exchange will be effected by participants of the Stock Exchange whose bid and offer quotations will be available on the Stock Exchange's teletext page information system. Delivery and payment for Shares dealt on the Stock Exchange will be effected two trading days following the transaction date. 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. Only certificates for Shares registered in the branch register of members of our Company will be valid for delivery in respect of transactions effected on the Stock Exchange. If you are unsure about the procedures for dealings and settlement arrangement on the Stock Exchange on which the Shares are listed and how such arrangements will affect your rights and interests, you should consult your stockbroker or other professional advisers.

LANGUAGE

If there is any inconsistency between this prospectus and the Chinese translation of this prospectus, this prospectus shall prevail. If there is any inconsistency between the Chinese names of the PRC nationals, entities, departments, facilities, certificates, titles, laws, regulations, natural persons or other entities (including certain of our subsidiaries) mentioned in this prospectus and their English translations, the Chinese names shall prevail.

ROUNDING

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

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

DIRECTORS

Name	Residential address	Nationality
Executive Directors		
Mr. Xiao Xingtao (肖興濤)	Room 10A, No. 44, Alley 1030 West Yan'an Road, Changning District, Shanghai, PRC	Chinese
Mr. Fu Qichang (傅其昌)	Room 904, Block 1, No. 555 Nanchang Road, Xuhui District Shanghai, PRC	Chinese
Mr. Xiao Yuqiao (肖予喬)	Room 10A, No. 44, Alley 1030 West Yan'an Road, Changning District, Shanghai, PRC	Chinese
Independent non-executive Directors		
Mr. Cheng Dong (程東)	Room 102, No. 9, Alley 2866 Jinxiu Road Shanghai, PRC	Chinese
Mr. Weng Guoqiang (翁國強)	Room 101, No. 76, Alley 188 Meidan Road, Baoshan District Shanghai, PRC	Chinese
Mr. Shu Wa Tung Laurence (舒華東)	Da Hua Yun Ting, No. 186 Alley 158, Xuying Road Xujing Town, Qingpu District Shanghai, PRC	Chinese

Further information on our Directors is disclosed in the section headed "Directors and Senior Management" in this prospectus.

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

PARTIES INVOLVED

Sole Sponsor	China Industrial Securities International Capital Limited 7/F, Three Exchange Square 8 Connaught Place, Central Hong Kong
Sole Global Coordinator	China Industrial Securities International Capital Limited 7/F, Three Exchange Square 8 Connaught Place, Central Hong Kong
Joint Bookrunners	China Industrial Securities International Capital Limited 7/F, Three Exchange Square 8 Connaught Place, Central Hong Kong
	Haitong International Securities Company Limited 22/F, Li Po Chun Chambers 189 Des Voeux Road Central Hong Kong
Joint Lead Managers	China Industrial Securities International Capital Limited 7/F, Three Exchange Square 8 Connaught Place, Central Hong Kong
	Haitong International Securities Company Limited 22/F, Li Po Chun Chambers 189 Des Voeux Road Central Hong Kong
	ChaoShang Securities Limited Room 4001–4002, 40/F China Resources Building 26 Harbour Road Wanchai Hong Kong
	China Goldjoy Securities Limited Unit 1703–06, Infinitus Plaza 199 Des Voeux Road Central Hong Kong

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

China Sky Securities Limited

Room 1106, 11/F
Cosco Tower
183 Queen's Road Central
Hong Kong

Head & Shoulders Securities Limited

Room 2511, 25/F
Cosco Tower
183 Queen's Road Central
Hong Kong

SPDB International Capital Limited

Suites 3207–3212, 32/F, One Pacific Place
88 Queensway
Hong Kong

Yicko Securities Limited

19/F, Tung Ning Building
125–127 Connaught Road
Central
Hong Kong

Yue Xiu Securities Company Limited

13/F, Yue Xiu Building
160 Lockhart Road
Wanchai
Hong Kong

Legal Advisers to our Company

As to Hong Kong law:

Anthony Siu & Co., Solicitors & Notaries

(in association with Jia Yuan Law Office)
Units 1102–3, 11/F
Nine Queen's Road Central
Hong Kong

As to PRC Law:

Grandall Law Firm (Shanghai)

23–25/F, Garden Square
968 West Beijing Road
Shanghai
PRC

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

As to Cayman Islands Law:

Conyers Dill & Pearman
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

Legal Advisers to the Underwriters

As to Hong Kong law:

TC & Co.
Units 2201–3, 22nd Floor
Tai Tung Building
8 Fleming Road, Wanchai
Hong Kong

As to PRC law:

Zhong Lun Law Firm
9/F, Tower A, Rongchao Tower
6003 Yitian Road, Futian District
Shenzhen
PRC

Auditors and reporting accountants

Ernst & Young
Certified Public Accountants
22 Floor, CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

Industry consultants

China Index Academy
1 Floor, No. 800 Dong Fang Road Pudong New District,
Bao An Mansion Podium Building, Shanghai,
PRC

Compliance Adviser

China Industrial Securities International Capital Limited
7/F, Three Exchange Square
8 Connaught Place, Central
Hong Kong

Receiving bank

Bank of China (Hong Kong) Limited
1 Garden Road
Hong Kong

CORPORATE INFORMATION

Registered address	Conyers Trust Company (Cayman) Limited Cricket Square, Hutchins Drive, P.O. Box 2681 Grand Cayman, KY1-1111, Cayman Islands
Headquarter in the PRC	14th Floor, Jiushi Tower 28 South Zhongshan Road Shanghai, PRC
Principal place of business in Hong Kong	Units 1102–3, 11/F Nine Queen’s Road Central Hong Kong
Website address	www.riverinepm.com <i>Note: information in this website does not form part of this prospectus</i>
Company secretary	Mr. Choy Suk Man (蔡叔文) Flat E, 6/F, Block 1 Hong Sing Garden, Tseung Kwan O New Territories Hong Kong
Authorised representatives	Mr. Xiao Yuqiao (肖予喬) Room 10A, No. 44 Alley 1030 West Yan’an Road Changning District, Shanghai, PRC Mr. Choy Suk Man (蔡叔文) Flat E, 6/F, Block 1 Hong Sing Garden, Tseung Kwan O New Territories Hong Kong
Audit committee	Mr. Shu Wa Tung Laurence (舒華東) (<i>chairman</i>) Mr. Cheng Dong (程東) Mr. Weng Guoqiang (翁國強)
Remuneration committee	Mr. Cheng Dong (程東) (<i>chairman</i>) Mr. Fu Qichang (傅其昌) Mr. Xiao Yuqiao (肖予喬) Mr. Shu Wa Tung Laurence (舒華東) Mr. Weng Guoqiang (翁國強)
Nomination committee	Mr. Xiao Xingtao (肖興濤) (<i>chairman</i>) Mr. Fu Qichang (傅其昌) Mr. Cheng Dong (程東) Mr. Shu Wa Tung Laurence (舒華東) Mr. Weng Guoqiang (翁國強)

CORPORATE INFORMATION

Principal share registrar and transfer office in the Cayman Islands	Conyers Trust Company (Cayman) Limited Cricket Square P.O. Box 2681 Grand Cayman, KY1-1111 Cayman Islands
Hong Kong Branch Share Registrar	Tricor Investor Services Limited Level 22, Hopewell Centre 183 Queen's Road East Hong Kong
Principal bankers	Shanghai Pudong Development Bank Co., Ltd. No. 555, South Xinyuan Road Lingang Xincheng Shanghai, PRC
	Bank of Shanghai 5/F, No. 261, Middle Sichuan Road Shanghai, PRC

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The information and statistics set forth in this section and elsewhere in this prospectus have been derived from various official and government publications, publicly available market research sources and from the market research report prepared by China Index Academy which were commissioned or purchased by us, unless otherwise indicated.

We believe that the sources of information presented here are appropriate, and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. Information and data extracted from publicly available sources have not been independently verified by us, the Sole Sponsor, our or its directors, officers, employees, agents or representatives or any other parties involved in the Listing. The information may not be consistent with other information available from other sources within or outside the PRC and Hong Kong. We, the Sole Sponsor, our or its directors, officers, employees, agents or representatives or any other parties involved in the Listing do not make any representation as to the accuracy, completeness or fairness of such information and, accordingly, you should not unduly rely on such information.

BACKGROUND AND METHODOLOGIES OF CHINA INDEX ACADEMY

China Index Academy

We purchased the right to use and quote data from various publications by China Index Academy related to the PRC property management industry for a total consideration of approximately RMB800,000. Established in 1994, China Index Academy is a professional property research organisation in the PRC with over 500 analysts. It covers the five regions in the PRC, namely, northern China, Yangtze River Delta, southern China, central China and southwestern China and has 20 branches. Its research covers more than 300 cities across the PRC. China Index Academy has extensive experience in researching and tracking the property management industry in the PRC, and has conducted research on the Top Hundred Property Management Enterprises since 2008. In June 2017, China Index Academy published the 2017 CIA Top Hundred Report based on their research on the Top Hundred Property Management Enterprises in the PRC in China in 2016. In the 2017 CIA Top Hundred Report, more than one property management company can take the same ranking, rendering the total number of property management companies to increase to 200 instead of 100 in reports published in previous years.

China Index Academy used research parameters and assumptions by gathering 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 conducted by China Index Academy, data gathered from the China Real Estate Index System (“CREIS”), the China Property Statistics Yearbooks, public data from governmental authorities and data gathered from prior reports published by China Index Academy. In the 2017 CIA Top Hundred Report in China, China Index Academy used research parameters and assumptions by gathering data from a multitude of primary and secondary sources, including data from property management companies (including financial data from accounting firms and public information), self-conducted surveys, public data from governmental authorities and data gathered from its prior reports. China Index Academy ranks the overall strength of property management companies by evaluating each property management company’s business scale, financial performance, service quality, growth potential and social responsibility. Unless otherwise specified, the data analyses in this prospectus is primarily based on the Top Hundred Property Management Enterprises ranked by China Index Academy based on the factors mentioned above.

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The following sets forth the main reasons why China Index Academy has adopted the above sources of information and considered them as reliable:

- it is general market practice to adopt official data and announcements from various Chinese government agencies; and
- China Index Academy fully understands the data collection methodology and data source of the subscribed database from CREIS China Index Database and database of fdc.fang.com.

While preparing the industry report and ranking information, China Index Academy has relied on the assumptions listed below:

- all contracted average selling prices of selected projects provided by our Company are accurate;
- all published data by the Bureaus of Statistics is accurate;
- all collected information relating to residential sales transactions from the relevant local housing administrative bureaus are accurate; and
- where subscribed data is obtained from renowned public institutions, China Index Academy has relied upon the expertise of such institutions. China Index Academy will not verify the accuracy of such information or reports, and will not be responsible for their accuracy.

PRC PROPERTY MANAGEMENT INDUSTRY

Key drivers for growth

Rapid Urbanisation and Continuous Increase of Per Capita Disposable Income

The urbanisation development of the PRC has been gradually accelerating since 1980s with urbanisation rate increasing from only 19.4% in 1980 to 57.4% in 2016. Improving level of urbanisation has led to an increased demand for residential and other property projects, resulting in an increasing demand for property management with the increase of properties. According to the National New Urbanisation Plan (2014–2020) (國家新型城鎮化規劃(2014–2020)) published in March 2014, the permanent resident population urbanisation rate is expected to reach 60% by 2020. The PRC property industry and property management industry will continue to develop in tandem with rising urbanisation.

The fast-growing economy in the PRC has spurred continuous growth in annual disposable income per urban capita. According to the National Bureau of Statistics of China, the annual disposable income per urban capita increased from RMB15,781 in 2008 to RMB33,616 in 2016, representing a CAGR of approximately 9.9%. The increasing demand from the consumers for better living conditions and property management services is another reason for the growth of property management industry.

The table below sets forth selected data showing China's urbanisation level and the annual disposable income per urban capita for the periods indicated.

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2008–2016 CAGR
Total population (million)	1,328.0	1,334.7	1,340.9	1,347.4	1,354.0	1,360.7	1,367.8	1,374.6	1,382.7	0.5%
Urban population (million)	606.7	621.9	669.8	690.8	711.8	731.1	749.2	771.2	793.0	3.4%
Urban population as a percentage of the total population (%)	45.7%	46.6%	49.9%	51.3%	52.6%	53.7%	54.8%	56.1%	57.4%	
Annual disposable income per urban capita (RMB)	15,781	17,175	19,109	21,810	24,565	26,955	28,844	29,129	33,616	9.9%

Source: National Bureau of Statistics of China

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Continuous Increase of Land Supply and Construction

Owing to the recent development of the PRC economy and accelerating urbanisation, both supply and demand for properties have experienced remarkable growth. According to the National Bureau of Statistics of China and the Ministry of Land and Resources, there was rapid development in the property industry of the PRC over the past few years. There are new land supplied for property management every year. The site area for new land supplied for property development was 341.2 million sq.m. in 2008 in the PRC. The site area for new land supplied for property development was more than 1,600 million sq.m. from 2011 to 2013 in the PRC. Such value was 1,037.6 million sq.m. in 2016. As a result, the GFA of properties under construction and completed properties increased continuously. The total GFA of properties under construction increased from 2,832.6 million sq.m. in 2008 to 7,589.8 million sq.m. in 2016. The GFA of completed properties increased from 665.4 million sq.m. in 2008 to 1,061.3 million sq.m. in 2016. The table below sets forth the breakdown of the site area of new land supply by residential and non-residential nature from 2008 to 2016:

	Residential (million sq.m.)				Non-residential (million sq.m.)			
	First tier cities (Note 1)	Second tier cities (Note 2)	Selected cities (Note 3)	Total	First tier cities (Note 1)	Second tier cities (Note 2)	Selected cities (Note 3)	Total
2008	15.4	143.8	125	284.2	2.7	29.9	24.4	57.0
2009	26.0	211.1	237.7	474.8	7.6	42.9	53.9	104.4
2010	25.0	280.2	431.9	737.1	10.9	64.6	106.7	182.2
2011	22.7	296.9	884.0	1,203.6	7.2	95.5	300.4	403.1
2012	14.4	276.6	868.5	1,159.5	5.2	123.0	431.5	559.7
2013	20.1	301.3	952.9	1,274.3	8.7	117.0	458.4	584.1
2014	14.3	221.5	668.3	904.1	7.9	83.7	358.2	449.8
2015	14.9	180.1	624.1	819.1	4.3	69.5	346.0	419.8
2016	8.19	178.4	497.4	684.0	6.1	56.2	291.3	353.6

Source: National Bureau of Statistics of China and Ministry of Land and Resources

The table below sets forth the breakdown of the GFA of properties under construction and completed properties by residential and non-residential nature from 2008 to 2016:

	GFA of properties under construction (million sq.m.)			GFA of completed properties (million sq.m.)		
	Residential	Non-residential	Total	Residential	Non-residential	Total
2008	2,228.9	603.7	2,832.6	543.3	122.1	665.4
2009	2,513.3	690.4	3,203.7	596.3	130.5	726.8
2010	3,147.6	906.0	4,053.6	634.4	153.0	787.4
2011	3,877.1	1,190.7	5,067.8	743.2	183.0	926.2
2012	4,289.6	1,444.5	5,734.1	790.4	203.8	994.2
2013	4,863.5	1,792.3	6,655.8	787.4	226.9	1,014.3
2014	5,150.9	2,113.9	7,264.8	808.7	265.9	1,074.6
2015	5,115.7	2,241.2	7,356.9	737.8	262.6	1,000.4
2016	5,213.1	2,376.7	7,589.8	771.9	289.4	1,061.3

Source: National Bureau of Statistics of China and Ministry of Land and Resources

Note:

1. First tier cities refer to Beijing, Shanghai, Guangzhou and Shenzhen.
2. Second tier cities comprise the 36 major cities, other than first tier cities, as categorised by the National Bureau of Statistics.
3. Selected cities comprise 108 economically developed non-regional central cities and prefecture-level cities in the PRC, other than first and second tier cities, as categorised by the National Bureau of Statistics.

INDUSTRY OVERVIEW

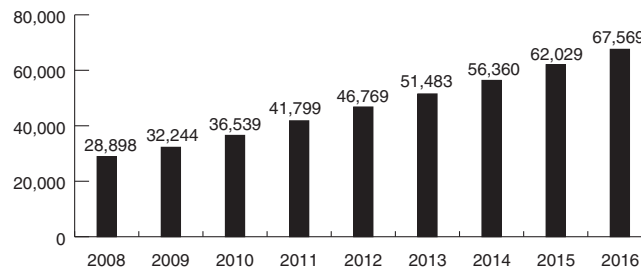
Key Industry Trends

Rising Labour Costs

The property management industry requires a large amount of labour for delivering security, cleaning, gardening, repairing and other services, and the labour cost is a large component under operating costs. The increase of contracted projects and the rise of labour cost have posed increasing pressure of operating costs on property management companies.

The following chart sets forth the annual average wage of employed persons in urban companies from 2008 to 2016:

Annual Average Wage of Employed Persons in Urban Companies (RMB)



Source: National Bureau of Statistics of China

Meanwhile, the property management fee charged by the companies has limited growth. According to China Index Academy, in 2016, the average property management fee charged by the Top Hundred Property Management Enterprises in the PRC was RMB4.25/sq.m./month, which was basically the same as that in 2015. The labour costs continue to increase, while the property management fee remains relatively stable. As such, reduction of operating costs through data informatisation technology has become the top priority of property management companies.

Extensive Application of Data Digitalisation and Technology

The extensive application of technology has increased the adaptability of buildings and reduced operational costs. According to China Index Academy, the new technologies enable real-time distance monitoring, auto repairing and energy-saving modification on the equipments and facilities, improve management efficiency, significantly reduce the cost of corporate management, operation, energy consumption and material consumption, and achieve effective reduction in fundamental cost of property management. In addition, the application of high technology methods may reduce the labour intensity and thus effectively reduce the labour cost and improve the individual performance.

Widening the Profit Margin through Diversification of Services

The property management companies realise that the largest assets are the customers they served, the potential needs of the customers have become the new income source. The property management companies continuously adjust the business model and develop diversified services to meet customers' needs. In particular, the property management companies analyse customers' preferences, explore the potential needs of customers, establish third party platform and provide diversified services to the customers through cooperation with service providers of catering service, housekeeping service, leasing service, preliminary property planning, property consultancy, marketing service and other services.

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In addition to improving the profitability of property management companies, diversified services also broaden the narrow business scope of the traditional property management industry. During the course of provision of services, the property management companies will gain continuous improvement in management ability which will lay a solid foundation for the long term development of the industry.

Property Management Value Chain

The basic value chain of property management enterprises consists of basic activities (marketing, formulation of service proposal, early intervention, pre-delivery property management and property management) and ancillary activities (corporate infrastructure, human resources management, technical development and procurement). Among which, the organic combination of early intervention, pre-delivery property management and property management becomes the “full-process” property management promoted by property management industry.

The analysis of value chain focuses on the relationship among each value activity in the value system. The relationship among each value activity lies in the value chain between different enterprises. In recent years, the development of strategic alliance is based exactly on such idea. In particular, property management companies will expand their business vertically in the value chain of property management by cooperating or forming strategic alliance with property developers and property owners and offering a wide range of property consultancy services, and data collection and integration services to these property developer, property owners, property management companies and design house. Property management companies present their business vertically in the value chain of property management by making investment in or forming strategic with various services sub-contractors in property management industry, which enables them to provide one-stop property management services and value-added services to property developers and property owners.

Facing the change of market environment and the increasingly intense competition, property management companies will pay more attention to the transformation and upgrade, improve the “full-process” property management ability, turn the creative ideas into practical services and products, practicable operation and efficient management models, uphold the operation concept of standardised services and continuously improve the work efficiency, core competitiveness and brand value.

Emergence of Independently-Operated Property Management Companies

There are different advantages and disadvantages between independent property management companies and property management companies associated with property developers in terms of project take-over, service quality, resource support, communication and coordination, internal management and other aspects. China Index Academy is of the view that the independent property management companies have better performance in project take-over, service quality and internal management.

According to China Index Academy, the independent property management companies do not need to deal with the conflict of interest facing by associated property management companies. The independent property management companies have full control on the development which is market-oriented, pay attention to the profitability of the projects when undertaking projects and thus have better performance in market competition. In addition, with the focus on property management, the independent property management companies can make timely response to market changes and owners’ needs and provide services with higher quality and stronger flexibility.

Overview of Property Management Industry in Shanghai

At the end of 2014, there were 2,630 property management enterprises in Shanghai, among which, 535 were state-owned enterprises, the remaining were non-state-owned enterprises such as private-owned, joint stock and joint venture enterprises. The scope of

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property management in Shanghai is mainly focused on residential properties, office properties, industrial zone properties, school properties, hospital properties, commercial properties and public properties. The total GFA of existing properties in Shanghai amounted to 1,125 million sq.m. at the end of 2014, and the total GFA of properties under management amounted to 899 million sq.m., among which 593 million sq.m. were residential properties with a property management coverage ratio of 96.7%; and 306 million sq.m. were non-residential properties with a property management coverage ratio of 59.8%.

According to China Index Academy, 19 enterprises in Shanghai were included in the 2017 Top Hundred Property Management Enterprises in the PRC. The average GFA under management of the 2017 Top Hundred Property Management Enterprises in Shanghai amounted to 19.2 million sq.m..

Competitive Landscape of the PRC Property Management Industry

Overview

Our property management services mainly compete with national, regional and local large scale property management enterprises. We believe that the major competitive factors include management scale, operating performance, service quality, growth potential, social responsibility, etc. of the enterprises.

The PRC property management industry is highly fragmented. At the end of 2016, there were over 100,000 property management enterprises in the PRC. However, few have built up operations of national scale with established brand awareness among customers. According to China Index Academy, the total GFA under management of the Top Hundred Property Management Enterprises in the PRC amounted to 5,450 million sq.m., which represented 29.4% of the total GFA of all properties under management in the PRC in 2016 indicating a low concentration of the property management industry.

The public property management industry is less concentrated with dispersed development. According to the information from China Index Academy, over 100 enterprises were engaged in the public property management in 2016, while only a few whose business operations have reached a certain scale and are highly recognised by their customers.

Entry Barriers

China Index Academy concludes that there are certain entry barriers for the field of public property management.

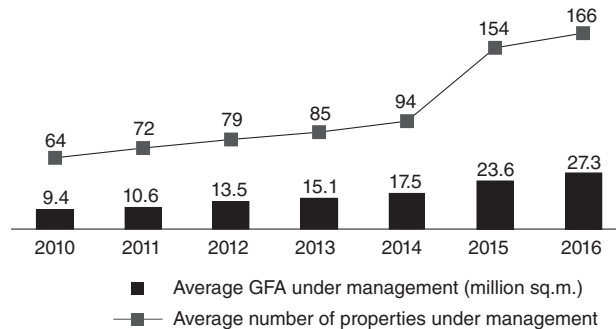
In accordance with Measures for the Property Management Company Qualification Measures promulgated by the Ministry of Housing and Urban-Rural Development of the People's Republic of China ("MOHURD") and the Guo Fa [2017] No.7 issued by the State Council, after the cancellation of acknowledgment for property management companies with qualification of second class or below, among the existing property management companies, the first class property management companies are permitted to undertake property management projects of any scale and type with their compliant and quality services, and the MOHURD is still in the process of formulating the new property management service standards and requirements for other property management companies

Public properties with public and open features generally have large single zone GFA. Meanwhile, public service, special service, specific event support service, rush hour traffic control, public order maintenance, operation and maintenance of buildings and ancillary facilities, and emergency response ability are especially required for public property management, which, in the opinion of China Index Academy, sets certain entry barriers for the non-first class property management companies and new entrants.

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Significant Expansion of Management Scale of the Top Hundred Property Management Enterprises

According to China Index Academy, the average GFA managed by the Top Hundred Property Management Enterprises was approximately 27.3 million sq.m., and the average number of properties under management was 166 in 2016. This was mainly due to the increasing strength of the Top Hundred Property Management Enterprises which resulted in the continuous geographical expansion and enhance of existing market penetration. According to China Index Academy, the average number of cities covered by the Top Hundred Property Management Enterprises in the PRC was 28 in 2016 reflected a wide geographical coverage. In particular, merger and acquisition has become an important way for the rapid expansion of management scale of the Top Hundred Property Management Enterprises. The chart below sets forth the average GFA under management and average number of properties under management of the Top Hundred Property Management Enterprises in the PRC for the periods indicated.

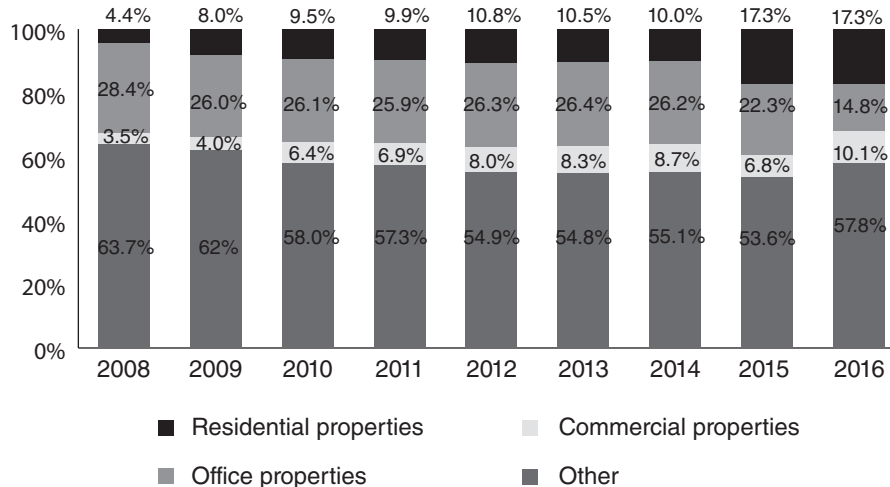


Source: China Index Academy

Note: The data of 2015 is derived from the 2016 CIA Top Hundred Report

Types of Properties under Management of the Top Hundred Property Management Enterprises in the PRC

To diversify revenues and improve profitability, the Top Hundred Property Management Enterprises endeavour to expand the types of properties under management beyond residential properties. The chart below sets forth the breakdown of property management services revenue by the type of property managed by the Top Hundred Property Management Enterprises in the PRC for the periods indicated.

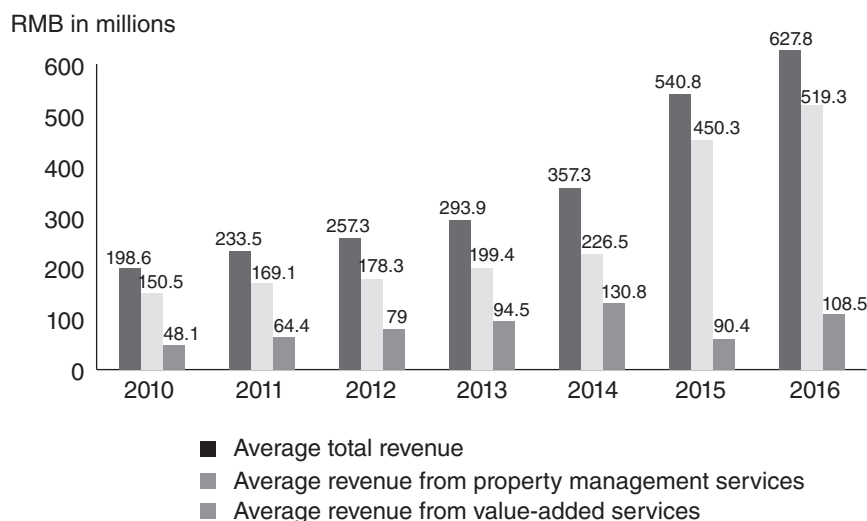


Source: China Index Academy

Note: The data of 2016 is derived from the 2017 CIA Top Hundred Report

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In addition, the Top Hundred Property Management Enterprises continuously provide diversified service offering beyond basic property management services, such as consulting services as well as housekeeping services, rental and sale management and home care services for property owners and residents. The chart below sets forth the average total revenue, the average revenue from property management services and the average revenue from value-added services of the Top Hundred Property Management Enterprises in the PRC for the years indicated.



Source: China Index Academy

Note: The data of 2016 is derived from the 2017 CIA Top Hundred Report

With the preparation and issuance of a series of planning including the Thirteenth Five-Year Plan, the Mid- to Long Term Railway Network Plan and etc., we estimate the continuous construction of public properties and public demand for high-quality public property management services in the future will promote the increasing development of the public property management industry.

Market potential of public transportation properties

Gradual construction of railway network and increase in number of platforms

According to the statistics of the Mid- to Long-term Railway Network Plan jointly issued by NDRC, the Ministry of Transportation and China Railway Corporation in July 2016, the national railway operating kilometrage reached 91,000 kilometres at the end of 2010, and the national railway operating kilometrage reached 124,000 kilometres at the end of 2016, of which 22,000 kilometres was high-speed railway.

The Mid- to Long-term Railway Network Plan proposed that the railway network scale will reach 150,000 kilometres by 2020, including 30,000 kilometres of high-speed railway which will cover more than 80% of big cities. As the gradual improvement of the high-speed railway system, the number of railway transportation hubs will be increased.

Enhancement of public transportation terminals coverage and rise of number of terminals

According to the “Twelfth Five-Year” Development Framework for Urban Public Transportation issued by the General Office of Ministry of Transportation in July 2016, as of the end of the Twelfth Five-Year Plan, the total operation mileage of the urban public electric vehicles in the PRC amounted to approximately 900,000 kilometres, and the established urban area with 500-metre coverage of public transportation in the PRC reached 85%. To cater for the increasing mobility needs of residents, during the Thirteenth Five-Year Plan, 500-metre coverage of urban public transportation terminals shall reach 100% in cities with urban resident

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population of over 1 million, 300-metre coverage of urban public transportation terminals shall reach 70% in cities with urban resident population of 3 to 5 million, while 300-metre coverage of urban public transportation terminals shall reach 80% in cities with urban resident population of 5 million above.

Rapid development of urban rail transit and a surge in the number of metro platforms

According to the statistic of the rail transit network in the PRC, as of the end of 2016, 137 rail transit lines were operated in 29 cities in China, and there were an aggregate of 2,630 stations. In 2016, NDRC intensively approved the rail transit projects and 912 new platforms were approved, representing a year-on-year growth of 3.2 times. The policy has made increasing supports to the development of rail transit.

According to the Three-year Execution Plan of Major Transportation Infrastructure Construction issued in May 2016, the focus for 2016–2018 will be on the promotion of 103 urban rail transit projects and the construction of 2,385 kilometres of urban rail transit. It is conservatively estimated that, if the ratio of operating kilometrage to platforms of rail transit is 0.6 platform per kilometre in 2020, the cumulative number of metro platforms will reach 4,800 in 2020, representing an increase of 2,543 new metro platforms during the Thirteenth Five-Year Plan and an increased of over 100% when compared to 2,257 in 2015.

Over 50 new civil airports will be built

Based on the Production Statistics Report for Nationwide Airports in 2016 (《2016年全國機場生產統計公報》), there are an aggregate of 218 civil (licensed) airports and a total of 216 regular airports in China in 2016, representing a five-year CAGR of 3.72%.

According to the Outline of the Thirteenth Five-Year Plan for the National Economic and Social Development (draft), over 50 new civil airports will be built.

Market potential of government and bank office properties

Large number of government office properties and a competitive edge of enterprises with relevant management service experiences

The large number of government office properties drives demand for property management services providers with relevant experience. Due to that government properties concern about the image and were characterised with high public concentration, strong confidentiality and great social impact, the government is more cautious in choosing property management service enterprises. It is difficult for enterprises without property management service experience in government properties to enter the market. Enterprises with property management service experience in government properties enjoy a competitive edge in expanding the market with a higher service quality and government recognition.

Slower growth of bank office properties

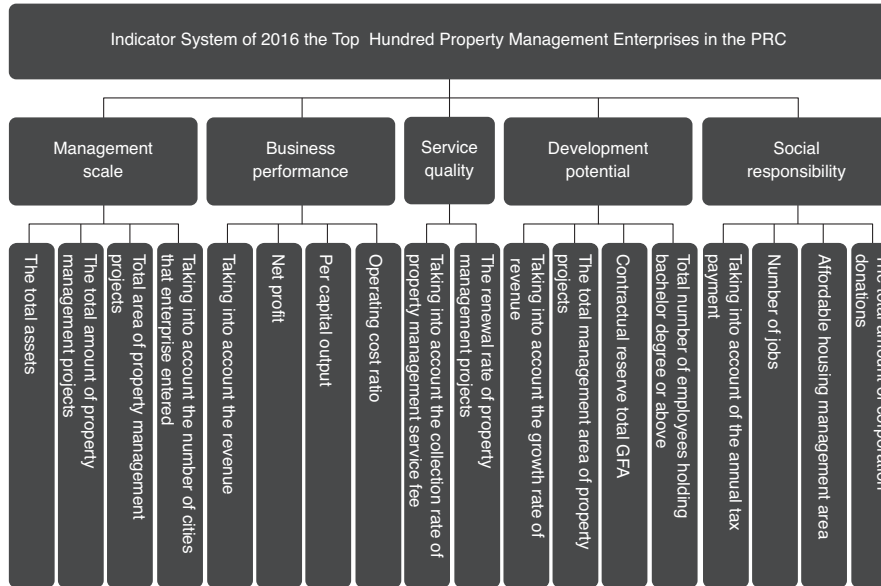
The number of bank office properties and branch is positively correlated. China Index Academy made inquiries and statistics according to the public information in official websites of major banks that there are over 44,500 branch in forty large and medium-sized cities⁶ in China. However, due to the increasing popularity of using mobile banking, e-banking and online banking, the growth of branch of major banks slowed down, some banks experienced a negative growth. Therefore, it is unlikely that there will be a substantial growth in the market of bank office properties.

⁶ Forty large and medium-sized cities are Beijing, Shanghai, Guangzhou, Shenzhen, Tianjin, Shijiazhuang, Taiyuan, Hohhot, Shenyang, Dalian, Changchun, Harbin, Nanjing, Hangzhou, Ningbo, Hefei, Fuzhou, Xiamen, Nanchang, Jinan, Qingdao, Zhengzhou, Wuhan, Changsha, Nanning, Haikou, Chongqing, Chengdu, Guiyang, Kunming, Xi'an, Lanzhou, Xining, Yinchuan, Urumqi, Wuxi, Suzhou, Wenzhou, Beihai, and Sanya.

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Our Position in The Comprehensive Strength of The Property Management Enterprises

We ranked 30th in the PRC on the list of Top Hundred Property Management Enterprises in 2016 compiled by China Index Academy and China Property Management Institute. The ranking of the comprehensive strength of the property management enterprises is determined by China Index Academy after considering the following aspects:



- Management scale, taking into account the number of cities that enterprise entered, the total amount and area of property management projects and the total assets;
- business performance, taking into account the revenue, net profit, per capital output and operating cost ratio;
- service quality, taking into account the collection rate of property management service fee and the renewal rate of property management projects;
- development potential, taking into account the growth rate of revenue and the total management area of property projects, contractual reserve total GFA and total number of employees holding bachelor degree or above;
- social responsibility, taking into account of the annual tax payment, number of jobs, affordable housing management area and the total amount of corporation donations.

According to China Index Academy, as at 31 December 2015, the number of projects we managed is higher than the average of Top Hundred Property Management Enterprises in the PRC; the revenue and net profit are both higher than the average level of Top Hundred Property Management Enterprises, of which the net profit is 12% higher; the average property management fee collection is approximately 48% higher than the Top Hundred Property Management Enterprises' property management fee. We accounted for 79% of management projects in first and second tier cities, which is 14% above the Top Hundred Property Management Enterprises average level. Furthermore, we continued to focus on tax payment according to law with our tax payment 25% above the Top Hundred Property Management Enterprises average level in 2015, making contribution to the state taxation.

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Unique Strengths of Public Property Management as Compared to the Residential Property Management

Public property is characterised with public, openness, security and etc. Its high standard and strict requirement on the quality of environment, facilities and the quality of staff's service requires higher expertise for public management enterprises, therefore the public property management is more promising with a relatively high entry barrier and less competition as compared to the residential property management.

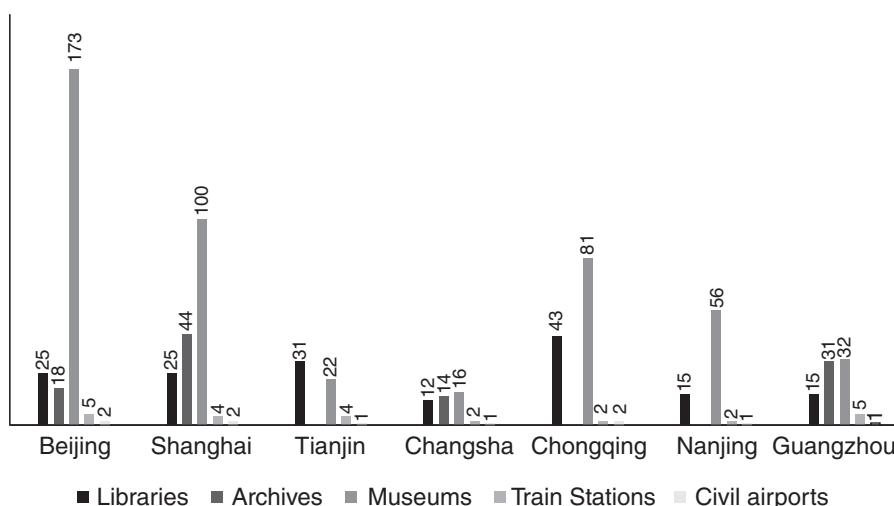
The public property management is more profitable compared with the residential property management. In accordance with the information from China Index Academy, the property management service fee rate of public property is higher than that of the residential property, among which, the fee collected for public properties of 2016 Top Hundred Property Management Enterprises in China is RMB3.76/sq.m./month whereas the price of residential properties is lower at RMB2.31/sq.m..

Difficulties in fee collection are common among residential property management enterprises, which increase the economic burden on them and cause certain losses. While public properties are owned by government or its departments, whose economic strength are relative strong, thus the collection of property management service fee maintains relatively stable.

Gradual emergence of public property management market with enormous development potential

Under the background of China's rapid economic development and continuous promotion of urbanisation, infrastructure construction in China develops at a fast pace. During the 12th Five-Year Period, railway, shipping and construction of inner-city traffic in China grew rapidly. The number of different public transportation properties kept increasing as the traffic routes continued to be improved. Meanwhile, a growing economy increased the disposable income of residents, and their demands for culture, sports and entertainment as well. To cater for the public demand, all kinds of public arena, including cultural venues, stadiums and exhibition halls, have been constructed continuously in different locations.

We have selected seven major cities (namely, Beijing, Shanghai, Tianjin, Changsha, Chongqing, Nanjing and Guangzhou) for the analysis of development potential in public property management market. The numbers of certain public properties in these cities as of 31 December 2016 are set out in the follow chart:



Source: *National Economic and Social Development Statistics Bulletin in 2016 for Beijing, Shanghai, Tianjin, Changsha, Chongqing, Nanjing and Guangzhou.*

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The increasing number of public properties has promoted the gradual emergence of the public property management industry. Meanwhile, the public property management business of the property management companies is under accelerating expansion. In particular, during the process of cross-region business expansion, first class property management companies enjoyed first mover advantages with their quality services and management experience. With the comprehensive implementation of the new policy of cancelling the acknowledgment for property management companies with qualification of second class or below, such advantages will be maintained in a long term.

Our Competitive Position in Public Property Management Sector in the PRC

Our public property management mainly competes with national, regional and local property management companies engaged in public property management. We believe that the major competitive factors include the management scale, business performance, service quality, development potential and so on.

As at 31 December 2015, among the private independent property management companies, there were approximately 8 property management companies with GFA of public properties under management of over 1,000,000 sq.m.

In 2015, we ranked second among the private independent public property management companies in terms of property management scale. According to China Index Academy, as the PRC property management market is highly fragmented, comprehensive data and estimation of GFA of non-residential properties (including public properties) under management in the industry are currently not available. As such, we are not able to provide the market share information by GFA of public properties under management.

Our Market Leading Position on Private Independent Public Property Management Sector

Since August 2016, China Index Academy has conducted research on public property management companies. Based on the public property management research system of China Index Academy, we ranked second in 2015 among all the private independent public property management companies based on the weighted rating after consideration of a series of factors of each company. Key factors that China Index Academy considered in market research include the followings:

- **Management scale of public property.** According to China Index Academy, we ranked second in the public property management sector among all private independent public property management companies in terms of management scale.
- **Business performance.** According to China Index Academy, in terms of revenue generated from public property management service fee in 2015, we are in the leading position in the private independent public property management sector. Our revenue generated from public property management service fee contributed over 20% of the overall revenue generated from property management service fee, becoming a significant performance growth point of the Company.
- **Service quality.** According to China Index Academy, in terms of our public property management services fee per GFA per month and our collection rate of public property management service fee, we are in the leading position in the independent private public property management sector. Furthermore, we undertook a number of high-quality public property projects by way of self-operation and commission, four of which are national and provisional demonstration projects in 2015.
- **Development potential.** We have over 200 employees holding bachelor degree or above. China Index Academy is of the view that the high-quality employees will provide a strong operational support for us in the future development within public property management sector and have a greater development potential.

INDUSTRY OVERVIEW

Strengths in public property management segments

- According to China Index Academy, we ranked third in public transportation sector of the public management segment of the public property management sector in the PRC in terms of the scale of operation in 2016, and we are also the enterprise with the most comprehensive service types and the largest numbers of management projects within the public transportation property management segment.
- According to China Index Academy, we ranked first in the property arena segment of public property management sector among all private independent property management companies in terms of management scale in the PRC in 2016. In 2016, our average property management fee was the highest in the segment.

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LEGAL REGULATION OF THE PROPERTY MANAGEMENT SECTOR IN THE PRC

Foreign-invested Property Management Companies

According to the Provisions on Guiding the Orientation of Foreign Investment (《指導外商投資方向規定》) (Order No. 346 of the State Council) (the “**Foreign Investment Orientation Provision**”), which were promulgated by the State Council on 11 February 2002 and came into effect on 1 April 2002, projects with foreign investment are divided into four categories, namely, encouraged, permitted, restricted and prohibited. The encouraged, restricted and prohibited projects with foreign investment are listed in the Catalogue of Industries for Guiding Foreign Investment (2017 version) (《外商投資產業指導目錄》(2017年修訂)). Projects not listed in the Catalogue of Industries for Guiding Foreign Investment are deemed to be permitted projects for foreign investment.

According to the Catalogue of Industries for Guiding Foreign Investment, which was jointly amended by NDRC and MOFCOM on 28 June 2017 and came into effect on 28 July 2017, the property management industry is among the industries in which foreign investment is permitted.

The Qualification of Property Management Companies

According to the Regulations on Property Management (《物業管理條例》) (Order No. 379 of the State Council), which were promulgated by the State Council on 8 June 2003, came into effect on 1 September 2003 and were amended on 26 August 2007 and 6 February 2016, a qualification system for companies engaging in property management activities has been adopted. According to the Administrative Measures on Qualifications of Property Management Companies (《物業服務企業資質管理辦法》) (Order No. 125 of MOHURD) (the “**Property Management Company Qualification Measures**”), which were promulgated by MOHURD on 17 March 2004, came into effect on 1 May 2004 and were amended on 26 November 2007 and 4 May 2015, a newly established property management company is required to, within 30 days from the date of the receipt of its business license, send an application for class qualification to the competent property administration department of the people’s government of municipality and cities divided into districts where its industrial and commercial registration was located. The qualification examination and approval department will review the application and issue the property management class qualification certificate to the property management company if it meets the corresponding class requirements.

According to the Property Management Company Qualification Measures, the levels of class qualification for a property management company are grouped into first, second and third classes. The Property Management Company Qualification Measures have laid out specific criteria for each class.

First class property management companies are permitted to undertake various property management projects of any scale. Second class property management companies are permitted to undertake the property management of residential projects of less than 300,000 sq.m. and non-residential projects of less than 80,000 sq.m. Third class property management companies are permitted to undertake the property management of residential projects of less than 200,000 sq.m. and non-residential projects of less than 50,000 sq.m. Property management companies must undergo annual review to maintain their qualification.

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According to the Decision of the State Council on Issues concerning the Third Batch of Administrative Approval Items which the Central Government Designates Local Authorities to Implement to be Cancelled (《國務院關於第三批取消中央指定地方實施行政許可事項的決定》), which were promulgated by the State Council on 12 January 2017, province and city level second class or below property management company qualifications acknowledged by MOHURD were cancelled.

If property management companies do not obtain a qualification certificate, or if the projects they undertake are outside the operational scope permitted by their class qualification, the property management companies may be ordered to surrender any income earned from unlawful property management activities and pay a fine.

Appointment of the Property Management Company

According to the Law on Property (《物權法》) (Order No. 62 of the President), which was promulgated by the NPC on 16 March 2007 and came into effect on 1 October 2007, property owners can either manage the buildings and the ancillary facilities by themselves or engage a property management company or custodian. According to the law, property owners may replace the property management company or custodian engaged by the developer. Property management companies or other custodians should manage the buildings and the ancillary facilities within the building zone in accordance with the commission of the owners, subject to supervision by the owners.

According to the Regulations on Property Management, property owners can select and engage or dismiss a property management company at a general meeting of the property owners with the affirmative votes of owners whose exclusive parts exceeded the half of the total area of the building(s) and who account for more than half of the total number of property owners. 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 construction institutions (for example, a property developer) and the selected and engaged property management company. The preliminary service contract will be terminated upon the coming into effect of a property management agreement entered into between the property owners' association and the property management company.

Fees Charged by Property Management Company

According to the Administrative Measures on Property Management Company Fees (《物業服務收費管理辦法》) (Fa Gai Jia Ge [2003] No. 1864), which were jointly promulgated by NDRC and MOHURD on 13 November 2003 and came into effect on 1 January 2004, property management companies are permitted to charge property owners fees for the repair, maintenance and management of houses and ancillary facilities and equipment and related venues and the maintenance of the sanitation and order in the related regions, pursuant to the terms in the property management agreements.

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

The fees charged for property management shall be based on government guidance prices or market-regulated prices in accordance with the different nature and features of different properties. The specific pricing principles shall be determined by the competent price administration departments and property administration departments of the people's governments of each province, autonomous region and municipality.

As agreed between the property owners and property management enterprise, the fees for the property management services can be charged either on a lump sum basis, in which case the property owners pay fixed property management fees to the property management enterprise who shall enjoy or assume all the profits or losses as its own risk, or on a fixed remuneration basis, in which case the property management enterprise may collect its service fees in the proportion or amount as agreed from the property management income in advance, the rest of which shall be exclusively used on the items as stipulated in the property management agreement, and property owners shall enjoy or assume the surplus or shortage.

Property management enterprises shall charge service fees at an expressly marked price in accordance with the regulations of the competent price administration departments of the people's government, and display its service items and standards, charged items and standards and other related contents on the noticeable positions in the management areas publicly.

According to the Regulation on Property Management Service Fee with Clear Price Tag (《物業服務收費明碼標價規定》) (Fa Gai Jia Jian [2004] No. 1428), which was promulgated by the NDRC and the MOHURD on 19 July 2004 and came into effect on 1 October 2004, property management enterprises, during their provision of services to the property owners (inclusive of the property service as stipulated in the property management agreement as well as other services requested by property owners), shall charge service fees at expressly marked prices, and display their service items, standards and other related contents. In case there is any change to the pricing standard, the property management enterprise shall adjust the related contents displayed and indicate the execution date of new standards one month prior to the implementation of the new standards.

If property management companies do not comply with government guidance prices according to regional regulations, they may be ordered to surrender any income unlawfully earned, pay a fine, or in serious cases cease business operations until the non-compliance has been rectified.

According to the Measures on Supervision over Pricing of Property Management Services (Trial) (《物業服務定價成本監審辦法(試行)》) (Fa Gai Jia Ge [2007] No. 2285), which was promulgated by NDRC and MOHURD on 10 September 2007 and came into effect on 1 October 2007, the pricing cost of property management services should be the average cost of community property services as verified by the competent price administration department of the

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people's government. The competent price administration department of the government is responsible for the supervision over and investigation of the pricing of property management services with assistance from the competent property administration department. The pricing cost of property services should fairly represent the composition of staff costs, the daily operation and maintenance costs of the common area and facilities of the property, gardening maintenance costs, sanitation and hygiene costs, security maintenance costs, insurance costs for the common areas and facilities (including liability insurance), office expenses, management costs apportionment, depreciation of fixed assets and other costs agreed to by the property owners.

According to 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》) (Fa Gai Jia Ge [2014] No. 2755), which was promulgated by NDRC and became effective on 17 December 2014, price controls on the following have been cancelled:

- (1) Property management services for residential properties except for affordable housing: fees for the repair, maintenance and management of residential properties except for affordable housing, ancillary facilities and equipment as well as for relevant sites and maintenance of environmental standards, sanitation and order within the managed areas. Property management fees for affordable housing, housing-reform properties, properties in old residential areas and under preliminary property management remain subject to government guidance on prices determined by competent provincial level price administration departments in cooperation with the administrative departments of housing and urban-rural development according to actual condition; and
- (2) Parking services in residential community: fees charged to owners or residents of residential community by property service companies or parking service companies for the management services of parking spaces, parking facilities and parking orders.

Judicial Interpretation

The Interpretations on Several Issues Relating to the Specific Application of Laws on the Hearing of Property Management Service Disputes (《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》) (Fa Shi [2009] No. 8), which was promulgated by the Supreme People's Court on 15 May 2009 and came into effect on 1 October 2009 provides the identification principles applied by the court when hearing disputes on specific matters between property owners and property management enterprises. Subject to The Interpretations on Several Issues relating to the Specific application of Laws on the Hearing of Property Management Service Disputes, the property management agreements entered into by property developers or property owners' association on behalf of property owners according to the related regulations are legally binding on property owners. The court shall not support if property owners plead for the cause of not being a contract party. Furthermore, the court confirms that the clauses of property management agreements which exempt the responsibility of property management enterprise, and aggravate the responsibility or exempt the rights of property owners' association or property owners shall be invalid.

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LEGAL SUPERVISION OVER LABOUR PROTECTION IN THE PRC

According to the Labour Law of the PRC (《中華人民共和國勞動法》) (Order of the President [1994] No. 28) (the “**Labour Law**”), which was promulgated by the Standing Committee of the NPC on 5 July 1994, came into effect on 1 January 1995 and was amended on 27 August 2009, an employer should develop and improve its rules and regulations to safeguard the rights of its employees and to ensure the performance of obligations. An employer should develop and improve its labour safety and health system, stringently implement national protocols and standards on labour safety and health, conduct labour safety and health education for employees, guard against labour accidents and reduce occupational hazards. An employer’s labour safety and health facilities must comply with relevant national standards. An employer must provide employees with the necessary labour protection gear that complies with labour safety and health requirements stipulated under national regulations, as well as provide regular health checks for employees engaging in operations with occupational hazards. Labourers engaging in special operations must have received specialised training and obtained pertinent qualifications. An employer should develop a vocational training system. 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 labour conditions of the company.

The Labour Contract Law of China (《中華人民共和國勞動合同法》) (the “**Labour Contract Law**”) (Order No. 65 of the President), which was promulgated by the SCNPC on 29 June 2007, came into effect on 1 January 2008, and was amended on 28 December 2012, and the Labour Contract Law Implementation Regulations of China (《中華人民共和國勞動合同法實施條例》) (the “**Labour Contract Law Implementation Regulations**”) (Order No. 535 of the State Council), which was promulgated and became effective on 18 September 2008, regulate the relationship between two parties to labour contracts, namely, the employers and the employees, and contain specific provisions concerning the terms of the labour contract. It is stipulated under the Labour Contract Law and the Labour Contract Law Implementation Regulations that a labour contract must be made in writing. An employer and an employee may enter into a fixed-term labour contract, a variable term labour contract, or a labour contract that concludes upon the completion of certain work assignments, upon reaching agreement after due negotiation. An employer may legally terminate a labour contract and dismiss its employees upon reaching agreement after due negotiation with the employee or by fulfilling the statutory conditions. Valid labour contracts concluded prior to the enactment of the Labour Contract Law will continue to be honoured. With respect to circumstances where a labour contract relationship has already been established but no formal contract has been made, a written labour contract should be entered into within one month from the effective date of the Labour Contract Law.

Labour Dispatch Business and Content

Pursuant to Labour Contract Law and Labour Contract Law Implementation Regulation, an administrative licence must be obtained for the operation of a labour dispatch business from the competent authorities. No entities or individuals are allowed to carry on a labour dispatch business without licence. For unapproved labour dispatch business, in addition to terminating its illegal operation by order, its illegally generated income will be confiscated, and a fine will be imposed.

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According to The Measures for the Implementation of Administrative License for Labour Dispatch (《勞務派遣行政許可實施辦法》) (Order No. 19 of Ministry of Human Resources and Social Security (MOHRSS)), which was promulgated by the MOHRSS on 20 June 2013 and came into effect on 1 July 2013, the local bureaus of MOHRSS (“**licensing authority**”) are responsible for the implementation of administrative license for labour dispatch within respective administrative regions. Applicants who have met the legal requirements will be granted the Administrative License for Labour Dispatch. The Administrative License for Labour Dispatch shall be valid for three years. Labour dispatching entities are required to take due care of the license. Any alteration, resale, lease, lending or other forms of illegal transfer shall be prohibited. Labour dispatching entities are required to submit the labour dispatching business operation report to the licensing authorities before March 31 of the following year. Labour dispatching entities may have their Administrative Licenses revoked by the licensing authority if the Administrative License is granted on the basis of unfair practices such as cheating, bribery and withholding information or submission of false materials. Labour dispatching entity shall not reapply for Administrative License for Labour Dispatch within one year after the revocation of its Administrative License.

According to Labour Contract Law and Labour Contract Law Implementation Regulations, labour dispatch entities shall not employ dispatched staff on part-time employment. The labour contracts between a labour dispatching entity and the dispatched staff shall be fixed-term labour contract with a term of not less than two years. Apart from the mandatory clauses as prescribed in the preceding paragraph, the labour contracts shall specify such matters as the employer to be dispatched, terms of dispatch, positions. Labour dispatching entities shall enter into labour dispatch agreements with the entity that accepts the workers under the dispatch arrangement (hereinafter referred to as the “**employer**”). The labour dispatch agreements shall stipulate the positions to which the workers are dispatched, the number of persons to be dispatched, the term of dispatch, the amounts and terms of payments of remunerations and social security premiums, and the liability for breach of agreement. Labour dispatching entities shall inform the dispatched staff of the content of the labour dispatch agreements. No labour dispatching entity may skimp any remuneration that a employer pays to the workers according to the dispatch agreement. An employer shall decide with the labour dispatching entity on the term of dispatch based on the actual requirements of the positions, and it shall not divide a continuous term of labour use into two or more short-term labour dispatch agreements. Where a labour dispatching entity or an employer violates relevant labour dispatching laws, it shall be ordered to make rectifications by the licensing authority. If the circumstance is severe, it shall be fined and have its Operating License for Labour Dispatch revoked. If any damage is caused to the dispatched staff, the labour dispatching entity and the employer shall bear joint and several liability of compensation.

According to Interim Provisions on Labour Dispatch (《勞務派遣暫行規定》) (Order No. 22 of MOHRSS), which was promulgated by the MOHRSS on 24 January 2014 and came into effect on 1 March 2014, the employer shall employ dispatched staff for temporary, auxiliary, or substituting positions, the number of which shall not exceed 10% of the total number of workers. The total number of the workers refers to the sum of workers that entered into labour contracts under employer and the number of employees used. If the number of employees used by the employer before the implementation of Interim Provisions on Labour Dispatch exceeds 10% of the total number of workers, the employer shall develop a scheme for employment adjustments to reduce the proportion to the specified level within 2 years from the effective date of Interim

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Provisions on Labour Dispatch, and file for record to licensing authority. The employer shall not employ new dispatched staff before reducing the number of dispatched staff prior to the effective date of the Interim Provisions on Labour Dispatch to the specified proportion as required. Labour contracts concluded by law prior to the release of the Labour Contract Law and the labour dispatch agreements whose expiry date is in 2 years from the effective date of the Interim Provisions on Labour Dispatch may continue to be performed until expiry by law. The employer shall not use new dispatched staff before reducing the number of dispatched staff prior to the effective date of the Interim Provisions on Labour Dispatch to the specified proportion as required. Where a dispatched staff suffers from work-related injuries while working for the relevant employer, the labour dispatching entity concerned shall be the applicant for handling the recognition of work-related injuries, and the employer must assist the investigation and handling. The labour dispatching entity shall bear the corresponding compensation liability; however, it is entitled to negotiate with the relevant employer for the compensation. Where a labour dispatching entity dispatches workers to regions outside its place of registration, the relevant employers shall enroll the dispatched staff in social insurance in the place of its operation, and pay the insurance fee according to the requirements of the place of its operation.

Labour Insurance and Provident Fund

According to the Interim Regulations on the Collection and Payment of social security Premiums (《社會保險費徵繳暫行條例》), the Regulations on Work Injury Insurance (《工傷保險條例》), the Regulations on Unemployment Insurance (《失業保險條例》) and the Trial Measures on Employee Maternity Insurance of Enterprises (《企業職工生育保險試行辦法》), PRC incorporated companies are required to provide benefit plans for their employees, which include basic pension insurance, unemployment insurance, maternity insurance, work injury insurance and basic medical insurance. PRC incorporated companies must provide social security by registering with local social security agencies and paying or withholding relevant social security premiums for or on behalf of employees. The Law on Social Security of China (《中華人民共和國社會保險法》) (Order No. 35 of the President), which was promulgated on 28 October 2010 by the NPC Standing Committee and became effective on 1 July 2011, has consolidated pertinent provisions for basic pension insurance, unemployment insurance, maternity insurance, work injury insurance and basic medical insurance, and has provided in detail the legal obligations and liabilities of employers who do not comply with relevant laws and regulations on social security.

According the Regulations on the Administration of the Housing Provident Fund (《住房公積金管理條例》) (Order No. 262 of the State Council), which was promulgated by the State Council and became effective on 3 April 1999 and was amended on 24 March 2002, housing provident fund contributions made by an individual employee and housing provident fund contributions made by his or her employer belong to the individual employee. Employers should timely pay up and deposit housing provident fund contributions in full amount and late or insufficient payments shall be prohibited. Employers should process housing provident fund payments and deposit registrations with the housing provident fund administration centre. Employers that violate these regulations and fail to process housing provident fund payments or deposit registrations with the housing provident fund administration centre within a designated period are subject to a fine ranging from RMB10,000 to RMB50,000. When employers breach these regulations and fail to pay housing provident fund contributions in full when due, the housing provident fund

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administration centre will order such employers to pay within a grace period, and may apply to the People's Court for mandatory enforcement if the fund is not paid in full before the expiry of the grace period.

LEGAL REGULATIONS ON TAX IN THE PRC

Income Tax

According to the EIT Law, which was promulgated by the NPC on 16 March 2007 and came into effect on 1 January 2008, and the Implementation Regulations of EIT Law by order No. 512 of the State Council (《企業所得稅法實施條例》) (“**Implementation Regulations of EIT Law**”), which was promulgated by the State Council on 6 December 2007 and came into effect on 1 January 2008, a uniform income tax rate of 25% applies to all PRC companies, foreign-invested companies and foreign companies which have established production and operation facilities in the PRC. These companies are classified as either resident companies or non-resident companies. Enterprises that are established in China in accordance with PRC laws, or that are established in accordance with the laws of foreign countries (regions) are resident enterprises, which is subject to enterprise income tax at the rate of 25% on their global income. The Implementation Regulations of EIT Law defines the term “de facto management bodies” as “bodies that substantially carry out comprehensive management and control on the business operation, employees, accounts and assets of enterprises.”

According to the EIT Law, non-resident enterprises refer to enterprises which are established according to the law of a foreign country (region) and whose actual management body is not in the PRC, but which have established institutions or premises in the PRC, or which have not established institutions or premises in the PRC but have income earned in the PRC. According to the Implementation Regulations of EIT Law, non-resident enterprises which have not established institutions or premises in the PRC or which have established institutions but is not effectively connected with that establishment shall be subject to a reduced enterprise income tax rate of 10% on income sourced within the PRC. Therefore, a 10% PRC withholding tax applies to dividends payable to investors that are non-resident enterprises to the extent that such dividends are derived from sources in the PRC, unless there is an applicable tax treaty between the PRC and the jurisdiction of the non-resident company which may reduce the tax rate or provide an exemption. Similarly, any gain realised on the transfer of shares by such investors is subject to a 10% PRC income tax (or lower treaty rate if applicable) if such gain is regarded as income derived from sources within the PRC.

According to the Arrangement between the PRC and Hong Kong Special Administrative Region for the Avoidance of Double Taxation 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》), which was signed on 21 August 2006 and came into effect on 1 January 2007, and amended on 19 July 2008, 6 January 2011 and 9 March 2016, where the beneficial owner of the dividends in Hong Kong directly owns at least 25% of the capital of the PRC enterprise, the dividends received from the enterprises incorporated in the PRC shall be subject to withholding tax at a rate of 5%; in any other case, tax rate of 10%. According to the Notice on the Understanding and Identification of the Beneficial Owners in the Tax Treaty (《關於如何理解和認定稅收協定中「受益所有人」的通知》) (Guo Shui Han [2009] No. 601), which was promulgated by SAT and

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became effective on 27 October 2009, a beneficial ownership analysis will be used based on a substance-over-form principle and actual circumstances of specific case to determine whether or not to grant tax treaty benefits.

Pursuant to the Circular of the State Administration of Taxation in relation to Certain Issues Concerning Enterprise Income Tax for the Indirect Property Transfer by Non-Resident Enterprise (《國家稅務總局關於非居民企業間接轉讓財產企業所得稅若干問題的公告》) (2015 Announcement No. 7 of the SAT), which was promulgated by SAT and became effective on 3 February 2015, the indirect transfer of Chinese taxable assets means the transaction which produces a result identical or substantially similar to the direct transfer of Chinese taxable assets by a non-resident enterprise through transfer of equities and other similar rights and interests of an overseas enterprise that directly or indirectly holds Chinese taxable assets (excluding Chinese resident enterprises registered outside China), including the circumstances under which the overseas enterprise's shareholders change due to the restructuring of the non-resident enterprise. Where a non-resident enterprise indirectly transfers equities and other assets of a Chinese resident enterprise to avoid its enterprise income tax payment obligation by making an arrangement not for any reasonable business purpose, such indirect transfer shall be redefined in nature and recognised as the direct transfer of equities and other assets of the Chinese resident enterprise and subject to a tax rate of 25% or 10% based on the type of assets. When a business purpose is determined as reasonable or not, all arrangements relating to the indirect transfer of Chinese taxable assets shall be taken into overall consideration, and relevant factors shall be comprehensively analysed in light of the actual circumstances. Transaction parties indirectly transferring Chinese taxable assets and the Chinese resident enterprises being indirectly transferred may file the matter of equity transfer to the tax authority and submit relevant materials on a voluntary basis. If the transferor submits the relevant materials or makes the filings for the indirect transfer of institution, premise, immovable property or equity interest on a voluntary basis within 30 days after the equity transfer agreement is entered into, such interests shall be charged at the benchmark interest rate set forth in Article 122 of the Implementation Rules of the Enterprise Income Tax Law. If the transferor fails to submit the relevant materials or make the filings with the tax authority within the above time limit, such interests shall be charged at the benchmark interest rate plus 5 percentage point. If the transferor fails to timely or fully file or pay taxes generated from the indirect transfer of Chinese taxable assets and the withholding agent fails to withhold such taxes, the transferor is subject to daily interests.

According to the Law of the People's Republic of China on the Administration of Tax Collection (《中華人民共和國稅收徵收管理法》) (Order of the President No. 49), which was promulgated by Standing Committee of the NPC on 4 September 1992, came into effect on 1 January 1993, and amended on 28 February 1995, 1 May 2001, 29 June 2013 and 24 April 2015, in the event that one of the following circumstances should arise in respect of a taxpayer, the tax authorities have the right to assess the amount of tax payable by the taxpayer: (1) it is not required to establish account books under relevant laws and administrative regulations; (2) it should establish account books under relevant laws and administrative regulations but has not done so; (3) it illegally destroys the account books or refuses to provide tax paying references; (4) it has established account books but it is difficult to make an audit because the accounts are in disorder or the cost references, income vouchers and expenditure vouchers are incomplete; (5) it fails to file a tax return for a tax obligation within the prescribed time limit and refuses to

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file a tax return even after the tax authority orders it to do so within a time limit; and (6) it reports an obviously low tax basis without any justifiable reason. Detailed procedure and approach for the tax authority to determine payable tax amount shall be provided by department of taxation of the State Council.

According to the Detailed Implementing Rules of the Law of the People's Republic of China on the Administration of Tax Collection (《中華人民共和國稅收徵收管理法實施細則》), which was promulgated by the State Council on 7 September 2002, came into effect on 15 October 2002, and amended on 9 November 2012, 18 July 2013 and, 6 February 2016, where a taxpayer is under any of the circumstances provided in Article 35 or 37 of the LATC, the tax authority can approve its payable tax amount through the following approaches: (1) referring to the tax burden on local taxpayers in the same or similar industry and with approximate business scale and income level; (2) in accordance with operating income or cost plus reasonable expenses and profit methods for approval; (3) based on calculation and inference or measurement of the consumption of raw materials, fuel, energy etc.; and (4) other reasonable approaches. If it is insufficient to employ one of the approaches as listed in the preceding paragraph to correctly verify the taxable income amount or payable tax amount, two or more approaches may be adopted. If taxpayers have disagreement towards payable tax amount approved by tax authority through the approach provided in this article, they should provide relevant evidence. Tax authority will adjust the payable tax amount after verification and recognition.

In accordance with Article 3 of the Procedures for Corporate Income Tax on a Deemed Profit Basis (Trial Implementation) (《企業所得稅核定徵收辦法(試行)》), which was promulgated by the State Administration of Taxation on 6 March 2008 and came into effect on 1 January 2008, taxpayers that fall under any of the following circumstances are subject to corporate income tax on a deemed profit basis: (1) accounting books may not be set up in accordance with laws and administrative regulations; (2) accounting books that shall have been set up in accordance with laws and administrative regulations but have not yet been so; (3) unauthorised damage of accounting books or refusal to provide tax payment information; (4) accounting books have been set up but entries are messy or costing information, receipt of income or proof of expenditure are incomplete and it is difficult to verify such accounts; (5) the tax obligation is incurred but no filing of tax return is made within the prescribed time limit in accordance with provisions. After order for rectification by the taxation authority within the prescribed time limit, no filing has been made by that time; and (6) the tax calculation basis filed is obviously lower without proper reasons. Taxpayers of special industries or special types and those with a certain scale are not governed by these Measures. The foregoing taxpayers shall be separately clarified by the State Administration of Taxation.

Business Tax

According to the Temporary Regulations on Business Tax (《營業稅暫行條例》), which were promulgated by the State Council on 13 December 1993, came into effect on 1 January 1994, and were amended on 10 November 2008, and the Detailed Implementing Rules on the Temporary Regulations on Business Tax (《營業稅暫行條例實施細則》)(Cai Fa Zi [1993] No. 40), which were promulgated by MOF, came into effect on 25 December 1993, were amended on 15 December 2008 and 28 December 2011, a business income tax at the rate of 3% to 20% is

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imposed on income derived from providing certain services or transferring immovable property or intangible property, depending on the nature of the taxable activities. A business income tax at the rate of 5% is imposed on revenue derived from providing property management services.

Value-added Tax

According to the Temporary Regulations on Value-added Tax of People's Republic of China (《中華人民共和國增值稅暫行條例》) (Order No. 134 of the State Council) (“**Temporary Regulations on Value-added Tax**”), which were promulgated by the State Council on 13 December 1993, came into effect on 1 January 1994, and were amended on 10 November 2008 and 6 February 2016 and the Detailed Implementing Rules of the Temporary Regulations on Value-added Tax of People's Republic of China (《中華人民共和國增值稅暫行條例實施細則》) (Cai Fa Zi [1993] No. 38) (“**Detailed Implementing Rules of the Temporary Regulations on Value-added Tax**”), which were promulgated by MOF and came into effect on 25 December 1993, and were amended on 15 December 2008 and 28 October 2011, all taxpayers selling goods, providing processing, repairing or replacement services or importing goods within the PRC are required to pay a 17% value-added tax.

According to the Pilot Plan for Levying Value Added Tax in Lieu of Business Tax (《營業稅改徵增值稅試點方案》) (No. 110 [2011] of the Ministry of Finance), which was promulgated by MOF and SAT and came into effect on 16 November 2011, certain areas within the PRC are developed as the pilots for levying value added tax in lieu of business tax for productive service industries including transportation industry and some modern service industries starting from 1 January 2012. Subsequently, the pilot region and scope of industry of has been expanded. On 23 March 2016, MOF and SAT jointly promulgated the Circular regarding the Pilot Program on Comprehensive Implementation of Value Added Taxes from Business Taxes Reform (《關於全面推開營業稅改徵增值稅試點的通知》) (No. 36 [2016] of the Ministry of Finance) and its appendices including the Provisions on Relevant Matters concerning the Pilot Practice of Levying Value Added Tax in Lieu of Business Tax (《營業稅改徵增值稅試點有關事項的規定》), the Provisions on the Transitional Policies for the Pilot Practice of Levying Value Added Tax in Lieu of Business Tax (《營業稅改徵增值稅試點過渡政策的規定》) and the Provisions on the Application of VAT Zero Rate and VAT Exemption Policy to Cross-border Taxable Activities (《跨境應稅行為適用增值稅零稅率和免稅政策的規定》). In the fully open business tax levy value added tax pilot since 1 May 2016, construction, property, finance, services are the taxpayers of the business tax, included in the scope of the pilot, from pay business tax to pay value added tax. Entities and individuals that sell services, intangible assets or immovable properties within the territory of the PRC are value-added tax payers, and shall pay value-added tax at the rate of 0% to 17% instead of business tax.

LEGAL REGULATIONS ON FOREIGN EXCHANGE IN THE PRC

According to the Regulations on the Control of Foreign Exchange of People's Republic of China (《中華人民共和國外匯管理條例》) (Order No. 193 of the State Council) (“**Regulations on the Control of Foreign Exchange**”), which were promulgated by the State Council on 29 January 1996, came into effect on 1 April 1996 and were amended on 14 January 1997 and 5 August 2008, foreign exchange receipts of domestic institutions or individuals may be transferred to the PRC or deposited abroad; the conditions for transfer to the PRC or overseas

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deposit, time limit and other details will be specified by the foreign exchange control department of the State Council. Foreign exchange receipts for current account transactions may be retained or sold to financial institutions engaging in the settlement of foreign exchange in accordance with relevant regulations. An overseas organisation or individual that makes direct investment in the PRC shall handle the registration formalities at an administrative department of foreign exchange upon the approval of the competent department. A domestic organisation or individual that makes direct investment or issues or trades negotiable securities or derivative products overseas shall handle the registration formalities at the state administration of foreign exchange of the State Council. If the relevant state laws require the approval of or registration with the competent department, such approval or registration shall be obtained before handling the registration formalities. The exchange rate for RMB follows a managed floating exchange rate system based on market demand and supply.

According to the Regulations on the Administration of Foreign Exchange Settlement, Sale and Payment (《結匯、售匯及付匯管理規定》) (Yin Fa [1996] No. 210), which is promulgated by the People's Bank of China on 20 June 1996 and came into effect on 1 July 1996, foreign-invested enterprises may retain their foreign earnings derived from their ordinary business activities at the limit prescribed by the SAFE and any excess amount shall be converted through the designated foreign exchange banks or foreign exchange adjustment centres.

According to the Notice of the State Administration of Foreign Exchange on the Administration of Foreign Exchange Involved in the Investment and Financing and Return on Investment Conducted by PRC Residents via Special Purpose Vehicles (《國家外匯管理局關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知》) (Hui Fa [2014] No. 37) (“**Circular No. 37**”), which is promulgated by the State Administration of Foreign Exchange and became effective on 4 July 2014, “special purpose vehicle” refers to an overseas company directly established or indirectly controlled by a domestic resident (including domestic institutions and domestic individual residents) for the purpose of engaging in investment and financing involving assets or interests which the domestic entity legally holds, or involving the overseas assets or interests it legally holds. “Round-trip investments” refer to direct investment activities carried out within the territory of China by a domestic resident directly or indirectly via a special purpose vehicle, i.e., establishing a foreign-funded company or project (hereinafter referred to as the “**foreign-funded company**”) within the territory of China through new establishment, merger, acquisition or otherwise, and obtaining ownership, control, operation and management and other rights and interests. “Domestic institutions” refer to companies, public institutions, legal persons or other economic organisations legally established within the territory of China. A “domestic individual resident” refers to a Chinese citizen who holds a Chinese domestic resident, military or Armed Police ID card, as well as any overseas individual who has no legal identity within the territory of China but habitually resides within the territory of China for reasons of economic interest. “Control” refers to the rights to carry out the business operations of, or to gain proceeds from or to make decisions on behalf of, a special purpose vehicle by means of acquisition, trusteeship, holding shares on behalf of others, voting rights, repurchase, convertible bonds, etc.

Pursuant to the SAFE Circular No. 37, the PRC individual residents conduct investment in offshore special purpose vehicles with their legitimate onshore and offshore assets or equities, they must register with local SAFE branches with respect to their investments. SAFE Circular

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No. 37 also requires the PRC residents to file changes to their registration where their offshore special purpose vehicles undergo material events such as the change of basic information including PRC residence, name and operation period, as well as capital increase or decrease, share transfer or exchange, merger or division. According to Item 10 “The Registration of the Special Purpose Vehicles by PRC Resident Individuals,” Appendix 1 “Operating Guidelines for Businesses Involved in the Foreign Exchange Administration of Round-trip Investment” to SAFE Circular No. 37, PRC resident individuals shall only register the (first layer) SPV directly established or controlled by the applicant.

According to the Circular of the State Administration of Foreign Exchange on Further Simplifying and Improving the Direct Investment-related Foreign Exchange Administration Policies (《國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知》(Hui Fa [2015] No. 13)) (“**Circular No. 13**”), which is promulgated by SAFE on 13 February 2015 and became effective on 1 June 2015, and its Annex 1 Operating Guidelines for Foreign Exchange Business in Direct Investment (《直接投資外匯業務操作指引》), confirmation of foreign exchange registration under domestic direct investment and confirmation of foreign exchange registration under overseas direct investment are cancelled. Instead, banks shall directly examine and handle foreign exchange registration under domestic direct investment and foreign exchange registration under overseas direct investment according to Circular No. 13 and its Annex 1 (hereinafter collectively referred to as “**foreign exchange registration of direct investment**”), and the SAFE and its branch offices shall indirectly regulate the foreign exchange registration of direct investment through banks.

According to the Notice of the State Administration of Foreign Exchange of the PRC on Revolutionise and Regulate Capital Account Settlement Management Policies (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》) (Hui Fa [2016] No. 16), which was promulgated by the State Administration of Foreign Exchange on 9 June 2016 and became effective on 9 June 2016, foreign currency earnings in capital account that relevant policies of discretionary exchange settlement have been clearly implemented on (including foreign exchange capital, foreign loans and recalling of raised capital by overseas listing) may undertake foreign exchange settlement in the banks according to actual business needs of the domestic institutions. The tentative percentage of foreign exchange settlement for foreign currency earnings in capital account of domestic institutions is 100%.

The use of foreign currency earnings of capital accounts of domestic institutions shall follow the principles of authenticity and self-use within the business scope of enterprises. The foreign currency earnings of capital accounts of domestic institutions and capital in Renminbi obtained by its settlements may be used for recurring payment within the scope of its own business as well as capital payment permitted by laws and regulations. The use of foreign currency earnings of capital accounts of domestic institutions and capital in Renminbi obtained by its settlements shall comply with the following requirements:

- (1) not directly or indirectly used for the payment beyond the business scope of the enterprises or the payment prohibited by national laws and regulations;
- (2) not directly or indirectly used for investment in securities or financial schemes other than bank guaranteed products unless otherwise expressly provided;

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- (3) not used for granting loans to non-connected enterprises, unless otherwise permitted by its business scope; and
- (4) not used for the construction or purchase of property that is not for self-use (except for property enterprises).

Where there is contractual arrangement regarding the use of earnings of capital accounts between the domestic institution and other parties, the use of such capital shall not be beyond the scope of such contractual arrangement. Unless otherwise specified, the contractual arrangement between the domestic institution and other parties shall not contradict this Notice.

According to the Circular of the State Administration of Foreign Exchange on Reforming the Management Approach regarding the Settlement of Foreign Exchange Capital of Foreign-invested Enterprises (《國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知》(Hui Fa [2015] No. 19)) (“**Circular No. 19**”), which was promulgated on 30 March 2015 and became effective on 1 June 2015, discretionary settlement of foreign exchange capital of foreign-invested companies means that foreign exchange capital in the capital account of foreign-invested companies whose rights and interests of monetary contribution have been confirmed by the local foreign exchange bureau (or book-entry registration through the banks) can be settled at the banks based on the actual operating needs of the companies. The proportion of discretionary settlement of foreign exchange capital for foreign-invested companies is temporarily set at 100%.

Capital by foreign-invested companies should only be used for legitimate operating needs within the business scope. The capital of foreign-invested companies and capital in RMB obtained through foreign exchange settlement should not be used for the following purposes (should there be more stringent requirements under the Notice of the State Administration of Foreign Exchange of the PRC on Revolutionise and Regulate Capital Account Settlement Management Policies, such requirements shall prevail):

- (1) directly or indirectly used for payments outside the business scope or for payments prohibited under national laws and regulations;
- (2) directly or indirectly used for investment in securities unless otherwise provided by laws and regulations;
- (3) directly or indirectly used for granting entrust loans in RMB (unless permitted by the scope of business), repaying inter-company borrowings (including advances by third parties) or repaying bank loans in RMB that have been on-lent to a third party; and
- (4) paying expenses related to the purchase of property not for self-use, except for foreign-invested property companies.

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Except for transfers of equity investment in the original currency, foreign-invested companies whose primary business is investing (including foreign-invested investment companies, foreign-invested venture capital companies and foreign-invested equity investment companies) are permitted to directly settle foreign exchange capital or transfer capital in RMB to the account of the invested companies provided that the domestic investment project is authentic and compliant.

Generally, foreign-invested companies other than the aforementioned companies shall be governed by the prevailing provisions on domestic reinvestment if they make domestic equity investments with capital transfers in the original currency. For domestic equity investments made with capital obtained from a foreign exchange settlement, the invested companies must first register domestic reinvestment at the foreign exchange bureaus (banks) and open the corresponding settlement account, after which the companies making the investment then transfer the capital in RMB obtained from the foreign exchange settlement to the settlement account opened by the invested companies. The invested company must comply with the aforementioned principles if it continues to make domestic equity investments.

LEGAL REGULATIONS ON MERGERS AND ACQUISITION

According to the Rules on the Acquisition of Domestic Enterprises by Foreign Investors (《關於外國投資者併購境內企業的規定》) (Order 2006 No. 10 of MOFCOM SASAC, SAT, SAIC, CSRC and SAFE), which was promulgated on 8 August 2006, became effective on 8 September 2006 and amended on 22 June 2009, an acquisition can be either an equity acquisition or an asset acquisition. An equity acquisition is an acquisition of equity interest in a domestic non-foreign-funded enterprise (hereinafter as “**domestic company**”) or the subscription of registered capital of a PRC domestic company by foreign investors for the purpose of converting such PRC domestic company into a foreign-invested company. An asset acquisition refers to (i) foreign investors’ purchase and operation of assets of PRC domestic enterprises via its established foreign-invested enterprises, and (ii) foreign investors’ acquisition of assets of PRC domestic enterprises, which would subsequently be used for the establishment and operation of foreign-invested enterprises. Where a domestic company, enterprise or natural person intends to acquire its or his/her related domestic company in the name of an offshore company which it or he/she lawfully established or controls, the acquisition shall be subject to the examination and approval of the MOFCOM; and where a domestic company or natural person holds an equity interest in a domestic company through an offshore special purpose company, any overseas listing of that special purpose company shall be subject to approval by the CSRC.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

OUR HISTORY

According to China Index Academy, we ranked 30th on the list of “Top Hundred Property Management Enterprises” (2016中國物業服務自強企業) among the property management companies in the PRC in terms of scale of property management, business performance service quality, development potential and society responsibility. Thus, we have achieved a leading position in providing property management services to public properties in the PRC in 2016.

The history of our Group can be traced back to December 2002 when Mr. Xiao, Mr. Fu and Ms. Lin, spouse of Mr. Chen, one of our Controlling Shareholders, established Pujiang Property in Shanghai, the PRC to engage in the business of property management using their personal funds from previous employment and business activities. At the date of its establishment, the equity interest in Pujiang Property was held as to 50% by Mr. Xiao, 20% by Mr. Fu and 30% by Ms. Lin.

Mr. Xiao and Mr. Fu have been involved in the management and operation of Pujiang Property since its establishment, utilising their prior knowledge and experience gained in the industry while Ms. Lin ceased to involve in the management of Pujiang Property in or around July 2011 due to her other business engagements. Mr. Xiao is the chairman of our Board, an executive Director and one of our Controlling Shareholders. Mr. Fu is the vice-chairman of our Board, an executive Director and one of our Controlling Shareholders. Please refer to the section headed “Directors and Senior Management” in this prospectus for the information on the background and industrial experiences of Mr. Xiao and Mr. Fu.

OUR MILESTONES AND BUSINESS AWARDS

The following table is a summary of our Group’s key development milestones and business awards:

Year	Events
2002	Pujiang Property was established and commenced its operations in December 2002 in Shanghai, the PRC
2003	Pujiang Property started providing property management services to our first managed project in the category of prestigious and large scale shopping and entertainment complexes
2003	Our Group started providing property management services to our first managed property in the sector of high-end residential properties
2004	Our Group started providing property management services to our first managed property in the government properties segment of the public sector upon acquiring Shanghai Bund by Pujiang Property

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Year	Events
2004	Our Group was certified under GB/T 19001-2000 idt ISO 9001:2000 in recognition of our quality management in property management operation; GB/T 19001-2008 idt ISO 9001:2008 in 2009, in recognition of our quality management in property management operation; GB/T 24001-2004 idt ISO 14001: 2004 in 2012, in recognition of our environmental management in property management operation; and GB/T 28001-2001 idt OHSAS 18001:2007 in 2012, in recognition of our occupational health and safety management in our property management operation
2005	Our Group extended our presence geographically in Anhui Province via our investment in Anhui Bund
2006	Our Group started providing property management services to Orient International Finance Plaza (東方國際金融廣場), one of our landmark projects in the high-end office buildings category
2006	Our Group extended our presence geographically in Hefei, Anhui Province via our investment in Hefei Zheng Wen
2007	Pujiang Holding was established
2009	Our Group started providing property management services to the Shiliupu (十六鋪交通樞紐), one of our landmark projects in the public arena category of the public sector
2010	Our Group started providing property management services to Shanghai World Expo Exhibition and Convention Centre (世博展覽館) and Hongqiao International Airport Eastern Transport Terminal (虹橋機場東交通中心(公交站區)), as our first managed properties in the transportation hub category of the public sector
2011	Our Group was first awarded the Top 100 Property Management Companies of year 2011 (2011物業管理綜合實力百強企業) by China Property Management Institute (中國物業管理協會)
2013	Our Group extended our presence geographically in Ningbo via our investment in Ningbo Plaza
2014	Our Group was awarded a total of 6 awards in respectively, Shanghai property management outstanding district (Urban Best Practice Area (上海城市最佳實踐區); Shanghai South Station City Power Square (上海南站城市動力廣場) and Pudong Airport Maglev Station (磁懸浮浦東機場站) and Shanghai property management outstanding buildings (Sales Department of Industrial and Commercial Bank of China, Shanghai Branch) (中國工商銀行上海分行營業部); Hongqiao Terminal : Shenhong International Building (虹橋樞紐申虹國際大廈) and Zhongshandongyi Lu Building No. 12 (中山東一路12號大樓) by the Trade Association of Shanghai Property Management (上海市物業管理行業協會)

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Year	Events
2015	Our Group was awarded “Featuring Companies in Public Property Management of year 2015 (2015物業服務特色企業(公眾物業)) and Top 100 Property Management Companies of year 2015 (2015 物業管理綜合實力百強企業) by China Property Management Institute (中國物業管理協會)
2016	Dynamic Building Matrix developed by Shanghai Jie Gu undergone trial runs at the Bund 6 (外灘六號) and National Exhibition and Convention Center (Shanghai) (國家會展中心(上海)); “Tracker” system developed by Shanghai Jie Gu undergone trial run at the National Exhibition and Convention Center (Shanghai) (國家會展中心(上海))
2016	Pujiang Property was awarded Shanghai Famous Brand of year 2016* (2016年度上海名牌) by Shanghai Famous Brand Nomination Committee* (上海市名牌推薦委員會)

For details of other honours and awards of our Group, please refer to the sub-section headed “Business — Honours and Awards” in this prospectus.

CORPORATE DEVELOPMENT

We summarise below our operating subsidiaries, joint venture companies, associated companies and investment held for sale:

Name	Date and place of incorporation	Details of acquisition/establishment	Reference
Subsidiaries			
Pujiang Property	2 December 2002, Shanghai, the PRC	Establishment of Pujiang Property by Mr. Xiao, Mr. Fu and Ms. Lin	Please refer to the paragraph headed “Our Subsidiaries — Pujiang Property” in this section
Shanghai Jiu Yi	8 April 1996, Shanghai, the PRC	Acquisition of Shanghai Jiu Yi by Pujiang Property on 6 June 2003	Please refer to the paragraph headed “Our Subsidiaries — Shanghai Jiu Yi” in this section
Shanghai Rui Zheng	8 January 2004, Shanghai, the PRC	Establishment of Shanghai Rui Zheng by Mr. Xiao HT, brother of Mr. Xiao, Pujiang Property and an Independent Third Party	Please refer to the paragraph headed “Our Subsidiaries — Shanghai Rui Zheng” in this section
Shanghai Bund	8 April 1996, Shanghai, the PRC	Acquisition of Shanghai Bund by Pujiang Property and Mr. Xiao on 10 May 2004	Please refer to the paragraph headed “Our Subsidiaries — Shanghai Bund” in this section

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Name	Date and place of incorporation	Details of acquisition/establishment	Reference
Subsidiaries			
Shanghai Bund Green	10 August 2004, Shanghai, the PRC	Establishment of Shanghai Bund Green by Pujiang Property and an Independent Third Party	Please refer to the paragraph headed “Our Subsidiaries — Shanghai Bund Green” in this section
Anhui Bund	26 December 2005, Hefei, Anhui, the PRC	Establishment of Anhui Bund by Shanghai Bund and 安徽皖投置業有限公司 (Anhui Wan Tou Property Limited*) (“ Anhui Wan Tou ”)	Please refer to the paragraph headed “Our Subsidiaries — Anhui Bund” in this section
Shanghai Hong Ji	18 March 2016, Shanghai, the PRC	Establishment of Shanghai Hong Ji by Pujiang Property	Please refer to the paragraph headed “Our Subsidiaries — Shanghai Hong Ji” in this section
Shanghai Jie Gu	3 May 2016, Shanghai, the PRC	Establishment of Shanghai Jie Gu by Pujiang Holding and 上海駭創信息科技有限公司 (Shanghai Hai Chuang Information Technology Limited*) (“ Shanghai Hai Chuang ”)	Please refer to the paragraph headed “Our Subsidiaries — Shanghai Jie Gu” in this section
Anhui Pu Jing	10 May 2017, Bozhou, Anhui, the PRC	Establishment of Anhui Pu Jing by Pujing Property and 亳州市文化旅遊發展有限公司 (Bozhou Cultural Tourism Limited*) (“ Bozhou Cultural ”)	Please refer to the paragraph headed “Our Subsidiaries — Anhui Pu Jing” in this section
Joint Venture Companies			
Hefei Zheng Wen	14 April 2004, Hefei, Anhui, the PRC	—	—
Bengbu Zhi Xin	13 September 2004, Bengbu, Anhui, the PRC	—	—

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Name	Date and place of incorporation	Details of acquisition/establishment	Reference
Joint Venture Companies			
Bengbu Guang Jia	17 March 2004, Bengbu, Anhui, the PRC	—	—
Bengbu Gardening	20 July 2012, Bengbu, Anhui, the PRC	—	—
Bengbu Hua Xin	29 July 2013, Bengbu, Anhui, the PRC	—	—
Associated Companies			
Ningbo Plaza	20 January 1995, Ningbo, the PRC	—	—
Anhui Pu Bang	4 August 2015, Ma An Shan, Anhui, the PRC	—	—
Shanghai Xin Di	19 June 2015, Shanghai, the PRC	—	—
Shanghai Qiang Sheng	17 December 1992, Shanghai, the PRC	—	—
Nantong Pu Sheng	18 October 2017, Nantong, the PRC	—	—
Investment Held for Sale			
Shanghai Guo Tao	30 May 2003, Shanghai, the PRC	—	—

Pujiang Property, our subsidiaries, joint venture companies, associated companies and investment held for sale as set out in the table above are collectively referred to as “Pujiang Property Group”.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Our operations have been carrying out via members of our Group, our joint venture companies and our associated companies in 19 cities in the PRC as at the Latest Practicable Date. It is our strategy for growth and expansion by acquiring minority equity interests in other property management companies which have existing property management projects of their own. For this reason, our projects are managed by various members of our Group, our joint venture companies and our associated companies.

OUR SUBSIDIARIES

Pujiang Property

Establishment and Changes in Shareholding

The origin of our Group began with the establishment of Pujiang Property in Shanghai, the PRC on 2 December 2002. Upon its establishment, Pujiang Property was held as to 50% by Mr. Xiao, 30% by Ms. Lin and 20% by Mr. Fu with an initial registered capital of RMB1,000,000. It is principally engaged in property management services.

On 13 July 2004, the registered capital of Pujiang Property was increased from RMB1,000,000 to RMB5,000,000 by way of capital injection in the total sum of RMB2,500,000 contributed by Mr. Xiao, RMB1,000,000 contributed by Mr. Fu and RMB1,500,000 contributed by Ms. Lin, the equity interest in Pujiang Property was still owned as to 50% by Mr. Xiao, 20% by Mr. Fu and 30% by Ms. Lin.

On 18 June 2007, Mr. Xiao and Mr. Fu established Pujiang Holding in the PRC to act as an investment holding company for their portfolio of companies in the PRC (“**Corporate Restructuring**”). At the date of its establishment, Pujiang Holding was owned as to 90% by Mr. Xiao and 10% by Mr. Fu.

On 6 November 2007, for the purpose of Corporate Restructuring, Mr. Xiao and Mr. Fu entered into an equity transfer agreement with Pujiang Holding under which they agreed to transfer 60% and 10% of the equity interest in Pujiang Property held by them to Pujiang Holding respectively for the respective consideration of RMB3,000,000 and RMB500,000, which represented the amount of capital contribution attributed to such transferred equity interest. On the same date, Ms. Lin entered into an equity transfer agreement with 上海霖之投資諮詢有限公司 (Shanghai Lin Zhi Consultancy Company Limited*) (“**Shanghai Lin Zhi**”), which was an investment company wholly-owned by her, under which she agreed to transfer 30% of the equity interest in Pujiang Property held by her to Shanghai Lin Zhi for a consideration of RMB1,500,000, which represented the amount of capital contribution attributed to such transferred equity interest. On 4 December 2007, Shanghai Industry and Commerce Bureau issued a renewed business licence in respect of the said transfers, the equity interest in Pujiang Property became owned as to 70% by Pujiang Holding and 30% by Shanghai Lin Zhi.

On 31 May 2011, in view that Ms. Lin decided to realise her investment in Pujiang Property, Pujiang Holding entered into an equity transfer agreement (as supplemented and amended by a supplemental equity transfer agreement dated 7 June 2011) with Shanghai Lin Zhi under which Shanghai Lin Zhi agreed to transfer 30% of its equity interest in Pujiang Property to Pujiang Holding for a consideration of RMB5,250,000, which was based on the arm’s length negotiation

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

between the parties having taken into account the net asset value of Pujiang Property in the sum of RMB22,571,636.13 for the financial year ended 31 December 2010. On 7 July 2011, Shanghai Industry and Commerce Bureau issued a renewed business licence in respect of the said transfer, Pujiang Property became a wholly-owned subsidiary of Pujiang Holding. At the material time of the said transfer, Pujiang Holding was controlled by Mr. Xiao and Mr. Fu.

On 25 June 2011, the registered capital of Pujiang Property was increased from RMB5,000,000 to RMB20,000,000.

Pujiang Property had undergone some subsequent changes in its minority shareholding. On 20 May 2013, Pujiang Holding entered into an equity transfer agreement with 上海道南實業有限公司 (Shanghai Dao Nan Limited*) (“**Shanghai Dao Nan**”) and 上海禾河投資有限公司 (Shanghai He He Investment Limited*) (“**Shanghai He He**”), Independent Third Parties under which each of Shanghai Dao Nan and Shanghai He He agreed to transfer 10% of their respective interest in Pujiang Property to Pujiang Holding for a consideration of RMB2,000,000 each, which represented the amount of capital contribution attributed to such transferred equity interest. On the same date, Pujiang Holding entered into an equity transfer agreement with 獅城怡安(上海)物業管理有限公司 (Lion City Yi An (Shanghai) Building Management Limited*) (“**Lion City**”), an Independent Third Party, under which Pujiang Holding agreed to transfer 2.5% of its equity interest in Pujiang Property to Lion City for a consideration of RMB500,000, which represented the amount of capital contribution attributed to such transferred equity interest. On 20 June 2013, Shanghai Industry and Commerce Bureau issued a renewed business licence in respect of the said transfer, Pujiang Property became owned as to 97.5% by Pujiang Holding and 2.5% by Lion City.

On 11 March 2016, Pujiang Holding entered into an equity transfer agreement with Lion City under which Lion City agreed to transfer 2.5% of its equity interest in Pujiang Property to Pujiang Holding for a consideration of RMB500,000, which represented the amount of capital contribution attributed to such transferred equity interest. On 22 March 2016, Shanghai Huangpu District Market Supervision and Management Bureau (上海市黃埔區市場監督管理局) issued a renewed business licence in respect of the said transfer, Pujiang Property became a wholly-owned subsidiary of Pujiang Holding. At the material time of the said transfer, Pujiang Holding was beneficially owned as to 87% by Mr. Xiao, 10% by Mr. Fu and 3% by Mr. Chen. Mr. Chen became a beneficial owner of Pujiang Holding on 25 April 2015 when he acquired 3% of the equity interest in Pujiang Holding from Shanghai Tong Zhen Construction and Engineering Design Centre (上海同楨建設工程設計中心*) via Shanghai Tong Shu, his sole proprietorship.

On 30 June 2016, the registered capital of Pujiang Property was further increased from RMB20,000,000 to RMB23,600,000. As at the Latest Practicable Date, the registered capital of Pujiang Property had been paid up.

Acquisitions by Pujiang Property

In order to delineate our business from the other non-property management related business of Pujiang Holding and to prepare for the Reorganisation, we had undergone Inter-group Restructuring. For details, please refer to the paragraph headed “Inter-group Restructuring” in this section.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Investment by a Pre-IPO Investor

On 14 September 2016, Pujiang Property became a limited liability company (sino-foreign joint venture) (有限責任公司(台港澳與境內合資)) and its equity interest became owned as to 98% by Pujiang Holding and 2% by Mr. Yan upon completion of a pre-IPO investment by Mr. Yan, our pre-IPO investor. For details, please refer to the paragraph headed “Pre-IPO Investment” in this section.

Acquisition by our Group

On 8 October 2016, Pujiang Property became a wholly-foreign owned enterprise (有限責任公司(台港澳法人獨資)) of our Group, an intermediate holding company and a major operating subsidiary of our Group upon completion of its acquisition by Leading Way. For details, please refer to the paragraph headed “Reorganisation — Acquisition of Pujiang Property Group” in this section.

As advised by our PRC Legal Advisers, all the transfers in respect of Pujiang Property were properly and legally completed and in compliance with the applicable PRC laws and regulations and all the necessary approvals from the relevant PRC authorities have been obtained.

Branch offices of Pujiang Property

In order to facilitate the development of our operation in different regions in the PRC, Pujiang Property has established 14 branch offices in the PRC as at the Latest Practicable Date.

As at the Latest Practicable Date, Pujiang Property carried out property management service for properties including Shanghai World Expo Exhibition and Convention Centre (世博展覽館), Urban Best Practice Areas (城市最佳實踐區), Hongqiao International Airport Eastern Transport Terminal (虹橋機場東交通中心(公交站區)), and Shanghai ARCH (金虹橋國際中心).

Shanghai Jiu Yi

Establishment and Changes in Shareholding

Shanghai Jiu Yi is principally engaged in property management and was established by 上海久事置業公司 (Shanghai Jiu Shi Housing Company*) (“**Jiu Shi Housing**”) and 上海久事大廈置業有限公司 (Shanghai Jiu Shi Building Company*) (“**Jiu Shi Building**”), state-owned enterprises and Independent Third Parties, in Shanghai, the PRC on 8 April 1996 with an initial registered capital of RMB1,000,000, its equity interest was owned as to 90% and 10% by Jiu Shi Housing and Jiu Shi Building at the date of its establishment. Shanghai Jiu Yi was previously known as 上海久青物業有限公司 (Shanghai Jiu Qing Property Company Limited*) at the date of its establishment.

On 9 November 1998, the Chinese name of Shanghai Jiu Yi was changed to 上海久怡物業管理有限公司 (Shanghai Jiu Yi).

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

On 28 March 2003, Jiu Shi Housing, Jiu Shi Building, Pujiang Property and Mr. Guo Shu Ming (“**Mr. Guo**”), an Independent Third Party, entered into an equity transfer agreement (上海市產權交易合同) under which Jiu Shi Housing agreed to transfer 90% of its equity interest in Shanghai Jiu Yi to Mr. Guo for a consideration of RMB900,000, representing the amount of capital contribution attributed to such transferred equity interest and Jiu Shi Building agreed to transfer 10% of its equity interest in Shanghai Jiu Yi to Pujiang Property for a consideration of RMB100,000, representing the amount of capital contribution attributed to the transferred equity interest. On 6 June 2003, Shanghai Industry and Commerce Bureau issued a renewed business licence in respect of the said transfers, Shanghai Jiu Yi became held as to 90% by Mr. Guo and 10% by Pujiang Property.

On 30 August 2005, Mr. Guo entered into an equity transfer agreement with Shanghai Bund, under which Mr. Guo agreed to transfer 90% of the equity interest in Shanghai Jiu Yi held by him to Shanghai Bund for a consideration of RMB900,000, representing the amount of capital contribution attributed to such transferred equity interest. On 19 September 2005, Shanghai Industry and Commerce Bureau issued a renewed business licence in respect of the said transfer, the equity interest in Shanghai Jiu Yi was held as to 90% by Shanghai Bund and 10% by Pujiang Property since then. At the material time of the said transfer, Shanghai Bund was owned as to 70% by Mr. Xiao and 30% by Pujiang Property. Pujiang Property was in turn held as to 50% by Mr. Xiao, 30% by Ms. Lin and 20% by Mr. Fu.

On 20 September 2009, for the purpose of the Corporate Restructuring, Pujiang Holding entered into an equity transfer agreement with Shanghai Bund under which Pujiang Holding agreed to acquire 90% of the equity interest in Shanghai Jiu Yi from Shanghai Bund for a consideration of RMB1,338,513.53, which was based on the then net asset value of Shanghai Jiu Yi in the sum of RMB1,487,237.26 as of 30 June 2009. On the same date, Pujiang Holding entered into an equity transfer agreement with Pujiang Property under which Pujiang Holding agreed to acquire 10% of the equity interest in Shanghai Jiu Yi from Pujiang Property for a consideration of RMB148,723.73, which was based on the then net asset value of Shanghai Jiu Yi in the sum of RMB1,487,237.26. On 21 October 2009, Shanghai Industry and Commerce Bureau issued a renewed business licence in respect of the said transfer, Shanghai Jiu Yi became a wholly-owned subsidiary of Pujiang Holding.

Shanghai Jiu Yi had undergone subsequent changes in its minority shareholdings. On 20 May 2013, Pujiang Holding entered into two equity transfer agreements with 上海孜新投資管理事務所 (Shanghai Zi Xin Investment Firm*) (“**Shanghai Zi Xin**”) and 上海崇海投資管理事務所 (Shanghai Chong He Investment Firm*) (“**Shanghai Chong He**”), two Independent Third Parties, under which each of them agreed to transfer 10% of the equity interest in Shanghai Jiu Yi held by them to Pujiang Holding for a consideration of RMB148,426.97 each, which was based on the original price in the sum of RMB148,426.97 paid by each of them when they acquired 10% of the equity interest in Shanghai Jiu Yi on 31 May 2012. On 2 July 2013, Shanghai Industry and Commerce Bureau (Qingpu Branch) issued a renewed business licence in respect of the said transfers, Shanghai Jiu Yi became a wholly-owned subsidiary of Pujiang Holding.

On 15 July 2016, the registered share capital of Shanghai Jiu Yi was increased from RMB1,000,000 to RMB1,250,000 which had been fully paid as at the Latest Practicable Date.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Acquisition by Pujiang Property

On 27 July 2016, upon completion of Inter-group Restructuring, Shanghai Jiu Yi became a wholly-owned subsidiary of Pujiang Property, which was in turn wholly-owned by Pujiang Holding. For details, please refer to the paragraph headed “Inter-group Restructuring — Acquisition by Pujiang Property” in this section.

As advised by our PRC Legal Advisers, all the transfers in respect of Shanghai Jiu Yi were properly and legally completed and in compliance with the applicable PRC laws and regulations and all the necessary approvals from the relevant PRC authorities have been obtained.

As at the Latest Practicable Date, Shanghai Jiu Yi was contracted to manage a residential property in Shanghai solely.

Shanghai Rui Zheng

Establishment and Changes in Shareholding

Shanghai Rui Zheng is principally engaged in property management services and was established by Mr. Xiao HT, younger brother of Mr. Xiao, Pujiang Property and 上海三清商務有限公司 (Shanghai San Qing Business Company Limited*) (“**Shanghai San Qing**”) as a sino-foreign equity joint venture in Shanghai, the PRC on 8 January 2004 with an initial registered capital of USD140,000. At the date of its establishment, its equity interest was held as to 25% by Mr. Xiao HT, 25% by Pujiang Property and 50% by Shanghai San Qing. Shanghai Rui Zheng was previously known as 上海浦江三清物業有限公司 (Shanghai Pujiang San Qing Property Limited*).

Shanghai Rui Zheng was established for the sole purpose of providing property management service to the Bund 6 (外灘六號). As confirmed by Mr. Xiao and Mr. Xiao HT, Mr. Xiao became acquainted with the tenant of the Bund 6 (外灘六號) in or around late December 2003 who was a foreigner (the “**Bund 6 Tenant**”). When the Bund 6 Tenant came to learn that Mr. Xiao was carrying out the business of property management for some buildings along the Bund and was familiar with the operations, he invited Mr. Xiao to set up Shanghai Rui Zheng with him for providing property management service to the Bund 6 (外灘六號). As part of their agreement, the Bund 6 Tenant requested that Mr. Xiao to assign a person who was conversant with the western culture to act as a contact point between the management of Shanghai Rui Zheng and themselves. As Mr. Xiao HT had been residing overseas for over 10 years before he returned to the PRC, he was able to communicate effectively with the Bund 6 Tenant and had gained their trust, Mr. Xiao invited Mr. Xiao HT to set up Shanghai Rui Zheng with him. Since Mr. Xiao HT had never involved in property management or had any intention to invest in the business, he and Mr. Xiao had come to an agreement that Mr. Xiao would provide all the funds for setting up and operating Shanghai Rui Zheng, acting as its legal representative and be responsible for its daily operations and management. Mr. Xiao HT would hold the equity interest of Shanghai Rui Zheng on behalf of Mr. Xiao and acted as its director so that he could represent Shanghai Rui Zheng and assist Mr. Xiao in negotiating and communicating with the Bund 6 Tenant. To that effect, Mr. Xiao and Mr. Xiao HT entered into an entrustment agreement dated 6 January 2004 (the “**Entrustment Agreement I**”), under which Mr. Xiao HT agreed to hold 25% of the equity interest in Shanghai Rui Zheng for and on behalf of Mr. Xiao and the beneficial interest of which had been owned by Mr. Xiao absolutely and that he entrusted the management

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

of Shanghai Rui Zheng to Mr. Xiao. The Entrustment Agreement I was subject to the PRC laws. Mr. Xiao had been appointed as its legal representative since the establishment of Shanghai Rui Zheng.

On 6 August 2005, 上海樽德制服有限公司 (Shanghai Zun De Uniform Limited*) (“**Shanghai Zun De**”), an Independent Third Party and the successor of 30% of the equity interest in Shanghai Rui Zheng held by Shanghai San Qing since its deregistration on 27 July 2005, entered into an equity transfer agreement with Mr. Xiao HT under which Shanghai Zun De agreed to transfer 30% of its equity interest in Shanghai Rui Zheng to Mr. Xiao HT for a consideration of USD42,000, representing the amount of capital contribution attributed to such transferred equity interest. On the same date, 連蔚 (Lian Wei), an Independent Third Party and the successor of 20% of the equity interest in Shanghai Rui Zheng held by Shanghai San Qing since its deregistration on 27 July 2005, entered into an equity transfer agreement with Mr. Xiao HT under which Lian Wei agreed to transfer 20% of his equity interest in Shanghai Rui Zheng to Mr. Xiao HT for a consideration of USD28,000, representing the amount of capital contribution attributed to such transferred equity interest.

On 9 August 2005, Pujiang Property entered into an equity transfer agreement with Mr. Xiao HT under which Pujiang Property agreed to transfer 20% of its equity interest in Shanghai Rui Zheng to Mr. Xiao HT for a consideration of USD28,000, representing the amount of capital contribution attributed to such transferred equity interest. On 21 August 2006, Shanghai Industry and Commerce Bureau issued a renewed business licence in respect of the said transfers. The equity interest in Shanghai Rui Zheng was held as to 95% by Mr. Xiao HT and 5% by Pujiang Property. Pursuant to an entrustment agreement dated 6 December 2005 (the “**Entrustment Agreement II**”), Mr. Xiao HT agreed to hold 95% of the equity interest in Shanghai Rui Zheng for and on behalf of Mr. Xiao and the beneficial interest of which had been owned by Mr. Xiao absolutely and that he entrusted the management of Shanghai Rui Zheng to Mr. Xiao. The Entrustment Agreement I and the Entrustment Agreement II are collectively referred to as the “Entrustment Arrangement”.

On 16 November 2009, for the purpose of the Corporate Restructuring, Pujiang Holding entered into an equity transfer agreement with Pujiang Property under which Pujiang Holding agreed to acquire 5% of the equity interest in Shanghai Rui Zheng held by Pujiang Property for a consideration of RMB57,849.5, representing the amount of capital contribution attributed to such transferred equity interest. On 13 May 2011, Shanghai Industry and Commerce Bureau issued a renewed business licence in respect of the said transfers, the equity interest in Shanghai Rui Zheng was held as to 95% by Mr. Xiao HT under the Entrustment Arrangement for and on behalf of Mr. Xiao and 5% by Pujiang Holding.

On 1 December 2012, the Chinese name of Shanghai Rui Zheng was changed to 上海浦江瑞正物業有限公司 (Shanghai Rui Zheng).

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Acquisition by Pujiang Property

On 28 July 2016, upon completion of Inter-group Restructuring, Shanghai Rui Zheng became a domestic company in the PRC and wholly-owned by Pujiang Property since then. For details, please refer to the paragraph headed “Inter-group Restructuring — Acquisition by Pujiang Property” in this section. Its registered share capital became RMB930,000 and had been fully paid as at the Latest Practicable Date.

As advised by our PRC Legal Advisers, the Entrustment Arrangement and all the transfers in respect of Shanghai Rui Zheng were properly and legally completed and in compliance with the applicable PRC laws and regulations and all the necessary approvals from the relevant PRC authorities have been obtained.

Shanghai Bund

Establishment and Changes in Shareholding

Shanghai Bund is principally engaged in property management and was established by 上海外灘房屋置換有限公司 (Shanghai Bund Housing Replacement Company Limited*), an Independent Third Party, in Shanghai, the PRC on 8 April 1996 as a state-owned enterprise in the PRC with an initial registered capital of RMB20,000,000. Shanghai Bund was previously known as 上海外灘房屋置換物業有限公司 (Shanghai Bund Housing Replacement Property Company Limited*) at the date of its establishment.

On 1 March 2001, the Chinese name of Shanghai Bund was changed to 上海外灘物業有限公司 (Shanghai Bund) and Mr. Xiao became the legal representative of Shanghai Bund.

On 15 April 2002, the registered capital of Shanghai Bund was changed from RMB20,000,000 to RMB5,000,000.

On 31 March 2004, the entire equity interest in Shanghai Bund was put up for auction sale by listing by Shanghai United Assets and Equity Exchange (上海聯合產權交易所). As Mr. Xiao was the legal representative of Shanghai Bund at that time and was familiar with its operation and that Shanghai Bund was contracted to manage 久事大廈 (Jiu Shi Tower*), which was located along the Bund, one of the strategic locations for expansion of Pujiang Property, Mr. Xiao and Pujiang Property submitted a tender for purchase of Shanghai Bund. On the same date, 上海久事公司 (Shanghai Jiu Shi Company*) (“**Jiu Shi Company**”), the then sole shareholder of Shanghai Bund, entered into a Shanghai United Assets and Equity Exchange Transfer of Property Delivery order (上海聯合產權交易所產權轉讓交割單) with Pujiang Property and Mr. Xiao under which Jiu Shi Company agreed to transfer 30% and 70% of the equity interest in Shanghai Bund to Pujiang Property and Mr. Xiao respectively for the respective consideration of RMB2,265,000 and RMB5,285,000 which was based on the net asset value of Pujiang Property in the sum of RMB7,550,000 as of 31 December 2003 as appraised by an independent valuer. On 10 May 2004, Shanghai Industry and Commerce Bureau issued a renewed business licence in respect of the said transfers, Shanghai Bund became held as to 70% by Mr. Xiao and 30% by Pujiang Property. At the material time of the said transfer, Pujiang Property was owned as to 50% by Mr. Xiao, 20% by Mr. Fu and 30% by Ms. Lin.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

On 6 November 2007, as part of the Corporate Restructuring, Mr. Xiao entered into an equity transfer agreement with Pujiang Holding under which Mr. Xiao agreed to transfer 70% of the equity interest in Shanghai Bund to Pujiang Holding for a consideration of RMB5,285,000, which was based on the original price paid by Mr. Xiao when he acquired Shanghai Bund in March 2004. On the same date, Pujiang Property entered into an equity transfer agreement with Pujiang Holding and Shanghai Lin Zhi, a company owned by Ms. Lin under which Pujiang Property agreed to transfer 21% and 9% of their equity interest in Shanghai Bund to Pujiang Holding and Shanghai Lin Zhi at the respective consideration of RMB1,585,500 and RMB679,500, which was based on the original price paid by Pujiang Property when it acquired Shanghai Bund in March 2004. On 16 December 2007, Shanghai Industry and Commerce Bureau (Nanhui Branch) issued a renewed business licence in respect of the said transfers, Shanghai Bund became held as to 91% by Pujiang Holding and 9% by Shanghai Lin Zhi.

Shanghai Bund had undergone some changes in its minority shareholding. On 20 May 2013, Pujiang Holding entered into two equity transfer agreements with Shanghai Zi Xin and Shanghai Chong He, two Independent Third Parties under which each of Shanghai Zi Xin and Shanghai Chong He agreed to transfer 10% of the equity interest in Shanghai Bund held by them to Pujiang Holding for a consideration of RMB901,843.28 each, which was based on the original price in the sum of RMB901,843.28 paid by each of Shanghai Zi Xin and Shanghai Chong He when they acquired 10% of the equity interest in Shanghai Bund in May 2012. On 25 June 2013, Shanghai Industry and Commerce Bureau (Pudong New District Branch) issued a renewed business licence in respect of the said transfers. Upon completion of the said transfer, Shanghai Bund became a wholly-owned subsidiary of Pujiang Holding.

On 19 July 2016, the registered share capital of Shanghai Bund was increased from RMB5,000,000 to RMB7,700,000 which had been fully paid as at the Latest Practicable Date.

Acquisition by Pujiang Property

On 26 July 2016 upon completion of Inter-group Restructuring, Shanghai Bund became a wholly-owned subsidiary of Pujiang Property, which was in turn wholly-owned by Pujiang Holding. For details, please refer to the paragraph headed “Inter-group Restructuring — Acquisition by Pujiang Property” in this section.

As advised by our PRC Legal Advisers, all the transfers in respect of Shanghai Bund were properly and legally completed and in compliance with the applicable PRC laws and regulations and all the necessary approvals from the relevant PRC authorities have been obtained.

As at the Latest Practicable Date, Shanghai Bund carried out property management service for properties including some historic buildings in the Bund district, such as the Bund 220 (外灘220號(小滙豐)), the Bund 261 (外灘261號(聯合大樓)), the Bank of Tianjin Shanghai Branch (天津銀行上海市分行) and Bund 18 (外灘十八號).

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Shanghai Bund Green

Establishment and Changes in Shareholding

Shanghai Bund Green is principally engaged in gardening and maintenance work and was established by Pujiang Property and Mr. Tang Zhi Yun (唐志雲) (“**Mr. Tang**”), an Independent Third Party, in Shanghai, the PRC on 10 August 2004 with an initial registered capital of RMB500,000. Upon its establishment, the equity interest of Shanghai Bund Green was held as to 80% by Pujiang Property and 20% by Mr. Tang.

As at the Latest Practicable Date, the registered capital of Shanghai Bund Green had been paid up.

On 5 April 2006, Pujiang Property entered into an equity transfer agreement with Mr. Tang under which Pujiang Property agreed to acquire 20% of the equity interest in Shanghai Bund Green held by Mr. Tang for a consideration of RMB100,000, representing the amount of capital contribution attributed to such transferred equity interest. On 21 November 2006, Shanghai Industry and Commerce Bureau issued a renewed business licence in respect of the said transfer, Shanghai Bund Green became wholly-owned by Pujiang Property.

On 20 May 2009, for the purpose of Corporate Restructuring, Pujiang Holding entered into an equity transfer agreement with Pujiang Property under which Pujiang Holding agreed to acquire the entire equity interest in Shanghai Bund Green from Pujiang Property for a consideration of RMB427,576.7, which was based on the then net asset value of Shanghai Bund Green as at 31 December 2008. On 27 September 2009, Shanghai Industry and Commerce Bureau (Luwan Branch) issued a renewed business licence in respect of the said transfer, Shanghai Bund Green became wholly-owned by Pujiang Holding.

Acquisition by Pujiang Property

On 21 July 2016 upon completion of Inter-group Restructuring, Shanghai Bund Green became a wholly-owned subsidiary of Pujiang Property, which was in turn wholly-owned by Pujiang Holding. For details, please refer to the paragraph headed “Inter-group Restructuring — Acquisition by Pujiang Property” in this section.

As advised by our PRC Legal Advisers, all the transfers in respect of Shanghai Bund Green were properly and legally completed and in compliance with the applicable PRC laws and regulations and all the necessary approvals from the relevant PRC authorities have been obtained.

Shanghai Bund Green is carrying out the business of gardening and maintenance work of certain properties managed by our Group.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Anhui Bund

Anhui Bund is principally engaged in property management and was established by Shanghai Bund and Anhui Wan Tou, a substantial shareholder of Anhui Bund and our connected person at the subsidiary level upon Listing, in Anhui, the PRC on 26 December 2005 with an initial registered capital of RMB1,000,000. Upon its establishment, the equity interest in Anhui Bund was held as to 51% by Shanghai Bund and 49% by Anhui Wan Tou.

On 16 September 2009, for the purpose of the Corporate Restructuring, Pujiang Holding entered into an equity transfer agreement with Shanghai Bund under which Pujiang Holding agreed to acquire 51% of the equity interest in Anhui Bund for a consideration of RMB540,020.36, which was determined by reference to the then registered capital of Anhui Bund. On 27 January 2010, Anhui Industry and Commerce Administration Bureau (安徽省工商行政管理局) issued a renewed business licence in respect of the said transfer, the equity interest of Anhui Bund became owned as to 51% by Pujiang Holding and 49% by Anhui Wan Tou.

The registered capital of Anhui Bund was increased from RMB1,000,000 to RMB3,000,000 on 18 April 2011 and from RMB3,000,000 to RMB5,000,000 on 10 August 2011. As at the Latest Practicable Date, the registered capital of Anhui Bund had been paid up.

On 11 August 2011, Pujiang Holding entered into an equity transfer agreement with Pujiang Property under which Pujiang Holding agreed to transfer 51% of the equity interest in Anhui Bund to Pujiang Property for a consideration of RMB1,530,000, representing the amount of capital contribution attributed to such transferred equity interest. On 13 October 2011, Anhui Industry and Commerce Administration Bureau (安徽省工商行政管理局) issued a renewed business licence in respect of the said transfer, the equity interest of Anhui Bund was owned as to 51% by Pujiang Property and 49% by Anhui Wan Tou. Pujiang Property was a wholly-owned subsidiary of Pujiang Holding at all the material times.

As advised by our PRC Legal Advisers, all the transfers in respect of Anhui Bund were properly and legally completed and in compliance with the applicable PRC laws and regulations and all the necessary approvals from the relevant PRC authorities have been obtained.

Branch offices of Anhui Bund

As at the Latest Practicable Date, Anhui Bund has established five branch offices and carried out property management service for mainly residential properties, offices and government properties in Anhui, the PRC.

Shanghai Hong Ji

Shanghai Hong Ji is principally engaged in property management and was established by Pujiang Property, in Shanghai, the PRC on 18 March 2016 with an initial registered capital of RMB3,000,000.

As at the Latest Practicable Date, the registered capital of Shanghai Hong Ji was partially paid in the sum of RMB500,000. According to our PRC Legal Advisers, since the articles of association provided that Pujiang Property is only required to pay up the registered capital of

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Shanghai Hong Ji in the sum of RMB3,000,000 within ten years of its establishment by 18 March 2026 which is also in accordance with the PRC Company Law, as such even though the registered capital of Shanghai Hong Ji has not been paid up, such a non-payment is however not in violation of its articles of association or any applicable PRC laws.

Shanghai Jie Gu

Establishment and Changes in Shareholding

Shanghai Jie Gu is principally engaged in the business of software and application development and e-commerce and was established by Pujiang Holding and Shanghai Hai Chuang, which is a substantial shareholder of Shanghai Jie Gu and our connected person at the subsidiary level upon Listing, in Shanghai, the PRC on 3 May 2016 with an initial registered capital of RMB5,000,000. Upon its establishment, the equity interest of Shanghai Jie Gu was held as to 85% by Pujiang Holding and 15% by Shanghai Hai Chuang.

As at the Latest Practicable Date, the registered capital of Shanghai Jie Gu had been partially paid in the sum of RMB3,000,000 by Pujiang Property. According to our PRC Legal Advisers, since its articles of association provided that the shareholders of Shanghai Jie Gu are only required to pay up its registered capital in the sum of RMB5,000,000 within a period of 20 years from the date of its establishment by 3 May 2036, which is also in accordance with the PRC Company Law, as such even though the registered capital of Shanghai Jie Gu has not been paid up, such a non-payment is however not in violation of its articles of association or any applicable PRC laws.

Acquisition by Pujiang Property

Shanghai Jie Gu became held as to 85% by Pujiang Property and 15% by Shanghai Hai Chuang on 28 July 2016 upon completion of Inter-group Restructuring. For details, please refer to the paragraph headed “Inter-group Restructuring — Acquisition by Pujiang Property” in this section.

As advised by our PRC Legal Advisers, the above transfer was properly and legally completed and in compliance with the applicable PRC laws and regulations and all the necessary approvals from the relevant PRC authorities have been obtained.

Shanghai Jie Gu has developed Dynamic Building Matrix, which has been undergoing trial runs at the Bund 6 (外灘六號) and National Exhibition and Convention Center (Shanghai) (國家會展中心(上海)) and “Tracker” system which has been undergone trial run at National Exhibition and Convention Center (Shanghai) (國家會展中心(上海)). For details, please refer to the sub-section headed “Business — Our Business Strategies — Continue to develop our information technology system and enhance service quality to our customers and users of our managed properties — Database level” in this prospectus.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Anhui Pu Jing

Anhui Pu Jing is principally engaged in property management and was established in Anhui, the PRC on 10 May 2017 by Pujiang Property and Bozhou Cultural, which is a substantial shareholder of Anhui Pu Jing on 10 May 2017 with an initial registered capital of RMB6,000,000. Upon its establishment, the equity interest of Anhui Pu Jing was held as to 51% by Pujiang Property and 49% by Bozhou Cultural.

As at the Latest Practicable Date, the registered capital of Anhui Pu Jing was partially paid in the sum of RMB2,000,000. According to our PRC Legal Advisers, since the articles of association provided that its shareholders are only required to pay up the registered capital of Anhui Pu Jing in the sum of RMB6,000,000 within two years of its establishment by 10 May 2019 which is also in accordance with the PRC Company Law, as such, even though the registered capital of Anhui Pu Jing has not been paid up, such a non-payment is not in violation of its articles of association or any applicable PRC laws.

Joint Venture Companies and Associated Companies

As one of our strategies for expansion, we have been endeavoured in acquiring or investing in other property management companies which we considered of good potential and allied with our growth strategy and direction.

We began with acquiring or investing in minority equity interests in the target companies in order to understand their operation and to ascertain if their management team and operational model could be integrated into our management team.

As advised by our PRC Legal Advisers, our Group has the first rights of pre-exemption if the majority shareholders of our joint venture companies or associated companies would sell their equity interests in these companies.

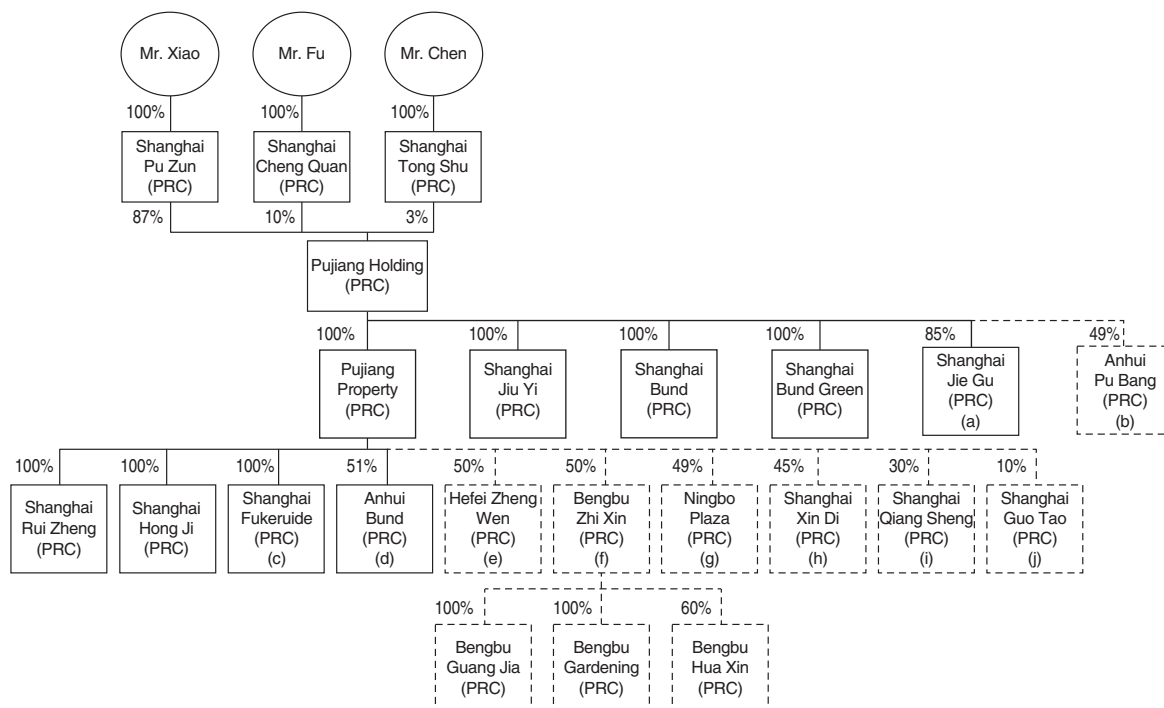
For the purpose of geographical extension of our property management business, our Group started expanding in the Yangtze River Delta region since 2004. Please refer to the paragraph headed “Corporate Development” in this section for information relating to our joint venture companies and our associated companies.

INTER-GROUP RESTRUCTURING

In order to delineate our property management business from other non-property management related business of Pujiang Holding and Mr. Xiao and to prepare for Reorganisation, Inter-group Restructuring as set out in this paragraph had been conducted.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

The shareholding structure of Pujiang Holding immediately prior to the Inter-group Restructuring is set out below:



----- denotes that our Group has no control over the entity

Notes:

- (a) 15% of the equity interest in Shanghai Jie Gu is held by Shanghai Hai Chuang, our connected person at the subsidiary level.
- (b) 51% of the equity interest in Anhui Pu Bang is held by Ma An Shan Fu Ma, an Independent Third Party. Anhui Pu Bang is an associated company of our Group.
- (c) Shanghai Fukeruide had been disposed from our Group on 26 September 2016.
- (d) 49% of the equity interest in Anhui Bund is held by Anhui Wan Tou, our connected person at the subsidiary level.
- (e) 50% of the equity interest in Hefei Zheng Wen is held by 合肥政務文化新區開發投資有限公司 (Hefei New Municipal and Cultural District Investment Company Limited*) ("**Hefei New Municipal**"), an Independent Third Party. Hefei Zheng Wen is a joint venture company of our Group.
- (f) 30% of the equity interest in Bengbu Zhi Xin is held by 蚌埠市建設投資有限公司 (Bengbu Building Investment Limited*) ("**Bengbu Building**") and 20% of its equity interest is held by 北京澳中昆倫商務有限公司 (Beijing Ao Zhong Kun Lun Business Limited*) ("**Beijing Kun Lun**") both are Independent Third Parties. Bengbu Zhi Xin is a joint venture company of our Group.
- (g) 51% of the equity interest in Ningbo Plaza is held by 寧波房地產股份有限公司 (Ningbo Property Company Limited*) ("**Ningbo Property**"), an Independent Third Party. Ningbo Plaza is an associated company of our Group.
- (h) 55% of the equity interest in Shanghai Xin Di is held by 上海國際旅遊度假區運營管理有限公司 (Shanghai International Tourism Resort Operations Management Company Limited*) ("**Shanghai International Tourism**"), an Independent Third Party. Shanghai Xin Di is an associated company of our Group.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

- (i) 70% of the equity interest in Shanghai Qiang Sheng is held by 上海強生集團有限公司 (Shanghai Qiang Sheng Group Limited*) (“**Qiang Sheng Group**”), an Independent Third Party. Shanghai Qiang Sheng is an associated company of our Group.
- (j) 90% of the equity interest in Shanghai Guo Tao is held as to 30% by Mr. Xiao, 30% by Mr. Yin Wei Zhuo (殷煒卓) (“**Mr. Yin**”) and 30% by Mr. Wang Song Gui (王松桂) (“**Mr. Wang**”), both are Independent Third Parties.

Pujiang Holding

In or around May 2007, Mr. Xiao and Mr. Fu, the founders of our Group decided to set up Pujiang Holding in the PRC to act as the holding company of their portfolio of companies. To that effect, Pujiang Holding was established in Shanghai, the PRC on 18 June 2007 with an initial registered capital of RMB20,000,000. Upon its establishment, it was beneficially owned as to 90% Mr. Xiao and 10% by Mr. Fu.

There have been changes in shareholding of Pujiang Holding since its incorporation. Mr. Xiao and Mr. Fu had together maintained the majority state in and controlled over Pujiang Holding throughout these years and involved in its daily management and operations.

Immediately prior to the Inter-group Restructuring, Pujiang Holding had been carrying out property management business via Pujiang Property Group and the business of investment management via other companies controlled by it.

As at the Latest Practicable Date, Pujiang Holding was mainly carrying out the business of investment management and had ceased to operate any business in property management business. Its equity interest was beneficially owned as to 87% by Mr. Xiao, 10% by Mr. Fu and 3% by Mr. Chen immediately prior to the Reorganisation. Mr. Chen became a beneficial owner of Pujiang Holding on 25 April 2015 when he acquired 3% of the equity interest in Pujiang Holding from Shanghai Tong Zhen Construction and Engineering Design Centre (上海同楨建設工程設計中心*) via Shanghai Tong Shu, his sole proprietorship.

Acquisition by Pujiang Property

For the purpose of the Inter-group Restructuring Pujiang Property entered into the following agreements with Pujiang Holding:

- (a) an equity transfer agreement dated 22 July 2016 (as supplemented and amended by a supplemental agreement dated 28 July 2016) in relation to the acquisition of the entire equity interest in Shanghai Bund for the consideration of RMB17,568,442.60 which was based on its then net asset value as of 30 June 2016, completion of which took place on 26 July 2016;
- (b) an equity transfer agreement dated 22 July 2016 in relation to the acquisition of the entire equity interest in Shanghai Jiu Yi for the consideration of RMB2,033,493.19 which was based on its then net asset value as of 30 June 2016, completion of which took place on 27 July 2016;

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

- (c) an equity transfer agreement dated 30 June 2016 (as supplemented and amended by a supplemental agreement dated 28 July 2016) in relation to the acquisition of the entire equity interest in Shanghai Bund Green for the consideration of RMB567,407.76 which was based on its net asset value as of 30 June 2016, completion of which took place on 21 July 2016;
- (d) an equity transfer agreement dated 30 June 2016 in relation to the acquisition of the entire equity interest in Shanghai Rui Zheng for an aggregate consideration of USD203,000 representing the amount of capital contribution attributed to such transferred equity interest (as the net asset value of Shanghai Rui Zheng was lower than its registered capital), completion of which took place on 28 July 2016;
- (e) an equity transfer agreement dated 15 July 2016 in relation to the acquisition of 85% of the equity interest in Shanghai Jie Gu for the consideration of RMB4,250,000, which was based on the amount of capital contribution attributed to such transferred equity interest (as Shanghai Jie Gu was newly incorporated on 3 May 2016, there was no financial statement available at the time of the acquisition), completion of which took place on 28 July 2016; and
- (f) an equity transfer agreement dated 28 July 2016 in relation to the acquisition of 49% of the equity interest in Anhui Pu Bang for the consideration of RMB2,450,000, which was based on the amount of capital contribution attributed to such transferred equity interest (as Anhui Pu Bang was newly incorporated on 4 August 2015 and started its operation since early 2016 only, there was no financial statement available at the time of the acquisition), completion of which took place on 29 July 2016.

Upon completion of the above acquisitions, the entire equity interest in Shanghai Bund, Shanghai Jiu Yi, Shanghai Bund Green and Shanghai Rui Zheng, 85% of the equity interest in Shanghai Jie Gu, 49% of the equity interest in Anhui Pu Bang was held by Pujiang Property, Pujiang Holding have ceased to have any interests in these companies since then.

As advised by our PRC Legal Advisers, the above transfers were properly and legally completed and in compliance with the applicable PRC laws and regulations and all the necessary approvals from the relevant PRC authorities have been obtained.

For details of the non-property management business of our Controlling Shareholders and their respective associates including Pujiang Holding, please refer to the section headed "Relationship with Controlling Shareholders" in this prospectus.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Disposal of Shanghai Fukeruide

Prior to its disposal, Shanghai Fukeruide was principally engaged in the business of property leasing agency service and established by Pujiang Property and Mr. Lui Bing (吕斌) (“Mr. Lui”), an Independent Third Party on 20 June 2006 in Shanghai, the PRC with an initial registered capital in the sum of RMB1,000,000. Its equity interest was held as to 70% by Pujiang Property and 30% by Mr. Lui at the date of its establishment.

Shanghai Fukeruide had undergone subsequent changes in its minority shareholding with shareholders being Independent Third Parties. As of 23 May 2016, its equity interest was wholly-owned by Pujiang Property.

In order to streamline our operations and to focus on our core business in property management, Pujiang Property entered into an equity transfer agreement with Pujiang Holding on 23 July 2016, under which Pujiang Property transferred the entire equity interest in Shanghai Fukeruide. Shanghai Fukeruide had recorded net liabilities in the sum of RMB851,000 as of 30 June 2016, as a result thereof, Pujiang Holding, by assuming the net liabilities of Shanghai Fukeruide, did not pay any money or payment in kind to Pujiang Property in respect of the said transfer and the gain on disposal recorded by Pujiang Property was in the sum of RMB851,000. Our Directors are of the view that the terms of the said equity transfer agreement are fair and reasonable and on normal commercial terms and are in the interests of our Company and Shareholders as a whole. On 26 September 2016, Shanghai Industry and Commerce Bureau issued a renewed business licence in respect of the said transfer, Shanghai Fukeruide ceased to be a subsidiary of our Group. During the Track Record Period and immediately prior to its disposal, Shanghai Fukeruide was not a party to any material legal, arbitral or administrative proceedings, adjudicated or unadjudicated. To the best of our Directors’ knowledge, information and belief, having made all reasonable enquiries, Shanghai Fukeruide had complied with all applicable PRC laws and regulations during the Track Record Period up to and inclusive of the date of its disposal on 26 September 2016.

During the Track Record Period, the revenue generated by Shanghai Fukeruide attributable to property management business was in the sum of RMB120,000 (equals approximately 25% of its total revenue for the financial year ended 31 December 2014) and RMB120,000 (equals approximately 8% of its total revenue for the financial year ended 31 December 2015) and nil amount for the financial years ended 31 December 2016. Shanghai Fukeruide had ceased to operate any property management business in 2016.

PRE-IPO INVESTMENT

Pre-IPO Investment Agreement

In or around May 2016, Mr. Yan was introduced to our executive Directors by a business partner of our Group, our executive Directors had thorough discussions with Mr. Yan on our existing business and strategies for growth and development and our plan for Listing, it was apparent that Mr. Yan shared our Directors' views. Our executive Directors invited Mr. Yan to invest in our Company and served on our Board as our non-executive Director such that we could benefit from Mr. Yan's specialised knowledge and experience in investing in emerging business. After several rounds of negotiations, on 18 August 2016, Mr. Yan and Pujiang Holding entered into an equity transfer agreement (the "**Pre-IPO Investment Agreement**") under which Mr. Yan agreed to purchase 2% of the equity interest in Pujiang Property (which was the holding company of Pujiang Property Group at the material time) from Pujiang Holding for a consideration of Hong Kong dollar equivalent of RMB1,215,000, which was determined as a result of arm's length negotiation between the parties by reference to the net asset value of Pujiang Property Group as of 30 June 2016 in the sum of RMB52,353,843.65 as appraised by an independent valuer and by taking into account the adjustments of other payables in the approximate sum of RMB4,700,000 as shown in the audited financial statement for the six months ended 30 June 2016. The Company considered that the asset backing approach based on the net asset value of Pujiang Property Group at the material times was the appropriate approach in respect of the Share to be purchased by Mr. Yan under the Pre-IPO Investment Agreement and would produce fair and reasonable results notwithstanding that the principal business of our Group was provision of property management services. Since our Group was a group of private companies at all the material time of the pre-IPO investment, there was no meaningful market comparable on the valuation of our Group particularly taken into account that whether our Group would be successfully in the Listing was still uncertain. Moreover, Mr. Yan only acquired a minority stake of 2% of the equity interest in Pujiang Property under the Pre-IPO Investment Agreement and that he would agree to act as our non-executive Director on a no fee basis to advise our Board on the business and growth strategies. Following the completion of the transactions contemplated under the Pre-IPO Investment Agreement, Mr. Yan was appointed as our non-executive Director on 29 October 2016, though he was later resigned on 29 August 2017 due to his other work commitments, Mr. Yan remained our adviser on a no fee basis.

On 14 September 2016, Shanghai Industry and Commerce Bureau issued a new business licence, Pujiang Property became a limited liability company (sino-foreign joint venture) and its equity interest was owned as to 98% by Pujiang Holding and 2% by Mr. Yan. The consideration was properly and legally completed and settled by Mr. Yan on 23 September 2016.

As advised by our PRC Legal Advisers, the transactions contemplated under the Pre-IPO Investment Agreement were properly and legally completed and in compliance with the applicable PRC laws and regulations and all the necessary approvals from the relevant PRC authorities have been obtained.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Put Option Deed

In consideration of Mr. Yan entered into the Pre-IPO Investment Agreement, Mr. Xiao, one of our Controlling Shareholders as grantor and Mr. Yan as grantee entered into a put option deed on 20 September 2016 (the “**Put Option Deed**”) pursuant to which Mr. Xiao granted to Mr. Yan, the put option (the “**Put Option**”) requiring Mr. Xiao to purchase the Shares held by Mr. Yan, which as at the Latest Practicable Date, representing 2% of the issued share capital of our Company any time from the date of expiry of 60 months immediately after the date of the Put Option Deed, at the option purchase price (the “**Option Purchase Price**”) to be determined in accordance with the following formula and upon the terms and subject to the conditions thereof.

$$\text{Option Purchase Price} = [S (1 + 0.15)^n + (S \times 0.15 \times \frac{\text{Elapsed Days}}{365})] - \text{Interest Received}$$

S = the Hong Kong dollar equivalent of RMB1,215,000

n = number of year(s) from the date of the Put Option Deed on the basis of 365 days per year

Interest Received = total amount of interest received by Mr. Yan paid by our Company counting from and inclusive the date of the Put Option Deed up to and inclusive of the date of receipt of the Option Purchase Price

Elapsed Days = the number of days in the last year (on the basis of 365 days per year) counting from and inclusive of the date of the Put Option Deed up to and inclusive of the date of the receipt of the Option Purchase Price

The Put Option is only exercisable if the Listing of the Shares on the Stock Exchange does not take place within 60 months from the date of the Put Option Deed, but not in any other events. For the avoidance of any doubt, the Put Option shall cease automatically upon the Listing.

As part of the Reorganisation, our Group acquired the entire issued share capital in Pujiang Property from Pujiang Holding and Mr. Yan on 8 October 2016 for the respective consideration in the sum of RMB59,535,000 and RMB1,215,000. Immediately upon completion of the Reorganisation, our Company is owned as to 98% by Partner Summit and 2% by Mr. Yan. For details, please refer to the paragraph headed “Reorganisation — Acquisition of Pujiang Property Group” in this section.

Further details of the pre-IPO investment (the “**Pre-IPO Investment**”) by Mr. Yan are set out below:

Investor’s background:	Mr. Yan is the founding managing partner of SAIF Partners, a private equity firm and he is engaged in private investment
Date of the Pre-IPO Investment Agreement:	18 August 2016
Consideration paid:	Hong Kong dollars equivalent to RMB1,215,000

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Basis of determination of consideration:	Arm's length negotiations between the parties having by reference to the net asset value of Pujiang Property Group as at 30 June 2016
Payment date and amount:	Hong Kong dollars equivalent to RMB1,215,000 was paid on 23 September 2016
Investment cost per Share^(Note 1):	Approximately HK\$0.24
Discount to Offer Price range <i>(Notes 1 and 2).</i>	Between approximately 83.22% and 88.79%
Use of proceeds:	Not applicable since the equity transfer was made between Pujiang Holding and Mr. Yan
Strategic benefits that Mr. Yan would bring:	Since Mr. Yan is an experienced investor and fund manager, we believe that he has vast network and resources, being our Shareholder and our adviser, Mr. Yan would give invaluable strategic advice and guidance to our Company in growing our business through mergers and acquisitions or investments as his interest becomes allied with the interest of our Company and our Shareholders as a whole, and that he might line up potential opportunities that may have synergy with our business
Shareholding in our Company upon completion of the Reorganisation and Pre-IPO Investment on a fully-diluted basis:	2%
Shareholding in our Company immediately following completion of the Global Offering and the Capitalisation issue:	1.5% (assuming that the Over-allotment Option and options which may be granted under the Share Option Scheme are not exercised)
Special rights:	<p>The Put Option. For detail, please refer to the paragraph headed "Pre-IPO Investment — Put Option Deed" in this section</p> <p>It is provided under the Put Option Deed that the Put Option shall cease automatically upon the Listing</p>
Relationship with us:	Mr. Yan is our connected person

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Lock-up period: To be subject to a lock-up period of 180 days commencing from the Listing Date pursuant to the non-disposal undertaking given by Mr. Yan voluntarily in favour of our Company, the Sole Sponsor and the Sole Global Coordinator which among other things, restricts Mr. Yan from offering, pledging, charging, selling or otherwise transferring or disposal such Shares during the lock-up period

Public float: Since Mr. Yan is our connected person, the Shares held by him upon the Listing of our Company are not considered as part of the public float for the purposes of Rule 8.08(1)(a) of the Listing Rules

Notes:

1. Calculation is based on a total of 400,000,000 Shares, being the number of Shares in issue immediately upon completion of the Capitalisation Issue and the Global Offering (assuming that the Over-allotment Option and the options which may be granted under the Share Option Scheme are not exercised).
2. Calculation is based on the low end of the Offer Price range of HK\$1.43 per Share and the high end of the Offer Price range of HK\$2.14 per Share.

Sole Sponsor's Confirmation

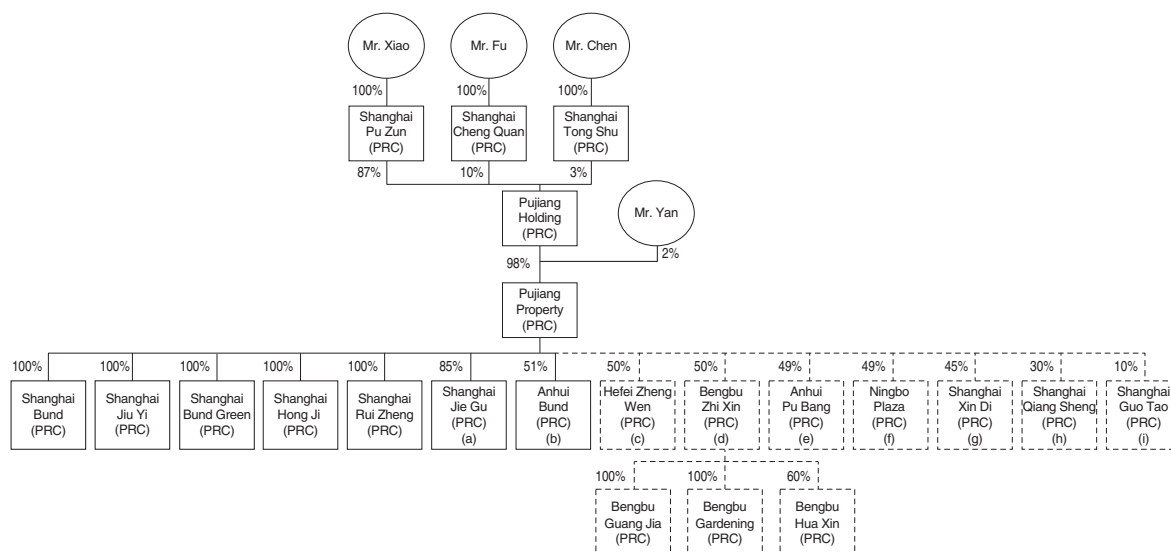
On the basis that the Pre-IPO Investment was completed more than 28 clear days before the first submission of the listing application of our Company and does not involve convertible instruments, the Sole Sponsor considers that the Pre-IPO Investment is in compliance with the Interim Guidance on Pre-IPO Investments announced by the Stock Exchange on 13 October 2010, the Guidance Letter HKEx-GL43-12 issued by the Stock Exchange in October 2012 and updated in July 2013 and the Guidance Letter HKEx-GL44-12 issued by the Stock Exchange in October 2012.

REORGANISATION

In preparation for the Listing, our Group underwent the Reorganisation in order to establish an offshore and onshore shareholding structure through which our Company would hold the entire equity interest in Pujiang Property Group.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

The shareholding structure of our Group immediately after completion of the Inter-group Restructuring and the Pre-IPO Investment but before the Reorganisation is set out below:



----- denotes that our Group has no control over the entity

Notes:

- (a) 15% of the equity interest in Shanghai Jie Gu is held by Shanghai Hai Chuang, our connected person at the subsidiary level.
- (b) 49% of the equity interest in Anhui Bund is held by Anhui Wan Tou, our connected person at the subsidiary level.
- (c) 50% of the equity interest in Hefei Zheng Wen is held by Hefei New Municipal, an Independent Third Party. Hefei Zheng Wen is a joint venture company of our Group.
- (d) 30% of the equity interest in Bengbu Zhi Xin is held by Bengbu Building, and 20% of its equity interest was held by Beijing Kun Lun, both are Independent Third Parties. Bengbu Zhi Xin is a joint venture company of our Group.
- (e) 51% of the equity interest in Anhui Pu Bang is held by Ma An Shan Fu Ma, an Independent Third Party. Anhui Pu Bang is an associated company of our Group.
- (f) 51% of the equity interest in Ningbo Plaza is held by Ningbo Property, an Independent Third Party. Ningbo Plaza is an associated company of our Group.
- (g) 55% of the equity interest in Shanghai Xin Di is held by Shanghai International Tourism, an Independent Third Party. Shanghai Xin Di is an associated company of our Group.
- (h) 70% of the equity interest in Shanghai Qiang Sheng is held by Qiang Sheng Group, an Independent Third Party. Shanghai Qiang Sheng is an associated company of our Group.
- (i) 90% of the equity interest in Shanghai Guo Tao is held as to 30% by Mr. Xiao, 30% by Mr. Yin and 30% by Mr. Wang, both are Independent Third Parties.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Incorporation of our Company and our offshore subsidiaries

Our Company

Our Company was incorporated under the laws of the Cayman Islands with limited liability on 27 July 2016. At the time of its incorporation, our Company had a share capital of HK\$380,000 divided into 38,000,000 Shares of par value of HK\$0.01 each and one fully-paid subscriber Share was allotted and issued to the nominee of the company providing company secretarial service, who is an Independent Third Party.

Our Company has undergone the following changes in its share capital since its incorporation on 27 July 2016:

- (1) On 27 July 2016, such subscriber Share was transferred to Mr. Xiao at par.
- (2) On 12 August 2016, Mr. Xiao transferred the one Share held by him to Partner Summit. On the same date, 979 Shares were allotted and issued to Partner Summit, upon completion of which, our Company was wholly-owned by Partner Summit.
- (3) Our Company was registered as a non-Hong Kong Company under Part 16 of the Companies Ordinance on 27 September 2016.
- (4) In contemplation of acquisition of Pujiang Property Group on 24 October 2016, Partner Summit subscribed for and our Company allotted and issued 8,820 Shares to Partner Summit for the subscription price of RMB59,535,000, which equals the purchase price to be paid by our Group in acquiring Pujiang Property Group. As at the Latest Practicable Date, the issued share capital of our Company had been fully paid.
- (5) On 24 October 2016, our Company issued and allotted 200 Shares to Mr. Yan in consideration of the transfer of 2% of the equity interest in Pujiang Property held by him to Leading Way, upon completion of which our Company is held as 98% by Partner Summit and 2% by Mr. Yan.

Partner Summit is held as to 87% by Vital Kingdom, 10% by Source Forth and 3% by Pine Fortune.

Please refer to the sub-section headed “Statutory and General Information — 1. Further information — Changes in share capital of our Company” in Appendix IV to this prospectus for further details on the changes in the share capital of our Company.

Sino Ease

Sino Ease was incorporated in the BVI on 16 June 2016 with limited liability, which is authorised to issue 50,000 shares of par value of US\$1.00 each. On 2 August 2016, Sino Ease allotted and issued one subscriber share to our Company, upon which Sino Ease became a wholly-owned subsidiary of our Company.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

In contemplation of acquisition of Pujiang Property Group on 24 October 2016, our Company subscribed for and Sino Ease allotted and issued 99 of its shares to our Company for the subscription price of RMB59,535,000, which equals the purchase price to be paid by our Group in acquiring Pujiang Property Group.

Leading Way

Leading Way was incorporated under the laws of Hong Kong on 20 May 2016 with limited liability. On the same date, Leading Way allotted and issued one subscriber share to the nominee of the company providing company secretarial service, who is an Independent Third Party. On 4 August 2016, such subscriber share was transferred to Sino Ease for a consideration of HK\$1.00, upon which Leading Way became a wholly-owned subsidiary of Sino Ease.

In contemplation of acquisition of Pujiang Property Group on 24 October 2016, Sino Ease subscribed for and Leading Way allotted and issued 99 of its shares to our Company for the subscription price of RMB59,535,000, which equals the purchase price to be paid by our Group in acquiring Pujiang Property Group.

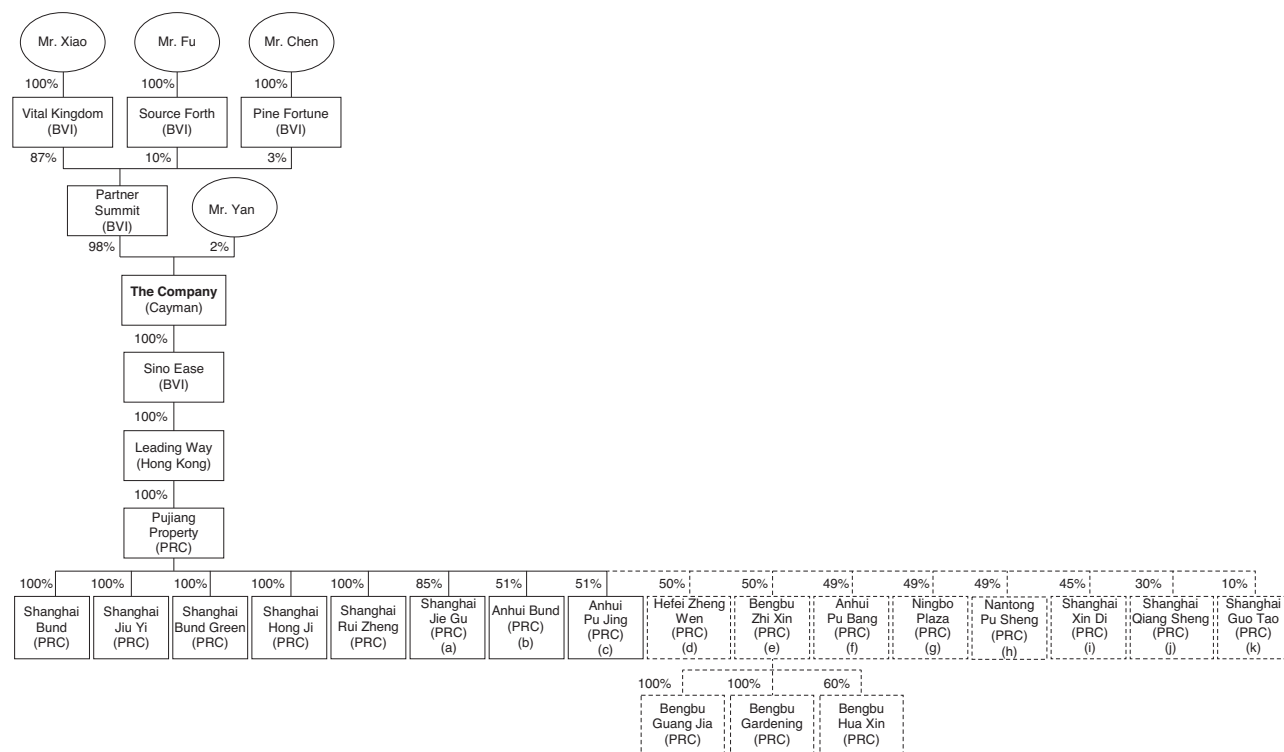
Acquisition of Pujiang Property Group

On 20 September 2016, Leading Way entered into an equity transfer agreement with Pujiang Holding under which Leading Way agreed to acquire 98% of the equity interest in Pujiang Property (which was the holding company of Pujiang Property Group) from Pujiang Holding for a cash consideration of RMB59,535,000. On the same date, our Company entered into an equity transfer agreement with Mr. Yan under which our Company agreed to acquire 2% of his equity interest in Pujiang Property for a consideration of RMB1,215,000, which would be settled by the allotment and issue of 200 Shares of our Company in favour of Mr. Yan, representing 2% of its issued share capital on a fully-diluted basis. The respective considerations were determined as a result of arm's length negotiation between the parties with reference to the net asset value of Pujiang Property Group in the sum of RMB52,353,843.65 as of 30 June 2016 as appraised by an independent valuer and by taking into account the adjustments of other payables in the approximate sum of RMB4,700,000 as shown in the audited financial statement for the six months ended 30 June 2016. On 8 October 2016, Shanghai Industry and Commerce Bureau issued a new business licence in respect of the said transfers, Pujiang Property has become a wholly-foreign owned enterprise of our Group, our intermediate holding company and a major operating subsidiary.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

CORPORATE STRUCTURE OF OUR GROUP — IMMEDIATELY PRIOR TO THE CAPITALISATION ISSUE AND THE GLOBAL OFFERING

The following chart sets out the corporate structure of our Group immediately after completion of the Inter-group Restructuring, the Pre-IPO Investment and the Reorganisation but immediately prior to the Capitalisation Issue and the Global Offering:



----- denotes that our Group has no control over the entity

Notes:

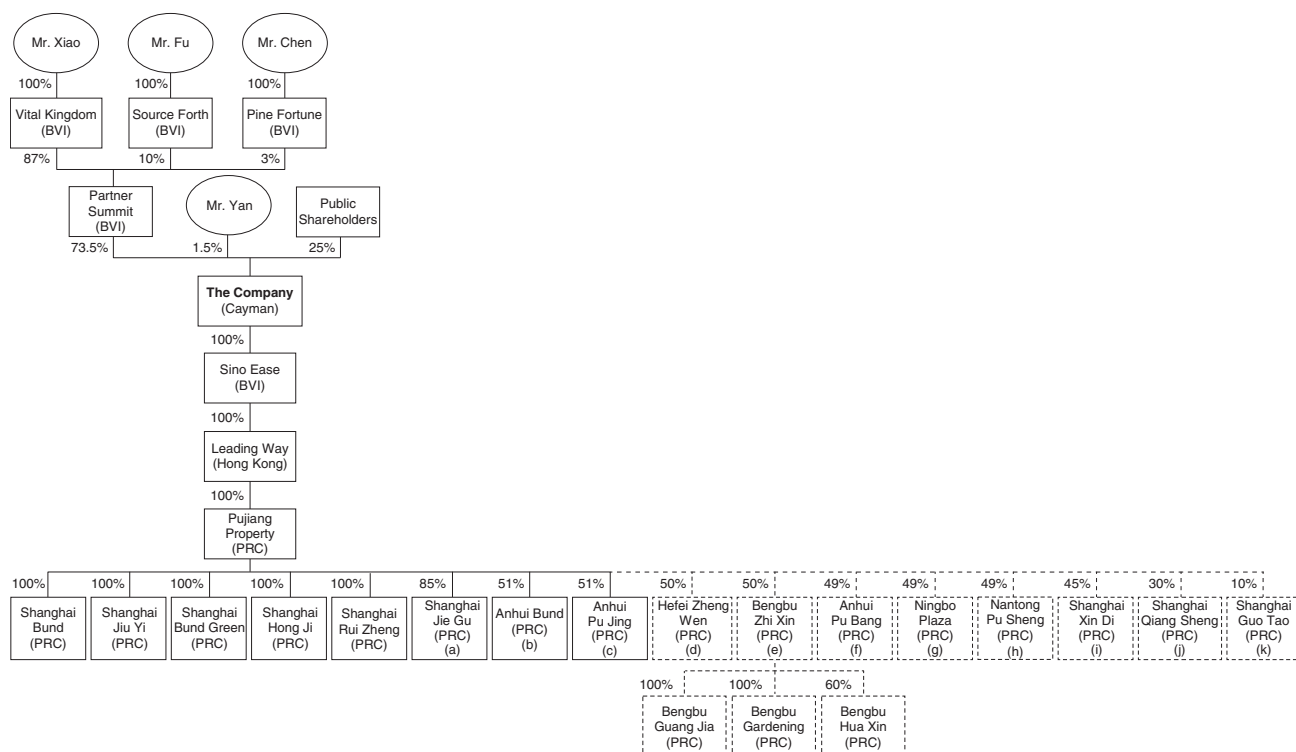
- (a) 15% of the equity interest in Shanghai Jie Gu is held by Shanghai Hai Chuang, our connected person at the subsidiary level.
- (b) 49% of the equity interest in Anhui Bund is held by Anhui Wan Tou, our connected person at the subsidiary level.
- (c) 49% of the equity interest in Anhui Pu Jing is held by Bozhou Cultural, a substantial shareholder of Anhui Pu Jing.
- (d) 50% of the equity interest in Hefei Zheng Wen is held by Hefei New Municipal, an Independent Third Party. Hefei Zheng Wen is a joint venture company of our Group.
- (e) 30% of the equity interest in Bengbu Zhi Xin is held by Bengbu Building, 20% of its equity interest by Beijing Kun Lun, both are Independent Third Parties. Bengbu Zhi Xin is a joint venture company of our Group.
- (f) 51% of the equity interest in Anhui Pu Bang is held by Ma An Shan Fu Ma, an Independent Third Party. Anhui Pu Bang is an associated company of our Group.
- (g) 51% of the equity interest in Ningbo Plaza is held by Ningbo Property, an Independent Third Party. Ningbo Plaza is an associated company of our Group.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

- (h) 51% of the equity interest in Nantong Pu Sheng is held by Nantong Sheng He Property Management Limited* (南通盛和物業管理有限公司), an Independent Third Party. Nantong Pu Sheng is an associated company of our Group.
- (i) 55% of the equity interest in Shanghai Xin Di is held by Shanghai International Tourism, an Independent Third Party. Shanghai Xin Di is an associated company of our Group.
- (j) 70% of the equity interest in Shanghai Qiang Sheng is held by Qiang Sheng Group, an Independent Third Party. Shanghai Qiang Sheng is an associated company of our Group.
- (k) 90% of the equity interest in Shanghai Guo Tao is held as to 30% by Mr. Xiao and 30% by Mr. Yin and 30% by Mr. Wang, both are Independent Third Parties.

CORPORATE STRUCTURE IMMEDIATELY AFTER THE COMPLETION OF THE GLOBAL OFFERING

The following chart sets out the corporate structure of our Group immediately after completion of the Capitalisation Issue and the Global Offering (but taking no account of any Shares which may be issued upon the exercise of the Over-allotment Option and options which may be granted under the Share Option Scheme):



----- denotes that our Group has no control over the entity

Notes:

- (a) 15% of the equity interest in Shanghai Jie Gu is held by Shanghai Hai Chuang, our connected person at the subsidiary level.
- (b) 49% of the equity interest in Anhui Bund is held by Anhui Wan Tou, our connected person at the subsidiary level.
- (c) 49% of the equity interest in Anhui Pu Jing is held by Bozhou Cultural, a substantial shareholder of Anhui Pu Jing.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

- (d) 50% of the equity interest in Hefei Zheng Wen is held by Hefei New Municipal, an Independent Third Party. Hefei Zheng Wen is a joint venture company of our Group.
- (e) 30% of the equity interest in Bengbu Zhi Xin is held by Bengbu Building, 20% of its equity interest by Beijing Kun Lun, both are Independent Third Parties. Bengbu Zhi Xin is a joint venture company of our Group.
- (f) 51% of the equity interest in Anhui Pu Bang is held by Ma An Shan Fu Ma, an Independent Third Party. Anhui Pu Bang is an associated company of our Group.
- (g) 51% of the equity interest in Ningbo Plaza is held by Ningbo Property, an Independent Third Party. Ningbo Plaza is an associated company of our Group.
- (h) 51% of the equity interest in Nantong Pu Sheng is held by Nantong Sheng He, an Independent Third Party. Nantong Pu Sheng is an associated company of our Group.
- (i) 55% of the equity interest in Shanghai Xin Di is held by Shanghai International Tourism, an Independent Third Party. Shanghai Xin Di is an associated company of our Group.
- (j) 70% of the equity interest in Shanghai Qiang Sheng is held by Shanghai Qiang Sheng Group, an Independent Third Party. Shanghai Qiang Sheng is an associated company of our Group.
- (k) 90% of the equity interest in Shanghai Guo Tao is held as to 30% by Mr. Xiao, 30% by Mr. Yin and 30% by Mr. Wang, both are Independent Third Parties.

PRC LEGAL COMPLIANCE

Compliance with the M&A Rules

Under the Rules on the Merger and Acquisition of Domestic Enterprise by Foreign Investors in the PRC (關於外國投資者併購境內企業的規定) (“**M&A Rules**”), a foreign investor is required to obtain necessary approvals when (i) a foreign investor acquires equity in a domestic non-foreign invested enterprise thereby converting it into a foreign-invested enterprise, or subscribes for new equity in a domestic enterprise via an increase of registered capital thereby converting it into a foreign-invested enterprise; or (ii) a foreign investor establishes a foreign-invested enterprise which purchases and operates the assets of a domestic enterprise, or which purchases the assets of a domestic enterprise and injects those assets to establish a foreign-invested enterprise. According to Article 11 of the M&A Rules, where a domestic company or enterprise, or a domestic natural person, through an overseas company established or controlled by it/him, acquires a domestic company which is related to or connected with it/him, approval from MOFCOM is required.

Our PRC Legal Advisers advised that the acquisition of 2% of the equity interest in Pujiang Property by Mr. Yan from Pujiang Holding (the “**2% Acquisition**”), details of which are set out in the paragraph headed “Pre-IPO Investment — Equity Transfer Agreement” in this section is subject to the relevant approval and filing requirements set forth in the M&A Rules. As confirmed by our PRC Legal Advisers, all the requisite approvals, permits and licences in relation to the 2% Acquisition had been obtained pursuant to the applicable laws and regulations in the PRC

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

and the 2% Acquisition had been duly approved by competent governmental authorities in accordance with the M&A Rules and was in compliance with the M&A Rules in all material respects for the following reasons:

- (i) at the time when the 2% Acquisition took place, Mr. Yan was a permanent resident of Hong Kong and was not a domestic natural person under the M&A Rules and thus the 2% Acquisition does not constitute and should not be deemed to be a transaction requiring approval from both the MOFCOM and the CSRC under the M&A Rules and the reporting requirement under Article 11 of the M&A Rules should not apply;
- (ii) on 12 September 2016, the approval regarding the establishment of Pujiang Property as a sino-foreign joint venture enterprise through the 2% Acquisition was issued by the Shanghai Municipal Commission of Commerce and the relevant approval certificate, stating the type of business (企業類型) of Pujiang Property as sino-foreign joint venture (ratio of foreign investment less than 25%), was granted by the People's Government of Shanghai;
- (iii) Shanghai Municipal Commission of Commerce is the competent authority for the approval of the 2% Acquisition under the M&A Rules; and
- (iv) the revised business licence of Pujiang Property was issued by Shanghai Industry and Commerce Bureau on 14 September 2016, which stated that the nature of Pujiang Property has then become a limited liability company (joint venture between entities of Taiwan, Hong Kong, Macau and entities of the PRC (ratio of foreign investment less than 25%)) and thus Pujiang Property has then been considered as a foreign-invested enterprise.

According to the M&A Rules, if an enterprise is held by foreign investors as to less than 25%, such enterprise shall not be entitled to treatments available to foreign-invested enterprises (“FIEs”) (“該企業不享受外商投資企業待遇”). Our PRC Legal Advisers confirmed that such stipulation requires that an enterprise with less than 25% of its entire equity interest held by foreign investors shall not enjoy the preferential treatments available to FIEs, which mainly refer to the tax preferential treatments for FIEs, such as reduction or exemption of enterprise income tax. As such tax preferential treatments have been abolished upon the PRC Enterprise Income Tax Law's becoming effective on January 1, 2008, the aforementioned stipulation of the M&A Rules does not materially affect Pujiang Property. Our PRC Legal Advisers further confirmed that, apart from the withholding of tax preferential treatments, the aforementioned stipulation of the M&A Rules does not deny the FIE identity of the enterprises with less than 25% foreign-invested shareholding. Although Pujiang Property was held by Mr. Yan as to 2% only after the 2% Acquisition, Pujiang Property should be, and had been, regarded as an FIE, and thus it was granted the business licence which recognises Pujiang Property as a limited liability company (joint venture between entities of Taiwan, Hong Kong, Macau and entities of the PRC (ratio of foreign investment less than 25%)).

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

For the acquisition of 98% of the equity interest in Pujiang Property by Leading Way from Pujiang Holding, details of which are set out in the paragraph headed “Reorganisation — Acquisition of Pujiang Property” in this section, our PRC Legal Advisers advised that since Pujiang Holding transferred its 98% of the equity interest in Pujiang Property to Leading Way after the transformation of Pujiang Property into a sino-foreign joint venture, the aforesaid acquisition is an acquisition of equity in a foreign invested enterprise, and as such, the M&A Rules is not applicable and approval from the MOFCOM and/or the CSRC is not required. Instead, the acquisition shall comply with the FIE Rules, which requires approval of the original approving authority, that is, Shanghai MOFCOM (or its authorised local counterpart).

Our PRC Legal Advisers advised that the aforesaid acquisitions have obtained approval from all relevant authorities and fully complied with the requirements under applicable PRC laws and regulations, including the M&A Rules and the laws, regulations and rules relating to FIEs.

Compliance with the Circular No. 37

According to Circular No. 37 issued by the SAFE, before a domestic resident contributes its legally owned onshore or offshore assets and equity into a special purpose vehicle, the domestic resident shall conduct foreign exchange registration for offshore investment with the local branch of the SAFE. Mr. Xiao, Mr. Fu and Mr. Chen are subject to the requirements under the Circular No. 37. Our PRC Legal Advisers confirmed that all the necessary foreign exchange registration with local foreign exchange authority under the Circular No. 37 was completed on 22 September 2016.

Our PRC Legal Advisers further confirmed that all necessary approvals, permits and licences required under the PRC laws and regulations in connection with our Reorganisation have been obtained, and the Reorganisation has complied with all applicable laws and regulations of the PRC.

As at the Latest Practicable Date, the registered capital of each of Shanghai Hong Ji, Shanghai Jie Gu, Anhui Pu Jing, Hefei Zheng Wen and Anhui Pu Bang has not been paid up, which is however not in violation of the PRC Company Law and the respective articles of association. As advised by our PRC Legal Advisers, the related articles of association of these companies provided that the respective shareholders are only required to pay up the respective registered capital within a specific period of time, which is not in violation of the PRC Company Law and such periods of time are unexpired. Except as disclosed, the registered capital of each subsidiary, joint venture company and associated company of our Group has been duly and validly authorised and fully and legally paid in a timely manner in accordance with the respective articles of association and the PRC Company Law as amended from time to time.

OVERVIEW

We are a property management company in the PRC. We, through our subsidiaries and investments in associated companies, provide a wide range of property management services and value-added services to a variety of properties in the PRC, and a majority of which are in Shanghai. A few properties managed by us are located in Anhui, Zhejiang, Jiangsu, Hubei and Hunan Provinces. During the Track Record Period, approximately 88.7%, 91.0%, 93.4% and 89.9% of our revenue was generated from provision of property management services to non-residential properties whereas the remaining 11.3%, 9.0%, 6.6% and 10.1% was from residential properties and provision of other value-added services. Hence, our property management services have been and will continue to be strategically focused on non-residential properties in the PRC. According to China Index Academy:

- (1) *Comprehensive strength*: We ranked 30th in the PRC on the list of “Top Hundred Property Management Enterprises” (2016中國物業服務百強企業) in terms of scale of property management, business performance, service quality, development potential and social responsibility in 2016;
- (2) *Public properties*: We ranked second in the public property management sector among all private independent public property management companies in terms of property management scale in 2015;
- (3) *Public arena properties*: We ranked first in the public arena segment of the public property management sector among all private independent property management companies in terms of management scale in the PRC in 2016. In 2016, our average property management fee was the highest in the segment; and
- (4) *Public transportation properties*: We ranked third in the public transportation segment of the public property management sector in the PRC in terms of the scale of public transportation properties in 2016. Our Company had a comprehensive type of services and a large number of management projects with respect to the public transportation property management in 2016.

Our Directors believe that our “Pujiang” (浦江) brand, which has a long-standing track record in property management industry in Shanghai, has become a reputable industry brand due to our strategic layout and professional management vision. By upholding our corporate culture and management philosophy of “Progression, Beyond convention, Professionalism” (“跨越式、超常規、專業化”), we have developed “Scalability, Informatisation, Diversity” (“規模化、信息化、多元化”) as the spirit of our enterprise at all times. Meanwhile, with years of steadfast practice and brand establishment, we have committedly endeavoured to provide sophisticated and specialised property management services and value-added services to our customers, and have obtained the following certifications: GB/T 19001-2008/ISO 9001:2008 (quality management system standards); GB/T 24001-2004/ISO 14001:2004 (environmental management standards); GB/T 28001-2011/OHSAS 18001:2007 (international occupational health and safety management system specification).

Note: In the 2016 CIA Top Hundred Report, more than one property management company can take the same ranking, rendering the total number of property management companies to increase to 210 instead of 100 in reports published in previous years.

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Properties managed by us: We provide a wide range of property management services and value-added services to a variety of properties, mainly in Shanghai. Our services also expand into other regions including Anhui, Zhejiang, Jiangsu, Hubei and Hunan provinces. These properties can be classified into six categories in terms of their respective usage, which are comprised of (i) public properties (including public arenas such as cultural venues, stadiums, exhibition halls and public transportation properties such as rail station and airport etc.); (ii) office buildings and hotels; (iii) commercial establishments (including shopping malls, commercial and entertainment complexes); (iv) government properties; (v) residential properties; and (vi) others (including schools, land parcels, industrial areas and properties under construction).

Our property management services: The property management services we provide can be broadly divided into two areas in terms of their nature:

- standard property management services comprising of engineering, repair and maintenance services, customer services, security services and cleaning and gardening services; and
- value-added services tailored to meet the needs of each customer and various kinds of consultation services relating to or ancillary to property management.

We, together with our associated companies, had entered into 198, 236, 278 and 284 property management agreements respectively for the provision of various kinds of property management services for the properties in the PRC for the three years respectively ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2017.

During the Track Record Period, the total GFA (being the aggregate of the revenue-bearing GFA and non-revenue bearing GFA) of our managed properties was approximately 6.8 million sq.m., 6.6 million sq.m., 8.2 million sq.m. and 8.7 million sq.m., respectively. At the same time, apart from organic growth of our business, we also expanded our business by strategically investing in property management companies. During the Track Record Period, the total GFA of the properties managed by our joint venture companies and associated companies approximately was 4.4 million sq.m., 5.4 million sq.m., 8.3 million sq.m. and 8.3 million sq.m., respectively. The majority of the properties managed by our Group and our associated companies are mainly non-residential properties, which, according to China Index Academy, offers a higher profit potential than residential properties. We compete on service quality, as an independent property management company, by offering high quality services, for instance, through the appointment of “supervisors” (管業) in the large-scale properties and public properties to which we provide property management services.

Our business model: In line with current market practice, we enter into one or more than one property management agreements with each customer which set out thereon the scope of our services and our management fees.

In line with the industry norm, we subcontract most of the labour intensive works, such as cleaning and gardening works, security patrolling and certain specialised engineering, repair and maintenance services to our approved sub-contractors who carry out the subcontracted works under our supervision. Our Directors take the view that this subcontracting arrangement will help

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maximise our operational efficiency and cost effectiveness. We uphold the integral part of the property management services including the general operation and management of our engineering services, customer services and the quality control of our services by our direct staff.

Our revenue model: We charge our customers a monthly fee predominantly on a lump sum basis, pursuant to which, our customers pay us a lump sum for our property management services and at the same time, we bear all related costs and expenses involved in the property management. On a few occasions, our fees are charged on a fixed remuneration basis, pursuant to which our customers will pay a fixed management fee to us, and at the same time, bear all related costs and expenses involved in the property management themselves. The table below sets forth a breakdown of our revenue from providing property management services by the type of revenue model for the year/period indicated:

	For the year ended 31 December						For the six months ended 30 June			
	2014		2015		2016		2016		2017	
	Revenue	% of the total	Revenue	% of the total	Revenue	% of the total	Revenue	% of the total	Revenue	% of the total
	RMB'000		RMB'000	RMB'000		RMB'000		RMB'000		RMB'000
							(unaudited)			
Property management services income:										
Lump sum basis	293,971	98.8%	286,333	97.7%	303,863	98.2%	143,828	98.1%	173,172	98.7%
Fixed remuneration basis	2,959	1.0%	5,331	1.8%	5,160	1.7%	2,512	1.7%	2,347	1.3%
Others (Note)	453	0.2%	1,365	0.5%	245	0.1%	240	0.2%	—	—
Total	297,383	100.0%	293,029	100.0%	309,268	100.0%	146,580	100%	175,519	100.0%

Note: This refers to the revenue generated from services rendered to our customers which are not related to the provision of property management services, such as property leasing agency services.

Our customers: Our customers are mainly, property owners and owners' associations, property developers and tenants.

Our growth: Our revenue decreased only slightly by approximately 1.5% from RMB297.4 million for the year ended 31 December 2014 to RMB293.0 million for the year ended 31 December 2015, and recorded an annual increase of approximately 5.6% to RMB309.3 million for the year ended 31 December 2016. Our revenue increased from RMB146.6 million for the six months ended 30 June 2016 to RMB 175.5 million for the six months ended 30 June 2017, representing an increase of approximately 19.7%.

Going forward: We aim to continue to provide quality property management services and value-added services that are aligned with the business interests of our customers, throughout Shanghai, and expand our services to other regions such as Yangtze River Delta region and the Central China region. Capitalising on our comprehensive knowledge in the property management market in the PRC, coupled with our resources network, we will continue to offer a comprehensive business platform that combines local intelligence and expertise to deliver measurable results for our customers.

OUR STRENGTHS

We believe that our success was primarily attributed to the following competitive strengths.

We are one of the leading non-residential property management companies in the PRC, which is engaged by our customers as an independent property management company, for the provision of professional, independent and quality property management services

Our brand: We distinguish ourselves from other leading property management companies in the PRC by specialising in providing property management services for a wide range of non-residential properties mainly in Shanghai comprising of historic establishments, large scale shopping malls, high-end office buildings, commercial complexes and various landmarks, public transportation stations and hubs, and exhibition centres. Our Directors believe that our “Pujiang” (浦江) brand is a leading brand in the high-end non-residential property management service industry in Shanghai.

Our independency: Unlike some other leading property management companies which were spun off from or were set up by sizeable property developers (including both state-owned or non-state-owned enterprises) for the provision of management services to their own properties in the PRC, we are engaged by our customers as an independent property management company for the provision of professional and quality property management services to their properties in the PRC. Without a close connection with property developers, we have full management autonomy in our business development and operation without having to follow the overall business development strategies of the property developers. We also rely on our reputation and market capabilities to attract new customers and retain our existing customers and expand our market share. According to China Index Academy, independent property management companies are more innovative and flexible to cater for the requests of each individual customer and the constantly changing market trends.

Our qualifications: Our operating subsidiaries have first class, second class or third class property management company qualifications. The property management companies having first class qualification are entitled to undertake property management projects of any scale; the property management companies with a second class qualification are only permitted to undertake property management of residential project of less than 300,000 sq. m. and non-residential project of less than 80,000 sq. m.; and property management companies with a third class qualification can only undertake property management of residential projects of less than 200,000 sq. m. and non-residential projects of less than 50,000 sq. m. Equipped with these class qualifications, our Group is qualified to submit tenders to bid for property management projects of different scale and for different kinds of properties, including high-end non-residential properties and government projects. Our Directors believe that our Group has established a strong reputation in the public property sector of the property management industry because of our commitment to the provision of high-quality services.

Our specialty: We have achieved a leading position in providing property management services to public properties, which is characterised by their accessibility by the public. The management of public properties generally requires the property management service providers, like our Group, to have a higher standard of expertise for the provision of higher standard security and facility management services. According to China Index Academy, we ranked

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second among all independent private companies engaged in providing property management services to the public property sector of the property management industry among all private independent public management companies in the PRC in 2015 in terms of property management scale, which was represented by the total GFA of the public properties under management.

Attributed to our leading position in the provision of quality management services for a wide range of non-residential properties, landmarks and public transportation properties and we have achieved the following:

A high renewal rate of our property management agreements: The term of the property management agreements entered into between our Group and our customers usually ranges from one to two years. During the Track Record Period, the renewal rates (calculated based on the number of renewed property management agreements in a given year divided by the number of expiring property management agreements in the same year) of these property management agreements were approximately 86.7%, 71.3%, 75.8% and 76.8% respectively. Hence, we pride ourselves for having a relatively high renewal rate for our property management agreements, which is a reflection of high customer satisfaction and a high customer retention rate, especially considering that our customers are mainly property developers or property owners of such buildings in the PRC, who adopt stringent requirements in the selection of property management companies for their properties.

Expansion of our business outside Shanghai: After having established a strong footprint in Shanghai, we have expanded our business to other regions with a high population in the PRC such as Anhui, Zhejiang, Jiangsu, Hubei and Hunan provinces.

We have expertise in providing property management services to historic buildings and facilitating heritage preservation: Apart from high-end office buildings, we also provide property management services to some of the most famous historic buildings in the Bund district in Shanghai, namely the Bund 6 (外灘6號), the Bund 18 (外灘18號), Bund 220 (外灘220號(小匯豐)), Bund 261 (外灘261號(聯合大樓)) and the Bank of Tianjin Shanghai Branch (天津銀行上海市分行), all of which are of great historical value and require special skills, techniques and care in property management for their owners and tenants in order to align with their heritage preservation policies. Our willingness to customise our property management services is evident in our provision of a wide range of specialised services to our customers, namely concierge services, tea services, hair-dressing services and property tour guide services for disseminating the history and historic value of the buildings to their visitors. Since these historic buildings are in close vicinity to one another, we can pool our resources together efficiently and achieve economies of scale to effectively reduce our property management manpower, management costs and expenses.

Our expertise in managing public properties: Our Group has a strong presence in the property management of public properties. Many of the public properties under our management are large buildings with a high traffic flow. For instance, we are engaged in the property management of Hongqiao International Airport Eastern Transport Terminal (虹橋機場東交通中心(公交站區)), Shanghai Hongqiao Maglev Transportation Tower (上海虹橋綜合交通樞紐磁浮大樓), National Exhibition and Convention Center (Shanghai) (國家會展中心(上海)) and the Shanghai World Expo Exhibition and Convention Center (世博展覽館). We are also engaged to manage the public area including the sewage pumping station, transport station, roads and carparks outside an international theme park in Shanghai. Our Directors believe that since private companies are rarely engaged in the management of public properties, our presence in the public sector demonstrates our property managements prowess in the industry.

We have the flexibility in negotiating with our customers with respect to our property management fee and have a higher profit potential

With our industry-leading brand, we believe that we are among the top property management companies in our target markets that can attract customers who are willing to engage quality property management companies at a relatively higher cost. During the Track Record Period, our average monthly fee per GFA (sq.m.) of non-residential managed property ranged from RMB2.9 per sq.m. to RMB9.6 per sq.m..

Our Directors take the view that with our ability to provide value-added services to cater for the overall needs and unique requirements of different customers, the wide spectrum of property management services provided by us, our operational network and efficient allocation of resources, have not only facilitated us to negotiate better rates for our management fees with our customers on an arm's length basis but also maximised the economies of scale of our operation. We have more flexibility when negotiating the rise of our property management fee and renewing expired property management agreements, due to our focus on non-residential properties, in order to simultaneously maintain our profit margin, quality and scope of our property management services, despite any increase in our costs. Unlike the property management companies for residential properties, especially affordable housing and preliminary properties, whose management fee may be subject to price control or guidance policies promulgated by the PRC government and/or the decision of the owners' incorporations of individual properties from time to time, we can set our own pricing policy by taking into account the prevailing market condition, our target profit margins, profiles of the property owners and the fee rates charged by our competitors at the relevant time. When entering into negotiation with customers for a new property management agreement for non-residential properties or for renewal thereof, our proposed management fees would not be subject to any price control nor guidance policies.

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According to China Index Academy, the potential profit of property management companies which manage public properties and other non-residential properties is relatively higher than other property management companies in the PRC for two reasons:

- (i) the fee charged for management of public properties is generally higher than that in other property sectors of the property management industry. The overall average monthly management fee charged by the Top 100 Property Service Enterprises in China of 2016 (2016中國物業服務百強企業) was RMB4.25 per sq.m.. The segment average figures for public property and other properties^(Note 1) are much higher at RMB3.76 and RMB5.99 per sq.m. respectively, whereas that for residential properties is lower at RMB2.31 per sq.m..
- (ii) public properties are owned by the government or state-owned enterprises which are more financially stable and therefore provide a stable source of income to us.

Therefore, with a strategic focus on public properties and other non-residential properties, our Group has the potential to achieve a higher profit and profit margin when compared to other property management companies in the PRC.

We provide consistent and cost-efficient property management services to our customers through our standardised facilities management methodologies and advanced information technology by way of internet of things and building information modelling

Property management services are generally known to be labour intensive. We have focused on streamlining and standardising our property management services with advanced automation and standardised facilities management methodologies, in order to reduce our reliance on intensive labour and to mitigate the risk of liabilities arisen from industry accidents or occupational injuries and to improve our operational efficiency, service quality and strengthen our competitiveness, whether or not the services are provided by our own employees or the employees of our sub-contractors.

To streamline and standardise our property management services, we have devised various operation booklets covering different kinds of property management services provided by us, setting out thereon our policies, standardised procedures and protocols in our performance of property management services for all properties we manage. We provide training to our staff and the staff of our sub-contractors to ensure that they follow our service standards and procedures at all times. These streamlining and standardisation measures have allowed us to replicate our operations in new management projects when we render our services to new customers more effectively. These measures can help ensuring that we are able to deliver consistent premium quality services across all properties managed by us, which enhances customer satisfaction and confidence in our services.

We have also centralised certain standardised services at our headquarters, which allows direct command and supervision of the services provided by our on-site service teams. Standardised services also allow us to receive direct feedback from our customers and monitor the subsequent remedial measures.

Note 1: Properties other than residential properties, commercial properties, offices, schools, hospitals and public arenas.

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We also strive to develop our strong facilities management capabilities. Our facilities management methodologies include our self-developed PPM (preventive maintenance, planned maintenance and predictive maintenance) and 5S, (a workplace organisation method which includes five elements), please refer to the paragraph headed “Quality Control — facilities management methodologies” in this section for further details. It is our Group’s practice to train our staff and assign them to the position of “supervisors” (管業) at major properties to which we provide a variety of property management services. Supervisors are equipped with comprehensive knowledge of their respective managed properties and the kind of services provided by our Group. Our Directors believe that the deployment of supervisors (管業) at the major properties can improve our cost efficiency and allows more flexibility for us in the allocation of manpower to streamline work processes, hence ensuring consistent service quality.

In respect of automation, our in-house information technology team has been developing an information system to enable us to (i) keep track of the whereabouts of our security guards, the records of all security points and the real time condition of the properties we manage; (ii) eliminate many time-consuming and paper-based procedures in relation to the recording and, storage of records, thereby reducing our operating costs; (iii) accommodate our customers’ requests and to collect all relevant data such as the number of visitors to a particular property during a specified period of time, the frequency of elevator use in a particular property etc.. This is useful to customers when optimising the use of their resources and spaces within their properties.

Through our streamlining, standardisation and automation strategy, we are able to efficiently organise our labour force by delegating some property management services, including security guard and cleaning and gardening services, to qualified third-party sub-contractors capable of serving high-end office buildings and properties in the public sector.

We believe that the implementation of our standardisation, centralisation and automation strategy helps mitigate the effects of rising costs in property management services and improve our profit margins. In addition, since we are predominantly paid on a lump sum basis for our property management services and/or value-added services, our ability to save costs would help increase our profit margin.

We have a strong management team with a proven track record and our own workforce who have in-depth knowledge and experience in our industry

Our management team is comprised of knowledgeable and experienced professionals with a proven track record in the property management industry, which is invaluable to the development of our business in the property management industry in the PRC. Mr. Xiao and Mr. Fu have on average approximately 20 years of experience in the property management and other related industries. Furthermore, the majority of our senior management has been with us since the founding of our Group, and thus, each of them has extensive experience in multiple aspects of the property management business.

Mr. Xiao YQ has over ten years of experience in the property management industry and was awarded the outstanding individual (15th anniversary) by China Property Management Magazine* (《中國物業管理》雜誌社) in July 2016. Ms. Zhu, our vice president, has over 20 years of experience in property management business. She was awarded the veteran professional

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manager of Shanghai Property Service Industry by Shanghai Property Management Industry Society in January 2012 and the outstanding individual by Shanghai Property Management Industry Society in January 2015.

On the other hand, we are able to attract and retain talent from other sizable organisations. Our vice president, Mr. Bai, had relevant experience of working in the property management sector for nearly 10 years before joining us. Another vice president of our Group, Mr. Jia, has over 20 years of management experience in state-owned companies and large-scale private enterprises prior to joining our Group. Mr. Xu, our vice president and the chief technical officer of Pujiang Holding, who is responsible for managing engineering facility of our Group, worked in the property management sector for a number of international companies prior to joining our Group.

Our management team's dedication and execution capabilities are crucial to our business operations and implementation of our future growth plans. Moreover, their extensive experience in and in-depth knowledge of the property management industry in the PRC has played a pivotal role in the development of our business, which we believe would differentiate us from our competitors and contributes to our rapid growth. For more information, please see the section headed "Directors and Senior Management" in this prospectus. We believe that our management team will continue to be a key factor in the future development of our business.

In addition to our strong management team, we have our own direct workforce designated to work on all levels of our operation, ranging from the managers of a particular property or building, to supervisors in different segments of services and general working labours. Though we outsource a majority of the labour intensive works to sub-contractors and specialised engineering services to sub-contractors with requisite qualifications, we closely monitor the performance of these sub-contractors and approved sub-contractors and uphold the most integral part of our operation, for instance, the supervision of security guards employed by us or by our sub-contractors, provision of engineering works and maintenance and repair of security and safety systems of each property or building.

Attributed to our property management experience, strong execution ability and direct work force, we believe that we are well-positioned to achieve further growth and to take advantage of the various market opportunities in the future.

OUR BUSINESS STRATEGIES

Our plan is to continue to focus on providing high quality and professional property management services to non-residential properties in the PRC market and to expand our business both vertically, by providing various value-added services and horizontally by

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leveraging our experience, expertise and strong brand recognition and to expand the geographical coverage of our services. We intend to achieve our objectives by implementing the following strategies:

Continue to grow our business horizontally and strategically through mergers and acquisitions, investments, joint ventures and business collaboration

In view of the PRC's continuous growth in the economy and urbanisation, as well as the expected increase in the number of non-residential properties in the PRC, apart from growing our business through organic growth initiatives, we have expanded and we plan to continue to expand our business by (i) mergers and acquisition (acquiring majority shareholding of property management companies); (ii) investment (acquiring minority shareholding of property management companies); and (iii) establishing joint venture companies entering into business collaboration with property management companies. During the Track Record Period, we acquired minority equity interests in two operating property management companies at a price which was pro rata to the relevant portion of the evaluated value of net assets or registered capital of the target companies. Our Directors believe that investment in new business opportunities is cost effective and has a high growth potential. One of our subsidiaries, Bengbu Zhi Xin was at the inception stage established as a sino-foreign equity joint venture in 2004. With our industry experience and knowledge, we successfully helped this company obtain first class property management qualification.

Based on our plan for expanding our business horizontally, we will continue to penetrate our property management services to other cities and regions in the PRC. We therefore look for opportunistic acquisitions in the future.

We seek potential acquisition opportunities and select potential targets based on our industry experience and the following selection criteria:

Target geographical location: We plan to explore acquisition targets mainly in Shanghai or provincial capitals and major cities in Anhui, Zhejiang, Jiangsu, Jiangxi, Hunan and Hubei provinces, which align with our strengths in providing property management services to large-scale shopping malls, high-end office buildings and complexes. We would also consider provincial capitals in other parts of China. When entering these target markets, we plan to selectively evaluate business opportunities in cities which are commercial centres, such as provincial capitals, first-tier and second-tier cities. We believe that these potential acquisitions will provide us with efficient access to new geographic markets and support our strategy to expand our operations.

Management team: We plan to continue to seek potential acquisition targets with a younger management team with relevant experience and determination to develop property management business. We also look for management teams with territorial expertise and marketing network to help us expand to new geographical location.

Business focus: We target property management companies with a business focus on the provision of property management services to non-residential properties and have good reputation.

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Target size and scale of operation: We primarily look for medium-sized property management companies and have the potential for future growth by leveraging our standardised facilities management methodologies and automated information technology and other resources. We believe that it is easier to have favourable acquisition terms with these companies than with larger companies and those companies with first class property management qualification and that benefits of the merger will realise sooner than with smaller companies. We will also consider increasing our investment and equity interest in some of our existing associated companies or joint venture companies. In addition, we target to collaborate with large-sized and state-owned property developers to establish joint venture companies.

Financial condition and profitability: We will take into account the financial condition and profitability of the potential targets and investigate if there was an upward trend of financial results in the preceding three years. We plan to seek acquisition targets with annual revenue over RMB 20 million, net profit margin above 5% and debt to asset ratio less than 60%.

Timeframe

In the first half of 2018, we plan to promote our brand and collect information of property management companies in Shanghai or provincial capitals and major cities in Anhui, Zhejiang, Jiangsu, Jiangxi, Hunan and Hubei provinces. We plan to start negotiation with our acquisition targets and conduct feasibility studies in the first half of 2018. Starting from the second half of 2018, we target to acquire one or more than one property management company which can meet our selection criterion.

Strategically, once we have identified a target for acquisition, we begin by acquiring a part but potential not all of the equity interests in such target company or forming business collaboration with it in order to understand its operation and to ascertain if its management team and business model can be integrated into our management team and business model before we capitalise on our brand equity and service quality. After having collaborated with these investee companies for a certain period of time, we may consider increasing our investment or acquire majority interests in these companies.

The capital required for the acquisitions and/or investments or forming business collaboration with potential targets would depend, to a large extent, on the size of the acquisition targets or the investee companies. Furthermore, we would apply our operating standards and processes to our acquired businesses, which would allow us to manage an expanding business with increasing complexity effectively and in a cost-saving manner. Our Directors believe that the cost saving and efficiency improvement through the economies of scale would help us free up financial resources and the time of our management team takes to expand our business organically or to explore various acquisition opportunities.

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To facilitate preliminary contact and exploring business opportunities with a few potential targets, as at the Latest Practicable Date, we signed a few indicative and non-legally binding “letter-of-intent for co-operation” with certain potential targets for the purpose of exploring the possibility of co-operation. The major terms of these letters of intent generally include the following terms:

Possible ways of co-operation	Forming business collaboration, exchange of information and technological support, investment and acquisition. Detailed ways of co-operation shall be finalised in formal agreements.
Term	Generally two years and can be extended to a further term by mutual consent.
Confidentiality	Parties shall not disclose to any third party information obtained in connection with the letter of intent.
Other	The letter of intent is not binding to the parties except the confidentiality clause. Both parties are at liberty to enter into business co-operation with other companies.

These potential targets have business operations in the regions that are in line with our Group’s expansion plan. As at the Latest Practicable Date, we had not formulated any concrete plan on the form of co-operation with these potential targets nor progressed to a formal negotiations or signed any definitive and finalised understanding, commitment or agreement with these potential targets. As our ability to start any formal negotiation with the potential targets regarding the form of co-operation etc, is subject to a number of uncertainties which are out of our control, there is no guarantee that we can achieve our plan or acquire, invest or forming business collaboration with these potential targets, our management may consider it advisable to adjust our business strategies or operational plans or targets in response to any economic, political, regulatory, market or other commercially significant factors.

We intend to apply approximately HK\$49.9 million from the proceeds of Listing for such strategic acquisitions and/or investments in property management companies in order to expand our property management portfolio, service offering and expand our business to other cities in the PRC.

Expand our business vertically in the industry chain and supply chain of the property management industry

Property management value chain

According to China Index Academy, it is a recent trend in the property management industry in the PRC that a property management company would enhance its competitiveness, achieve greater scale of operation and raise its customers’ satisfaction. In this connection, we intend to expand our business vertically in the industry value chain by cooperating with or forming strategic alliance with property developers and property owners etc. and by investing in or forming strategic alliance with sub-contractors of various kinds of sub-contracted services in the property management industry in the supply chain so that we can provide one-stop property management services and value-added services to property developers, property owners and users of the properties.

Industry chain expansion

As most of our customers included property developers and property owners, with a view to expanding our presence, showcasing our services and expanding the customer base for our services, we plan to offer a wider range of property consultancy services, and data collection and integration services to these property developers, property owners, property management companies and design houses by leveraging our property management expertise.

Consultancy services

In respect of the consultancy services to property developers, it would include consultancy services regarding the display unit management services (i.e. setting up display units to showcase the properties to potential buyers) and construction site security services (i.e. deploying security guard for patrolling at the construction sites) when their properties are under construction. We also plan to provide these customers with various kinds of management consultancy services, such as on the overall planning and market positioning of the properties, the optimisation of the spaces of the properties and on the design and layout plan of the properties, during the project design and development stages up to the completion and delivery of the properties by capitalising our knowledge and experience in property management earned from our daily interaction with the occupiers and users of our managed properties. After completion of construction of the properties, we can provide marketing management consultancy services to them on the marketing strategies of their properties.

In respect of the consultancy services to property owners, we can establish a platform or provide consultancy services in relation to leasing or sales of the properties of these owners and provide marketing management consultancy services to them on the marketing strategies of their properties.

Data collection and integration services

We also plan to provide our customers with relevant data and information support and analysis. Through the expansion in the industry chain of the property management industry, we expect to add new revenue streams and increase standardisation of our management methodologies and established long-term strategic alliance and collaboration with our customers.

Extension of our existing value-added services

Leveraging our Group's experience on car park management, we plan to expand our car park management services through upgrading the operating system and carpark facilities. We believe the high population density and high energy usage in non-residential properties would catalyse the demand for better energy saving strategies. We plan to strengthen our expertise in our consultancy services relating to environmental and energy saving in the course of our provision of property management services. Further, we plan to enhance our capabilities to provide administrative services, including food and beverage, shuttle, procuring and reception services to our customers.

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Detailed implementation plan

For services with higher relevancy to our existing property management business, we plan to implement by our own team ranging from business planning to sales and marketing. For expansion into those services that we currently have no such expertise, we plan to collaborate with our target service providers to share our respective resources on a common platform. We target to build up our internal resources and seek potential collaboration targets in 2018 and complete collaboration with professional service providers in 2019.

Supply chain expansion

We plan to enter into strategic collaboration or invest in the providers of various kinds of quality sub-contracted services, such as cleaning, gardening and engineering services. By doing so, we can (i) alleviate our reliance on sub-contractors and reduce our exposure to the inherent risks of the sub-contracting arrangement, such as the risks with respect to the quality and stable supply of their services; (ii) maintain a stable workforce as property management is known to be labour intensive; and (iii) increase standardisation of our management techniques and methodologies to control service quality. Furthermore, by holding certain equity interests in these sub-contracted service companies, we can exert direct control over the quality of their services, selection of suitable workforce and implementation of our standardisation techniques and methodologies in order to ensure that the quality of our services can meet our customers' expectation and requirements. In selecting suitable acquisition targets for this supply chain expansion, we will leverage our experience and expertise in the property management industry.

As for our intended investments in cleaning service, security service and engineering service providers, we plan to acquire minority equity interest therein in order to understand the operation of these subcontracted service providers and to ascertain if their services can meet our standards before we increase our investments in these subcontracted service providers.

Criteria and basis of selection: We plan to select suitable targets from our existing subcontractors and other sizable providers of sub-contracted services. Our selection criteria for vertical expansion in terms of management team, geographic location and financial condition are similar with those for our horizontal expansion. We seek potential companies in Shanghai or provincial capitals and major cities in Anhui, Zhejiang, Jiangsu, Jiangxi, Hunan and Hubei provinces, managed by younger and aggressive management team, with an upward trend of financial results in the preceding three years.

Timeframe

In the first half of 2018, we plan to gather information of selected acquisition targets including their shareholding structure, financial condition, business and employment details. We plan to start negotiation with our acquisition targets and conduct feasibility studies in the second half of 2018. Starting from the second half of 2019, we target to complete one or more than one acquisition.

We intend to apply approximately HK\$34.8 million from the proceeds of Listing for industry chain and supply chain expansion in the property management services industry.

Continue to develop our information technology system and enhance service quality to our customers and users of our managed properties

We plan to continue to develop information technology system on the database level and application level.

Database level

Our in-house information technology system, “*Dynamic Building Matrix*” (“**DBM**”) focuses on, among others, gathering data for application in other systems. The data gathered on this level includes environmental data (e.g. lighting, temperature and humidity); architectural data (e.g. floor plan and physical features of a building); facilities data (e.g. elevators, fire service system and sewage system); and human data (e.g. tenants, consumers and staff). By visualising these four areas of data, a three-dimensional model of building can be constructed. In this regard, we engaged a building information modelling service provider to develop three dimensional models of Bund 6 in September 2016.

Headquarter application level

Our headquarter started using an office automated (“**OA**”) system provided by a business software service provider in 2014. In order to enhance integration in our supply chain and human resources and financial systems, we developed our in-house enterprise resource planning (“**ERP**”) system in 2015. We plan to further integrate the office automation and enterprise resource planning systems in 2018.

Our headquarter and our site offices at the site of our managed properties use the OA system and the ERP system concurrently so that our staff working at the site office can report the matters related to the managed property to our headquarters in a timely manner.

We developed the trial version of the “Tracker” system and tested it in the National Exhibition and Convention Center (Shanghai) (國家會展中心(上海)).

With “Tracker”, our customers can have access to data from our property management system. Our management service can also be provided on a multi-media platform through the Internet, smartphone technology, portable computers, Wi-Fi technology and all other latest development in information technology which will provide a well-integrated flow of information within our Group and among our customers and us on a timely basis.

We engaged third party internet of things service providers, three-dimension programming service providers and other relevant professional to develop and enhance our building information model (“**BIM**”). In respect of the actual delivery of our property management services to our customers, the information system particularly, the “BIM” system, we can achieve, among others, the following:

- remote control access of the 24-hour surveillance systems on each property managed by us whereby our designated security team can have access to the 24-hour surveillance systems through their smartphone and other electronic devices;

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- using smartphones carried by our security guards which are integrated with our security patrolling systems enable us to track the whereabouts of a security guard on a real time basis and digitalise the patrolling records at each patrolling check point when the security guard passes the check point. These automated records can replace the traditional paper records;
- a web-based tool to monitor the operation of the building service systems in the property;
- generating accurate and timely financial data, which is helpful in projecting our operating costs when managing a particular property's expenses and in preparing our tendering documents. Apart from the financial aspect, we can also analyse our customers' preferences based on the information available from the data; and
- enable an effective and efficient exchange of information between our customer service department and our operational staff, which would achieve a good complaint recovery system.

In respect of data collection and integration, our information system can achieve the following:

- it would help collecting data upon customers' requests, such as the number of visitors to the properties, the peak hours of the day and records of facility downtime or non conformity, service failure and accident reports for our customers. The system would also contain sound statistical methodologies for our customers, which would be particularly useful if customers require such data for analysis and planning to maximise the use of their properties; and
- it would help collecting data for our own operations at individual properties, such as the number of patrols performed at the designated patrol points.

Our Directors believe that a wide array of information technology systems would build up our competitive advantages. Our web database contains updated property and facility management and market information including existing site information, latest market trends, pricing data and other market intelligence. Appropriate strategies and tailor-made service packages can be devised for project bids through the analysis of such data. In addition, marketing tools and materials such as presentation kits and management proposal templates for different types of properties and facilities can be deployed through our web database to assist our Group in securing property management agreements. As at the Latest Practicable Date, we have applied the above-mentioned information technology system and BIM system to the Management of Bund 6 (外灘六號).

Our estimated capital expenditure in enhancing our information technology system after the Listing would be amounted of approximately HK\$23.2 million, which would be funded by the proceeds of Listing.

Continue to recruit more talent and, at the same time, provide training for our existing staff to cope with the expansion of our operations

Our success depends, to a large extent, on our ability to continually provide quality services to our customers by our employees and those of our sub-contractors; and our ability to maintain a committed professional and dedicated team of management and employees who are committed to our corporate spirit which was instrumental in our growth over the past 15 years. Furthermore, to support our business expansion set out above, it is important for us to develop and attract more talent for filling up various positions in our Group. In this connection, we intend to adopt the following measures:

- *Provide regular trainings for our employees:* Our training programmes are part of the benefits that we offer to our employees. Our employee training programmes primarily consist of induction training and on-the-job training. In particular, we ensure that suitable training, for instance, trainings to be a supervisor (管業) in our major managed properties and post-training assessments are provided to all employees when they first come on board, are promoted, or are transferred to a new position. We will continue to provide career development opportunities to our employees and promote them internally, which helps retain our key employees and our future leader candidates. This training is either conducted by our in-house employees or by external organisations or professionals.
- *Enhance internal promotion.* We plan to promote our internal staff members to managerial level positions as far as possible despite recruiting similar positions in the market. By doing so, we believe that it would enhance the morale of our employees, and provide more incentives for them to work with us.
- *Recruit more talent:* As we plan to execute further acquisitions, we will also selectively retain appropriate talent from the acquired companies' workforces. We believe that having a sufficient pool of talented employees provides crucial support to our planned business growth and maintain our service quality.

We intend to apply approximately HK\$19.0 million from the proceeds of Listing for implementation of training and recruitment programmes.

Continue to streamline and standardise our property management services in order to elevate our service quality and consistency and optimise our cost efficiency

We provide a wide spectrum of property management services ranging from typical security and safety services, cleaning and gardening services, repair and maintenance services to various kinds of value-added services and customised services, such as budgeting property management expenditure, provision of concierge services, hair-dressing services, tea services etc. tailored for individual customers to accommodate their needs. Different customers require different mixtures of property management services from us to cater for their needs. Hence, the scope of services in different property management agreements vary from one to another. We also engage sub-contractors to carry out (i) labour intensive works, such as security patrolling, cleaning and gardening works and (ii) specialised engineering repair and maintenance works.

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To ensure consistency in the quality of our services and optimise our cost efficiency to improve our service quality and overall customer satisfaction, we have to streamline and standardise the provision of various kinds of property management services by ourselves or our sub-contractors while still maintaining flexibility to respond to individual customers' requirements. In this regard, we have to regularly review and improve our services with by further standardising services and implementing them across all our managed properties. To this end, we plan to (i) upgrade our database in safekeeping our record of services; (ii) update and revise our current staff handbook, operation manuals and maintenance guidelines, security operation procedures; and (iii) update the requisite standard for provision of various kinds of property management services. We also have to acquire new office equipment and workstations to align with our expansion in respect of streamlining and standardising our property management services.

OUR MANAGED PROPERTIES

We, through our subsidiaries and investments in associated companies, provide a wide range of property management services and value-added services to a variety of properties with a majority in Shanghai and a few in Anhui, Zhejiang, Jiangshu, Hubei and Hunan Provinces. The following tables set forth the breakdowns of the GFA of our managed properties and our revenue from providing property management services and other services in Shanghai, Anhui as well as other geographical locations.

	As at 31 December						As at 30 June	
	2014		2015		2016		2017	
	GFA	% of the total	GFA	% of the total	GFA	% of the total	GFA	% of the total
	<i>'000 sq.m.</i>		<i>'000 sq.m.</i>		<i>'000 sq.m.</i>		<i>'000 sq.m.</i>	
Shanghai	4,049	59.5%	4,130	62.9%	5,794	70.5%	6,174	71.3%
Anhui	2,620	38.5%	1,971	30.0%	2,409	29.3%	2,429	28.1%
Other locations	140	2.0%	469	7.1%	16	0.2%	53	0.6%
Total	6,809	100.0%	6,570	100.0%	8,219	100.0%	8,656	100.0%

	For the year ended 31 December						For the six months ended 30 June	
	2014		2015		2016		2017	
	Revenue	% of the total	Revenue	% of the total	Revenue	% of the total	Revenue	% of the total
	<i>RMB'000</i>		<i>RMB'000</i>		<i>RMB'000</i>		<i>RMB'000</i>	
Shanghai	258,097	86.8%	252,508	86.1%	280,314	90.6%	157,800	89.9%
Anhui	27,686	9.3%	28,902	9.9%	26,685	8.7%	15,402	8.8%
Other locations	11,600	3.9%	11,619	4.0%	2,269	0.7%	2,317	1.3%
Total	297,383	100.0%	293,029	100.0%	309,268	100.0%	175,519	100.0%

Note: Other locations mainly include Zhejiang, Jiangsu, Hubei and Hunan provinces.

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Our managed properties' GFA

We generally charge our customers with property management fees for our property management services, which are mainly calculated based on the GFA of individual managed properties. These are generally referred to as the fees related to revenue-bearing GFA. On the other hand, we also charge customers for a particular single type of property management service or other value added services based on a fixed agreed price without making reference to the managed properties' GFA. These are generally referred to as the fees related to non-revenue bearing GFA. In this connection, the GFA of our managed properties can be broadly divided into revenue-bearing GFA and non-revenue bearing GFA. The table below sets forth a breakdown of the GFA of our managed properties as at the end of the year/period indicated.

	As at 31 December						As at 30 June	
	2014		2015		2016		2017	
	GFA	% of the total	GFA	% of the total	GFA	% of the total	GFA	% of the total
	'000 sq.m.		'000 sq.m.	'000 sq.m.		'000 sq.m.		
Revenue-bearing GFA	5,546	81.4%	5,319	81.0%	4,473	54.4%	4,904	56.7%
Non-revenue-bearing GFA	1,263	18.6%	1,251	19.0%	3,746 ^(Note)	45.6%	3,752	43.3%
Total	6,809	100.0%	6,570	100.0%	8,219	100.0%	8,656	100.0%

Note: The significant increase of non-revenue bearing GFA as at 31 December 2016 was mainly attributable to the commencement of a new agreement — National Exhibition and Convention Center (Shanghai) facility operation management agreement* (國家會展中心(上海)場館設備運行管理服務合同) in February 2016. This agreement is categorised as non-revenue bearing GFA as we provide a single type of property management service only, i.e. engineering, repair and maintenance services, based on a contract sum pre-determined by the parties. The inclusion of this project is in line with our existing business focus as engineering, repair and maintenance services is one of our core services. The corresponding gross profit margin of this agreement was 20.1% for the year 2016 which was in line with our Group's overall gross profit margin for the same year. In addition, despite the relevant GFA under management amounted to 17.9% of our Group's total managed GFA as at 31 December 2016, the property management fee of this agreement only accounted for 5.0% of our total revenue for the year 2016. In light of the above illustration, we take the view that the significant increase in the non-revenue-bearing GFA in 2016 would not affect our overall gross profit margin and profitability going forward as the pricing of which would reflect the scope and types of services rendered, and we shall continue to look for different business opportunities from time to time in the property management industry.

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While we provide comprehensive property management services, we have developed our expertise in provision of engineering services to our customers and such capability is vital in provision of property management services to non-residential properties. Our niche in this area helps procure non-residential property management agreements. The table below sets forth a breakdown of our revenue from providing property management services and other services to residential and non-residential properties for the year/period indicated.

	For the year ended 31 December						For the six months ended 30 June			
	2014		2015		2016		2016		2017	
	Revenue	% of the total	Revenue	% of the total	Revenue	% of the total	Revenue	% of the total	Revenue	% of the total
	<i>RMB'000</i>		<i>RMB'000</i>		<i>RMB'000</i>		<i>RMB'000</i>		<i>RMB'000</i>	
							(Unaudited)			
Non-residential	263,686	88.7%	266,635	91.0%	288,796	93.4%	137,227	93.6%	157,795	89.9%
Residential	33,244	11.1%	25,029	8.5%	20,227	6.5%	9,113	6.2%	17,724	10.1%
Others (Note)	453	0.2%	1,365	0.5%	245	0.1%	240	0.2%	—	—
Total	<u>297,383</u>	<u>100.0%</u>	<u>293,029</u>	<u>100.0%</u>	<u>309,268</u>	<u>100.0%</u>	<u>146,580</u>	<u>100.0%</u>	<u>175,519</u>	<u>100.0%</u>

Note: This refers to the revenue generated from services rendered to our customers which are not related to the provision of property management services, such as property leasing agency services rendered by Shanghai Fukeruide during the Track Record Period.

Based on the nature and usage of our managed properties, these properties can be broadly divided into six categories, namely, (i) public properties (including public arenas, cultural venues, stadiums, exhibition halls and public transportation properties); (ii) office buildings and hotels; (iii) commercial establishments (including shopping malls, commercial and entertainment complexes); (iv) government properties; (v) residential properties; and (vi) others (including schools, land parcels, industrial area and properties under construction).

Our property management fees are paid to us predominantly on a lump sum basis with a small portion on a fixed remuneration basis. For details, please refer to the sub-section headed "Revenue Model" in this section.

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The table below sets forth a breakdown of our revenue by type of revenue model and the usage of our managed properties for the year/period indicated.

	For the year ended 31 December						For the six months ended 30 June			
	2014		2015		2016		2016		2017	
	Revenue	% of total	Revenue	% of total	Revenue	% of total	Revenue	% of total	Revenue	% of total
	RMB'000		RMB'000		RMB'000		RMB'000		RMB'000	
							(Unaudited)			
Lump sum basis:										
Public properties	84,710	28.5%	79,442	27.1%	79,136	25.5%	37,917	25.9%	39,974	22.8%
Office buildings and hotels	105,107	35.3%	110,968	37.9%	115,216	37.3%	53,420	36.4%	69,289	39.5%
Commercial establishments	27,038	9.1%	20,828	7.1%	20,369	6.6%	8,553	5.8%	10,431	5.9%
Government properties	6,980	2.3%	10,030	3.4%	11,144	3.6%	5,808	4.0%	5,831	3.3%
Residential properties	32,607	11.0%	24,417	8.3%	19,847	6.4%	8,819	6.0%	17,374	9.9%
Fees related to revenue-bearing GFA	256,442	86.2%	245,685	83.8%	245,712	79.4%	114,517	78.1%	142,899	81.4%
Fees related to non-revenue bearing GFA	37,529	12.6%	40,648	13.9%	58,151	18.8%	29,311	20.0%	30,273	17.3%
Total of lump sum basis	293,971	98.8%	286,333	97.7%	303,863	98.2%	143,828	98.1%	173,172	98.7%
Fixed remuneration basis	2,959	1.0%	5,331	1.8%	5,160	1.7%	2,512	1.7%	2,347	1.3%
Others (Note)	453	0.2%	1,365	0.5%	245	0.1%	240	0.2%	—	—
Total	<u>297,383</u>	<u>100.0%</u>	<u>293,029</u>	<u>100.0%</u>	<u>309,268</u>	<u>100.0%</u>	<u>146,580</u>	<u>100%</u>	<u>175,519</u>	<u>100.0%</u>

Note: This refers to the revenue generated from other services rendered to our customers which are not related to the provision of property management services, such as property leasing agency services provided by Shanghai Fukeruide.

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As the property management fees paid to us on a lump sum basis are primarily calculated based on the revenue-bearing GFA of individual managed properties, in negotiating the property management fee with our customers, we will take into account, among others, the type and composition of property management services to be rendered by us and, the relevant cost of services to be provided. Hence, different composition of the type of property management services to be rendered by us will affect the management fee per sq.m. as the more types of property management services to be rendered by us, the higher management fees we will charge. The table below sets forth a breakdown of management fee per sq.m. of revenue-bearing GFA under the management of our Group by type of properties for the year/period indicated.

	For the Year ended 31 December			For the six months ended 30 June	
	2014	2015	2016	2016	2017
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
	Average monthly fee per GFA (sq. m.)				
Public properties	4.6	4.1	4.6	4.5	4.6
Office buildings and hotels	7.1	8.7	6.5	6.9	7.7
Commercial establishments	3.8	2.9	3.2	2.5	3.5
Government properties	6.9	8.3	9.2	9.7	9.6
Residential properties	1.3	1.0	1.7	1.9	2.1

Note: The revenue from fixed remuneration basis is excluded from the calculation of average monthly fee per GFA. Under the fixed remuneration basis, our customers bear all costs and expenses involved in the management of the property. As such, only revenue net of costs of services provided is recognised for agreements under fixed remuneration basis.

As shown in above figures, the average monthly fee per GFA is relatively higher for office buildings and hotels, government properties and public properties. Thus, if our property management services rendered to office buildings and hotels, government properties and public properties increases, our average monthly fee per GFA will increase correspondingly. The average monthly fee per GFA of residential properties increased for the year ended 31 December 2016 but the corresponding area of the revenue-bearing GFA of these residential properties had decreased because we did not renew some of our property management agreements for residential properties with lower average monthly fee per GFA in order to focus our resources on those high-end residential properties, public properties and government properties and other property management services. The average monthly fee per GFA of office buildings and hotels decreased from RMB8.7 sq.m. in 2015 to RMB6.5 sq.m. in 2016. It was mainly due to the inclusion of a new preliminary property management agreement of office buildings. Our Directors confirmed that less manpower was required in this project because most of the office units had not yet been occupied. Therefore, this preliminary agreement had a lower monthly management fee taken into account the expected costs.

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The table below sets forth a breakdown of our revenue-bearing GFA under the management of our Group by type of properties for the year/period indicated.

	For the year ended 31 December						For the six months ended 30 June			
	2014		2015		2016		2016		2017	
	GFA	% of total	GFA	% of total	GFA	% of total	GFA	% of total	GFA	% of total
	'000 sq.m.		'000 sq.m.	'000 sq.m.		'000 sq.m.		'000 sq.m.	'000 sq.m.	
Public properties	1,531	27.6%	1,604	30.1%	1,419	31.7%	1,419	33.9%	1,437	29.3%
Office buildings and hotels	1,237	22.3%	1,067	20.1%	1,471	32.9%	1,292	30.9%	1,500	30.6%
Commercial establishments	598	10.8%	593	11.2%	524	11.7%	576	13.8%	493	10.0%
Government properties	85	1.5%	101	1.9%	101	2.3%	100	2.4%	101	2.1%
Residential properties	2,095	37.8%	1,954	36.7%	958	21.4%	793	19.0%	1,373	28.0%
Total	5,546	100.0%	5,319	100.0%	4,473	100.0%	4,180	100.0%	4,904	100.0%

1. Public properties

According to China Index Academy, properties in the public sector can be divided into two sub-categories, namely, public arenas (including cultural venues, stadiums and exhibition halls), and public transportation properties (including bus station, train station, pier and airport).

(a) Public arenas

Photos of properties managed by our Group:



Shanghai World Expo Exhibition and Convention Center (世博展覽館)



National Exhibition and Convention Center (Shanghai) (國家會展中心(上海))

We provide property management services to the National Exhibition and Convention Center (Shanghai) (國家會展中心(上海)) covering facility management, maintenance, and reception services. We also provide cleaning, pest control, gardening, fire control, event organising and conference services at its connected office buildings and meeting rooms.

We provide a wide range of property management services to Urban Best Practice Area (UBPA) (上海城市最佳實踐區). It is the first Leadership in Energy and Environmental Design (LEED) Neighbourhood Development Platinum project in the PRC and outside North America, and is one of the properties for the sponge city pilot programme promoted by the PRC government. We provide a wide range of property management services with respect to its outdoor area. It is notable that we are entrusted to maintain its level of water

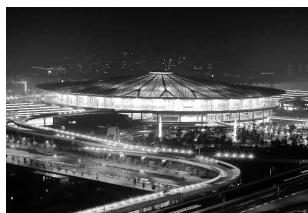
filtration and conservation by water recycling activities (e.g. once rain water is collected, it will be purified and later used for irrigation of plants in the UBPA area) and its other facilities. Apart from provision of property management services to the outdoor area of the UBPA, we also entered into separate property management agreements with the tenants of six blocks inside the UBPA for provision of property management services.

(b) Public transportation properties

Photos of properties managed by our Group:



Hongqiao International
Airport Eastern Transport
Terminal (虹橋機場東
交通中心(公交站區))



South Railway Station City
Power Square
(上海鐵路南站城市動力廣場)



Pudong Airport Maglev
Station
(磁浮浦東機場站)

Public transportation hubs to which we provide property management services include Hongqiao International Airport Eastern Transport Terminal (虹橋機場東交通中心(公交站區)), Shanghai Hongqiao Maglev Transportation Tower (上海虹橋綜合交通樞紐磁浮大樓), South Railway Station City Power Square (上海鐵路南站城市動力廣場), Pudong Airport Maglev Station (磁浮浦東機場站), Shiliupu (十六舖) and Chengshan Road Public Transport Car Park (成山路停車場), etc.; wherein Chengshan Road Public Transport Car Park (成山路停車場) is one of the largest multi-storey public transportation car parks in Asia.

In performing our obligations under the relevant property management agreements, we have to ensure that the safety of travellers is well taken care of. For example, the management of public transportation hubs with a high influx, such as the South Railway Station City Power Square (上海鐵路南站城市動力廣場), we cooperate and assist the Public Security Bureau of the PRC in performing safety control and patrol duties.

2. Office buildings and hotels

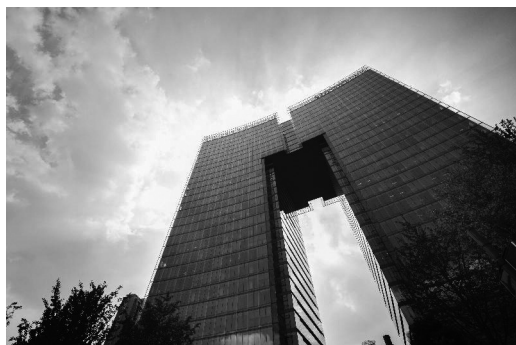


Jiushi Tower
(久事大廈)

The office buildings to which we provide property and facility management services are mainly high-end office buildings in Shanghai, including The Center (世紀商貿廣場), China Everbright Bank Shanghai branch (光大銀行上海市分行), Jiushi Tower (久事大廈), and Orient International Finance Plaza (東方國際金融廣場). In addition to that, we provide property management services for one hotel in Shanghai.

3. Commercial establishments

Photos of properties managed by our Group:



Shanghai ARCH Center
(金虹橋國際中心)



House of Roosevelt
(羅斯福大廈)

The prestigious and large scale shopping malls to which we provide property management services include Shanghai ARCH Center (金虹橋國際中心), House of Roosevelt (羅斯福大廈) and Bund 18 (外灘十八號).

4. Government properties

We provide property management services to government properties, such as government office buildings and public affairs centre. Apart from standard property management services, upon customers' requests, we may have to allocate additional manpower for activities or events organised in the area which is in the vicinity of the buildings.

5. Residential properties



Jiushi Xijiao Villa
(久事西郊名墅)

Apart from the above, we also provide management services to various residential properties in Shanghai and Anhui. Jiushi Xijiao Villa (久事西郊名墅) is a high-end residential property to which we provide a wide range of property management services. We provide security services, cleaning and gardening services and maintenance services to the public area, sales office and sample houses in the project.

OUR BUSINESS MODEL

We provide standard property management services and value-added services to our customers. Below are summary descriptions of our two business segments.

Our property management services

Our standard property management agreements general comprise four core services including (i) engineering, repair and maintenance services; (ii) customer services; (iii) security services; and (iv) cleaning and gardening services. We also provide car park management services to our customers if the managed properties have car parking spaces and upon customers' requests. We also provide customised value-added services upon individual customers' requests.

CORE SERVICES				ANCILLARY SERVICE
Engineering, repair and maintenance services	Customer services	Security services	Cleaning and gardening services	Value-added services
Engineering and management services to various building facilities and equipment and routine repair and maintenance thereof	Concierge services, document filing and storage, reception service, festival decoration and promotional activities, preparation of property guide and directions	24-hour surveillance, patrolling, guarding, access control, crowd control, visitor handling, emergency handling and car park management services	Cleaning of common areas, specialised cleaning catered for customers' needs, waste management, pest control, gardening and landscape maintenance	Property management related value-added services and property consulting services

(i) Engineering, Repairs and Maintenance Services

Scope of services: The scope of our services in this respect is two-fold, one being the provision of routine inspection and operation of the building facilities and equipment and the other being repair and maintenance of the normal wear and tear thereof. Our engineering, repair and maintenance services typically cover the common area, external walls and/or common area equipment and facilities in our managed properties and different building facilities, mainly including (i) common area facilities such as elevators, escalators, central air conditioning system, and ventilation systems; (ii) fire and safety facilities and services systems such as fire extinguishers and fire alarm systems; (iii) security facilities such as entrance gate control and surveillance cameras; and (iv) utility facilities such as water pipes, plumbing and drainage systems, electrical systems, lighting systems and/or public address systems.

In order to have a better quality control, we generally do not outsource the routine inspection and operation of the building facilities and equipment. Our engineering department is led by Mr. Xu. Mr. Xu obtained a masters degree in mechanical engineering from Shanghai Jiaotong University and has over 30 years of engineering management experience. We outsource the repair and maintenance of certain facilities and equipment, which are required to be undertaken by sub-contractors with requisite qualifications. For instance, the repair and maintenance of fire-service systems, air-conditioning systems and elevator system, which are regulated under the PRC law, need to be performed by specialised sub-contractors.

As customers from both private and government sectors are under continuous pressure to be cost efficient and to enhance the value of their building facility investments, we have adopted a disciplined approach to control costs and ensure that the facilities and equipment of our managed properties are operated efficiently, reliably and economically so as to maintain the capital value of the managed properties in the long run. Under some of our property management agreements involving facility management works, our Group is generally entitled to a share of any cost savings enjoyed by our customers arising from the services provided by us.

We also devise an annual maintenance management plan for the managed properties to which we provide overall engineering, repairs and maintenance services for the purpose of (i) maintaining the building facilities and equipment therein so that they can operate in an optimum condition and (ii) minimising the occurrence of failure or break-down. Our Group generally charges separate fees for major ad hoc repair and maintenance works and special cleaning assignments that fall outside the scope of regular property or facility management services specified in the property management agreements.

Our objectives: We aim to help improve our customers' operational efficiency and cost effectiveness by providing quality engineering, repair and maintenance services to our customers in the following manner:

- facility operation — Our Group's engineering team, which is stationed at a designated managed property, is responsible for monitoring the facilities and systems to ensure that the facilities and systems are functioning properly.

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- facility maintenance — Our Group's on-site technical team carries out minor repair works when required, such as carpentry, plumbing, minor electrical works and building fabric works. In addition, our Group's engineering team is also responsible for hiring specialised sub-contractors for the maintenance of certain facilities where the repair and maintenance works have to be performed by sub-contractors with requisite qualifications, on a regular basis as required under the relevant PRC laws and regulations; and the supervision and inspection of such work. They will prepare a maintenance report in respect of the condition and maintenance of the facilities in the managed property for the property owner.
- information platform — We set up an information platform through which our management can monitor the properties' facilities and equipment maintenance status.

Standard guidelines: To enhance the quality of our engineering, repair and maintenance services, we developed the following documents and internal control procedures and documents:

- an annual facilities maintenance management plan for the managed properties which require overall engineering, repair and maintenance services with the objective of maintaining the facilities and equipment therein to the effect that they can operate in optimum condition and to minimise the occurrence of failures or downtime;
- upon individual customers' request, our in-house engineering team also takes charge of planning equipment maintenance and facility maintenance evaluation reports to ensure normal operation of the equipment in the serviced areas of our managed properties.

(ii) Customer Services

We deliver comprehensive and customer oriented services, upon individual customers' requests and needs and, we provide a wide range of property management related value-added services tailored made for them, such as:

- *Concierge services* — A computerised help desk system staffed by our personnel for recording, organising and monitoring customers' requests relating to our property management services. We also provide concierge services for our customers to the visitors of the managed properties, answer enquiries and receive incoming postage etc.
- *Documents filing and storage* — Upon customers' requests, our Group will provide services such as filing, storage and batching of documents for the properties managed by us and/or their tenants.
- *Reception services* — Upon customers' requests, we arrange receptionists to station in the lobbies of our managed properties to handle visitors to the properties.

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- *Festival decoration and promotional activities* — These are regularly conducted at the shopping arcades managed by our Group to attract visitors, enhance traffic flow and create a festive atmosphere.
- *Preparation of property guide and directions* — Upon customers' requests, we will prepare property guides and directions posted in conspicuous places around the managed properties to enable their users and visitors to properly use the facilities in properties.
- *Conference room and gymnasium management* — Some of our managed properties are equipped with conference rooms and/or gymnasiums. Upon our customers' request, we are responsible for the management of these conference rooms and gymnasiums.
- *Other services* — Our Group focuses on customers' needs and delivers a wide spectrum of customised services, such as workplace support services, including mailroom operations, postal services, tea services, laundry, help desk management, interior plants, hairdressing services, chauffeur services, messenger services, utility management, furniture management and delivery services etc.

(iii) Security Services

Scope of services: The standard security services we provide primarily include 24-hour surveillance, patrolling, guarding, access control, crowd control, visitor handling and emergency handling. In some property management agreements, our customers require us to provide 24-hour fire guarding and patrolling services specifically for fire prevention, and to arrange for fire drills on a regular basis. During the Track Record Period, we outsourced a majority of our security services to sub-contractors while upholding the monitoring of these security services by our own employees as “supervisors” (管業) of a particular managed property. For more details, please refer to the sub-section headed “Suppliers and sub-contractors” in this section.

Apart from daily security services, we also provide customised security consulting services. We work closely with our customers to identify their strategic security needs and develop effective security solutions according to their needs and requirements. We adopt a comprehensive consultancy approach by reviewing manpower planning, and security processes and systems in use, such as burglar alarm systems, video surveillance systems, closed-circuit television access control and intercom systems.

Depending on the scope and terms of individual property management agreements and upon our customers' requests, we also provide car park management services by providing security services to the car parks and making recommendations to customers with respect to the measures for safety enhancement (such as lighting, curb cuts and signage in the car parks), traffic flows, utilisation of car parking spaces and road access to car parks.

Our objectives: Our main objective for the provision of security services is to ensure that our managed properties and their tenants and users are well protected. To ensure that high quality of security services can be delivered to our customers, we aim to enhance the quality of security staff through a stringent staff selection process and criteria. In addition, with a view to providing professional quality services to our customers, all security staff employed by our Group and sub-contractors will receive training on emergency handling, crowd control, crime prevention and fire safety on a regular basis.

Standard guidelines: Security operation procedures and on-site standing instructions are established to provide clear guidelines and workflows to our security staff and those of our sub-contractors in handling daily operation matters and emergency cases in each of our managed properties.

(iv) Cleaning and Gardening Services

Scope of services: Our cleaning and gardening services generally include the cleaning of common areas in our managed properties and lavatories. We also provide specialised cleaning cater for the needs of individual, waste management, pest control, gardening and landscape maintenance services to our customers.

We maintain a pool of approved third party sub-contractors with sound track records for the provision of cleaning and gardening services. Our comprehensive hygiene management system ensures that their service performance is up to our required standards and to the satisfaction and expectations of our customers. The hygiene management system is designed according to the system guidelines of the ISO 14001:2004 Environmental Management System.

In delivering landscape maintenance services, we engage third party professional landscape sub-contractors to carry out the gardening works. Our Group works closely with these landscape sub-contractors to draw up annual plans for individual managed properties. These annual plans cover watering, weeding, fertilising, top dressing to grassed areas, aeration, mulching, grass cutting, pruning, pest control and maintenance of protective fencing.

Our objectives: Our main objective for the provision of cleaning and gardening services is to ensure that our managed properties are in a hygienic condition and uphold environmental conservation. To this end, we aim to enhance the quality of our cleaning and gardening sub-contractors through a stringent selection process and selection criteria. On the other hand, we encourage our sub-contractors to implement energy saving policies in the provision of cleaning and gardening services as some of our customers provide us with incentives if we can reach their energy saving targets. Our ability to save energy is also one of our customers' criteria in assessing the quality of our services.

Standard guidelines: Cleaning and gardening operation procedures and on-site standard instructions are established to provide clear guidelines and workflows to the staff of our sub-contractors in handling daily cleaning and gardening works.

Value-added services

Ancillary to our core property management services, we provide the following value-added services:

Property Management Related Value-Added Services

We provide a wide spectrum of property management related value-added services to property owners, tenants and other users of our managed properties in ancillary to our typical property management services in order to cater for their needs and requirements, optimising the use of the managed properties and maintaining the quality and image of our managed properties. As such, we provide various kinds of property management related value-added services to our customers upon their requests, which can generally categorised as follows:

- *Workplace solution and facility design services* — Our Group helps customers manage their workplace environment, from occupancy planning, workplace and facility design to the management of critical facilities such as server rooms, data centres, lavatories and cleaning rooms. Our Group addresses the specific needs of our customers, in order to help improve the operational efficiency while enhancing employee satisfaction with the workplace environment.
- *Financial management* — To ensure the properties are managed properly and in accordance with the budgeted expenditure, upon our customers' request, our Group will be responsible for preparing the annual budgets for the management expenditure of the properties for approval by our customers. Our Group's finance team may take up the responsibility of monitoring the income and expenditure relating to the management of the properties on a monthly basis.
- *Provision of relevant data and information* — Upon our customer's requests, our information system can generate relevant information and data, such as facilities downtime or non-conformity, frequency in the use of elevators and other facilities etc. for our customers, which would be useful to our customers in planning their operation of the managed properties.
- *Energy management consulting services* — Our Group will assist our customers in engaging external professionals to provide comprehensive auditing processes to identify energy saving opportunities, and develop implementation plans which focus on measurable results for energy conservation. Strategies such as replacing simple lighting systems with more advanced solutions involving the adoption of alternative fuel sources to achieve energy conservation.

These services strengthen our value to our customers, and enhance their satisfaction and loyalty to our property management services.

Property Consulting Services

Leveraging our property management expertise and reputation in the property management industry in the PRC, we also provide consulting services to property owners or developers, such as providing advice on the budget forecast for the property management costs and expenses, human resources matters and trainings to be provided to their staff, suitable building facilities and marketing strategies for the sale of their properties at various stages of the planning and building of the properties.

Supervisors

Having set up the position of “supervisor” (管業) in our managed properties, we are able to distinguish ourselves from other property management companies by deploying supervisors to some of our selected managed properties, which are relatively large-scale properties in terms of their facilities and the GFA managed by us, and public properties. As of 31 December 2016, we had 47 supervisors who are our direct employees. The supervisors are hybrids of the customer service and security officer. Their primary functions include (i) attending to any ad hoc requests and complaints of the tenants and users of the properties, striving to create a trusting relationship with them through frequent communication; (ii) ensuring that sufficient security measures are implemented at the managed properties in order to maintain the safety and order therein; and (iii) monitoring the quality of the property management services provided by our staff and the staff of our sub-contractors, with regard to the supervisor designated at the specific property. The supervisors’ ancillary functions include conducting routine patrols and inspection of the condition of the properties, including their cleanliness and overall environment and the condition of the facilities in the properties. These supervisors also serve as our key person of contact for the relevant property managed by us because all property management related issues at such properties are reported to the supervisors who would then allocate on-site resources to resolve the problems.

We select and hire high-quality employees as supervisors. The supervisors are essential to the successful implementation of our standardised facilities management methodologies and automated information technology. They enhance our customers’ satisfaction on our services, which in turn could drive our profitability. We provide regular trainings to our supervisors on various aspects of property management services. We also assess their performance and competency regularly and the results of such assignment will be kept in their personal file to be used as a basis for determining their suitability for promotion.

Supervisors are generally specialised in customer service, security service and preliminary emergency management. They are knowledgeable in the maintenance of the facilities and environment. With their expertise in multiple disciplines, the supervisors’ functions are not only to reduce our labour costs in provision of property management services but also ensure that problems can be solved in a timely manner in order to improve our service quality, efficiency and hence, increases customer satisfaction. Our Directors believe that the services provided by our supervisors distinguish us from our competitors.

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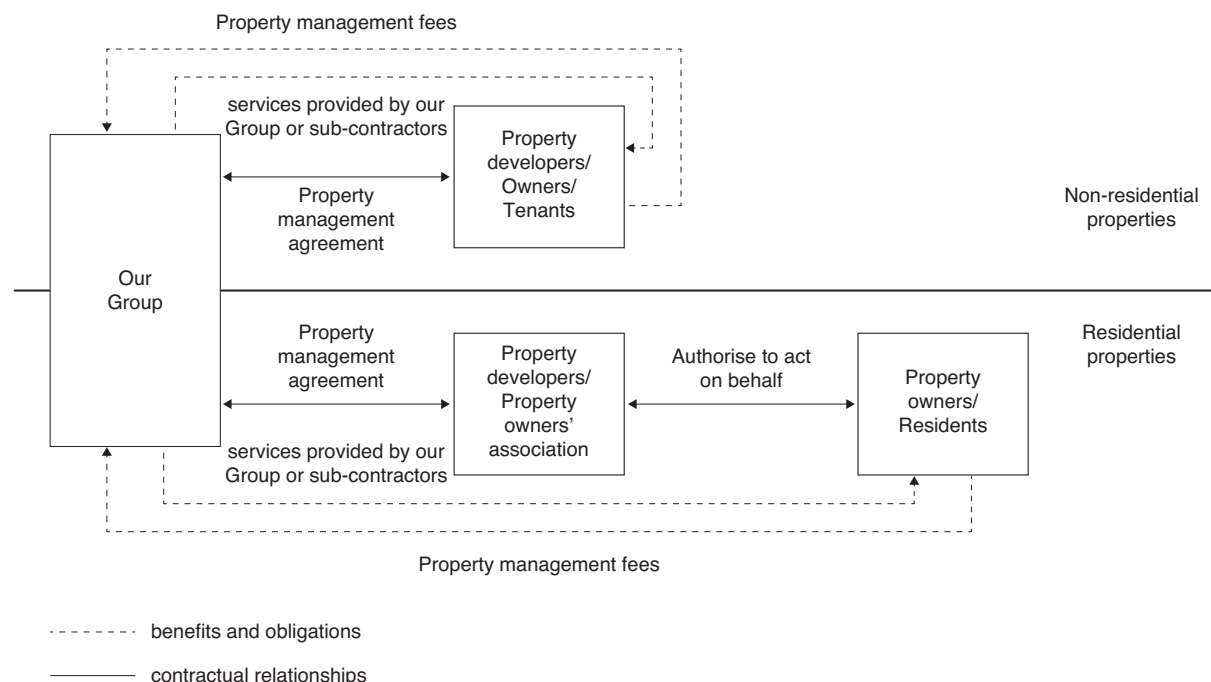
PROPERTY MANAGEMENT AGREEMENTS

As at 30 June 2017 and the Latest Practicable Date, our Group, together with our associated companies, provided a wide spectrum of property management services for approximately 17.0 million sq.m. and 18.0 million sq.m. in GFA in total pursuant to 284 and 300 property management agreements, respectively.

Our Group obtained new property management agreements through (i) tendering (including public tenders and tenders by invitation), (ii) giving quotations to our potential customers, and (iii) co-operation with the property management subsidiaries of the property developers. The following table sets out the number of property management agreements tendered, number of successfully tendered contracts and our success rate during the Track Record Period.

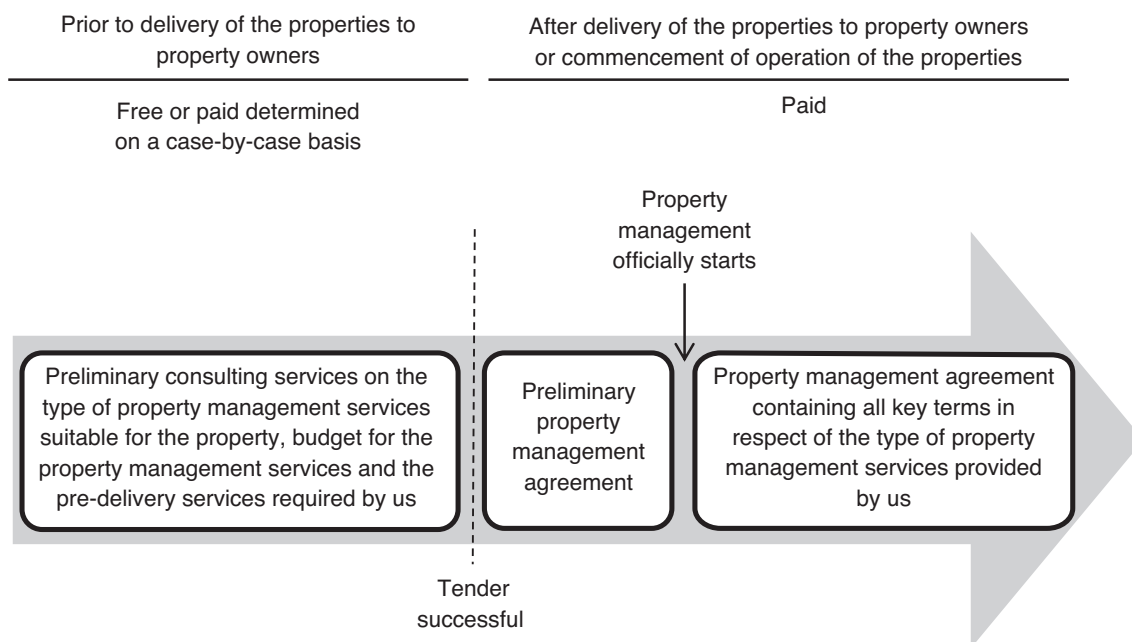
	As at 31 December			As at 30 June
	2014	2015	2016	2017
Number of tenders submitted	32	58	90	19
Number of tenders won	14	30	44	9
Success rate (%)	43.8%	51.7%	48.9%	47.4%

The diagram below illustrates our relationship with various parties when we provide property management services to non-residential and residential properties:



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We sometimes provide consulting services to property developers during certain stages of property development before a property commences operation. The diagram below illustrates the timeline of entering into a property management agreement with our customers.



Key terms of our property management agreements

The terms of each property management agreement are different, whilst some of our customers prefer entering into a master property management agreement with all services to be provided by us, other customers prefer entering into a separate agreement with us, with respect to different services to be provided by us. The buildings and building complexes to which we provide a full range of property management services include the Shanghai ARCH Center (金虹橋國際中心) and Jiushi Tower (久事大廈).

We have summarised and generalised the usual key terms as follows:

Term The term ranges from one to two years and may be renewed upon mutual consent. Some agreements provide that the term thereof may be extended, either through a formal contract renewal or automatically for an additional term.

We usually begin negotiations with customers or begin preparation for tenders, which are mandatory processes for certain projects, within an average of three months before expiration of the property management agreement.

Termination The agreement will automatically terminate upon expiration if it is not renewed.

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On the other hand, both our customers and our Group may have the right to unilaterally terminate the agreement before its expiration without paying compensation to the counter-party if there are legal or contractual grounds for any unilateral termination, such as either party's non-performance of its material obligations therein. Furthermore, both parties may mutually consent to an early termination of the agreement. Although we did not unilaterally terminate any property management agreement before its expiration date during the Track Record Period and up to the Latest Practicable Date, if in the future we choose to do so, we intend to negotiate with our counter-party such that the agreement can be terminated based on mutual consent to minimise any legal risks.

Our obligations

We are generally responsible for providing security services, cleaning and gardening services, engineering, repair and maintenance services and customer services, being the standard property management services provided by us to customers with the scope and standards prescribed in the agreement. In some property management agreements, we are required to provide other value-added services specifically mentioned in the agreements. In some property management agreements, we are only required to provide one or two types of standard property management services, for instance, engineering, repair and maintenance services. Hence, the scope of property management services are set out in each property management agreement depending on the requirements of our customers. We are flexible to accommodate our customers' needs and requirements in this respect.

In the event of sub-standard performance, we are required to take necessary rectification measures within a certain period. If we fail to do so, our customers would have the right to unilaterally terminate the agreements with us. We are also required to be responsible for all acts of our staff and those of our sub-contractors' in providing the services.

Area and facilities to be managed by us

The property management agreements would specify the total GFA and the serviced areas to be managed by us, which are mainly the common areas of the properties (including the roof-top, corridors and easements, lobbies, restrooms, car parks and private roads etc.) and the facilities (generally including water pipes, elevators, escalators, water plumbing systems, lightings, electricity power systems, air conditioning systems and fire systems in the properties etc.).

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Preparation of budget for property management expenditure In some property management agreements, we are required to prepare the budget for the management expenditure of the managed property on a monthly, quarterly, bi-annual or annual basis upon the request of our customers. If the budget is approved by our customers, our customers will pay the requisite amount to a specifically designated bank account in advance and our finance team takes the responsibility of monitoring the income and expenditure relating to the management of the properties on a monthly basis.

Performance indicator Some property management agreements set out certain performance indicators and targets to be followed and achieved by us. Our customers would also assess our performance based on the standard for office building and properties management* (辦公樓物業管理服務規範) and the national property management standard and rules of assessment* (全國物業管理示範大廈標準及評分細則).

In some property management agreements, our customers are entitled to inspect our internal quality control documents as required such as GB/T19001-2008/ISO 9001:2008 published by the ISO.

There are also clauses stipulating that deductions ranging from 10% to 100% of the fee payable to our Group can be made if our Group fails to meet the service level requirements set out in the particular property management agreements. As confirmed by our Directors, this deduction arrangement is common in the property management industry in the PRC.

Our Directors confirm that no significant deductions had been made during the Track Record Period and up to the Latest Practicable Date.

Our fees

Our customers pay us based on either:

- lump sum basis, whereby our customers pay us a fixed amount of management fees and we have to bear all the costs involved in the management of a property or facility and thus, we are liable to pay any excessive management expenditure incurred. On the other hand, we are entitled to the surplus, if any, after deducting all our costs and tax payments, from such lump sum payment; or

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- fixed remuneration basis, whereby our customers have to bear all the costs involved in the management of a property or facility and are liable to pay any excessive management expenditure incurred.

Some property management agreements provide that we have to conduct surveys among the tenants and other users of the managed properties with respect to the quality of services provided by us or our sub-contractors and request for adjustments to the management fees based on the outcomes of such surveys.

Risk allocation

We are responsible for any damage to the managed property or persons caused by our faults in the course of providing property management services. We have to indemnify our customers for any damages that we cause to the managed properties, the property owners and/or their tenants.

Sub-contracting

We are allowed to outsource all or part of the property management services to our sub-contractors but we have to be solely responsible for the performance of our sub-contractors and bear all loss and damages caused by our sub-contractors.

Prepayments or deposits

We may receive prepayments or deposits from residents of properties under property management agreements on either fixed remuneration basis or lump sum basis, for payment on behalf the residents, such as settlement of utilities bills or maintenance and repair fees. The amount payable of these prepayments and deposit received was approximately RMB38.1 million, RMB38.0 million, RMB33.5 million and RMB26.9 million as at 31 December 2014, 2015, 2016 and 30 June 2017, respectively.

Subject to various terms in different property management agreements, we are required to deposit some of these prepayments or deposits received from our customers into designated bank accounts, while others are kept in our general bank accounts. Some designated bank accounts require authorisation signatures from both our Group and the customer's representative(s) to make payments; whereas others only need our Group's representatives' signature for payment authorisation. Only the cash and bank balances in those bank accounts that require authorisation signatures from both our Group and the customer's representatives to make payments are classified as restricted bank balances. In this connection, the restricted bank balance amounted to approximately RMB7.4 million, RMB8.2 million, RMB11.4 million and RMB7.8 million as at 31 December 2014, 2015, 2016 and 30 June 2017 respectively which were lower than the relevant receipts on behalf of residents.

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During the Track Record Period, the total number of property management agreements entered into between our Group and our associated companies for the corresponding properties grew steadily from 175 as at 1 January 2014 to 284 as at 30 June 2017.

The continued growth of our Group's property management portfolio has enabled our Group to enlarge our recurrent income base.

The table below indicates the movement of the total number of property management agreements related to the properties managed by our Group and our associated companies (including the agreements which had expired but we continued to provide property management services, the agreements for provision of property management services where the properties are under construction and the property management agreement subcontracted to us) during the Track Record Period:

	For the year ended 31 December			For the six months ended 30 June
	2014	2015	2016	2017
	Number of agreements	Number of agreements	Number of agreements	Number of agreements
As of beginning of period	175	198	236	278
New engagement	40	69	63	20
Terminations	(17)	(31)	(21)	(14)
As of end of period	<u>198</u>	<u>236</u>	<u>278</u>	<u>284</u>

Expiration Schedule for Property Management Agreements

The table below sets forth the expiration schedule of property management agreements related to the properties managed by our Group and our associated companies for revenue bearing GFA and non-revenue bearing GFA, as at 30 June 2017:

	Number of property management agreements related to properties managed by our Group	Number of property management agreements related to properties managed by our associated companies	Total
Properties we provided services beyond agreement expiration (<i>Note 1</i>)	5	40	45
Agreements expiring in the year ending 31 December 2017	64	47	111
Agreements expiring in the year ending 31 December 2018	51	38	89
Agreements expiring in the year ending 31 December 2019 and beyond	13	7	20
Expiration date not specified (<i>Note 2</i>)	11	8	19
Total	<u>144</u>	<u>140</u>	<u>284</u>

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Notes:

1. This refers to the property management agreements, in respect of mainly public properties and government properties, which have expired but are still ongoing pending the signing of formal property management agreements.
2. This refers to the property management agreements, in respect of mainly residential properties, without a definite expiration date, but will expire pending the establishment of property owners' associations; and a few agreements which are terminable by agreement between the parties.

The table below sets forth the outstanding contract sum and GFA by the expiry of the property management agreements of our Group as at 30 June 2017:

	Number of property management agreements related to properties managed by our Group	GFA of properties we managed	Outstanding contract sum
		<i>'000 sq.m.</i>	<i>RMB'000 (approx.)</i>
Properties we provided services to beyond agreement expiration (<i>Note 1</i>)	5	1,372	N/A
Agreements expiring in the year ending 31 December 2017	64	3,392	52,368
Agreements expiring in the year ending 31 December 2018	51	2,339	116,224
Agreements expiring in the year ending 31 December 2019 and beyond	13	1,191	184,849
Expiration date not specified (<i>Note 2</i>)	11	362	N/A
Total	144	8,656	353,441

Notes:

1. This refers to the property management agreements, in respect of mainly public properties and government properties, which have expired but are still ongoing pending the signing of formal property management agreements.
2. This refers to the property management agreements, in respect of mainly residential properties, without a definite expiration date, but will expire pending the establishment of property owners' associations and a few agreements which are terminable by agreement between the parties.

Our Group's property management agreement renewal rate was approximately 86.7%, 71.3%, 75.8% and 76.8% respectively during the Track Record Period. The renewal rate of our Group's property management agreements experienced a drop in 2015 as a result of our Group's strategic decision not to compromise the quality of our service by lowering our tender bids simply for the purpose of agreement renewal.

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Properties we continued to provide services upon expiry of agreement

Our Directors confirmed that during the Track Record Period, approximately RMB21.0 million, RMB7.5 million, RMB32.7 million and RMB8.8 million of our revenue were generated from property management services rendered without a subsisting property management agreement in place. On average, it took approximately 6.0 months, 4.6 months, 3.3 months and 2.2 months for our Group to renew such expired property management agreements during the Track Record Period.

Based on the experience of our Directors in the property management industry for over 20 years, it is our observation that property management service is a kind of service that shall be provided continually. However, the common practice in the industry is that notwithstanding the expiration of the property management agreements, the property management companies, like our Group, would continue to provide property management services to those properties in the absence of any notification from the customers of their intention to terminate the agreement and during the interim period between the expiration of the preceding property management agreements and entering into new agreements, the parties would engage in negotiation on the terms of the new agreement and go through their respective internal approval formalities in approving the new agreements. Our Group generally provides property management services in accordance with the terms and conditions of the expired agreement before entering into new agreements with customers.

Out of all the properties we continue to provide services upon expiry of relevant agreements, we were subsequently unable to renew nil, eight, one and three property management agreements for the year ended 31 December 2014, 2015, 2016 and the six months ended 30 June 2017 respectively. We issued notices to our customers upon termination to request for outstanding management fees for the management services we provided. Our Directors confirmed that for these terminated agreements, we were able to receive all outstanding management fees despite no written agreements were entered into and the termination was generally due to our failure to win the relevant tenders. On the other hand, our Directors further confirmed that during the Track Record Period and up to the Latest Practicable Date, no significant dispute with our customers had occurred in providing property management services after the agreement had expired.

REVENUE MODEL

We charge our fees predominantly on a lump sum basis pursuant to which our customers pay us a lump sum fee on a monthly, quarterly or annually basis for our property management services and at the same time, we bear all costs and expenses incurred. On the other hand, our fees payable in a few property management agreements are charged on a fixed remuneration basis pursuant to which our customers pay a fixed amount of management fee to us on top of all costs and expenses incurred. Notwithstanding that, some property management agreements in lump sum basis may contain certain specific items of services for which we are paid by a fixed fee on the top of the lump sum fee paid to us. The adoption of a specific revenue model is subject to the nature and requirements of each of individual project. We generally try to concede to the request of our customers during the negotiation process and accommodate their needs; or as required in the tender documents in determining which revenue model to use.

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Our Directors believe that this contract mix, while changing the risk-reward profile of our Group, highlights our ability to meet the changing market environment and compete successfully under the lump sum basis revenue model by taking advantage of our economies of scale and cost efficiency practices.

Lump Sum Basis: We are generally paid a pre-determined amount of property management fee per GFA for all units in a monthly, quarterly or annually basis, which represents the “all-inclusive” fee for all the property management services provided by us and our sub-contractors. Thus, we have to bear all costs involved in the ordinary management of a property or facility including, among others, staff, security, cleaning, garbage disposal, gardening and landscaping, engineering, repair and maintenance and general overhead covering the properties. If any excessive expenditure is incurred, we are generally not entitled to request that our customers to pay us the shortfall. Hence, under the lump sum basis, our costs saving ability through the course of our provision of the property management services, has a direct correlation to our profitability. For more information, please see the section headed “Risk Factors — We may be subject to losses or our margins may be reduced if we fail to increase our revenue or control our costs in connection with our performance of property management services and the paragraphs headed “Risk Management” in this prospectus.

We did not experience any material loss-making agreements under the lump-sum basis during the Track Record Period and up to the Latest Practicable Date. We have established various internal measures to avoid loss-making. Before entering into a new lump sum basis property management agreements, we would normally analyse the risk and costs of the potential project to negotiate appropriate property management fees. We will not enter into a lump sum basis property management agreements if our Directors anticipated that the projected profitability would fall below our minimum requirement. After we have signed a lump sum basis property management agreement with our customers, we would establish a financial budget and review the revenue and cost of each project on a monthly basis. We would also actively implement cost saving measures. In addition, we negotiate with our customers to increase the property management fees when the costs involved in project management increase or upon renewal of agreement.

However, on the bright side, we are entitled to the surplus, if any, after deducting all our costs and tax payments, from the lump sum payment. From the perspective of our customers, these lump sum agreements reduce the risk of fluctuation in management expenses. We therefore adopt a disciplined approach in controlling costs and increasing labour utilisation efficiency in order to increase our profit margins. If we are able to successfully carry out our cost-saving policies and measures to drive down our cost of sales and services, we would be able to achieve greater profits under the agreement where we are paid on a lump sum basis. In addition, under the agreements where we are paid on a lump sum basis, we are given the authority for the management of the property, which grants us the flexibility to fully implement our management systems, standardisation facility management techniques and methodologies, providing us with the incentive to offer premium services. Such measures enable us to achieve high customer satisfaction which, in our Directors’ opinion, will enable us to bargain for higher property management fees and new projects in the future.

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When our property management fees are paid on a lump sum basis, we recognise the full amount of property management fees we charged to our customers as revenue, and recognise the direct operating costs we incurred in connection with the provision of our property management services as our cost of services provided.

Fixed Remuneration Basis: Regarding our property management fee paid on fixed remuneration basis, which is our customers have to bear all the costs involved in the management of the property or facility including the costs associated with the on-site staff and sub-contractors and are liable to pay any excessive management expenditure incurred. If we are paid on a fixed remuneration basis, we would not incur any direct operating costs and therefore the gross profit margin of our property management fee is 100%. As we essentially act as an agent for our customers in managing their properties under this business model, we are not entitled to any excess of the management fees paid by the tenants, property owners and property developers (and after deducting the fees receivable by us as the property manager) over the costs incurred in relation to the provision of management services to the property. On the other hand, our customers would be entitled to all the surplus from the management fees after paying our fees and deducting their costs and tax payments.

The table below sets forth a breakdown of our revenue from providing property management services by the type of revenue model for the year/period indicated.

	For the year ended 31 December						For the six months ended 30 June			
	2014		2015		2016		2016		2017	
	RMB'000	% of total	RMB'000	% of total	RMB'000	% of total	RMB'000	% of total	RMB'000	% of total
							(Unaudited)			
Property management services income:										
Lump sum basis	293,971	98.8%	286,333	97.7%	303,863	98.2%	143,828	98.1%	173,172	98.7%
Fixed remuneration basis	2,959	1.0%	5,331	1.8%	5,160	1.7%	2,512	1.7%	2,347	1.3%
Others (Note)	453	0.2%	1,365	0.5%	245	0.1%	240	0.2%	—	—
Total	297,383	100.0%	293,029	100.0%	309,268	100.0%	146,580	100.0%	175,519	100.0%

Note: This refers to the revenue generated from other services rendered to our customers which are not related to the provision of property management services, such as property leasing agency services by Shanghai Fukeruide.

For the three years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2017, gross profit margin for our fee calculated and paid on fixed remuneration basis was 100%.

For the same period, the gross profit margin for our fee calculated and paid to us on a lump sum basis was 17.2%, 17.6%, 18.4% and 17.9%, respectively. For more details, please see the section headed "Financial Information" in this prospectus.

Comparing the two types of revenue model, the revenue model under the fixed remuneration basis is of a lower risk and is not susceptible to risk of cost overrun since our Group would be remunerated at a fixed fee or rate regardless of any change in costs involved in the projects, which would be borne by our customers and charged directly to our customers' accounts under the agreement terms.

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In contrast, under the agreements where our fee is calculated and paid to us on lump sum basis, the costs involved in the ordinary management of a property or facility would be borne by our Group after receiving a payment covering the relevant expenditure. The gross profit margin of these projects depends on our ability to control costs, which is recognised as cost of services provided through the accounts of our Group.

OUR PRICING POLICY

When we bid for a new property management agreement or negotiate for the renewal of an existing one with our customers, we generally price our services based on a number of factors, comprising of (i) our expense forecast including the sub-contracting fees and labour costs; (ii) the proposed terms of the relevant property management agreement; (iii) the scope of property management services required by our customers; (iv) the type and location of the property; (v) the then prevailing market condition and our estimation of our competitors' pricing; and (vi) if applicable, the local government's guidance price on property management fees. In addition, in respect of agreements where our fee is calculated and paid on a lump sum basis, we would consider the potential for cost savings via economies of scale, automation and other equipment upgrade services, which help us considering lower our proposed property management fees in our bids.

Notwithstanding the above factors that we would take into account in pricing our services, the fees that property management companies may charge in connection with property management services were previously strictly regulated and supervised by relevant PRC authorities. The National Development and Reform Commission of the PRC 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》) (Gai Fa Jia Ga [2014] No. 2755) which required provincial-level price administration authorities to abolish all price control or guidance policies on residential properties other than affordable housing and preliminary property management agreements since December 2014. For details, please see the section headed "Regulatory Overview" in this prospectus.

Payment terms: Our fee is generally payable to us ranging from monthly to quarterly basis. All our property management agreements involving property and facility management jobs are normally settled in Renminbi.

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SUPPLIERS AND SUB-CONTRACTORS

During the Track Record Period, our top five suppliers were either sub-contractors for our property management services or dispatch agencies. In addition, our Group also purchases from third party suppliers' materials such as garbage bags, wheel accessories for litter bins and light bulbs that are used in connection with the provision of our services.

The following tables set forth the profiles of our five largest suppliers during the Track Record Period:

For the year ended 31 December 2014:

Name of supplier	Business nature of the supplier	Fee incurred <i>(approximately RMB'000)</i>	Approximate percentage to our cost of services provided of our Group for that year/period <i>(%)</i>	Principal services provided	The calendar year in which the supplier first started to have business relationship with our Group	Credit Period
Shanghai Run Da Labour Dispatch Company Limited* 上海潤達勞務派遣有限公司	Provision of labour dispatch services and human resources services	43,414	17.8%	Labour outsourcing	2010	8 days
Shanghai Lu Wan Human Resources Company Limited* 上海盧灣人力資源有限公司	Provision of labour dispatch services and human resources services	23,420	9.6%	Labour outsourcing	2010	5 days
Shanghai Hu Jie Security Services Company Limited* 上海滬杰保安服務有限公司	Provision of security services	8,953	3.7%	Security service	2013	10 days
Anhui Heng An Security Services Company Limited* 安徽恒安保安服務有限公司	Provision of security services	6,751	2.8%	Security service	2011	90 days
Shanghai Fruit Security Service Co., Ltd. 上海福絡特保安服務有限公司	Provision of security services	5,181	2.1%	Security service	2011	18 days
	Total	<u>87,719</u>	<u>36.0%</u>			

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For the year ended 31 December 2015:

<u>Name of supplier</u>	<u>Business nature of the supplier</u>	<u>Fee incurred</u> <i>(approximately RMB'000)</i>	<u>Approximate percentage to our cost of services provided of our Group for that year/period</u> <i>(%)</i>	<u>Principal services provided</u>	<u>The calendar year in which the supplier first started to have business relationship with our Group</u>	<u>Credit Period</u>
Shanghai Run Da Labour Dispatch Company Limited* 上海潤達勞務派遣有限公司	Provision of labour dispatch services and human resources services	46,117	19.5%	Labour outsourcing	2010	8 days
Shanghai Lu Wan Human Resources Company Limited* 上海盧灣人力資源有限公司	Provision of labour dispatch services and human resources services	24,465	10.4%	Labour outsourcing	2010	5 days
Shanghai Hu Jie Security Services Company Limited* 上海滬杰保安服務有限公司	Provision of security services	11,034	4.7%	Security service	2013	10 days
Anhui Heng An Security Services Company Limited* 安徽恒安保安服務有限公司	Provision of security services	5,138	2.2%	Security service	2011	90 days
Shanghai Xiang Da Cleaning Services Company Limited* 上海享大清洗保潔有限公司	Provision of cleaning services	4,356	1.8%	Cleaning service	2004	30 days
	Total	<u>91,110</u>	<u>38.6%</u>			

BUSINESS

For the year ended 31 December 2016:

<u>Name of supplier</u>	<u>Business nature of the supplier</u>	<u>Fee incurred</u> <i>(approximately RMB'000)</i>	<u>Approximate percentage to our cost of services provided of our Group for that year/period</u> <i>(%)</i>	<u>Principal services provided</u>	<u>The calendar year in which the supplier first started to have business relationship with our Group</u>	<u>Credit Period</u>
Shanghai Run Da Labour Dispatch Company Limited* 上海潤達勞務派遣有限公司	Provision of labour dispatch services and human resources services	43,315	17.4%	Labour outsourcing	2010	8 days
Shanghai Lu Wan Human Resources Company Limited* 上海盧灣人力資源有限公司	Provision of labour dispatch services and human resources services	23,218	9.3%	Labour outsourcing	2010	5 days
Shanghai Hu Jie Security Services Company Limited* 上海滬杰保安服務有限公司	Provision of security services	10,262	4.1%	Security service	2013	30-90 days
Shanghai Chang Ming Security Services Company Limited* 上海暢銘保安服務有限公司	Provision of security services	5,676	2.3%	Security service	2016	30-90 days
Shanghai Jin Wei Security Services Company Limited* 上海錦偉保安服務有限公司	Provision of security services	5,290	2.1%	Security service	2016	30 days
	Total	<u>87,761</u>	<u>35.2%</u>			

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For the six months ended 30 June 2017:

<u>Name of supplier</u>	<u>Business nature of the supplier</u>	<u>Fee incurred</u> <i>(approximately RMB'000)</i>	<u>Approximate percentage to our cost of services provided of our Group for that year/period</u> <i>(%)</i>	<u>Principal services provided</u>	<u>The calendar year in which the supplier first started to have business relationship with our Group</u>	<u>Credit Period</u>
Shanghai Run Da Labour Dispatch Company Limited* 上海潤達勞務派遣有限公司	Provision of labor dispatch services and human resources services	16,152	11.4%	Labor outsourcing	2010	8 days
Shanghai Chang Ming Security Services Company Limited* 上海暢銘保安服務有限公司	Provision of security services	9,481	6.6%	Security service	2016	30-90 days
Shanghai Lu Wan Human Resources Company Limited* 上海盧灣人力資源有限公司	Provision of labor dispatch services and human resources services	5,805	4.1%	Labor outsourcing	2010	5 days
Shanghai Hu Jie Security Services Company Limited* 上海滬杰保安服務有限公司	Provision of security services	5,088	3.6%	Security service	2013	30-90 days
Shanghai Jin Wei Security Services Company Limited* 上海錦偉保安服務有限公司	Provision of security services	4,561	3.2%	Security service	2016	30 days
	Total	<u>41,087</u>	<u>28.9%</u>			

Our top five suppliers are either dispatch agencies or sub-contractors that provide cleaning, maintenance or security services to our managed properties. During the Track Record Period, our cost of services provided amounted to approximately RMB243.5 million, RMB236.2 million, RMB248.6 million and RMB142.1 million, respectively. Other cost of services provided includes depreciation, rent and rates. Apart from cost of services provided, general and administrative expenses accounted for most of the balance of the operating expenses of our Group.

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Purchases from our top five suppliers collectively amounted to approximately RMB87.7 million, RMB91.1 million, RMB87.8 million and RMB41.1 million, accounting for approximately 36.0%, 38.6%, 35.2% and 28.9% of our cost of services provided, respectively, and purchases from the largest supplier during the Track Record Period amounted to approximately RMB43.4 million, RMB46.1 million, RMB43.3 million and RMB16.2 million, representing approximately 17.8%, 19.5%, 17.4% and 11.4%, respectively, of our cost of services provided for the corresponding years. We had maintained business relationship with our top five suppliers during the Track Record Period on average of approximately six years. We generally do not enter any long-term agreements with our top five suppliers.

Our Group works with our third party sub-contractors to deliver comprehensive property management services to customers. We have been and will continue to outsource certain labour-intensive services, primarily security, cleaning, gardening and specialised or technical services which require requisite qualifications, and certain repair and maintenance services to sub-contractors. As required by the relevant PRC laws and regulations, we hire specialised sub-contractors for the maintenance of certain facilities where the repair and maintenance works of which have to be performed by sub-contractors with requisite qualifications. As confirmed by our Directors, this sub-contracting arrangement is in line with industry practice.

On the other hand, our Group undertakes the role of monitoring, assessing and managing our sub-contractors, as well as coordinating and administering the performance of different sub-contractors. Our sub-contractors specialise in the services they perform and can, therefore, operate in an efficient manner. We believe such sub-contracting arrangements would allow us to leverage the human resources and technical expertise of our sub-contractors, reduce our staff costs and enhance the overall profitability of our operations. We can also dedicate more resources to improve our service quality.

During the Track Record Period, sub-contracting costs, including fees we paid for the services outsourced to sub-contractors, such as cleaning, landscaping, public facility maintenance and security services, amounted to approximately RMB63.7 million, RMB61.3 million, RMB76.8 million and RMB70.7 million, accounting for approximately 26.1%, 25.9%, 30.9% and 49.8% of our cost of services provided, respectively. Our Group maintains an approved list of third party sub-contractors and had not experienced any difficulty in identifying appropriate third party sub-contractors to provide sub-contracting services for our Group during the Track Record Period. Our Group had not experienced any difficulty in engaging sub-contractors or purchasing materials by ourselves or by our sub-contractors since the materials are generally readily available in the market during the Track Record Period.

As at the Latest Practicable Date, none of our Directors, their close associates or any Shareholders which, to the best knowledge and belief of our Directors, owns more than 5% of our share capital had any interest in any of our five largest suppliers.

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Dispatch Agencies

During the Track Record Period, certain subsidiaries utilised and engaged dispatched staff. Given the relatively high turnover rate of security guards and janitors in property management industry, we believe the engagement of dispatched staff for temporary, auxiliary and substituting positions can enhance efficiency and flexibility to cope with our rapid business expansion in recent years. Our subsidiaries which engaged dispatched staff during the Track Record Period included Pujiang Property, Shanghai Bund, Shanghai Bund Green, Shanghai Hong Ji and Shanghai Rui Zheng.

Pursuant to the Interim Provisions on Labour Dispatch (《勞務派遣暫行規定》) which came into effect on 1 March 2014, “if the number of dispatched staff utilised by an employer exceeds 10% of the total number of its workers prior to the effective date of these Provisions, such employer shall develop a scheme for employment adjustments to reduce the proportion to the specified level within two years from the effective date of these Provisions.” The number of dispatched staff engaged by our subsidiaries had exceeded the regulatory threshold of 10% of the total number of their respective workers during the Track Record Period. The below table sets forth number of dispatched staff engaged by our subsidiaries as at 31 December 2014, 2015, 2016 and 30 June 2017.

Name of subsidiary (Note 1)	Number of dispatched staff engaged as at 31 December 2014	% of the total number of their respective workers	Number of dispatched staff engaged as at 31 December 2015	% of the total number of their respective workers	Number of dispatched staff engaged as at 31 December 2016	% of the total number of their respective workers	Number of dispatched staff engaged as at 30 June 2017	% of the total number of their respective workers
Pujiang Property	848	59.0%	741	47.8%	5	0.6%	5	0.5%
Shanghai Bund	383	75.8%	351	73.9%	14	6.1%	3	1.5%
Shanghai Bund Green	3	100%	1	100%	0	N/A	0	N/A
Shanghai Rui Zheng (Note 2)	30	93.8%	0	N/A	0	N/A	0	N/A

Notes:

- Shanghai Hong Ji was incorporated on 18 March 2016. It engaged dispatched staff during 2016 but no longer engaged any dispatched staff as at 31 December 2016.
- Shanghai Rui Zheng reduced the proportion of dispatched staff to below 10% of the total number of staff within two years from the effective date of Interim Provisions on Labour Dispatch. As such, our PRC Legal Advisers opined that Shanghai Rui Zheng did not violate the Interim Provisions on Labour Dispatch.

To rectify the situation, the above subsidiaries signed employment contracts with the dispatched staff or engaged more sub-contracting staff to replace the dispatched staff. The number of dispatched staff engaged by these subsidiaries was subsequently reduced below the regulatory threshold as of 31 October 2016. For details, please refer to the section headed “Business — Litigation and Non-compliance — Non-compliance”.

Owing to the large number of dispatch agencies and sub-contractors in the labour market and the high volume of our demand, we believe that we would be able to easily secure a different dispatched staff agency or sub-contractor, and as such, termination with a dispatched staff agency or sub-contractor would not materially affect our operations. After off-setting the costs paid to the dispatched staff against the relevant costs of our internal staff and sub-contracting staff for performing the work, our Directors note that our Group would not have had incurred any significant staff costs if the work performed by the dispatched staff in excess of the 10% regulatory threshold were performed by our own staff or the subcontracting staff and thus, the impact on our Group's overall cost structure and profitability going forward after our Group operates in compliance with the law is insignificant.

Our Directors believe that our overall labour costs can be stabilised by the improvement in the condition of the sub-contracting staff market, the on-job trainings provided to our existing staff and sub-contracting staff to enhance the quality of their services; and the engagement of the subcontracting staff in lieu of part of the dispatched staff, which will together help lower our Group's labour costs in the long run given the cost benefits of engaging sub-contracting staff as described above.

Management of Sub-contractors

We maintain a list of qualified sub-contractors based on our assessment that includes a number of factors, such as their professional qualifications, industry reputation and credentials, financial strength, past performance, service quality and price competitiveness. For each sub-contractor included on the list, we have prepared a file record to track its background, qualifications and past performance in providing us subcontracted services, if applicable. Our list of qualified sub-contractors is subject to periodic review.

We typically engage our sub-contractors through a competitive bidding process, which is administered by our internal selection committee comprising of management members, finance personnel, quality control personnel and technical personnel. The internal selection committee assesses the submitted bids and considers a wide range of factors, such as the bidding firms' professional qualifications, industry reputation and credentials, financial strength and price competitiveness, in selecting the bid award. Selected bids are submitted to our headquarters for final review and approval.

Once a selected sub-contractor commences providing the subcontracted services, we regularly monitor and evaluate their performance. The sub-contractor's record will also be updated from time to time based on these evaluations. In the event of constant sub-standard performances, the service of the relevant sub-contractor will be terminated.

Our Group has an effective and comprehensive proprietary computerised system for sub-contractor management, which conducts data analysis for sub-contractor selection and assessment the quotation invitation, tender bidding and evaluation processes. Please refer to the section headed "Business — Quality Control — Quality control of services provided by our sub-contractors" for details.

Key terms of our Sub-contracting agreements

We enter into sub-contracting agreements with individual sub-contractors on normal commercial terms. The key terms of our typical sub-contracting agreements include the following:

<i>Term</i>	A term of the sub-contracting agreements generally ranges from one to three years and may be renewed upon mutual consent. The agreement terminates automatically if the corresponding property owner does not renew the relevant property management agreement with us. Upon termination, we settle the outstanding service fees with our sub-contractor based on the actual services provided.
<i>Our obligations</i>	We are generally responsible for providing the necessary working tools to on-site staff designated by the sub-contractors such as uniform, storage units and tools.
<i>Obligations of sub-contractors</i>	The sub-contractors are responsible for providing services in accordance with the scope and standard prescribed in the sub-contracting agreements and in compliance with all applicable laws and regulations. In the event of sub-standard performance, the sub-contractors are required to take necessary rectification measures within the period required by us. If they fail to do so, we have the right to unilaterally terminate the sub-contracting agreement. Sub-contractors are required to manage their staff providing the subcontracted services and there is no employment relationship between our Group and the staff of our sub-contractors.
<i>Risk allocation</i>	The sub-contractors are responsible for any damage to property or injury to any person caused by the fault of the sub-contractors in the course of providing the subcontracted services. The sub-contractors are also required to pay all social security and housing provident funds contributions for their staff in accordance with PRC laws and bear the liabilities in the event of any non-compliance with applicable PRC laws or industry standards. We typically require the sub-contractors to indemnify us for any damages that they have caused to our managed properties, tenants and users in these properties, and our Group.
<i>Procurement of raw materials</i>	Raw materials may be procured by the sub-contractors themselves or by us, depending on the terms of sub-contracting agreements. If sub-contractors are responsible for procuring raw materials, the procurement costs are usually added on top of the sub-contracting fees.

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<i>Sub-contracting fees</i>	Sub-contracting fees are typically determined with reference to costs incurred in connection with the procurement of raw materials, labour costs and other miscellaneous costs incurred by the sub-contractors. We may also have the right to conduct annual surveys among the customers, tenants and other users of the managed properties with respect to the quality of services provided by our sub-contractors and adjust the sub-contracting fees based on the outcomes of such surveys.
<i>Assessment of workers and management staff</i>	The agreements may stipulate a regular assessment of workers and management staff, to ensure consistency in service quality and knowledge of such personnel in the newly installed machineries and equipment
<i>No assignment</i>	Sub-contractors may not assign or subcontract their obligations to any third party without our prior consent.

BUSINESS

CUSTOMERS

Our Directors believe that we have a large, growing and loyal customer base. Our customers are mainly property owners and owners' associations, property developers and tenants.

The following tables set out the revenue from our five largest customers during the Track Record Period:

For the year ended 31 December 2014:

Customer	Business nature of the customer	Revenue <i>(approximately RMB'000)</i>	Approximate percentage to the revenue of our Group for that year/ period <i>(%)</i>	Services provided by our Group for the Customer	The calendar year in which the customer first started to have business relationship with our Group	Credit Period
Shanghai Jiushi (Group) Co., Ltd* 上海久事(集團)有限公司	Operation of urban transportation and property development	27,078	9.1%	Standard property management services	2004	30 days
Shanghai Shen Jiang Property Operation Management Company Limited* 上海申江資產經營管理有限公司	Property management and car park operation management	19,695	6.6%	Standard property management services	2009	15 days
Shanghai Hongqiao Transportation Hub Centre Construction* 上海虹橋樞紐交通中心建設發展有限公司	Urban infrastructure construction, investment and management	15,938	5.4%	Standard property management services	2010	90 days
Shanghai Airport Authority* 上海機場(集團)有限公司	Airport construction, operation management and ground services	14,719	4.9%	Standard property management services	2007	10-70 days
Shanghai Jinhongqiao International Property Co.,Ltd.* 上海金虹橋國際置業有限公司	Property development and operation	11,855	4.0%	Standard property management services	2012	10 days
	Total	<u>89,285</u>	<u>30.0%</u>			

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For the year ended 31 December 2015:

<u>Customer</u>	<u>Business nature of the customer</u>	<u>Revenue</u> <i>(approximately RMB'000)</i>	<u>Approximate percentage to the revenue of our Group for that year/ period</u> <i>(%)</i>	<u>Services provided by our Group for the Customer</u>	<u>The calendar year in which the customer first started to have business relationship with our Group</u>	<u>Credit Period</u>
Shanghai Jiushi (Group) Co., Ltd* 上海久事(集團)有限公司	Operation of urban transportation and property development	26,403	9.0%	Standard property management services	2004	30 days
Shanghai Shen Jiang Property Operation Management Company Limited* 上海申江資產經營管理有限公司	Property management and car park operation management	18,047	6.2%	Standard property management services	2009	15 days
Shanghai Maglev Transportation Development Co., Ltd. 上海磁浮交通發展有限公司	Shanghai magnetic levitation traffic line project investment, operation and management	11,338	3.9%	Standard property management services	2004	10-70 days
Shanghai Xinyuan Plaza Property Management Co. Ltd* 上海新源廣場物業管理有限公司	Property management and commercial consultation	10,923	3.7%	Standard property management services	2006	15 days
Shanghai Hongqiao Transportation Hub Centre Construction* 上海虹橋樞紐交通中心建設發展有限公司	Urban infrastructure construction, investment and management	10,697	3.7%	Standard property management services	2010	90 days
	Total	<u>77,408</u>	<u>26.5%</u>			

BUSINESS

For the year ended 31 December 2016:

<u>Customer</u>	<u>Business nature of the customer</u>	<u>Revenue</u> <i>(approximately RMB'000)</i>	<u>Approximate percentage to the revenue of our Group for that year/ period</u> <i>(%)</i>	<u>Services provided by our Group for the Customer</u>	<u>The calendar year in which the customer first started to have business relationship with our Group</u>	<u>Credit Period</u>
Shanghai Jiushi (Group) Co., Ltd* 上海久事(集團)有限公司	Operation of urban transportation and property development	29,934	9.7%	Standard property management services	2004	30 days
Shanghai Shen Jiang Property Operation Management Company Limited* 上海申江資產經營管理有限公司	Property management and car park operation management	13,483	4.4%	Standard property management services	2009	30 days
Shanghai Expo Co. Ltd* 國家會展中心(上海)有限責任公司	Exhibition hall investment and construction	13,024	4.2%	Standard property management services	2014	60 days
Shanghai Hongqiao Transportation Hub Center Construction* 上海虹橋樞紐交通中心建設發展有限公司	Urban infrastructure construction, investment and management	12,039	3.9%	Standard property management services	2010	90 days
Shanghai Maglev Transportation Development Co., Ltd. 上海磁浮交通發展有限公司	Shanghai magnetic levitation traffic line project investment, operation and management	11,947	3.9%	Standard property management services	2004	10-70 days
	Total	<u>80,427</u>	<u>26.1%</u>			

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For the six months ended 30 June 2017:

Customer	Business nature of the customer	Revenue <i>(approximately RMB'000)</i>	Approximate percentage to the revenue of our Group for that year/ period <i>(%)</i>	Services provided by our Group for the Customer	The calendar year in which the customer first started to have business relationship with our Group	Credit Period
Shanghai Jiushi (Group) Co., Ltd* 上海久事(集團)有限公司	Operation of urban transportation and real estate development	16,520	9.4%	Standard property management services	2004	30 days
Shanghai Expo Co. Ltd* 國家會展中心(上海)有限責任公司	Exhibition hall investment and construction	8,470	4.8%	Standard property management services	2014	60 days
Shanghai Maglev Transportation Development Co., Ltd. 上海磁浮交通發展有限公司	Shanghai magnetic levitation traffic line project investment, operation and management	6,911	3.9%	Standard property management services	2004	10-70 days
Shanghai Shen Jiang Property Operation Management Company Limited* 上海申江資產經營管理有限公司	Property management and car park operation management	6,299	3.6%	Standard property management services	2009	30 days
Shanghai Xinyuan Plaza Property Management Co. Ltd* 上海新源廣場物業管理有限公司	Urban infrastructure construction, investment and management	6,125	3.5%	Standard property management services	2006	15 days
Total		<u>44,325</u>	<u>25.2%</u>			

During the Track Record Period, revenue from our top five customers collectively amounted to approximately RMB89.3 million, RMB77.4 million, RMB80.4 million and RMB44.3 million, accounting for approximately 30.0%, 26.5%, 26.1% and 25.2%, respectively, of our total revenue during the corresponding period. Revenue from Shanghai Jiushi (Group) Co., Ltd* (上海久事(集團)有限公司), which was our single largest customer amounted to approximately RMB27.1 million, RMB26.4 million, RMB29.9 million and RMB16.5 million, respectively during the Track Record Period, representing approximately 9.1%, 9.0%, 9.7% and 9.4% of our total revenue respectively during the corresponding period. Up to the Latest Practicable Date, we had ongoing business relationships with our top five customers on average for approximately 9 years.

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None of our Directors, their respective close associates or any Shareholders, to the best knowledge and belief, who own more than 5% of our total issued share capital as at the Latest Practicable Date, has any interest in any of our top five customers during the Track Record Period.

SALES AND MARKETING

Our Group earmarks an annual budget for the purposes of marketing, advertising and sponsorship to support business development and overall corporate image enhancement.

Our sales and marketing team, consisting of five salespersons as at 30 June 2017, is primarily responsible for planning and developing our Group's overall marketing strategy, conducting market research, coordinating our sales and marketing activities to reach out to new customers and to maintain and strengthen our relationships with then existing customers. Our headquarter manages our overall sales and marketing strategies such as promoting our brand and service capabilities to property owners of high-end office buildings and properties in the public sector.

Our on-site staff designated to the major properties managed by us are responsible for promoting our business model to our customers and maintaining relationships with them. We believe that our marketing efforts have successfully increased customers' familiarity with our brand and our service capacities. As we are looking into enhancing our presence in our currently operating markets in Shanghai and entering into new markets, we plan to expand our marketing team to attend to the business needs of our customers across different markets for the provision of different kinds of property management services.

We have taken the following sales and marketing measures:

- *Conducting marketing activities:* Major relevant activities include publishing advertisements in newspapers and trade magazines, publishing advertorial supplements in newspapers and magazines, exhibiting at trade exhibitions and sponsoring seminars and events. Owing to the nature and practice of our property management business, only our Group's annual thematic advertising campaign is pre-scheduled among many of those marketing initiatives, while other activities are of a more ad hoc nature. For example, if any of our subsidiaries wins an award in the industry, we will advertise to publicise. We also participate in annual meetings, seminars and sponsorships when opportunities arise.
- *Target audience:* Apart from marketing and advertising, the management of our Group regularly promotes our quality management practices and business development to target audiences through media interviews, press releases and experience sharing workshops.
- *Referral by our existing customers:* We intend to continue improving the quality of our property management service quality by obtaining more recommendations and referrals from our existing customers, which we believe, is an effective and cost-efficient way to promote our business. We believe our value-added services also help

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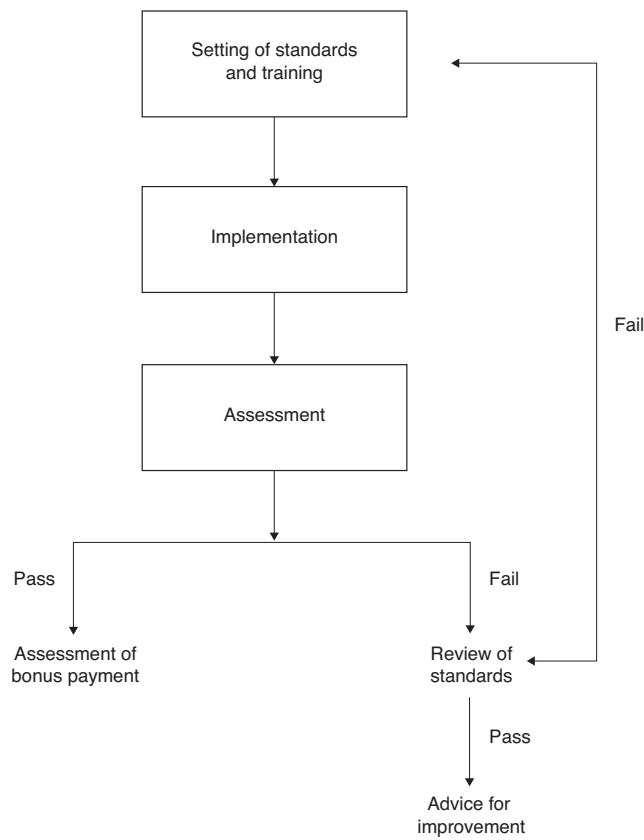
us obtain new engagements for our property management services by providing property owners, the tenants and other users of our managed properties with the benefit of accessing a wide range of services which address their life-style and needs.

- *Service hotline:* In order to enhance our customer service, we offer a 24-hour service hotline for our customers and tenants of certain managed properties upon our customers' requests. Through the hotline, we can efficiently deal with their requests and complaints.

QUALITY CONTROL

As a provider of high quality property management services, we believe that quality control is crucial in order to maintain the quality of our services, which would help foster long-term success of our business. Thus, we prioritise the quality of our provision of property management and other related services. As of 30 June 2017, we had a dedicated quality control team comprising of six members, who primarily focus on maintaining and enhancing our service standards, standardising service procedures and ensuring service quality at both our corporate level and sub-contractor level. Led by the manager of our quality control team who has over 10 years of relevant industry experience, all members of our quality control team have relevant college qualifications or bachelor degrees.

The diagram below sets forth our quality control procedures:



Setting of standards and training

We design different instruction manuals for different levels of quality management: (i) the senior management devising general management policies of our Group, with respect to resource management, customer service and procurement; (ii) departmental managers setting out evaluation standards and assessment criteria; and (iii) the head of each property management project setting out specific management standards for individual projects.

The staff who are entrusted to prepare the instruction manuals will be tasked with the training of their subordinate staff or staff within his/her department or team. These training materials are also distributed to key personnels and third-party sub-contractors to ensure that standardised workflow is strictly followed.

Assessment

On-site assessments with regard to the service quality are conducted at the managed properties for different levels of our employees and subcontracted personnel. Regular assessments include monthly assessments conducted by the head of the property management project and daily or monthly assessments conducted by department managers at the managed properties. Special assessments are conducted during festivals, special weather, large events or in response to customer feedback from time to time.

Feedback and Appeal

Feedback is given to individual employees or the designated team or department shortly after the relevant assessment is conducted, photographic or audio evidence may be documented for verification purposes. Face-to-face meetings are arranged with the appraised employee to discuss improvement plans for his or her performance. An appeal may be lodged if an employee disagrees with his or her assessment results.

Review of standards

We continuously review our service standards to ensure that our Group is in line with the most up-to-date market practices. Our general management policies, evaluation standards and assessment criteria may be adjusted when our corporate structure and/or the legal and industry requirements change. In addition, when there are changes to the property management agreements, for example, when the agreement has been renewed, the specific standards and management standards for that particular project may be revamped.

Assessment of bonus and advice for improvement

Our employees. Performance is reflected in their assessment on which the amount of their year-end bonuses would be based. The employees may therefore be given different amount of bonus.

We also give advice to relevant employees for improving their services and overall performance.

Quality control of services provided by our sub-contractors

We manage our sub-contractors and monitor the quality of their services in four aspects, namely, service procurement, contract negotiation, contract implementation and supervision.

For service procurement, we maintain a list of qualified sub-contractors from which we select the appropriate sub-contractor to take up the sub-contracting work. We also review and update the list from time to time. We would consider engaging other sub-contractors outside the list only when the qualified sub-contractors on the list are not available.

When negotiating with the sub-contractors, we will take into account the price, the quality of services as well as the performance requirements of the owners of the managed properties. Sub-contracting contracts are subject to our strict examination and approval. Through our negotiation with sub-contractors, we try to ensure that the service requirements are clearly expressed to the sub-contractors and that the sub-contractors will be capable of fulfilling their obligations under the contracts.

As concerns service supervision, we set up detailed schedules, work flow charts and quality standards for each of the sub-contracting services, such as cleaning and gardening services, engineering, repair and maintenance services, that we sub-contract to sub-contractors. For example, with respect to cleaning and gardening services, our schedule sets forth the specific service performance time, locations to be cleaned and tasks to be performed. According to our cleaning workflow chart, the sub-contracting staff are required to perform the sub-contracted works at the designated location and time. The cleaning work must be conducted based upon our quality standard. In addition, our on-site staff inspect the work site to ensure the quality of the cleaning work performed by the sub-contractors. We conduct safety training for on-site sub-contracting staff to inform them of the relevant regulatory requirements of the managed properties and the projects. Sub-contracting fees will be deducted if the performance of our sub-contractors cannot meet our service standard.

We also conduct regular sub-contractors' reviews based on a number of factors, such as their work performance, quality, timeliness and the number of complaints we have received and classify our sub-contractors according to the review results. Class A sub-contractors refer to outstanding sub-contractors with whom we will strengthen our cooperation; class B sub-contractors refer to sub-contractors with whom we will maintain existing scale of cooperation and our relationship; if sub-contractors are classified as class C, cooperation will be ceased and other outstanding suppliers will be selected to ensure the standard of our services.

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Quality recognitions

We have obtained the following certifications in recognition of our service quality:

<u>Year of award</u>	<u>Certification/ recognition</u>	<u>Particulars</u>
2004–2009	GB/T19001-2000/ ISO 9001:2000	It is related to a family of quality management system standards, including the eight management principles upon which the family of standards is based. It is designed to help organisations ensure that they meet the needs of their customers and stakeholders while meeting statutory and regulatory requirements related to a product.
Since 2009	GB/T19001-2008/ ISO 9001:2008	It is related to a family of quality management system standards, including the eight management principles upon which the family of standards is based. It is designed to help organisations ensure that they meet the needs of their customers and stakeholders while meeting statutory and regulatory requirements related to a product.
Since 2012	GB/T24001-2004/ ISO14001:2004	It is a family of standards related to environmental management that is designed to help organisations (a) minimise how their operations (processes, etc.) negatively effect the environment (i.e., cause adverse changes to air, water, or land); (b) comply with applicable laws, regulations, and other environmentally oriented requirements, and (c) continually improve in the above.
Since 2012	GB/T28001-2011/ OHSAS 18001:2007	It is an international occupational health and safety management system specification. To ensure consistent and high-quality services and standardise our property management services across all our managed properties.

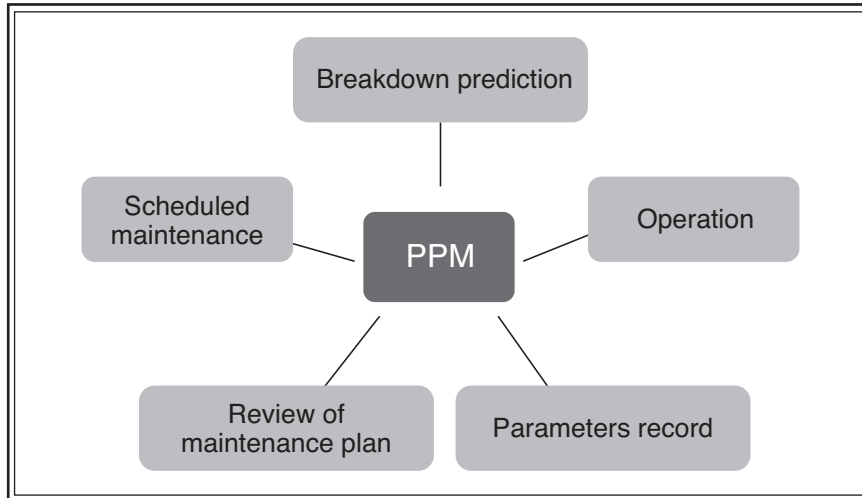
Standardisation: To ensure the consistency of our services, we have standardised all our property procedures and protocols in carrying out patrolling services, cleaning and gardening services and conduct of fire drills etc. Our inspection checklists are designed for different types of building facilitates and equipment. These checklists are applicable to the provision of engineering, repair and maintenance services to all our managed properties.

We have also devised a number of handbooks and guidelines for our staff and the staff of our sub-contractors to follow. For instance, we have devised a handbook particularly designed for front-line staff which provides guidance on telephone etiquette and how to greet visitors to the buildings.

Facilities management methodologies

Our core facilities management methodologies are known as “PPM” and “5S”. We have implemented these methodologies in some of our major projects.

PPM is a combination of preventive maintenance, planned maintenance and predictive maintenance. Our Directors believe that a balanced PPM system would lead to a lower level of overall maintenance costs for an organisation. We have an annual maintenance plan that sets the frequency of scheduled cleaning and maintenance services. The diagram below illustrates major elements of our PPM system.



5S is a workplace organisation method which includes five elements, namely, sorting, setting in order, shining, standardisation and self-discipline. The table below sets forth the objectives of these elements.

<u>Element</u>	<u>Objective</u>
Sorting	Remove unnecessary items to make work easier
Setting in order	Arrange necessary items to make workflow smooth and easy
Shining	Keep the workplace clean
Standardisation	Maintain the above best practices at work place
Self-discipline	Maintain a habit of following the 5S system

We have also adopted an assessment system comprising of our internal supervision and external feedback, which enables us to effectively manage the quality of our services and enhance our customer experience.

During the ordinary course of our business operations, we receive feedback and suggestions from property owners, tenants and other users of the buildings or facilities that we manage from time to time regarding our services. We have established internal procedures to record, process and respond to the given feedback and suggestions, including complaints and

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conduct follow-up reviews of the results of our responses. During the Track Record Period, we did not experience any customer complaints about our services that would have a material adverse impact on our operations or financial results.

Furthermore, our Directors believe that accreditations in the GB/T 19001-2008/ISO 9001:2008 Quality Management System, the GB/T 24001-2004/ISO 14001:2004 Environmental Management System and the GB/T 28001-2011/OHSAS 18001:2007 International Occupational Health and Safety Management System are manifestations of our Group's vision of becoming the industry benchmark in property management and our Group's focus of not just being a service provider to our customers but also their long-term partner. Our Group's commitment to providing quality property management services covers strategic planning, business development, management and delivery of services and control systems.

Our Directors believe that the adoption of the GB/T 24001-2004/ISO 14001:2004 Environmental Management System is an expression of the Group's commitment to environmental protection in terms of our social responsibility with respect to the environment. To achieve high standards of quality with regard to employee safety, we designed a safety management system and have implemented it in some of our projects.

COMPETITION/COMPETITIVE ADVANTAGES

According to China Index Academy, the property management market in the PRC is competitive. Our Group competes with other property management companies in bidding for private sector projects as well as public and non-residential sector projects. The private sector housing market, however, has been and remains difficult to penetrate with leading property developers giving unrivalled access to their property management subsidiaries to manage projects developed by them or the then existing property management companies. Notwithstanding the competitive environment, our Group has been able to continue to expand our management portfolio and strengthen our market position by expanding our market share, particularly in the public and non-residential sector.

Our Directors believe that our Group's competitiveness is demonstrated by the growth in our management portfolio and our high contract renewal rates are attributed to the following competitive advantages:

Market leader in high-quality services and good reputation

Our Directors believe that our Group's commitment to quality and service has set a benchmark for high-quality property and facility management in the market. We ranked 30th in 2016 in the list of "Top Hundred Property Service Enterprises" ("2016 中國物業服務百強企業") issued by China Property Management Institute (中國物業管理協會) and China Index Academy. Our Group has won numerous other awards over the past years. For details, please see the sub-section headed "Honours and Awards" in this section.

Strategic focus on management of non-residential properties

The majority of properties managed by our Group are mostly non-residential. According to China Index Academy, public and non-residential properties have a higher profit potential due to their generally higher management fees, than other types of properties. Public properties are usually owned by the national government or governmental institutions, which are more financially capable and can therefore provide a stable, increasing source of income for our Group.

Established business process and management model

We have been accredited with the GB/T 19001-2008/ISO 9001:2008 Quality Management System and the GB/T 24001-2004/ISO 14001:2004 Environmental Management System. Our Group's established management model covers strategic planning, business development, control system and the management and delivery of services. Our Group has developed a business process network based on our quality assurance management system in accordance with the ISO requirements. The business process network gives our staff access to a fast, systematic and convenient path to retrieve daily operation processes. Our Group also maintains a comprehensive database of standardised operation processes and carries out business process improvement and re-engineering programmes on a continuous basis to increase operational efficiency and enhance customer satisfaction.

In the PRC, the property market has developed in tandem with the development of the underlying economy. This has, in turn, led to a substantial demand for property management services and hence the emergence of a large number of property management companies. In light of this competitive environment, our Group has formulated a strategy focusing on providing quality services targeted at corporate customers. Our Group has also teamed up with local management companies as our alliance for the purpose of penetrating these markets through their extensive local connections.

China Index Academy expects there will be a sustainable demand for property management services. In addition to the competitive advantages outlined in this section, our Directors believe that, with a strong market position, a proven track record in the property management market in the PRC and having established a solid recurrent income base, our Group is well positioned to expand in the PRC property and facility management markets.

RESEARCH AND DEVELOPMENT

Our research and development staff together with our management team are responsible for planning research and development activities monitoring the research and development services provided by third party service providers and providing users feedback to them.

During the Track Record Period, we used a property management fee payment system and enterprise resources planning system to help us better manage and enhance the efficiency and consistency of our services. In the future, we are looking into investing more resources to develop the customer relationship management system and remote surveillance system to further streamline our standardisation, centralisation and automation business model. We subcontract a substantial amount of research and development work to external information

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technology companies. Please refer to the sub-section headed “Our Business Strategies — Continue to develop our information technology system and enhance service quality to our customers and users of our managed properties” in this section for further details of development and application of our information technology systems.

PROPERTIES

We occupy certain properties in the PRC in connection with our business operations. These properties are not used for property activities as defined under Rule 5.01(2) of the Listing Rules.

Owned Properties

As at the Latest Practicable Date, we owned one property with a floor area of 119.25 sq. m. in the PRC for which we have obtained the building ownership certificate. The particulars of this owned property are as follows:

<u>Address</u>	<u>Approximate floor area (sq. m.)</u>	<u>Registration date</u>
Room 606, Phase 3, Block 16, Wantou Shui An Xing Cheng. Latitude 3rd Road, Quanjiao, Chuzhou, Anhui, China (全椒縣經濟開發區滁全路皖投水岸星城16幢3單元606室)	119.25	12 December 2013

Our PRC Legal Advisers are of the view that we have the legal ownership of the above property and thus have the right to occupy, use, transfer, lease, mortgage or otherwise dispose of the property in accordance with applicable PRC laws and regulations.

Leased Properties

As at the Latest Practicable Date, we leased 17 properties from Independent Third Parties as our offices in Shanghai, Nanjing, Changsha, and Anhui. The particulars of these leased properties are as follows (*Note 1*):

	<u>Address</u>	<u>Approximate floor area (sq. m.)</u>	<u>Term</u>
1.	Unit B, 14/F, Jiushi Tower, 28 Zhong Shan Nan Lu, Huangpu Qu, Shanghai, China* (黃浦區中山南路28號久事大廈14樓B座)	212	From 1 August 2017 to 31 December 2019
2.	Units C–D, 14/F, Jiushi Tower 28 Zhong Shan Nan Lu, Huangpu Qu, Shanghai, China* (黃浦區中山南路28號久事大廈14樓C–D座)	383	From 1 August 2017 to 31 December 2019

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	Address	Approximate floor area (sq. m.)	Term
3.	Unit A, 3/F, Jiushi Tower, 28 Zhong Shan Nan Lu, Huangpu Qu, Shanghai, China* (黃浦區中山南路28號久事大廈3樓A座)	275	From 1 April 2016 to 31 March 2019
4.	501 Zhongshan East 2nd Rd, Huangpu, Shanghai, China* (上海市黃浦區中山東二路501號)	35,504	From 1 April 2017 to 31 March 2019
5.	218 Tangjiaba, Jiaying Middle Road, Qinhuai Qu, Nanjing, Jiangsu, China* (南京市秦淮區翁家營村湯家壩218號)	30	From 16 October 2016 to 15 October 2019
6.	Unit 16, 15/F, Tou Zi Da Xia, 1757 Tu Shan Lu, Bengbu, Anhui, China* (安徽省蚌埠市塗山路1757號投資大廈15層16號)	50	From 1 February 2017 to 31 January 2019
7.	Unit 179, 17 Kangshi Road, Kangqiao, Nanhui Qu, Shanghai, China* (上海市南匯區康橋鎮康士路17號179室)	180	From 1 June 2007 to 31 May 2027
8.	Unit 147, District J, 1/F, Block 3, 7 Jiayi Industrial Zone, Huangpu District Industrial Park, Shanghai, China* (上海市黃浦區工業園區郊一工業區7號 3幢1層J區147室)	20	From 10 June 2014 to 9 June 2024
9.	Unit H6, 5/F, 277 Hu Qing Ping Gong Lu, Minhang Qu, Shanghai, China* (上海市閔行區滬青平公路277號5樓H6室)	9	From 1 March 2016 to 28 February 2025
10.	Unit 101, Block 26, Sheng He Jia Yuan residential district, Shi He Cun, Wenchang Residential District, Tongcheng, Anqing, Anhui, China* (桐城市文昌街道石河村上和家園小區門面房 26棟101室)	100	From 26 May 2015 to 30 October 2018
11.	46 Wang Jiang Dong Lu, Baohe Qu, Hefei, Anhui, China* (合肥市望江東路46號安徽投資大廈物業用房)	100	From 1 January 2015 to 31 December 2020
12.	Room 204, Block C6, 349 Madang Road, Lu Wan Qu, Shanghai, China* (上海市盧灣區馬當路349號204室C6座)	5	From 31 July 2017 to 30 July 2018

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	Address	Approximate floor area (sq. m.)	Term
13.	3, Block 5, District D, Zuo An Sheng Huo, Jing Hu Qu, Wuhu, Anhui, China* (蕪湖市鏡湖區左岸生活D區5幢3號門面)	40	From 21 June 2017 (Note 2)
14.	Unit D709, Block 2, Zuo Wei 700, 700 700 Huang Po Nan Lu, Shanghai, China* (上海市黃陂南路700號卓維700 2幢D709室)	70	From 20 April 2016 to 19 April 2018
15.	66 Yaowang Da Dao, Xi Wai Huan Lu, Hua Xi Lou Street, Qiao Cheng Qu, Bozhou, Anhui, China* (亳州市譙城區花戲樓街道桑園社區西外環路藥王 大道66號)	—	From 8 May 2017 (Note 2)
16.	Shops 038–042, Cui Ting Yuan Residential District, Xi You West Road, Hefei, Anhui, China* (合肥市習友西路翠庭園小區038–042號商舖)	286	From 1 November 2017 to 31 October 2020
17.	Blocks 13, 14, 15 & 16 and Podium Basement No. 17035, Da Mei Yuan* (達美苑13、14、15、16棟及裙房地下室17035 號)	44	From 18 October 2012 to 17 October 2022
18.	Room 140, 1/F, No. 1 Optical Valley Venture Street, Donghu Development Zone, Wuhan, Hubei, China* (武漢市東湖開發區光谷創業街特一號1層140室)	50	From 2 August 2017 to 1 August 2018
19.	Room 3718, Block 3, Jiang Cheng Research Park, No. 1088 Jiang Cheng Road, Su Tong Technology Industrial Park, Nantong, Jiangsu, China* (南通市蘇通科技產業園區江城路1088號江城研發 園內3號樓3718室)	50	From 18 August 2017 to 17 August 2018
20.	Rooms 307–314, Block 2, Jiu Hua Shan Buddhist Cultural City, Chizhou, Anhui, China* (池州市九華山佛教文化城2棟307–314室)	680	From 1 July 2017 to 30 June 2018
21.	Unit B01, Bengbu International Automobile City, Yingbin Da Dao, Yuhui Qu, Bengbu, Anhui, China* (安徽省蚌埠市禹會區迎賓大道蚌埠 國際汽車城B01商舖)	188	From 5 January 2017 to 4 January 2020

Notes:

1. The lease agreements for these leased properties have not been registered with the relevant PRC governmental authorities. If the relevant authorities require us to rectify such defects and we fail to do so within a specified time limited, we may be subject to a fine between RMB1,000 and RMB10,000 for each of such lease agreement or such other fine. However, our PRC Legal Advisers are of the view that this does not affect the enforceability of such lease agreements or render them being voided. Our PRC Legal Advisers are of the view that the above defects will not pose material adverse effects or risks on the operation of our Group.
2. The lease agreements for these leased properties do not specify the expiry date of the term of the lease.

Of all the above leased properties, our landlords have obtained the relevant building ownership certificates or other documentary evidence in respect of the right to dispose of such leased buildings, with a floor area of approximately 38,276 sq. m.. Our PRC Legal Advisers are of the view that these lease agreements are made according to the relevant PRC laws and regulations and are legally binding and effective.

INTELLECTUAL PROPERTY RIGHTS

Our intellectual property is a key component to our strong brand recognition and is an integral part of our business. We are the registered owner of our “Pujiang” mark “” and are in the process of registering other trademarks in Hong Kong and the PRC. In addition, we consider our website, www.riverinepm.com, to be an additional channel for our services platform. Further details of our intellectual property rights are set out in the section headed “Statutory and General Information — 5. Further Information About Our Business — B. Our intellectual property rights” in Appendix IV in this prospectus.

As at the Latest Practicable Date, we were not aware of any material infringement (i) by us of any intellectual property rights owned by third parties, or (ii) by any third parties of any intellectual property rights owned by us.

INSURANCE

To cover our risks in respect of the properties and facilities we manage, our Group holds and maintains certain insurance policies, including:

- Community service insurance policy, covering the liability for any loss or damage suffered by the customers of a particular project due to any effects of the negligent acts or omissions of our Group, our employees and the third party sub-contractors acting on our behalf;
- Property management liability insurance policy, covering the liability in respect of any bodily injury or property damage claim arising from or related to the provision of services and caused by the negligent acts or omissions of our Group, our employees and the third party sub-contractors acting on our behalf; and
- Employer’s indemnity insurance policy, covering the liability to make any payment in respect of the death, injury or disability of our Group’s employees under relevant employment laws and regulations in the PRC.

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Our Group also requires our sub-contractors to arrange for and maintain the required insurances covering the liabilities of our Group, which may arise from carrying out the sub-contracted works by our sub-contractors. In addition, our Group maintains property all risks insurance, group medical insurance, group personal insurance, vehicle risks and personal accident insurance policies to cover our risks with respect to the properties and facilities we manage.

We believe our insurance coverage is in line with industry practice in the PRC, and we have not faced any material insurance claims during the Track Record Period. 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. Please see the section headed “Risk Factors — Our insurance may not sufficiently cover, or may not cover at all, our potential losses and liabilities” in this prospectus.

SOCIAL, HEALTH AND SAFETY MATTERS

As all our property management services are provided in the PRC, we are subject to various PRC laws and regulations with respect to labour, health, safety, insurance and accidents, including the Labour Law, the Labour Contract Law, the Labour Contract Law Implementation Regulations, the Interim Regulations on the Collection and Payment of Social Insurance Premiums, the Regulations on Work Injury Insurance, the Regulations on Unemployment Insurance, the Trial Measures on Employee Maternity Insurance of Enterprises, the Social Insurance Law of the People’s Republic of China (《中華人民共和國社會保險法》) (Order of the President [2010] No. 35), the Regulations on the Administration of Housing Provident Fund and other related laws, regulations, rules and provisions issued by the relevant governmental authorities from time to time. For further details, please see the section headed “Regulatory Overview” in this prospectus.

In compliance with the relevant laws and regulations, we participate in various social welfare schemes for the benefit of our employees. Our human resources department personnel are responsible for our social, health and safety issues. They administer employment and other related matters and have that knowledge of the latest legal developments in this area and our compliance with the relevant requirements. In addition, we have established internal policies aimed at promoting work safety through measures such as conducting safety training and setting up safety goals in order to promote a safe work environment and minimise workplace injuries.

As confirmed by our Directors, during the Track Record Period and up to the Latest Practicable Date, there were no reported cases of accidents causing the death of, or serious bodily injury to, any of our on-duty employees.

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EMPLOYEES

We employed 1,301 employees and dispatched staff as of 30 June 2017. We also subcontracted part of the labour intensive work, such as security, cleaning and gardening services and certain specialised engineering repairs and maintenance works to sub-contractors. A breakdown of our employees by function as of 30 June 2017 is set forth below:

Functions	Our Group's employees and dispatched staff
Frontline	
Engineering, Repairs and Maintenance	430
Customer Services	199
Security	267
Cleaning and gardening	56
Management	186
Supervisors	40
Others (<i>Note 1</i>)	49
Subtotal	1,227
Supporting	
Senior Management	8
Finance	16
Sales and Marketing	5
Quality Control	6
Research and Development	1
Administration and general management	38
Subtotal	74
Total	1,301

Note:

- (1) The 49 employees include other frontline officers and workers such as chefs, hairdressers, drivers, dishwashers and handymen etc..

We enter into individual employment contracts with our employees covering matters such as work location, scope of work, work hours, wages, employee benefits, safety and sanitary conditions at the workplace, confidentiality obligations and grounds for termination. These employment contracts either have no fixed terms, or if there are fixed terms, the terms are generally up to three years, after which we evaluate renewals based on performance appraisals.

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All of our full-time 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 the employee's performance. We conduct regular performance appraisals to ensure that our employees receive feedback on their performances.

We cooperate with certain vocational schools including Shanghai Business and Tourism Vocational Training Center (上海商貿旅遊職業技能培訓中心) to conduct training classes for our employees. We have maintained good working relationships with our employees. Our employees have not negotiated their terms of employment through any labour union or by way of collective bargaining agreements. During the Track Record Period, no significant labour disputes occurred which adversely affected or were likely to have an adverse effect on our business.

RISK MANAGEMENT

Our management has designed and implemented a risk management policy to address various potential risks identified in relation to the operation of our businesses, including financial, operational and the interest risks from the property management agreements we enter into with our customers and strategic risks. Our risk management policy sets forth procedures to identify, analyse, categorise, mitigate and monitor various risks.

Our Board is responsible for overseeing the overall risk management system and assessing and updating, if necessary, our risk management policy on a quarterly basis. Our risk management policy also sets forth the reporting hierarchy of risks identified in our operations.

In respect of the financial risks, we implemented the following measures to manage the risks:

- (i) Our financial planning department under the supervision of our financial planning manager would closely monitor the ageing and settlement of the accounts receivable;
- (ii) We maintain bank facilities which can be utilised in case of low liquidity;
- (iii) We manage the annual budgeting of and monitor the payment arrangements of staff costs, including those for sub-contractors of security and patrolling services, cleaning and gardening services, and assist our human resources department to handle staff cost analyses and annual auditing of staff insurance, payroll and year-end bonuses;
- (iv) To manage our operation risks, our business development department and property management department assess and monitor the situations and conditions of our customers. Our financial planning department is responsible for determining whether it is economically viable to renew contracts with our customers;
- (v) Transactions made through our settlement bank accounts are under the centralised management of our financial planning department, including deposits, withdrawals and transfers. Bank cards and certification documents for loans and internet banking are kept by designated staff in the finance department; and

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- (vi) We manage our costs by requiring annual budgeting reports to be drafted by our other departments upon approval by our finance department and application for special audit procedures to be made for expenditures beyond the budget. Furthermore, our finance department is required to issue monthly, quarterly, semi-annual and annual financial analysis reports and conduct quarterly, semi-annual and annual financial meetings.

In respect of the operational risks associated with the increase in labour costs and other operational expenses, we have implemented the following measures to manage the risks:

- (i) Our human resources department is responsible for controlling staff costs. As with other costs in other departments, subcontracting fees for services including engineering, security and cleaning have to be approved in the annual budgeting reports by our financial planning department and are paid out upon the joint approval of our general manager and deputy general manager;
- (ii) Our finance department investigates on and analyses any fluctuation in costs of property management, devise plans to control such costs;
- (iii) Speeding up the implementation of streamlining and standardising our operation process and information technology system with a view to enhance the automation of our operation so that our reliance on intensive labour can be minimised;
- (iv) Our human resources department is responsible for monitoring the compliance with our internal rules and manuals by our employees designed to ensure service quality, efficiency and the image of our Group;
- (v) We have adopted stringent quality control and supervision measures and procedures to prevent risks. For more details, please see the sub-section headed “Quality Control” in this section;
- (vi) We have adopted necessary health and safety measures for the purpose of minimising occupational injuries and we have taken out third party liability insurance to mitigate such risks. For more details, please see the sub-section headed “Social, Health and Safety Matters” in this section; and
- (vii) We maintain certain insurance policies to control operational risks.

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In respect of the risks inherent from the agreements on lump sum basis we enter into with individual customers, we have established the following internal measures to prevent or eliminate possible shortfall between the lump sum payments our customers paid to us and the actual cost incurred in the provision of property management services:

- (i) Before entering into a new property management agreement with our fee calculated on lump sum basis, we would conduct a site visit to ascertain the condition of the property, the users thereof and customers' expectation and work out a feasibility analysis on our projected profitability of the potential project. After we have signed a new agreement with our fee on lump sum basis, we would prepare a financial budget of the property on an annual basis taking into account its projected management fee and income and review the progress of the relevant property as measured against our financial budget on a regular basis;
- (ii) If necessary, we will seek to negotiate with our customers for an increase in property management fees to cover our shortfall as and when we consider appropriate or upon the renewal of the agreements on lump sum basis;
- (iii) Seeking to make up for the shortfall from excess working capital generated in subsequent periods, which we target through enhancing the collection of property management fees and reducing costs at the property level;
- (iv) Implementing our standardisation, centralisation and automation measures to reduce costs; and
- (v) Improving the collection of property management fees from the property owners or tenants of the relevant managed properties by (a) reviewing the ageing analysis of property management fees receivable monthly; (b) taking legal action against the tenants to recover the outstanding property management fees if the ordinary collection measures, such as sending reminders and payment notices to the defaulting tenants, proved ineffective. We will review the effectiveness of our management fee collection methods and our accounts department will discuss any additional measures with our on-site staff to further improve our collection rate on a regular basis.

In respect of the risks inherent from the property management agreements where our fee is calculated on a fixed remuneration basis, we have established the following internal measures to ensure a high recovery rate of payments on behalf of property owners for property managed under commission basis:

- (i) Enhance the liquidity of the managed properties by collecting property management fees expeditiously and settle the receivables with property owners on a monthly basis so that we do not have to pay for the shortfall between the management fees collected and our actual expense although the shortfall would be subsequently reimbursed to us by our customers and on temporary basis;
- (ii) Implementing our standardisation, centralisation and automation measures to enhance our efficiencies;

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- (iii) Reviewing the ageing analysis of property management fees receivable monthly and taking legal action against the tenants to recover the outstanding property management fees if the ordinary collection measures, such as sending reminders and payment notices to the defaulting tenants, prove ineffective.

In respect of the risks inherent from handling the prepayments and deposits received from the residents and tenants of our managed properties to which our property management fees are charged on fixed remuneration basis, we have established the following internal procedure payment of utility fee disbursement, collection, reconciliation and recording.

- (i) We pay the utility fees according to the bills issued by the utility companies and will check with the utility companies when we have doubt.
- (ii) If applicable, we calculate the amount of the utility fee to be paid by each residential unit based on the records provided by the utility companies.
- (iii) Staff at our finance departments are required to conduct reconciliation between the cash receipts as recorded in the internal cash collection records against the customer receipts, bank receipts for the management fees paid in cash, and bank statements for management fees paid by bank transfer before they prepare their management accounts.

In respect of the strategic risks associated with our mergers and acquisitions, we have implemented the following measures to manage the risks:

- (i) Seeking potential acquisition opportunities and investment candidates based on our industry experience and a number of selection criteria;
- (ii) Our strategy is that we begin by acquiring minority equity interests in the target company to understand the operation of the target company and to ascertain if their management team and operation model can be integrated into our management team and business model before we capitalise on our brand equity and service quality;
- (iii) Engaging professionals such as auditors and lawyers to perform due diligence to prevent potential liabilities from being overlooked; and
- (iv) Engaging in frequent communication with the target company to ensure consistency in marketing and sales operations while retaining as much core competencies of the target company as possible.

LITIGATION AND NON-COMPLIANCE

Litigation

We may from time to time become a party to various legal, arbitral or administrative proceedings arising from the ordinary course of our business. Neither we nor any of our Directors are currently a party to any material legal, arbitral or administrative proceedings. We are not aware of any threat of, any claims or any legal, arbitral or administrative proceedings, which, in our opinion, is likely to have a material adverse effect on our business, financial conditions or results of operations.

Non-compliance

Set out below is a summary of an incident of our systemic non-compliance with applicable regulations during the Track Record Period. Based on the advice of our PRC Legal Advisers, our Directors and the Sole Sponsor consider that none of the legal and compliance matters as mentioned below will have any material operational or financial impact on our operations. Having considered the facts and circumstances leading to the non-compliance incident as disclosed in this section, our Directors' integrity, our Group's internal control measures to avoid recurrence of the non-compliance incident, and the preventive measures mentioned below, our Directors and the Sole Sponsor are of the view that we have adequate and effective internal control procedures in place in accordance with the requirements under the Listing Rules, and the past non-compliance incidents will not affect the suitability of the Directors to act as directors of a listed issuer under Rules 3.08, 3.09 and 8.15 of the Listing Rules, and the suitability for listing of our Company under Rule 8.04 of the Listing Rules. Save as disclosed below, we have obtained and currently maintain all necessary permits and licences that are material to our business operations, and, during the Track Record Period and up to the Latest Practicable Date, we have been in compliance with the applicable PRC laws and regulations relating to our business operations in all material respects.

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Non-compliance incident and reason	Legal consequences, potential maximum penalties and other potential future impact on our operations and financial condition	Remedial actions and status as at the Latest Practicable Date	Enhanced internal control measures to prevent recurrence of non-compliance
<p>During the Track Record Period, certain subsidiaries utilised and engaged dispatched staff. Given the relatively high turnover rate of security guards and janitors in property management industry, we believe the engagement of dispatched staff for temporary, auxiliary and substituting positions can enhance efficiency and flexibility to cope with the rapid business expansion in recent years. Our subsidiaries which engaged dispatched staff during the Track Record Period are Pujiang Property, Shanghai Bund Property, Shanghai Bund Green, Shanghai Hong Ji.</p> <p>Pursuant to the Interim Provisions on Labour Dispatch (《勞務派遣暫行規定》) which came into effect on 1 March 2014, “if the number of dispatched staff utilised by an employer exceeds 10% of the total number of its workers prior to the effective date of these Provisions, such employer shall develop a scheme for employment adjustments to reduce the proportion to the specified level within 2 years from the effective date of these Provisions.” The number of dispatched staff engaged by our subsidiaries had exceeded the regulatory threshold of 10% of the total number of their respective workers during the Track Record Period.</p>	<p>According to our PRC Legal Advisers the labor authorities may impose a fine between RMB5,000 and RMB10,000 per person that violates the amendment and refuses to rectify the violation after being ordered to do so by the labor authorities. During the Track Record Period and up to the Latest Practicable Date, there is no pecuniary penalty to our subsidiaries, namely, Pujiang Property, Shanghai Bund, Shanghai Bund Green and Shanghai Hong Ji.</p> <p>According to the Certificate issued by the Human Resources and Social Security Bureau of Huangpu District (上海黃浦區勞動和社會保障局) (the “Bureau”), since the incorporation of Pujiang Property, Shanghai Bund, and Shanghai Bund Green and up to 19 December 2016, the Bureau has not ordered these subsidiaries to take rectification action in respect of labour dispatch, and therefore would not have imposed any administrative penalty on these subsidiaries in respect of labour dispatch. Taking into account that Pujiang Property, Shanghai Bund and Shanghai Bund Green have taken all rectification actions for such non-compliance, our PRC Legal Advisers opined that Pujiang Property, Shanghai Bund and Shanghai Bund Green are not exposed to the risk of being pecuniarily penalised by the labour administrative departments resulting from the fact that their respective number of dispatched staff having exceeded 10% of the total number of workers during the Track Record Period.</p> <p>As at the Latest Practicable Date, Shanghai Hong Ji has not received any notice of rectification from the labour administrative departments, and Shanghai Hong Ji has obtained the certificate issued by relevant competent department in charge of labour affairs, proving that Shanghai Hong Ji has not been penalised for violation of labour laws and regulations during the Track Record Period. Taking into account that Shanghai Hong Ji has taken the rectification action pending examination and approval by the relevant labour administrative departments in the PRC, our PRC Legal Advisers opined that Shanghai Hong Ji is not exposed to the risk of being pecuniarily penalised by labour administrative departments.</p>	<p>To rectify the situation, we signed employment contracts with the dispatched staff directly or engaged sub-contracting staff to replace the dispatched staff. The number of dispatched staff engaged by these subsidiaries had been reduced to below the regulatory limit respectively since 31 October 2016.</p>	<p>The Group has adopted internal policies to require our human resources department to calculate the ratio of dispatched staff to total number of workers and the number of dispatched staff we are allowed to engage on a monthly basis.</p> <p>Such ratio shall be reviewed by the head of the human resources department to ensure compliance with the relevant regulatory requirements in the PRC of dispatched staff.</p>
<p>Mr. Xiao, our Controlling Shareholder, has undertaken to indemnify the Group for any loss resulting from the dispatched staff non-compliance.</p>			

On-going compliance measures

In order to prevent the occurrence of any non-compliance incidents and to continuously improve our Group's corporate governance and other relevant legal and regulatory compliance in the future, our Group has adopted or will adopt the following measures recommended by the internal control consultant:

1. We have engaged and will continue to engage external auditors to assess whether tax filings are made in accordance with the relevant accounting policies, tax rules and regulations or to engage internal control consultants to review tax filing documents and report to our audit committee any deficiency identified.
2. We have established a monitoring system with regard to the sub-contractors and dispatch agencies (if any) engaged by our Group, including the selection criteria and the review systems to deal with any complaints/negligence with regards to the sub-contractors and dispatch agencies (if any and their personnel).
3. Our Directors have attended training sessions conducted by our legal adviser as to Hong Kong law on the on-going obligations and duties of a director of a company whose shares are listed on the Stock Exchange.
4. We provide and plan to continue to provide senior management and legal staff with trainings concerning the legal and regulatory requirements applicable to our operations from time to time.
5. We have engaged PRC Legal Advisers to provide legal advice on the compliance with PRC laws and regulations and to provide trainings to our senior management and legal staff.
6. We have engaged CISIC as our compliance adviser upon Listing to advise us on regulatory compliance with the Listing Rules.
7. When necessary, we will engage external professionals, including auditors, internal control consultants, external legal adviser(s) and other advisers to render professional advice in relation to compliance with other statutory and regulatory requirements and matters relating to internal control, as applicable to our Group from time to time.
8. Our Group has appointed Mr. Choy Suk Man, as our company secretary, to handle the secretarial matters and day-to-day compliance matters of our Group. He is also responsible for the timetable and the procedures for convening annual general meetings, including sending out notice for meeting and laying the respective financial statements.
9. On 15 November 2017, we established an audit committee which will implement formal and transparent arrangements to apply financial reporting and internal control principles in accounting and financial matters to ensure compliance with the Listing

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Rules and all relevant laws and regulations, including timely preparation and laying of accounts. It will also periodically review our compliance status with the Hong Kong laws after the Listing. The audit committee will exercise its oversight by:

- (i) reviewing our internal control and legal compliance;
- (ii) discussing the internal control systems with the management of our Group to ensure that management has performed its duty to have an effective internal control system; and
- (iii) considering the major investigation findings on internal control matters as delegated by the Board or on its own initiative and the management's response to these findings.

INTERNAL CONTROL

It is the responsibility of our Board to ensure that we maintain an effective internal control policy to safeguard our Shareholders' investment and our Group's assets at all times. We have engaged an external internal control advisory firm to (i) carry out a review of financial procedures, systems and controls (including accounting and management systems) in preparation for the Listing and to further enhance our internal control measures; and (ii) issue a report to our Company on factual findings and recommendations for enhancing our internal controls in the above-mentioned aspects. We have adopted a series of internal control policies, procedures and programmes designed to provide reasonable assurance for achieving objectives, including effective and efficient operations, reliable financial reporting and compliance with all applicable laws following the suggestions from the external internal control advisory firm.

Furthermore, in order to continuously improve our corporate governance and to enhance our internal control, we intend to adopt or have adopted the following measures:

- we have formed an audit committee comprising three independent non-executive Directors. The primary duties of the audit committees are to provide our Directors with an independent review on the effectiveness of the financial reporting process, corporate governance measures, internal control and risk management system of our Group, to oversee the audit process and to perform other duties and responsibilities as assigned by our Directors; and
- we have established a selection and monitoring policy in relation to the sub-contractors engaged by our Company, including the selection criteria and the review systems to deal with any complaints/negligence with regards to the sub-contractors.

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HONOURS AND AWARDS

We have received numerous honours and awards in the PRC in recognition of our outstanding service quality and overall reputation. The table below sets forth our major awards.

Recipient	Qualifications	Granting organisation	Validity Period/ Date of award
Pujiang Property/ Shanghai Bund	QUALITY MANAGEMENT SYSTEM CERTIFICATE OF CONFORMITY GB/T 19001-2008/ISO 9001:2008	Shanghai Audit Center of Quality System	5 June 2015 – 4 June 2018
Pujiang Property	ENVIRONMENTAL MANAGEMENT SYSTEM CERTIFICATE OF CONFORMITY GB/T 24001-2004/ ISO 14001:2004	Shanghai Audit Center of Quality System	5 June 2015 – 4 June 2018
Pujiang Property	OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT SYSTEM CERTIFICATE OF CONFORMITY GB/T 28001-2011/OHSAS 18001:2007	Shanghai Audit Center of Quality System	5 June 2015 – 4 June 2018
Hefei Zheng Wen	QUALIFICATION CERTIFICATE FOR PROPERTY MANAGEMENT ENTERPRISE IN THE PEOPLE'S REPUBLIC OF CHINA:FIRST CLASS	Ministry of Housing and Urban-Rural Development of the People's Republic of China	3 May 2013
Anhui Pu Bang	QUALIFICATION CERTIFICATE FOR PROPERTY MANAGEMENT ENTERPRISE IN THE PEOPLE'S REPUBLIC OF CHINA:THIRD CLASS	Committee of Housing and Urban-Rural Development of Huashan District (花山 區住房和城鄉建設委員會)	6 May 2016 – 6 May 2018
Ningbo Plaza	QUALITY MANAGEMENT SYSTEM CERTIFICATE OF CONFORMITY ISO 9001:2008	Intertek (Intertek 天祥集團)	27 March 2014 – 28 March 2017
Ningbo Plaza	ENVIRONMENTAL MANAGEMENT SYSTEM CERTIFICATE OF CONFORMITY GB/T 24001-2004/ ISO 14001:2004	Beijing Zhongjing Quality Certification Co., Ltd (北京中經科環質量認證 有限公司)	15 September 2014 – 14 September 2017
Ningbo Plaza	OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT SYSTEM CERTIFICATE OF CONFORMITY GB/T 28001-2011/OHSAS 18001:2007	Beijing Zhongjing Quality Certification Co., Ltd (北京中經科環質量認證 有限公司)	15 September 2014 – 14 September 2017

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Recipient	Qualifications	Granting organisation	Validity Period/ Date of award
Pujiang Property	Shanghai property management outstanding district of year 2014 (2014年度“上海市物業管理優秀園區”) — Urban Best Practice Area (上海城市最佳實踐區)	The Trade Association of Shanghai Property Management (上海市物業管理行業協會)	December 2014
Pujiang Property	Shanghai property management outstanding building of year 2014 (2014年度“上海市物業管理優秀大廈”) — Sales Department of Industrial and Commercial Bank of China, Shanghai Branch (中國工商銀行上海分行營業部)	The Trade Association of Shanghai Property Management (上海市物業管理行業協會)	December 2014
Pujiang Property	Shanghai property management outstanding buildings of year 2014 (2014年度“上海市物業管理優秀大廈”) — Hongqiao Terminal: Shenhong International Building (虹橋樞紐申虹國際大廈)	The Trade Association of Shanghai Property Management (上海市物業管理行業協會)	December 2014
Pujiang Property	Shanghai property management outstanding district of year 2014 (2014年度“上海市物業管理優秀工業園區”) — Shanghai South Station City Power Square (上海南站城市動力廣場)	The Trade Association of Shanghai Property Management (上海市物業管理行業協會)	December 2014
Pujiang Property	Shanghai property management outstanding building of year 2014 (2014年度“上海市物業管理優秀大廈”) — Zhongshandongyi Lu Building No. 12 (中山東一路12號大樓)	The Trade Association of Shanghai Property Management (上海市物業管理行業協會)	December 2014
Pujiang Property	Shanghai property management outstanding district of year 2014 (2014年度“上海市物業管理優秀園區”) — Pudong Airport Maglev Station (磁浮浦東機場站)	The Trade Association of Shanghai Property Management (上海市物業管理行業協會)	December 2014
Pujiang Property	Featuring Companies in Public Property Management of year 2015 (2015物業服務特色企業(公眾物業))	CHINA PROPERTY MANAGEMENT INSTITUTE (中國物業管理協會)	24 September 2015

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<u>Recipient</u>	<u>Qualifications</u>	<u>Granting organisation</u>	<u>Validity Period/ Date of award</u>
Pujiang Property	Top 100 Property Management Companies of year 2015 (2015物業管理綜合實力百強企業)	CHINA PROPERTY MANAGEMENT INSTITUTE (中國物業管理協會)	24 September 2015
Hefei Zheng Wen	Top 30 Property Management Companies in Anhui of year 2015 (2015年度安徽物業管理企業30強)	Anhui Real State Research Association (安徽省房地產研究會)	2015

CONTINUING CONNECTED TRANSACTIONS

We have entered into a number of agreements with our connected persons set out more particularly below. Such transactions will constitute our continuing connected transactions under Chapter 14A of the Listing Rules upon Listing.

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

As at the Latest Practicable Date, Anhui Bund had entered into the following property management agreements (collectively the “**Property Management Agreements**”), which are subsisting as at the Latest Practicable Date, with Anhui Wan Tou (which holds 49% of the equity interest in Anhui Bund, one of our subsidiaries, as such Anhui Wan Tou is our connected person at the subsidiary level upon Listing) and its associates namely Zhejiang Guang Xia Group Anhui Property Limited* (浙江廣廈集團安徽置業有限公司) (“**Guang Xia Group**”), Bengbu Wan Tou Investment Limited* (蚌埠皖投融富投資管理有限責任公司) (“**Bengbu Wan Tou**”) and Anhui Wan Tou Tong An Investment Management Limited* (安徽皖投同安投資管理有限公司) (“**Anhui Tong An**”) in relation to:

- (i) the provision of property management service to Bengbu International Motor Centre* (蚌埠國際汽車城) developed by Bengbu Wan Tou on a monthly basis for a fee of RMB160,375 per month. As at the Latest Practicable Date, the parties were yet to enter into any written agreement, the provision of management services by our Group to Bengbu International Motor Centre* (蚌埠國際汽車城) was on a month to month basis;
- (ii) the provision of property management service to Wan Tou Shui An Xing Cheng* (皖投•水岸星城) developed by Anhui Wan Tou for a fee of RMB1,596,000 on a lump sum basis for the period from 1 January 2017 to 31 December 2017;
- (iii) the provision of property management service to Wan Tou Property Canteen* (皖投置業食堂) developed by Anhui Wan Tou for a fee of RMB380,000 on a lump sum basis for the period from 1 January 2017 to 31 December 2017;
- (iv) the provision of property management service to Tian Xian Xia Jin Cheng* (天下錦城) R3 office area developed by Anhui Wan Tou for a fee of RMB2,180,264.97 on a lump sum basis for the period from 1 January 2017 to 31 December 2017;
- (v) the provision of property management service to Yao Gong Xin Yuan* (姚公新苑) developed by Guang Xia Group for a fee of RMB654,016.61 on a lump sum basis for the period from 1 January 2017 to 31 December 2017;
- (vi) the provision of property management service to Ling Hu Garden* (淩湖花園) which is a construction project managed by Anhui Wan Tou for a fee of RMB6,583,753.19 on a lump sum basis for the period from 30 May 2016 up to the date of incorporation of the owners’ committee which, according to our Directors, will be not earlier than 31 December 2017;

CONTINUING CONNECTED TRANSACTIONS

- (vii) the provision of property management service to Wan Tou — Tian Xia Ming Zhu (An Qing) development project* (皖投 — 天下名築(安慶)項目) by Anhui Tong An for a fee of RMB4,002,880.80 on a lump sum basis for the period from 15 June 2016 up to the date of incorporation of the owners' committee which, according to our Directors, will be not earlier than 31 December 2017;
- (viii) the provision of property management service to the exhibition area of the sale office (including display room) of An Qing Tian Xia Ming Zhu development project* (安慶天下名築項目售樓部展示區) developed by Anhui Tong An for a fee of RMB461,615 on a lump sum basis for the period from 1 October 2017 to 30 September 2018;
- (ix) the provision of property management service to Anhui Wan Tou Tong An Investment Management Limited* (安徽皖投同安投資管理有限責任公司) Office Premises developed by Anhui Tong An for a fee of RMB261,002 on a lump sum basis for the period from 1 October 2017 to 30 September 2018;
- (x) the provision of property management service to the exhibition area of sale office, office area, and canteen area of Tian Xia Ming Zhu project* (天下名築項目) developed by Anhui Wan Tou for a fee of RMB1,490,520 on a lump sum basis for the period from 1 January 2017 to 31 December 2017;
- (xi) the provision of security service to Quanjiao Wan Tou Qiyun Shanzhuang Hotel* (全椒皖投齊雲山莊酒店) developed by Anhui Wan Tou Quanjiao Wan Tou Qiyun Shanzhuang Hotel Branch Company* (安徽皖投置業有限責任公司全椒皖投齊雲山莊酒店分公司) for an annual fee of RMB500,000 on a lump sum basis for the period from 17 November 2016 to 16 November 2018; and
- (xii) the provision of property management service to canteen area of Binhe Garden* (濱河花園) developed by Anhui Wan Tou for a monthly fee of RMB7,669 (or RMB92,028 per year) on a lump sum basis for the period from 1 July 2016 to 31 December 2017.

As confirmed by our Directors, the principal business of Anhui Wan Tou and its associates is property development only, they do not provide any property management service.

Key terms of the Property Management Agreements and pricing policy

The fees chargeable under each of the Property Management Agreements were agreed on an arm's length basis with reference to the comparable fees charged by our Group for services to independent property owners of other similar projects.

Historical transaction amount

For the financial years ended 31 December 2014, 2015, 2016 and the six months ended 30 June 2017, the total property management fee received by our Group from Anhui Wan Tou and its associates amounted to approximately RMB7,920,000, RMB9,300,000, RMB9,979,000 and RMB6,072,000.

CONTINUING CONNECTED TRANSACTIONS

Proposed annual cap

For the financial year ending 31 December 2017, the total property management fees payable by Anhui Wan Tou and its associates to our Group are not expected to exceed HK\$18,560,000 (equivalent to RMB16,000,000).

Basis of annual cap

In arriving at the annual cap, our Directors have considered (i) the historical transaction amounts; and (ii) the terms agreed by the parties under the Property Management Agreements including the aggregate contractual sum of approximately RMB16,000,000.

Implications under the Listing Rules

As Anhui Wan Tou is our connected person at the subsidiary level upon Listing and in light of the view of our Directors (including the independent non-executive Directors) as set out under the paragraph headed “Confirmation from our Directors in relation to the Non-exempt Continuing Connected Transactions” below, the transactions contemplated under the Property Management Agreements are subject to the reporting, annual review and announcement requirements but exempt from the circular, independent Shareholders’ approval requirements pursuant to Rule 14A.101 of the Listing Rules.

Waiver application for Non-exempt Continuing Connected Transactions

As the non-exempt continuing connected transactions will continue after the Listing on a recurring basis and are expected to extend over a period of time, our Directors consider that strict compliance with the announcement requirement under the Listing Rules would be burdensome and add unnecessary administrative costs on our Company each time such transactions arise. Accordingly, pursuant to the Rule 14A.105 of the Listing Rules, we have applied for, and the Stock Exchange has granted us, a waiver from strict compliance with the announcement requirement under Rule 14A.35 of the Listing Rules once our Shares are listed on the Stock Exchange in respect of such non-exempt continuing connected transactions, subject to the aggregate amount of each of the non-exempt continuing connected transactions for each financial year not exceeding the relevant annual cap amount as stated above.

Confirmation from our Directors in relation to the Non-exempt Continuing Connected Transactions

Our Directors (including our independent non-executive Directors) are of the view that the non-exempt continuing connected transactions described in this section have been entered into in the ordinary and usual course of business of our Group, are on normal commercial terms or better, are fair and reasonable and in the interests of our Company and our Shareholders as a whole, and that the proposed annual cap for these transactions referred to in this section is fair and reasonable, and in the interests of our Shareholders as a whole.

CONTINUING CONNECTED TRANSACTIONS

Confirmation from the Sole Sponsor in relation to the Non-exempt Continuing Connected Transactions

The Sole Sponsor is of the view that the non-exempt continuing connected transactions described in this section have been entered into in the ordinary and usual course of business of our Group, are on normal commercial terms or better, are fair and reasonable and in the interests of our Company and our Shareholders as a whole, and that the proposed annual cap for these transactions referred to in this section is fair and reasonable, and in the interests of our Shareholders as a whole.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

DELINEATION OF PROPERTY MANAGEMENT BUSINESS AND NON-PROPERTY MANAGEMENT RELATED BUSINESS

For the purpose of delineation of our property management business and other non-property management related business of our Controlling Shareholders and their respective associates including Pujiang Holding and to prepare for the Reorganisation, the Inter-group Restructuring had been conducted, upon completion of which all the property management companies initially held by Pujiang Holding had been acquired by Pujiang Property. Pujiang Holding had then ceased to operate any business in property management and related services and remained our connected person and an associate of our Controlling Shareholders.

For details of the Inter-group Restructuring and Pujiang Holding, please refer to the subsection headed “History, Reorganisation and Corporate Structure — Inter-group Restructuring” in this prospectus.

OUR CONTROLLING SHAREHOLDERS

Immediately following completion of the Global Offering and assuming that the Over-allotment Option is not exercised, Partner Summit will own 73.5% of the issued share capital of our Company.

Partner Summit is in turn held as to 87% by Vital Kingdom, 10% by Source Forth and 3% by Pine Fortune. Vital Kingdom is wholly-owned by Mr. Xiao, Source Forth is wholly-owned by Mr. Fu and Pine Fortune is wholly-owned by Mr. Chen. Pursuant to the Confirmation of the Controlling Shareholders, each of Mr. Xiao, Mr. Fu and Mr. Chen (via their respective investment holding company controlled by them) has confirmed that they would jointly control their respective interests in our Company and the decisions as to the business and operations of our Group shall be in accordance with the unanimous consent of all of them.

As such, upon completion of the Global Offering and assuming that the Over-allotment Option is not exercised, each of Mr. Xiao, Mr. Fu and Mr. Chen is deemed to be interested in 73.5% of the issued share capital of our Company. As such, Partner Summit, Vital Kingdom, Mr. Xiao, Source Forth, Mr. Fu, Pine Fortune and Mr. Chen are a group of Controlling Shareholders of our Company. Mr. Xiao is our executive Director and chairman of our Board. Mr. Fu is our executive Director and vice chairman of our Board.

Each of Partner Summit, Vital Kingdom, Source Forth and Pine Fortune is a private investment holding company with limited liability incorporated in BVI. Save for their interests in our Group, each of them does not operate any business or hold any interests in any other entities.

Apart from their interest in our Group, Mr. Xiao and Mr. Fu (through Pujiang Holding) also engage in the business of investment management, Mr. Xiao is also engaged in private investments in non-property management related business including trading of food products.

Apart from his interest in our Group, Mr. Chen also engages in the business of investment management together with Ms. Lin, his spouse.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

In view of the above, our Directors are of the view that the nature of business activities carried on by our Group and those carried out by our Controlling Shareholders and their respective associates including Pujiang Holding are clearly distinct and that there is a clear delineation between our business and those of our Controlling Shareholders.

Each of our Controlling Shareholders has confirmed to our Company that it/he and its/his respective associates do not have any interest in any business, apart from the business of our Group, which competes or is likely to compete, either directly or indirectly, with our business.

Further, none of our Directors is a director or a shareholder of a company engaged in any business apart from our business, which competes or is likely to compete, either directly or indirectly with our business.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Having considered the following factors, our Directors are satisfied that our Group is capable of carrying on the business independently from our Controlling Shareholders and their respective associates after completion of the Global Offering.

Management Independence

The Board comprises three executive Directors and three independent non-executive Directors. Each of our Directors is aware of his fiduciary duties as a director which require, among others, that he must act for the benefit of and in the best interests of our Company and not allow any conflict between his duties as a Director and his personal interests. The Directors shall not vote in any Board resolution approving any contract or arrangement or any other proposal in which he or any of his associates has a material interest.

Although Mr. Xiao, our Controlling Shareholder and executive Director, also holds directorship in the boards of Partner Summit and Vital Kingdom, Mr. Fu, our Controlling Shareholder and executive Director, also holds directorship in the boards of Partner Summit and Source Forth, our Board functions independent of Partner Summit, Vital Kingdom and Source Forth and other private companies (including Pujiang Holding) which each of Mr. Xiao and Mr. Fu may own apart from the investment in our Company. Since Partner Summit, Vital Kingdom and Source Forth are investment holding companies with no operative business and that each of Mr. Xiao and Mr. Fu and their respective associates (including Pujiang Holding) is not involved in any other business that is in competition with our business, our Directors believe that the independence of management of our Group will not be affected or compromised by the dual roles of Mr. Xiao and Mr. Fu on our Board and their interest in Partner Summit, Vital Kingdom Source Forth and their other private investments.

In the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and our Directors or their respective associates, the interested Director(s) will abstain from voting at the relevant meetings of our Board and will not be counted in the quorum. We have three independent non-executive Directors representing more than one-third of the members of our Board. Such composition is in line with or better than the current corporate governance best practices according to the Listing Rules.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

Based on the above, our Directors are satisfied that our Board as a whole together with our senior management team are able to perform the managerial role in our Group independently.

Operational Independence

All our operating subsidiaries, joint venture companies and associated companies hold all relevant licences, trademarks and copyrights that are material in relation to our business operations in their own names. We have sufficient operational capacity in terms of capital and employees to operate our business independently. We also have independent access to suppliers, partners and customers and an independent management team to handle our day-to-day operations.

Further, as explained in the paragraph headed “Delineation of property management business and non-property management related business” above, the operations of our Group are separate from and independent of those of our Controlling Shareholders and their respective associates (including Pujiang Holding). We do not have any continuing connected transactions with any of our Controlling Shareholders or their respective associates including Pujiang Holding.

We are led by a management team with extensive experience in the property management industry. The majority of our Directors and senior management team have joined our Group before 2009. Please refer to the section headed “Directors and Senior Management” in this prospectus for further details.

Based on the above, our Directors consider that the operation of our Group does not rely on our Controlling Shareholders or any of their respective associates.

Financial Independence

During the Track Record Period, our Group has certain amounts both due to and from our Controlling Shareholders and their respective associates (including Pujiang Holding), please refer to the sub-section headed “Financial Information — Related Party Transactions” in this prospectus and Note 31 of the Accountants’ Report set out in Appendix I to this prospectus for further details. During the Track Record Period, certain bank borrowings were guaranteed by Mr. Fu and Pujiang Holding, please refer to the sub-section headed “Financial Information — Indebtedness” in this prospectus and Note 25 of the Accountants’ Report set out in Appendix I to this prospectus for further details. As at the Latest Practicable Date, all the above guarantees provided to our Group had been released and there was no inter-company loan or balance between our Group and our Controlling Shareholders and their respective associates (including Pujiang Holding). Our Directors further confirm that our Group has sufficient capital to operate its business independently, and has adequate internal resources and a strong credit profile to support its daily operations.

We have our own accounting systems, accounting and finance department, independent treasury function for cash receipts and payments and we make financial decisions according to our own business needs. Our Directors believe that we are capable of obtaining financing from external sources without reliance on our Controlling Shareholders.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

Based on the above, our Directors believe that we are able to maintain financial independence from our Controlling Shareholders or any of their respective associates after the Listing.

NON-COMPETITION UNDERTAKINGS

Each of our Controlling Shareholders (collectively, the “**Covenantors**”), has given certain non-competition undertakings in favour of our Company (for itself and as trustee for each of our subsidiaries) under the Deed of Non-competition, pursuant to which each of the Covenantors, jointly and severally, warrants and undertakes with our Company that, from the Listing Date and ending on the occurrence of the earlier of:

- (a) any of the Covenantor, and his/its associates and/or successor, individually and/or collectively, cease to own 30% (or such percentage as may from time to time be specified in the Takeovers Code as being the level for triggering a mandatory general offer) or more of the then issued share capital of our Company directly or indirectly or cease to be deemed as our Controlling Shareholder; or
- (b) the Shares cease to be listed on the Stock Exchange (except for temporary suspension of the Shares due to any reason),

he/it will not, and will procure any of his/its associates and any company directly or indirectly controlled by him/it (which for the purpose of the Deed of Non-competition, shall not include any member of our Group) not to either on his/its own or in conjunction with any body corporate, partnership, joint venture or other contractual agreement, whether directly or indirectly, whether for profit or not, carry on, participate in, hold, engage in, acquire or operate, or provide any form of assistance to any person, firm or company (except members of our Group) to conduct any business which, directly or indirectly, competes or may compete with the business presently carried on by our Company or any of our subsidiaries or any other business that may be carried on by any of them from time to time during the term of the Deed of Non-competition, in Hong Kong or the PRC and such other places as our Company or any of our subsidiaries may conduct or carry on business from time to time, including but not limited to provision of property management services and other related services (the “**Restricted Business**”).

Such non-competition undertakings do not apply to:

- (i) the holding of Shares or other securities issued by our Company or any of our subsidiaries from time to time;
- (ii) the holding of shares or other securities in any company which has an involvement in the Restricted Business, provided that such shares or securities are listed on a recognised stock exchange and the aggregate interest of the Covenantor and his/its associates (as “interest” is construed in accordance with the provisions contained in Part XV of the SFO) does not amount to more than 5% of the relevant share capital of the company in question;
- (iii) the contracts and other agreements entered into between our Group and the Covenantor and/or his/its associates; and

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

- (iv) the involvement, participation or engagement of the Covenantor and/or his/its associates in the Restricted Business in relation to which our Company has agreed in writing to such involvement, participation or engagement, following a decision by our independent non-executive Directors to allow such involvement, participation or engagement subject to any conditions our independent non-executive Directors may require to be imposed.

New Business Opportunity

The Covenantors have further undertaken to procure that, any business investment or other commercial opportunity relating to the Restricted Business (the “**New Opportunity**”) identified by or offered to the Covenantors and/or any of their associates (other than members of our Group) (the “**Offeror**”) is first referred to us in the following manner:

- (a) the Covenantors are required to, and shall procure their associates (other than members of our Group) to, refer, or procure the referral of, the New Opportunity to us, and shall give written notice to us of any New Opportunity containing all information reasonably necessary for us to consider whether (i) the New Opportunity would constitute competition with our core business and/or any other new business which our Group may undertake at the relevant time, and (ii) it is in the interest of our Group to pursue the New Opportunity, including but not limited to the nature of the New Opportunity and the details of the investment or acquisition costs (the “**Offer Notice**”); and
- (b) the Offeror will be entitled to pursue the New Opportunity only if (i) the Offeror has received a written notice from us declining the New Opportunity and confirming that the New Opportunity would not constitute competition with our core business, or (ii) the Offeror has not received the notice from us within 10 Business Days from our receipt of the Offer Notice. If there is a material change in the terms and conditions of the New Opportunity pursued by the Offeror, the Offeror will refer to the New Opportunity as so revised to us in the manner as set out above.

Upon receipt of the Offer Notice, we will seek opinions and decisions from a committee of our Board consisting of Directors who do not have a material interest in the matter (the “**Independent Board Committee**”) as to whether (a) such New Opportunity would constitute competition with our core business, and (b) it is in the interest of our Company and our Shareholders as a whole to pursue the New Opportunity.

General undertakings

To ensure the performance of the above non-competition undertakings given under the Deed of Non-competition, each of the Covenantors shall, among others:

- (a) when required by our Company, provide all information necessary for the Independent Board committee to conduct annual examination with regard to the compliance of the terms of the Deed of Non-competition and the enforcement thereof; and

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

- (b) where the Independent Board Committee has rejected the New Opportunity referred to by the Offeror as stipulated above regardless of whether the Offeror would thereafter invest or participate in such New Opportunity, procure our Company to disclose to the public either in the annual or interim report of our Company or an announcement the decision of the Independent Board Committee regarding the decision on the New Opportunity and the basis thereof.

In respect of the above undertakings, our Company confirms that, if the Independent Board Committee has rejected the New Opportunity referred to by the Offeror as stipulated above regardless of whether the Offeror would thereafter invest or participate in such New Opportunity, it will disclose to the public either in the annual or interim report of our Company or an announcement the decision of the Independent Board Committee regarding the decision on the New Opportunity and the basis thereof.

DIRECTORS AND SENIOR MANAGEMENT

GENERAL

Our Board consists of six Directors, comprising three executive Directors and three independent non-executive Directors. Our Directors are supported by our senior management in the day-to-day management of our business.

The following table sets out the information in respect of our Directors and senior management:

<u>Name</u>	<u>Age</u>	<u>Title</u>	<u>Date of joining our Group</u>	<u>Date of appointment</u>	<u>Relationship among our Directors and senior management</u>	<u>Role and responsibilities</u>
Executive Directors						
Mr. Xiao Xingtao (肖興濤)	68	Chairman and executive Director	2 December 2002	27 July 2016	Father of Mr. Xiao Yuqiao	Presiding over the Board, strategic planning and business development
Mr. Fu Qichang (傅其昌)	59	Vice-chairman and executive Director	2 December 2002	24 October 2016	No	Strategic planning and business development
Mr. Xiao Yuqiao (肖予喬)	35	Executive Director and chief executive officer	February 2006	24 October 2016	Son of Mr. Xiao Xingtao	Supervising the overall operation and management; executing policies of our Group
Independent non-executive Directors						
Mr. Cheng Dong (程東)	55	Independent non-executive Director	15 November 2017	15 November 2017	No	Overseeing the management of our Group independently
Mr. Weng Guoqiang (翁國強)	57	Independent non-executive Director	15 November 2017	15 November 2017	No	Overseeing the management of our Group independently
Mr. Shu Wa Tung Laurence (舒華東)	45	Independent non-executive Director	15 November 2017	15 November 2017	No	Overseeing the management of our Group independently
Senior Management						
Mr. Choy Suk Man (蔡叔文)	52	Chief financial officer and company secretary	1 September 2016	1 September 2016	No	Overseeing accounting activities and company secretarial work of our Group
Ms. Zhu Hong (朱紅)	53	Vice president	26 August 2003	24 October 2016	No	Management of invested companies of our Group and the projects operated by them outside Shanghai markets
Mr. Bai Min (白珉)	46	Vice president	1 April 2009	24 October 2016	No	Business development and day-to-day business of our Group
Mr. Jia Shaojun (賈少軍)	47	Vice president	18 December 2014	24 October 2016	No	Internal integrated management of our Group
Mr. Xu Wenzhang (徐文章)	56	Vice president	27 November 2015	24 October 2016	No	Management of engineering facilities of our Group
Mr. Xu Chaobin (許朝濱)	40	Assistant president	10 May 2004	24 October 2016	No	Management of major projects of our Group

DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Mr. Xiao Xingtao (肖興濤), aged 68, a co-founder of our Group with Mr. Fu. Mr. Xiao was appointed as our Director on 27 July 2016, as the chairman of our Board and re-designated as our executive Director on 24 October 2016. Mr. Xiao is responsible for strategy planning and business development of our Group. He is also the chairman of the nomination committee of our Group. Mr. Xiao is the father of Mr. Xiao YQ.

Mr. Xiao obtained a diploma degree in Chinese Language from Shanghai Institute of Education* (上海教育學院) in the PRC in July 1985. He attended a training course in economic study organised by the Graduate School of Shanghai Academy of Social Sciences* (上海社會科學院研究生部) in the PRC in March 1997. Mr. Xiao obtained the qualification of senior economist upon completion of the Integrated Economic Management Programme* (經濟綜合管理) organised by Shanghai Accreditation Board for Senior Professionals in Economics (Production sector)* (上海市經濟系列(生產領域)高級專業技術職務任職資格評審委員會) in July 2003.

Prior to the establishment of our Group, Mr. Xiao had worked in several state-owned enterprises. He joined Jiangnan Shipyard* (江南造船廠) (now known as Jiangnan Shipyard (Group) Company Limited* (江南造船(集團)有限責任公司)) in November 1968 and acted as head of its publicity department from October 1992 to June 1995. Mr. Xiao first encountered the property management industry when he served as an officer director of Shanghai Jiu Shi Company* (上海久事公司), deputy general manager of Shanghai Jiushi Company Bund Zhihuan Headquarters* (上海久事公司外灘置換總部) responsible for overall operation and general management of Shanghai Bund Housing Replacement Property Company Limited* (上海外灘房屋置換物業有限公司) (now known as Shanghai Bund) from May 1995 to October 2002.

With his knowledge and experience gained in property management industry, Mr. Xiao established Pujiang Property jointly with Mr. Fu in December 2002 for carrying out property management business and served as the chairman of the board and general manager since its establishment. With the growth and expansion of our Group, Mr. Xiao and Mr. Fu later established or acquired other property management companies for carrying out various property management projects and also set up Pujiang Holding in June 2007 as their investment holding vehicle for various property management companies and other companies carrying out investment management business and has been acting as its chairman since then. He has served as the director and chairman of the board of Shanghai Rui Zheng, Shanghai Bund, Pujiang Holding and Shanghai Pujiang Energy Co. Ltd.* (上海浦江能源有限公司) (a wholly-owned subsidiary of Pujiang Holding) since January 2004, March 2004, June 2007 and February 2011 respectively. Mr. Xiao has also been the director of Shanghai Jiu Yi since May 2003.

Mr. Xiao was awarded the independent innovation leading talent* (自主創新領軍人才) by Shanghai Luwan District Government* (上海盧灣區人民政府) in April 2008, the golden prize of outstanding contribution to Shanghai Property Management Industry* (上海市物業管理行業突出貢獻金獎) in January 2011 and the outstanding individual* (傑出人物獎) by Shanghai Property Management Industry Society* (上海物業管理行業協會) in January 2015.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Fu Qichang (傅其昌), aged 59, a co-founder of our Group with Mr. Xiao and was appointed as our executive Director and vice chairman of our Board on 24 October 2016. He is responsible for strategic planning and business development of our Group. Mr. Fu is also a member of the nomination committee and remuneration committee of our Group.

Mr. Fu obtained a diploma degree in Accountancy from Lixin Accountancy College of Professional Studies* (立信會計專科學校) in the PRC in July 1983 and a Master degree in Business Administration from Macau University of Science and Technology (by distance learning) in Macau, in February 2004. He obtained an Executive Master of Business Administration (Service Management) (by distance learning) in Shanghai, the PRC offered by W. P. Carey School of Business of Arizona State University in May 2013.

Mr. Fu obtained the accountant qualification awarded by Shanghai Accreditation Board for Middle Level Professionals (Accountants) of the Shanghai Moto Industry Holding Company* (上海市汽車工業總公司會計系列中級專業技術職務任職資格評審委員會) in June 1992 and attended a corporate finance course organised by Sino-Euro International Business School* (中歐國際工商學院) in August 1999. He obtained the qualifications of senior business manager* (高級商務管理崗位資格證書) awarded by Shanghai Business Talents Training Center* (上海市商業人才培訓中心) and Shanghai Desirable Talent Training Projects Joint Conference Office* (上海緊缺人才培訓工程聯席會議辦公室) in February 2004 and corporate manager of national property management upon completion of the National Property Management for Corporate Manager Programme* (全國物業管理企業經理) organised by Shanghai Property Industrial Education Centre* (上海市房地產行業教育中心) in December 2001. Mr. Fu was awarded the chief financial officer qualifying training certificate by Shanghai National Accountants Institute in July 2013.

Prior to the establishment of our Group, Mr. Fu acted as the deputy general manager and chief accountant in Pudong Company of Shanghai Jiu Shi Company* (上海久事公司浦東公司) and the deputy general manager of Property Company of Shanghai Jiu Shi Company* (上海久事公司物業公司) from July 1997 to March 2003.

Mr. Fu has served as a director of Puijiang Property since its establishment in December 2002. He was appointed as the director and deputy general manager of Shanghai Bund in April 2004 and he has served as its vice chairman and general manager since February 2009. Mr. Fu has also been acting as the director of Shanghai Rui Zheng since its establishment in January 2004, a director of Shanghai Bund Green since its establishment in August 2004, a director of Anhui Bund since October 2010 and a director of Shanghai Hong Ji since March 2016. He has served as a director and chief executive officer of Pujiang Holding since its establishment in June 2007.

Mr. Fu was awarded the role model of the Shanghai Labour Force* (上海市勞動模範) by Shanghai People's Government in April 2010, national role model of the industry* (全國行業楷模) by National Property Management Society* (全國物業管理協會) in September 2011, veteran professional manager of the Shanghai property service industry* (上海市物業服務企業資深職業經理人) by Shanghai Property Management Industry Society in January 2012, Shanghai Huangpu district professional and technical talents* (專業技術拔尖人才) by Shanghai Huangpu District Government* (上海市黃浦區人民政府) in September 2012 and the outstanding individual by Shanghai Property Management Industry Society in January 2015.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Xiao Yuqiao (肖予喬), aged 35, was appointed as our executive Director and chief executive officer on 24 October 2016. He is responsible for the overall operation and management and execution of the policies of our Group. Mr. Xiao YQ is also member of the remuneration committee of our Group. Mr. Xiao YQ is the son of Mr. Xiao.

Mr. Xiao YQ obtained a double degree in Philosophy and Business Management from the State University of New York at Stony Brook in the United States in May 2005.

Mr. Xiao YQ has over ten years of experience in the property management industry. He joined our Group in February 2006 and had served as the general manager of Shanghai Pujiang Sanqing Property Co. Ltd.* (上海浦江三清物業有限公司) (now known as Shanghai Rui Zheng) until May 2012. He was the general manager of Ningbo Plaza from May 2012 to December 2013. Mr. Xiao YQ had served as the deputy general manager in Pujiang Property since May 2012 and was subsequently appointed as its director on 11 March 2016. He has been the deputy general manager of Shanghai Bund since May 2012 and a director of Shanghai Jie Gu since May 2016. Mr. Xiao YQ has also served as an executive director of Pujiang Holding since January 2014.

Mr. Xiao YQ was awarded the outstanding individual (15th anniversary) by China Property Management Magazine* (《中國物業管理》雜誌社) in July 2016.

Independent non-executive Directors

Mr. Cheng Dong (程東), aged 55, was appointed as our independent non-executive Director on 15 November 2017. He is responsible for overseeing the management of our Group independently. He is also the chairman of the remuneration committee and a member of the audit committee and nomination committee of our Group.

Mr. Cheng graduated with a Bachelor degree in management engineering from Tongji University (同濟大學) in the PRC in July 1984 and Master degree in economic informatics from Academy for Computer Science and Computer Executives* (Akademie für Fach- und Führungskräfte der Informatik) in Germany in May 1995.

Mr. Cheng was accredited as an organisational programmer and economic informatics scientist by the Chambers of Industry and Commerce Region Stuttgart* (Industrie- und Handelskammer Region Stuttgart) in Germany in November 1992 and December 1992 respectively.

Mr. Cheng was a teacher at the School of Economics and Management at the Tongji University (同濟大學) from July 1984 to January 1990. From March 1992 to June 1995, he served as an software engineer and project manager at Yingta Information Technology Company Limited, Germany* (德國英特格拉塔股份公司) and was the company's chief representative at its representative office in PRC between June 1995 and May 1998. He had served as the general manager of Shanghai Yingta Information Technology Company Limited* (上海英塔信息技術有限公司). Mr. Cheng is currently holding senior positions in several companies in the PRC including legal representative (法人代表) of Shanghai Entai Business and Trading Company Limited* (上海恩泰商貿有限公司) since May 1996, chairman of Shanghai

DIRECTORS AND SENIOR MANAGEMENT

Yingta Health Management Company Limited* (上海英塔健康管理有限公司) since November 2008, and general manager of Anpac Bio-Medical Science Company Limited (安派科生物醫學科技(上海)有限公司) since April 2014.

Mr. Weng Guoqiang (翁國強), aged 57, was appointed as our independent non-executive Director on 15 November 2017. He is responsible for overseeing the management of our Group independently. He is also member of the audit committee, nomination committee and remuneration committee of our Group.

Mr. Weng graduated with a Bachelor degree in Applied Mathematics from the Tongji University in the PRC in July 1982 and a Master degree in Public Administration from the University of Macau in Macau in September 2003.

Mr. Weng was accredited as a National Vocational Qualification Level 2 Vocational Management Professional* (國家職業資格二級職業經理人) in May 2003 and a Level 1 Senior Vocational Management Professional* (一級高級職業經理人) in September 2004 by the Shanghai Vocational Skill Testing Authority* (上海市職業技能鑒定中心). Mr. Weng was also accredited as a Certified Property Manager by the Personnel Department of Shanghai* (上海市人事局) in October 2006 and an Advanced Economist* (高級經濟師) by the Personnel Department of Jiangsu Province* (江蘇省人事廳) in September 2009.

Mr. Weng has extensive experience in the property management industry in Shanghai for over 18 years. He had served as a general manager of Shanghai Lujiazui Property Management Co., Ltd. (上海陸家嘴物業管理有限公司) from October 1999 to May 2008 and as a general manager of Wuxi Dongzhou Property Management Company Limited* (無錫東洲物業管理有限公司) from May 2008 to December 2009. Since January 2010, Mr. Weng has taken up the positions of general manager and subsequently executive director at the Shanghai Tonglai Property Management Company Limited* (上海同涑物業管理有限公司).

Mr. Weng was the chairman/director/legal representative of the following companies which were incorporated in the PRC at the time of their respective cancellation:

Name of Company	Principal business activity before cancellation	Date of cancellation	Means of cancellation	Reasons of revocation/cancellation
Shanghai Lujiazui Property Service Company Limited* (上海陸家嘴物業服務有限公司)	Property maintenance services	3 March 2006	Cancellation under the PRC Company Law (Note)	Ceased to have operation
Shanghai Banshan Catering Company Limited* (上海半山餐飲有限公司)	Japanese restaurant	6 April 2006	Cancellation under the PRC Company Law (Note)	Ceased to have operation
Shanghai Shibangde Bidding Agency Company Limited* (上海仕邦德招投標代理有限公司)	Property tendering services	19 July 2005	Cancellation under the PRC Company Law (Note)	Ceased to have operation

DIRECTORS AND SENIOR MANAGEMENT

Name of Company	Principal business activity before cancellation	Date of cancellation	Means of cancellation	Reasons of revocation/cancellation
Shanghai Yuqiao Property Company Limited* (上海禦橋物業有限公司)	Property management	28 November 2007	Cancellation under the PRC Company Law (Note)	Ceased to have operation
Shanghai Mingcheng Café Company Limited* (上海明城咖啡廳有限公司)	Catering services	24 August 2005	Cancellation under the PRC Company Law (Note)	Ceased to have operation
Shanghai Jiaxun Cleaning Services Company Limited* (上海佳迅清潔服務有限公司)	Property cleaning services	14 February 2006	Cancellation under the PRC Company Law (Note)	Ceased to have operation
Shanghai Lujiazui Hotel Management Company Limited* (上海陸家嘴酒店管理有限公司)	Hotel management	28 June 2006	Cancellation under the PRC Company Law (Note)	Ceased to have operation
Shanghai Lujiazui Jinpan Property Management Company Limited* (上海陸家嘴金磐物業管理有限公司)	Property management services	2 March 2011	Cancellation under the PRC Company Law (Note)	Ceased to have operation
Shanghai Lujiazui Property Service Information Company Limited* (上海陸家嘴物業服務信息有限公司)	Call centre services	30 January 2007	Cancellation under the PRC Company Law (Note)	Ceased to have operation
Shanghai Lujiazui Property Management Consultancy Company Limited* (上海陸家嘴物業管理諮詢有限公司)	Property agency services	30 June 2005	Cancellation under the PRC Company Law (Note)	Ceased to have operation
Shanghai Lurui New Commerce and Trading Company Limited* (上海陸瑞新商貿有限公司)	Building materials trading	17 May 2006	Cancellation under the PRC Company Law (Note)	Ceased to have operation
Dongguan Kuka Information Technology Company Limited* (東莞市庫卡信息科技有限公司)	Information technology consultancy services	3 June 2016	Cancellation under the PRC Company Law (Note)	Ceased to have operation

DIRECTORS AND SENIOR MANAGEMENT

Note: Pursuant to Article 180 of the PRC Company Law, an application of cancellation can be made voluntarily by way of submitting applications to the Administration of Industry and Commerce for companies which have ceased to carry on business or operation.

Mr. Shu Wa Tung Laurence (舒華東), aged 45, was appointed as our independent non-executive Director on 15 November 2017. He is responsible for overseeing the management of our Group independently. He is also the chairman of the audit committee and member of the remuneration committee and nomination committee of our Group.

Mr. Shu graduated with a Bachelor degree in Business (Accounting) from Deakin University in Australia in September 1994. He qualified as a certified practising accountant in Australia in May 1997 and became an associate of the Hong Kong Society of Accountants in September 1997. Mr. Shu attended the chief financial officer programme offered by China Europe International Business School from July to November 2009.

Mr. Shu has over 20 years of experience in audit, corporate finance and financial management. He joined Deloitte Touche Tohmatsu as an accountant in March 1994 and later became an assistant manager and manager of Deloitte's reorganisation service group in October 1999 and April 2000 respectively. Mr. Shu joined Deloitte & Touche Corporate Finance Limited and served as its manager from July 2001 to November 2002. Mr. Shu worked an associate director in Goldbond Capital (Asia) Limited from November 2002 to April 2005. He served as the chief financial officer and company secretary of Texhong Textile Group Limited* (天虹紡織集團有限公司) (a company listed on the Stock Exchange with stock code 02678) from May 2005 to May 2008. Mr. Shu was employed as the chief financial officer of Jiangsu Rongsheng Heavy Industries Co., Ltd* (江蘇熔盛重工有限公司) overseeing its financial management functions and corporate finance activities as well as the daily management of its finance department from July 2008 to June 2010. He was also an independent non-executive director of Greater China Financial Holdings Limited (大中華金融控股有限公司) (a company listed on the Stock Exchange with stock code 00431) from August 2005 to March 2015. Mr. Shu has served as the chief financial officer of Petro-king Oilfield Services Ltd.* (百勤油田服務有限公司) (a company listed on the Stock Exchange with stock code 02178) since July 2010.

Save as disclosed above, each of our Directors (i) did not hold other positions in our Company or any other member of our Group as at the Latest Practicable Date; (ii) had no other relationship with any Directors, senior management or Substantial Shareholders or Controlling Shareholders of our Company as at the Latest Practicable Date; and (iii) did not hold any other directorship in public companies the securities of which are listed on any securities market in Hong Kong or overseas in the three years preceding the Latest Practicable Date.

As at the Latest Practicable Date, save for the interests of Mr. Xiao, Mr. Fu and Mr. Yan in the Shares as disclosed in the section headed "6. Further information about our Directors, senior management and staff" in Appendix IV in this prospectus, none of our Directors had any interest in the Shares within the meaning of Part XV of the SFO.

DIRECTORS AND SENIOR MANAGEMENT

Save as disclosed above, to the best of the knowledge, information and belief of our Directors having made all reasonable enquiries, there was no other matter with respect to the appointment of our Directors that needs to be brought to the attention of our Shareholders and there was no information relating to our Directors that is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules as at the Latest Practicable Date.

Senior Management

Company Secretary

Mr. Choy Suk Man (蔡叔文), aged 52, joined our Group as the chief financial officer and company secretary on 1 September 2016. He is responsible for overseeing accounting activities and company secretarial work of our Group.

Mr. Choy graduated with a Bachelor of Arts degree in Accounting (Hong Kong) (by distance learning) from Napier University, Edinburgh, the United Kingdom in 1999. He is a fellow member of the Association of International Accountants and the Hong Kong Institute of Certified Public Accountants.

Mr. Choy has nearly 30 years of experience in accounting. Mr. Choy served as an accountant in Universal Leather Tourister Limited (環球皮具旅行用品有限公司) from November 1989 to April 1997. He was the group deputy financial controller of Mission Hills Golf Club Limited (駿豪集團) from July 1997 to June 2003. Mr. Choy was the group financial controller of Jimei International Hotel Management Company Limited (集美國際酒店管理有限公司) (now known as Jimei Hotels International Management Company Limited) from January 2005 to September 2011. Mr. Choy was the financial controller in Kings Romans (金木棉集團有限公司) from October 2011 to November 2013, and was the financial controller and company secretary of Hin Sang Group (International) Holding Co. Ltd (衍生集團(國際)控股有限公司) (a company listed on the Stock Exchange with stock code: 06893) from July 2014 to July 2015.

Ms. Zhu Hong (朱紅), aged 53, is responsible for managing the invested companies of our Group and their projects outside Shanghai markets.

Ms. Zhu graduated with a diploma degree in Basic Organic Synthesis from Shanghai Chemical Industry College* (上海化學工業專科學校) in the PRC in July 1984 and a Master degree in Business Administration (by distance learning) from Macau University of Science and Technology in June 2004.

Ms. Zhu qualified as a corporate manager of the national property management upon completion of the National Property Management for Corporate Manager Programme organised by Shanghai Property Industrial Education Centre in May 2003, a national property manager by the Shanghai Human Resources and Social Security Bureau* (上海人力資源和社會保障局) in September 2011 and an engineer by Shanghai Engineering Technology Management Middle Level Professional and Professional and Technical Title Qualification Evaluation Committee* (上海市工程系列科技管理中級專業技術職務任職資格評審委員會) in November 2014.

DIRECTORS AND SENIOR MANAGEMENT

Ms. Zhu had been engaged in the property management business for nearly 20 years. Ms. Zhu served as an assistant to the general manager in Shangshi Property Management Company Limited* (上海上實物業管理有限公司) from July 1996 to January 2001.

Ms. Zhu joined our Group and was appointed as the office director of Pujiang Property in August 2003, deputy general manager of Pujiang Property and Shanghai Bund since April 2006. Ms. Zhu was appointed as a deputy general manager of Anhui Bund on 1 January 2013 and became its director on 15 February 2016. She has served as an assistant to the director of Pujiang Holding since January 2009. Ms. Zhu was appointed as our vice president on 24 October 2016.

Ms. Zhu was recognised as an expert for the Shanghai Property Management Bidding and Tendering* (上海市物業管理招投標評標專家) by the Shanghai Housing and Land Resources Management Bureau* (上海市房屋土地資源管理局) from September 2006 to September 2008 and a procurement evaluation expert of Shanghai People's Government* (上海市政府採購評審專家) by Shanghai Finance Bureau* (上海市財政局). She was awarded the veteran professional manager of Shanghai Property Service Industry by Shanghai Property Management Industry Society in January 2012 and the outstanding individual by Shanghai Property Management Industry Society in January 2015.

Mr. Bai Min (白珉), aged 46, is responsible for managing business development and day-to-day business of our Group.

Mr. Bai graduated with a Bachelor degree in Business and Corporate Management from Hubei Province Economic Management Cadre Institute* (湖北省經濟管理幹部學院) in the PRC in January 2009, a Bachelor degree in Business Administration (Marketing) from Shanghai Jiao Tong University in the PRC in January 2012 and a Master degree in Business Administration (by distance learning) from City University of Macau in July 2015.

Mr. Bai obtained the qualification of national property manager by Shanghai Human Resources and Social Security Bureau in October 2010.

Mr. Bai had worked in various property management companies in Shanghai for over 10 years before joining our Group in April 2009. Mr. Bai was a property manager of Shanghai Yuntai Property Management Company Limited* (上海運泰物業管理有限公司) from April 1997 to August 2000. He was a senior director in Shanghai Kai Shing Property Management Service Company Limited* (上海啟勝物業管理服務有限公司) from August 2000 to December 2000. He was employed as an assistant to general manager of the integrated centre and deputy general manager of the property department of Shanghai Minghua Property Company* (上海明華物業公司) from February 2001 to July 2005. He was the general manager of Yangshan district and deputy general manager of the quality control department of Shanghai New Century Property Service Company Limited* (上海新世紀房產服務有限公司) from August 2005 to March 2009.

Mr. Bai joined our Group as the general manager of our estates management office of Industrial and Commercial Bank of China in April 2009 which was managed by Pujiang Property. He was then seconded to serve as the general manager of the Shanghai World Expo in January 2010. Since January 2011, he has served as an assistant to the general manager and chief

DIRECTORS AND SENIOR MANAGEMENT

property officer in Pujiang Property. Mr. Bai has been serving as a deputy general manager of Anhui Bund since 1 January 2013, and director and deputy general manager in Shanghai Xin Di since June 2015. Mr. Bai was appointed as our vice president on 24 October 2016.

Mr. Bai was awarded the outstanding individual by Shanghai Property Management Industry Society in January 2015 and is an expert of 5th Council of Shanghai Property Management Industry Society* (上海市物業管理行業協會第五屆理事會) since December 2015.

Mr. Jia Shaojun (賈少軍), aged 47, is responsible for the provision of internal integrated management of our Group.

Mr. Jia graduated with a Bachelor degree in Ship Engineering from Dalian University of Technology* (大連理工大學) in the PRC in July 1992 and a Master degree in Professional Accountancy from the Chinese University of Hong Kong (by distance learning) in December 2011.

Mr. Jia obtained the chief financial officer qualifying certificate by the Shanghai National Accounting Institute in August 2010.

Mr. Jia has over 20 years of experience in strategy planning and corporate management before joining our Group in December 2014. He was a deputy head of the department of operation and management in Shanghai Waigaoqiao Shipbuilding Company Limited* (上海外高橋造船有限公司) from June 1996 to October 2005. He served as an assistant to the president and head of planning and management department of Jiangsu Rongsheng Heavy Industry Company Limited from November 2005 to March 2008 and was its deputy president from April 2008 to March 2010. Mr. Jia was the president and head of economics and operation department of Rongsheng Machinery Company Limited* (熔盛機械有限公司) from March 2010 to March 2011 and its president from May 2013 to June 2014. Mr. Jia was a deputy general manager of Zhonglian Heavy Machinery Co., Ltd (中聯重機股份有限公司) from July 2014 to November 2014.

Mr. Jia joined our Group in December 2014 and has served as a deputy general manager and chief officer of department of operation and administration in Pujiang Property and Shanghai Bund since then. He was appointed as our vice president on 24 October 2016.

Mr. Xu Wenzhang (徐文章), aged 56, is responsible for managing engineering facilities of our Group.

Mr. Xu graduated with a Bachelor degree in Power Mechanical Engineering from Shanghai Jiao Tong University in the PRC in July 1983 and a Master degree in Management from Norwegian School of Management BI in Norway (by distance learning) in January 2000.

Prior to joining our Group in November 2015, Mr. Xu had worked at a number of international corporations in property management sector for over 25 years. Mr. Xu was the property engineering senior manager in American International Group (AIG) from March 1990 to February 2005. He was the chief property officer in Shanghai Alison Group Company Limited and general manager in Shanghai Alison Property Management Service Company Limited from February 2005 to January 2007. Mr. Xu held the position of national facilities manager

DIRECTORS AND SENIOR MANAGEMENT

(associate director) in Jones Lang LaSalle Surveyors (Shanghai) Company Limited from February 2007 to September 2008. He served as a director of facilities management of Accor Greater China in Accor Hotels Group from September 2008 to December 2015.

Mr. Xu joined our Group in November 2015 and has served as the chief technical officer in Pujiang Holding since then and deputy general manager of Pujiang Property since January 2016. He was appointed as our vice president on 24 October 2016.

Mr. Xu Chaobin (許朝濱), aged 40, is responsible for managing major projects of our Group.

Mr. Xu CB graduated with a diploma degree in International Trade and Economics from Shanghai Institute of Foreign Trade* (上海對外貿易大學) (now known as Shanghai University of International Business and Economics* (上海對外經貿大學) in the PRC in July 2000.

Mr. Xu CB qualified as a corporate manager of national property management upon completion of the national property management for corporate manager programme organised by Shanghai Property Industrial Education Centre in December 2004 and as a national property manager by the Shanghai Human Resources and Social Security Bureau in September 2013.

Mr. Xu CB has 20 years of experience in property management. Mr. Xu CB served as a property management assistant in Shanghai Hong Kong Square Property Management Company Limited* (上海香港廣場物業管理有限公司) from October 1997 to January 2000. He was the project manager in Shanghai Shenda Property Service Company Limited* (上海申大物業有限公司) from January 2000 to February 2002.

Mr. Xu CB was appointed as a manager of the property management department in Shanghai Bund in April 2002 which was acquired by our Group in May 2004. He was promoted as the deputy office director in January 2003 and manager of the human resources department in January 2004. He has been serving as a manager of several public transportation property management projects since January 2005. He started to serve as a secretary to the board in January 2011 and as an assistant to the general manager in January 2012. He has been serving as a manager of Shanghai Jinhongqiao International Building, Shenhong area and Hongqiao airport property management projects in Pujiang Property since January 2012. Mr. Xu CB was appointed as our assistant president on 24 October 2016.

Save as disclosed above, our senior management (i) did not hold other positions in our Company or any other member of our Group as at the Latest Practicable Date; (ii) had no other relationship with any Directors, Substantial Shareholders, Controlling Shareholders or senior management of our Company as at the Latest Practicable Date; and (iii) did not hold any other directorship in public companies the securities of which are listed on any securities market in Hong Kong or overseas in the three years before the Latest Practicable Date.

DIRECTORS AND SENIOR MANAGEMENT

AUDIT COMMITTEE

The Company established an audit committee on 15 November 2017 which has adopted written terms of reference in compliance with the Code of Corporate Governance Practice set out in Appendix 14 to the Listing Rules. The primary duties of the audit committee are to review and supervise the Group's financial reporting process and internal control system.

The audit committee has three members comprising Mr. Shu, Mr. Cheng and Mr. Weng. The chairman of the audit committee is Mr. Shu, an independent non-executive Director.

REMUNERATION COMMITTEE

The Company established a remuneration committee on 15 November 2017 which considers and recommends to the Board the remuneration and other benefits paid by the Group to the Directors and senior management. The remuneration of all the Directors and senior management is subject to regular monitoring by the remuneration committee to ensure that levels of their remuneration and compensation are appropriate.

The remuneration committee has five members comprising Mr. Fu, Mr. Xiao YQ, Mr. Cheng, Mr. Shu and Mr. Weng. The chairman of the remuneration committee is Mr. Cheng, an independent non-executive Director.

NOMINATION COMMITTEE

The Company established a nomination committee on 15 November 2017 which considers and recommends to the Board suitably qualified persons to become the Directors and is responsible for reviewing the structure, size and composition of the Board on a regular basis.

The nomination committee has five members comprising Mr. Xiao, Mr. Fu, Mr. Cheng, Mr. Shu and Mr. Weng. The chairman of the nomination committee is Mr. Xiao, chairman of our Board and an executive Director.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

The aggregate amount of compensation (including any fees, salaries, bonuses, allowances and benefits in kind and pension scheme contributions and social welfare) paid by us to our Directors during each of the three years ended 31 December 2014, 2015, 2016 and the six months ended 30 June 2017 was approximately RMB1.7 million, RMB2.0 million, RMB2.1 million and RMB1.1 million, respectively.

Save as disclosed above, no other payment has been paid or is payable, in respect of the three years ended 31 December 2014, 2015, 2016 and the six months ended 30 June 2017, by us or any of our subsidiaries to our Directors and senior management.

Details of our Directors' emoluments (on the basis of service agreements and/or letters of appointment), the basis of determining our Directors' emoluments and the proposed length of service for our Directors as stated in the service agreements or letters of appointment are set out under the section headed "6. Further Information about Our Directors, Senior Management and Staff" in Appendix IV to this prospectus.

DIRECTORS AND SENIOR MANAGEMENT

COMPLIANCE ADVISER

We have appointed China Industrial Securities International Capital Limited as our compliance adviser pursuant to Rule 3A.19 of the Listing Rules. Pursuant to Rule 3A.23 of the Listing Rules, the compliance adviser will advise us on the following matters:

- (a) before the publication of any regulatory announcement, circular or financial report;
- (b) where a transaction, which might be a notifiable or connected transaction, is contemplated including share issues and share repurchases;
- (c) 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
- (d) where the Stock Exchange makes an inquiry of us under Rule 13.10 of the Listing Rules.

The term of the appointment shall commence on the Listing Date and end on which the Company complies with Rule 13.46 of the Listing Rules in respect of its financial results for the first full financial year after the Listing Date (i.e. the date of dispatch of the annual report of our Company in respect of its results for the financial year ending 31 December 2018), subject to extension by mutual agreement.

SHARE CAPITAL

The following table is prepared on the basis that the Capitalisation Issue and the Global Offering have become unconditional. This table, however, takes no account of any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option and any options that may be granted under the Share Option Scheme and of any Shares which may be allotted and issued or repurchased by our Company under the general mandate for the allotment and issue or repurchase of Shares granted to our Directors as referred to below.

Authorised share capital:

8,000,000,000	Shares of HK\$0.01 each	HK\$80,000,000
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Shares in issue or to be issue, fully paid or credit as fully paid:

10,000	Shares in issue	HK\$100
299,990,000	Shares to be issued under the Capitalisation Issue (Note)	HK\$2,999,900
100,000,000	Shares to be issued under the Global Offering (Note)	HK\$1,000,000

Total:

<u>400,000,000</u>	Shares	<u>HK\$4,000,000</u>
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Note:

Pursuant to the written resolutions of our Shareholders passed on 15 November 2017, conditional upon the share premium account of our Company being credited as a result of the Global Offering, our Directors were authorised to capitalise the amount of HK\$2,999,900 from the amount standing to the credit of the share premium account of our Company and to apply such amount to pay up in full at par 293,990,200 Shares for allotment and issue to Partner Summit and 5,999,800 Shares for allotment and issue to Mr. Yan.

MINIMUM PUBLIC FLOAT

The minimum level of public float to be maintained by our Company at all times after Listing under the Listing Rules is 25% of its share capital in issue from time to time.

RANKING

The Offer Shares, together with the Shares which may be issued upon exercise of any options to be granted under the Share Option Scheme, will rank pari passu in all respects with all Shares in issue or to be issued as mentioned herein, and will qualify for all dividends or other distributions declared, made or paid after the date of this prospectus, save for entitlements under the Capitalisation Issue.

SHARE OPTION SCHEME

We have conditionally adopted the Share Option Scheme. The principal terms of the Share Option Scheme are summarised in the paragraph headed "Share Option Scheme" in Appendix IV headed "Statutory and General Information" to this prospectus.

SHARE CAPITAL

GENERAL MANDATE

Our Directors have been granted a general unconditional mandate to exercise all powers of our Company to allot, issue and deal with, otherwise than by way of rights issue or an issue of Shares upon exercise of any subscription rights attached to any warrants or convertible securities or pursuant to the exercise of any options which might be granted under the Share Option Scheme or any other option scheme(s) or other similar arrangements or under the Global Offering or any scrip dividends in accordance with the Articles of Association or a specific authority granted by our Shareholders, Shares or securities or options convertible into Shares and to make and grant offers and agreements which would or might require Shares to be allotted with an aggregate nominal value not exceeding the sum of:

- 20% of the aggregate nominal value of our share capital in issue immediately upon completion of the Capitalisation Issue and the Global Offering (excluding Shares which may be issued under the Over-allotment Option and pursuant to the exercise of options under the Share Option Scheme); and
- the aggregate nominal amount of Shares repurchased under the authority granted by us to our Directors pursuant to the Repurchase Mandate referred to below (if any).

This general mandate will remain in effect until:

- the conclusion of our next annual general meeting;
- the expiration of the period within which our next annual general meeting is required by the memorandum of association and the Articles or any applicable law to be held; or
- the revocation or variation by an ordinary resolution of our Shareholders in general meeting,

whichever is the earliest.

For further details of this general mandate, please refer to the paragraph headed “Further Information — Written resolutions of our Shareholders passed on 15 November 2017” in Appendix IV headed “Statutory and General Information” to this prospectus.

REPURCHASE MANDATE

Our Directors have been granted a general unconditional mandate to exercise all our powers to repurchase on the Stock Exchange, or on any other stock exchange on which the securities of our Company may be listed and which is recognised by the SFC and the Stock Exchange for this purpose, Shares with an aggregate nominal value not exceeding 10% of the aggregate nominal amount of our share capital in issue immediately following completion of the Capitalisation Issue and the Global Offering (without taking into account the Shares which may be allotted and issued under the Over-allotment Option and pursuant to the exercise of any options that may be granted under the Share Option Scheme).

SHARE CAPITAL

The general mandate to repurchase Shares will remain in effect until:

- the conclusion of our next annual general meeting;
- the expiration of the period within which our next annual general meeting is required by the memorandum or articles of association or any applicable law to be held; or
- the revocation or variation by an ordinary resolution of our Shareholders in general meeting,

whichever is the earliest.

For further details of the Repurchase Mandate, please refer to the paragraph headed “Further Information — Written resolutions of our Shareholders passed on 15 November 2017” in Appendix IV headed “Statutory and General Information” to this prospectus.

CIRCUMSTANCES UNDER WHICH GENERAL MEETING AND CLASS MEETING ARE REQUIRED

The circumstances under which general meeting and class meeting are required are provided in the Articles of Association. For details, please refer to Appendix III headed “Summary of the Constitution of our Company and Cayman Islands Company Law” to this prospectus.

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following the completion of the Global Offering, assuming the Over-allotment Option is not exercised and taking no account of Shares which may be issued pursuant to the exercise of the options to be granted under the Share Option Scheme, the following persons will have an interest or a short position in our Shares which will be required to be disclosed to our Company and the Stock Exchange pursuant to the provisions of Division 2 and 3 of Part XV of the SFO or who is directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group:

<u>Name of shareholders</u>	<u>Nature of interest</u>	<u>Number of Shares held</u>	<u>Approximate percentage of shareholding</u>
Partner Summit	Beneficial owner	294,000,000	73.5%
Vital Kingdom ^(Note 1)	Interest held jointly with another person; interest of controlled corporation	294,000,000	73.5%
Mr. Xiao ^(Note 1)	Interest held jointly with another person; interest of controlled corporation	294,000,000	73.5%
Source Forth ^(Note 1)	Interest held jointly with another person; interest of controlled corporation	294,000,000	73.5%
Mr. Fu ^(Note 1)	Interest held jointly with another person; interest of controlled corporation	294,000,000	73.5%
Pine Fortune ^(Note 1)	Interest held jointly with another person; interest of controlled corporation	294,000,000	73.5%
Mr. Chen ^(Notes 1 and 2)	Interest held jointly with another person; interest of controlled corporation	294,000,000	73.5%

Notes:

- (1) Our Company is owned as to 73.5% by Partner Summit immediately following the completion of the Capitalisation Issue and the Global Offering (without taking into account any Shares which may be allotted and issued upon any exercise of the Over-allotment Option and the options which have been or may be granted under the Share Option Scheme). Pursuant to the Confirmation of the Controlling Shareholders, each of Mr. Xiao, Mr. Fu and Mr. Chen (via their respective investment holding company) has confirmed that they would jointly control their respective interests in our Company and the decisions as to the business and operations of our Group shall be in accordance with the unanimous consent of all of them, hence each of them is deemed to be interested in all the Shares held by them in aggregate by virtue of the SFO.
- (2) Ms. Lin is the spouse of Mr. Chen, she is deemed to be interested in the same number of Shares which Mr. Chen is interested under the SFO.

SUBSTANTIAL SHAREHOLDERS

If the Over-allotment Option is fully exercised, the shareholding held by Partner Summit will be approximately 70.84% respectively.

Except as disclosed in this prospectus, our Directors are not aware of any person who will, immediately following the Capitalisation Issue and the completion of the Global Offering (assuming that the Over-allotment Option is not exercised and without taking into account any Shares which may be issued upon the exercise of any options to be granted under the Share Option Scheme), have interests or short positions in any of our Shares or underlying Shares which would be required to be disclosed to us under the provisions of Divisions 2 and 3 of Part XV of the SFO, or be directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group.

THE CORNERSTONE PLACING

We entered into a cornerstone investment agreement (the “**Cornerstone Investment Agreement**”) with Sure Advance Holdings Limited (the “**Cornerstone Investor**”) on 21 November 2017, pursuant to which our Cornerstone Investor has agreed to (subject to certain conditions) subscribe at the Offer Price for 30,000,000 Shares that shall be equal to 7.5% of our Company’s enlarged share capital and equal to 30% of the Offer Shares (assuming that the Over-allotment Option is not exercised) (the “**Cornerstone Placing**”).

To the best knowledge of our Company, our Cornerstone Investor is independent from our Company, our connected persons (as defined under the Listing Rules) and their respective close associates.

The Cornerstone Placing will form part of the International Offering and the Cornerstone Investor will not subscribe for any Share under the Global Offering (other than pursuant to the Cornerstone Investment Agreement). The Shares to be subscribed for by our Cornerstone Investor will rank *pari passu* in all respect with the fully paid Shares in issue and will be counted towards the public float of our Company under Rule 8.24 of the Listing Rules. Immediately following the completion of the Capitalisation Issue and the Global Offering, our Cornerstone Investor will not have any board representation in our Company, nor will our Cornerstone Investor become a Substantial Shareholder of our Company. No special rights have been granted to our Cornerstone Investor pursuant to the Cornerstone Placing. The Offer Shares to be subscribed by our Cornerstone Investor will not 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 — The Hong Kong Public Offering — Reallocation”. Details of the allocation to our Cornerstone Investor will be disclosed in the announcement of results of allocations to be published on 8 December 2017.

OUR CORNERSTONE INVESTOR

We set out below a brief description of our Cornerstone Investor:

Our Cornerstone Investor is a limited company incorporated under the laws of Hong Kong and indirectly wholly-owned by Shanghai Industrial Holdings Limited (上海實業控股有限公司) (“**SIHL**”), a company listed on the Stock Exchange (Stock code: 00363) whose core businesses involve infrastructure facilities, real estate and consumer products. The issued share capital of SIHL is beneficially owned as to 59% by Shanghai Industrial Investments (Holdings) Co., Ltd (上海實業(集團)有限公司), which is the largest overseas conglomerate enterprise under the Shanghai municipal government in the PRC.

CORNERSTONE INVESTOR

CONDITIONS PRECEDENT

The subscription obligation of our Cornerstone Investor is subject to, among other things, the following conditions precedent:

- (a) the Hong Kong Underwriting Agreement and the International Underwriting Agreement being entered into by, inter alia, our Company and the Joint Bookrunners and having become unconditional and not having been terminated (in accordance with their respective original terms or as subsequently waived or varied by agreement of the relevant parties) by no later than the time and date specified in the Underwriting Agreements or as subsequently varied by agreement of the parties thereto;
- (b) no laws shall have been enacted or promulgated by any governmental authority which prohibit the consummation of the transactions contemplated under the Underwriting Agreements and there shall be no orders or injunctions from a court of competent jurisdiction in effect precluding or prohibiting consummation of such transactions;
- (c) the respective representations, warranties, undertakings, confirmation, agreements and acknowledgements of our Cornerstone Investor and our Company as set out in the Cornerstone Investment Agreement are accurate and true in all material respects and not misleading in any material respects and there is no material breach of the Cornerstone Investment Agreement on the part of our Company and our Cornerstone Investor; and
- (d) the Listing Committee having granted the listing of, and permission to deal in, the Shares and such approval or permission not having been revoked.

RESTRICTIONS ON DISPOSALS BY OUR CORNERSTONE INVESTOR

Our Cornerstone Investor has agreed that, without the prior written consent of our Company and the Joint Bookrunners, it will not, whether directly or indirectly, at any time during the period of six months following the Listing Date, dispose of (as defined in the Cornerstone Investment Agreement) any of the Shares subscribed for by it pursuant to the Cornerstone Investment Agreement, other than transfers to its wholly-owned subsidiary or transfers between its wholly-owned subsidiaries, provided that such wholly-owned subsidiary undertakes in writing to, and our Cornerstone Investor undertakes to procure that such wholly-owned subsidiary will, abide by the restrictions on disposals imposed on our Cornerstone Investor.

FINANCIAL INFORMATION

You should read the following discussion and analysis in conjunction with our audited financial information, together with the accompanying notes set forth in the Accountants' Report included as Appendix I to this prospectus. Our audited financial information is prepared in conformity with HKFRSs, which may differ in certain material aspects from generally accepted accounting principles in other jurisdictions, including the United States. You should read the whole of the Accountants' Report included as Appendix I to this prospectus and not rely merely on the information contained in this section.

The following discussion contains certain forward-looking statements that involve risks and uncertainties. Our actual results reported in future periods could differ materially from those discussed below. Factors that could cause or contribute to such differences include those discussed in the sections entitled "Risk Factors" and "Business" and elsewhere in this prospectus.

Unless the context otherwise requires, financial information described in this section is described on a consolidated basis.

OVERVIEW

We ranked 30th among the property management companies in the PRC in 2016 and achieved a leading position in providing property management services to public properties in the PRC. Based on China Index Academy's public properties research methodologies which take into account the GFA of public properties managed, number of properties, service fee charged, service fee collection rate, contract renewal rate, number of demonstration projects and ratio of well-educated staff, we ranked second in the public property sector among all independent private public property management companies in terms of management scale which represents the total GFA under management and respective number of public properties in 2015; we ranked third in the public transportation properties management industry in the PRC in terms of our scale of operation in the management of public transportation properties in 2016; and we ranked first in the property segment of public arenas among all independent private property management companies in terms of management scale in the PRC in 2016.

Our property management services: The property management services we provide can be broadly divided into two areas in terms of their nature:

- Standard property management services comprising of engineering, repair and maintenance services, customer services, security services and cleaning and gardening services; and
- Value-added services tailored to meet the needs of each customer and various kinds of consultancy services relating to or ancillary to property management.

We, together with our associated companies, had engaged in 198, 236, 278 and 284 property management agreements for the provision of various kinds of property management services for the corresponding managed properties in the PRC for the three years ended 31 December 2014, 2015, 2016 and the six months ended 30 June 2017 .

FINANCIAL INFORMATION

BASIS OF PREPARATION

Our Company was incorporated in the Cayman Islands with limited liability on 27 July 2016. In preparation for the Global Offering, we underwent the Reorganisation, as detailed in the section headed “History, Reorganisation and Corporate Structure” in this prospectus. Following the Reorganisation, our Company became the holding company of all the subsidiaries currently comprising our Group. As the Reorganisation only involved inserting new holding entities over a group of subsidiaries under common control of the group of Controlling Shareholders of our Company, and has not resulted in a change of respective voting and beneficial interests, our financial information has been prepared on a consolidated basis by applying the principles of merger accounting as if the Reorganisation had been completed at the beginning of the Track Record Period. For more information on the basis of preparation of our financial information included herein, please refer to the Accountants’ Report in Appendix I to this prospectus.

KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our results of operations are affected by a number of factors, many of which may be beyond our control, including those factors set out in the section headed “Risk Factors” in this prospectus and those set out below.

Branding and Pricing

Our financial condition and results of operations are affected by our ability to continuously maintain and enhance our brand recognition and industry leading position. Our “Pujiang” brand is one of the industry-leading brand in China’s non-residential property management sector. We intend to further strengthen our brand name to expand our property management service market share and to leverage our brand to continue charging premium property management fee rates.

Different pricing strategies have different profit margins. Any change in the product mix under each type of agreement may result in a corresponding impact on our overall profit margin.

Our Group’s property management fees can be divided into lump sum basis and fixed remuneration basis. As to the lump sum basis, our customers pay us a lump sum service fee for providing management services and at the same time, we bear all the costs and expenses involved in the management of a property or facility. Hence, if we can implement effective cost-saving initiatives, we can save costs and cut expenses and therefore enhance our profitability and improve our operational efficiency. On the other hand, if our property management fees are insufficient to cover all the management expenses incurred, we may be unable to collect the shortfall from the customers. With respect to fees charged on a fixed remuneration basis, our customers will pay a fixed amount of property management fee to us, and at the same time, bear all costs and expenses involved in the management, repair and maintenance of the relevant property or facilities.

Comparing the two types of basis, the revenue model under the fixed remuneration basis is of lower risk and is not susceptible to risk of cost overrun since our Group would be remunerated at a fixed fee regardless of change in costs involved in the projects which would be

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borne by our customers and charged directly to our customers' accounts under the agreement terms despite the fact that the on-site staff deployed in the management of the property or facility would normally be under the employment of our Group or our sub-contractors.

Please refer to the paragraph headed "Description of Selected Items in Our Consolidated Statements of Profit or Loss and Comprehensive Income — Revenue" in this section for the breakdown of our revenue in these two revenue models during the Track Record Period.

Ability to Manage Our Staff Costs and Sub-contracting Costs

Our results of operations are affected by our ability to manage our staff costs. Staff costs, dispatched staff costs and sub-contracting staff costs in aggregate are the single largest component of our cost of services provided and amounted to RMB191.1 million, RMB187.8 million, RMB188.0 million and RMB115.3 million representing approximately 78.5%, 79.5%, 75.6% and 81.1% of our cost of services provided for the years ended 31 December 2014, 2015, 2016 and the six months ended 30 June 2017, respectively. Staff costs are also the single largest component of our administrative expenses and amounted to RMB12.4 million, RMB12.9 million, RMB16.3 million and RMB9.3 million representing approximately 59.4%, 68.3%, 52.0% and 58.7% of our administrative expenses for the years ended 31 December 2014, 2015, 2016 and the six months ended 30 June 2017, respectively. Staff costs, dispatched staff costs and sub-contracting staff costs included under cost of services provided consist primarily of salaries and other benefits for our employees, dispatched staff costs and sub-contracting staff costs. Staff costs included under administrative expenses consists primarily of salaries and other benefits for our administrative staff.

As part of our efforts to manage our staff costs, dispatched staff costs and sub-contracting staff costs and improve our profit margins while ensuring consistent service quality, we utilise various measures to reduce our staff costs. These measures include outsourcing certain labour-intensive functions to third parties and streamlining and standardising our property management services. Furthermore, we train our staff and equip them with knowledge in more than one area of the services that our Group provides. Our Directors believe that this training approach can improve cost efficiency, allow more flexibility in allocation of manpower and hence reduce our staff costs.

General Economy and Timelines of Property Development

Our business and results of operations are partly affected by our ability to obtain new service engagements from property developers for their new property developments. The number of new property developments is heavily dependent on the performance of the property market in the PRC, which is subject to the general economic conditions in the PRC and the resultant demand for properties in the PRC, and PRC governmental policies and measures.

Developments in the PRC economy and government expenditure on fixed assets have in the past increased the supply of and demand for high-end office buildings, transportation hubs, exhibition centres, large-scale shopping malls and high end residential properties. Any economic downturn or reduction in government expenditure on fixed assets in the PRC, particularly in the regions where we operate, could adversely affect our business, results of operations and financial position.

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The regulatory environment in the PRC, policies and measures taken by the PRC government, have also affected the development of the property market, which in turn affects our business and results of operations. From time to time, the PRC government adjusts or introduces macroeconomic control policies to encourage or restrict property development in the private property sector through regulating land grants, pre-sale of properties, bank financing, and taxation, among other means. The uncertainty in the PRC government policies can have significant effects on the supply of new properties.

Our Ability to Acquire Existing Suitable Property Management Companies

During the Track Record Period, we achieved our business growth partly by our organic growth and partly through acquisitions of a number of property management companies from third parties, which has enabled us to expand our business scale and improve our financial results. We expect our future business expansion to rely upon our ability to identify and acquire suitable property management companies, which will be affected by various factors, including, but not limited to:

- availability of qualified acquisition targets in the market. We assess an acquisition target based on a number of factors, such as (i) the targets' management team, (ii) financial positions and trend of financial results, (iii) whether the target company may be integrated into our existing business operations, and (iv) acquisition deal structure and investment amount; and
- financing capability and sufficiency of cash flow. During the Track Record Period, we mainly financed our acquisitions with our internal resources. Our ability to pursue future acquisitions depends on our ability to generate sufficient cash flow from operations or to obtain adequate financing at reasonable costs.

Our results of operations are also affected by our ability to integrate new property management business into our existing business, which enables us to achieve economies of scale.

Competition

The PRC property management service industry is highly fragmented. We compete with other property management services providers based on a number of factors, including primarily scale, brand recognition, financial resources, price and service quality. At the end of 2016, there were over 100,000 property management service enterprises in the PRC. However, few have built up operations of national scale with established brand awareness among customers. According to China Index Academy, the total GFA under management of the Top Hundred Property Management Enterprises in the PRC amounted to 5,450 million sq.m., which represented 29.4% of the total GFA of all properties under management in the PRC in 2016 indicating a low concentration of the property management industry.

For details, please refer to the sub-section headed "Industry Overview — Competitive Landscape of the PRC Property Management Industry" in this prospectus.

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According to China Index Academy, over 100 enterprises were engaged in the public property management in 2016 while only a few whose business operations have reached a certain scale and are highly recognised by their customers. Our engineering services compete with other property management companies as well as engineering companies providing similar services. Please also see the sub-sections entitled “Business — Competition” and “Industry Overview — Property Management Industry in the PRC — Competition” in this prospectus. Our ability to effectively compete with our competitors and maintain or improve our market position depends on our ability to maintain our competitive strengths. If we fail to maintain our competitive strengths, we may lose market position in our principal business segments and our revenue may decrease.

CRITICAL ACCOUNTING POLICIES, ESTIMATES AND JUDGMENTS

The discussion and analysis of our operating results and financial position are based on our audited consolidated financial statements, which have been prepared in accordance with HKFRSs. Our operating results and financial position are sensitive to accounting methods, assumptions, and estimates. The assumptions and estimates are based on our industry experience and various factors, including our management’s expectations of future events, which they believe to be reasonable. Actual results may differ from these estimates and assumptions.

The selection of critical accounting policies, the estimates and judgments, and other uncertainties affecting the application of other policies and sensitivity of reported results to changes in conditions and assumptions are factors to be considered when reviewing our consolidated financial statements. Our significant accounting policies are summarised in Note 2.4 in the Accountants’ Report in Appendix I to this prospectus. We believe that the above-mentioned critical accounting policies involve the most significant estimates and judgments used in preparing the consolidated financial statements, which are important for understanding our financial condition and results of operations.

In the application of our accounting policies, our management is required to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. Our estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. Our estimates and underlying assumptions are reviewed by our management on an ongoing basis. Please refer to Note 3 of the Accountants’ Report in Appendix I to this prospectus for significant accounting judgements and estimates.

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DESCRIPTION OF SELECTED ITEMS IN OUR CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND COMPREHENSIVE INCOME

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND COMPREHENSIVE INCOME

	For the year ended 31 December			For the six months ended 30 June	
	2014	2015	2016	2016	2017
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				(Unaudited)	
REVENUE	297,383	293,029	309,268	146,580	175,519
Cost of services provided	<u>(243,495)</u>	<u>(236,235)</u>	<u>(248,625)</u>	<u>(115,725)</u>	<u>(142,122)</u>
Gross profit	53,888	56,794	60,643	30,855	33,397
Other income and gains, net	7,982	9,270	10,283	7,437	4,607
Selling and distribution expenses	(3,811)	(4,831)	(4,188)	(2,292)	(1,508)
Administrative expenses	(20,875)	(18,843)	(31,267)	(10,753)	(15,803)
Finance costs	(462)	(1,407)	(1,177)	(381)	(1,080)
Share of profits and losses of:					
Joint ventures	1,533	5,254	4,280	2,567	2,651
Associates	<u>880</u>	<u>296</u>	<u>2,285</u>	<u>701</u>	<u>2,398</u>
PROFIT BEFORE TAX	39,135	46,533	40,859	28,134	24,662
Income tax (expense)/credit	<u>(9,827)</u>	<u>(11,051)</u>	<u>(10,323)</u>	<u>(6,631)</u>	<u>2,212</u>
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR/PERIOD	<u>29,308</u>	<u>35,482</u>	<u>30,536</u>	<u>21,503</u>	<u>26,874</u>
Attributable to:					
Owners of the parent	28,673	34,456	30,966	21,406	27,126
Non-controlling interests	<u>635</u>	<u>1,026</u>	<u>(430)</u>	<u>97</u>	<u>(252)</u>
	<u>29,308</u>	<u>35,482</u>	<u>30,536</u>	<u>21,503</u>	<u>26,874</u>

Revenue

During the Track Record Period, our revenue was services income generated from property management services. Property management services comprise of (i) engineering, repair and maintenance services, (ii) customer services, (iii) security services, and (iv) cleaning and gardening services. More than 97.7% of our revenues during the Track Record Period were generated from the lump sum basis of property management services. As to the lump sum basis, our customers pay us a lump sum service fee for providing the management services and, at the

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same time, we bear all the costs and expenses involved in the management of a property or facility. We expect that the lump sum basis of property management services will continue to be the major source of income of our operations in the near future.

The following table sets forth a breakdown of our revenue for year/period indicated.

	For the year ended 31 December						For the six months ended 30 June			
	2014		2015		2016		2016		2017	
	RMB'000	% of total	RMB'000	% of total	RMB'000	% of total	RMB'000	% of total	RMB'000	% of total
							(Unaudited)			
Property management services income:										
lump sum basis	293,971	98.8%	286,333	97.7%	303,863	98.2%	143,828	98.1%	173,172	98.7%
fixed remuneration basis	2,959	1.0%	5,331	1.8%	5,160	1.7%	2,512	1.7%	2,347	1.3%
others (Note)	453	0.2%	1,365	0.5%	245	0.1%	240	0.2%	—	—
Total	297,383	100.0%	293,029	100.0%	309,268	100.0%	146,580	100.0%	175,519	100.0%

Note: This refers to the revenue generated from services rendered to our customers which are not related to the provision of property management services, such as property leasing agency services.

We charge property management fees on lump sum basis or fixed remuneration basis. When the property management fees are charged on a lump sum basis, we record all the fees as revenue and all the expenses incurred in connection with providing the property management services as cost of services provided. When we charge property management fees on a fixed remuneration basis, we essentially act as the agent of the property owners and therefore record only the pre-determined amount of the property management fees set out in the property management service agreements as revenue. Any expenses incurred in connection with providing property management services will be collected from the customers as reimbursement.

We believe the lump sum basis is the dominant revenue model in the PRC and provides more incentives for property management companies to implement cost-saving initiatives and improves operational efficiency. During the Track Record Period, we charged property management fees on a lump sum basis for most of the properties we managed. For the years ended 31 December 2014, 2015, 2016 and the six months ended 30 June 2017, we charged property management fees on a lump sum basis for properties representing approximately 98.8%, 97.7%, 98.2% and 98.7% of our total property management fees, respectively. We expect property management fees charged on a lump sum basis to continue to account for an overwhelming majority of our total revenue in the foreseeable future.

For the property management services for which we charge fees on a fixed remuneration basis, our gross profit margins are 100% since we do not bear any of the direct operating cost associated with providing property management services. Therefore, we would have a much higher gross profit margin if we charged management fees on a fixed remuneration basis than on a lump sum basis.

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The table below sets forth a breakdown of our revenue from providing property management services by type of managed properties for the year/period indicated.

	For the year ended 31 December						For the six months ended 30 June			
	2014		2015		2016		2016		2017	
	Revenue	% of total	Revenue	% of total	Revenue	% of total	Revenue	% of total	Revenue	% of total
	RMB'000		RMB'000		RMB'000		RMB'000		RMB'000	
							(Unaudited)			
Lump sum basis:										
Fees related to revenue-bearing GFA										
Public properties	84,710	28.5%	79,442	27.1%	79,136	25.5%	37,917	25.9%	39,974	22.8%
Office buildings and hotels	105,107	35.3%	110,968	37.9%	115,216	37.3%	53,420	36.4%	69,289	39.5%
Commercial establishments	27,038	9.1%	20,828	7.1%	20,369	6.6%	8,553	5.8%	10,431	5.9%
Government properties	6,980	2.3%	10,030	3.4%	11,144	3.6%	5,808	4.0%	5,831	3.3%
Residential properties	32,607	11.0%	24,417	8.3%	19,847	6.4%	8,819	6.0%	17,374	9.9%
Subtotal	256,442	86.2%	245,685	83.8%	245,712	79.4%	114,517	78.1%	142,899	81.4%
Fees related to non-revenue bearing GFA										
Residential properties	157	0.1%	132	0.1%	65	0.1%	54	0.1%	350	0.2%
Non-residential properties	37,372	12.5%	40,516	13.8%	58,086	18.7%	29,257	19.9%	29,923	17.1%
Subtotal	37,529	12.6%	40,648	13.9%	58,151	18.8%	29,311	20.0%	30,273	17.3%
Total of lump sum basis	293,971	98.8%	286,333	97.7%	303,863	98.2%	143,828	98.1%	173,172	98.7%
Fixed remuneration basis										
Residential properties	480	0.2%	480	0.2%	315	0.1%	240	0.2%	—	—
Non-residential properties	2,479	0.8%	4,851	1.6%	4,845	1.6%	2,272	1.5%	2,347	1.3%
Total of fixed remuneration basis	2,959	1.0%	5,331	1.8%	5,160	1.7%	2,512	1.7%	2,347	1.3%
Others	453	0.2%	1,365	0.5%	245	0.1%	240	0.2%	—	—
Total	297,383	100.0%	293,029	100.0%	309,268	100.0%	146,580	100.0%	175,519	100.0%

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The table below sets forth a breakdown of our revenue-bearing GFA under the management of our Group by type of properties for the year/period indicated.

	For the year ended 31 December						For the six months ended 30 June			
	2014		2015		2016		2016		2017	
	GFA	% of total	GFA	% of total	GFA	% of total	GFA	% of total	GFA	% of total
	'000		'000		'000		'000		'000	
	sq.m.		sq.m.		sq.m.		sq.m.		sq.m.	
Public properties	1,531	27.6%	1,604	30.1%	1,419	31.7%	1,419	33.9%	1,437	29.3%
Office buildings and hotels	1,237	22.3%	1,067	20.1%	1,471	32.9%	1,292	30.9%	1,500	30.6%
Commercial establishments	598	10.8%	593	11.2%	524	11.7%	576	13.8%	493	10.0%
Government properties	85	1.5%	101	1.9%	101	2.3%	100	2.4%	101	2.1%
Residential properties	2,095	37.8%	1,954	36.7%	958	21.4%	793	19.0%	1,373	28.0%
Total	<u>5,546</u>	<u>100.0%</u>	<u>5,319</u>	<u>100.0%</u>	<u>4,473</u>	<u>100.0%</u>	<u>4,180</u>	<u>100.0%</u>	<u>4,904</u>	<u>100.0%</u>

The table below sets forth a breakdown of management fee per sq. m. of revenue-bearing GFA under the management of our Group by type of properties for the year/period indicated.

	For the year ended 31 December			For the six months ended 30 June	
	2014	2015	2016	2016	2017
	RMB	RMB	RMB	RMB	RMB
	Average monthly fee per GFA (sq. m)				
Public properties	4.6	4.1	4.6	4.5	4.6
Office buildings and hotels	7.1	8.7	6.5	6.9	7.7
Commercial establishments	3.8	2.9	3.2	2.5	3.5
Government properties	6.8	8.3	9.2	9.7	9.6
Residential properties	1.3	1.0	1.7	1.9	2.1

As shown in above figures, the average monthly fee per GFA is relatively higher for office buildings and hotels, government properties and public properties. Thus, the higher the ratio of office buildings and hotels, government properties and public properties under our management, the higher our average monthly fee per GFA will be. The average monthly fee per GFA of residential properties increased for the year ended 31 December 2016 but the corresponding revenue-bearing GFA of these residential properties had decreased because we did not renew some of our property management agreements for residential properties with lower average monthly fee per GFA in order to focus our resources on those high-end residential properties, public properties and government properties. The total GFA of our managed residential properties increased by approximately 73.1% to approximately 1,373,000 sq. m. for the six months ended 30 June 2017 from approximately 793,000 sq. m for the six months ended 30 June 2016. Due to the management focus on high-end residential properties with higher profit margin, the average monthly fee per GFA of residential properties increased by approximately 10.5% to RMB2.1 per sq. m. for the six months ended 30 June 2017 from RMB1.9 per sq. m. for the six months ended 30 June 2016.

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The table below sets forth our revenue generated from different types of customers for the year/period indicated.

	For the year ended 31 December						For the six months ended 30 June			
	2014		2015		2016		2016		2017	
	Revenue	% of total	Revenue	% of total	Revenue	% of total	Revenue	% of total	Revenue	% of total
	RMB'000		RMB'000		RMB'000		RMB'000		RMB'000	
							(Unaudited)			
Property owners	228,037	76.7%	230,401	78.6%	247,058	79.9%	116,671	79.6%	132,591	75.5%
Property owners' associations	17,415	5.9%	16,211	5.5%	16,046	5.2%	8,214	5.6%	14,112	8.1%
Property developers	35,363	11.9%	25,682	8.8%	25,884	8.3%	11,969	8.2%	17,638	10.0%
Tenant	16,269	5.4%	17,184	5.9%	19,100	6.2%	8,993	6.1%	10,544	6.0%
Others	299	0.1%	3,551	1.2%	1,180	0.4%	733	0.5%	634	0.4%
	<u>297,383</u>	<u>100.0%</u>	<u>293,029</u>	<u>100.0%</u>	<u>309,268</u>	<u>100.0%</u>	<u>146,580</u>	<u>100.0%</u>	<u>175,519</u>	<u>100.0%</u>

Revenue generated from property owners accounted for 76.7%, 78.6%, 79.9% and 75.5% of the total revenue respectively during the Track Record Period. The second largest type of customer was property developers whose fees are mostly related to revenue-bearing GFA. The revenue derived from property owners' association was mostly the management fees of residential properties. The major property types of tenants were office buildings and commercial establishments.

Cost of Services Provided

Our cost of services provided primarily comprises of staff costs, dispatched staff costs, sub-contracting costs, utility expenses and other costs.

The table below sets forth a breakdown of our cost of services provided for the year/period indicated by main components, both in terms of actual costs and as a percentage of the total cost of services provided.

	For the year ended 31 December						For the six months ended 30 June			
	2014		2015		2016		2016		2017	
	RMB'000	% of total	RMB'000	% of total	RMB'000	% of total	RMB'000	% of total	RMB'000	% of total
							(Unaudited)			
Staff costs	61,485	25.3%	80,858	34.2%	84,952	34.2%	38,489	33.3%	47,108	33.1%
Dispatched staff costs	74,979	30.8%	56,075	23.7%	36,937	14.9%	19,124	16.5%	904	0.6%
Sub-contracting costs:										
Staff	54,607	22.4%	50,839	21.5%	66,130	26.6%	32,250	27.9%	67,297	47.4%
Engineering	9,109	3.7%	10,445	4.4%	10,699	4.3%	4,825	4.2%	3,411	2.4%
Utility expenses	18,539	7.6%	11,902	5.1%	22,921	9.2%	7,491	6.4%	10,175	7.2%
Others	24,776	10.2%	26,116	11.1%	26,986	10.8%	13,546	11.7%	13,227	9.3%
Total	<u>243,495</u>	<u>100.0%</u>	<u>236,235</u>	<u>100.0%</u>	<u>248,625</u>	<u>100.0%</u>	<u>115,725</u>	<u>100.0%</u>	<u>142,122</u>	<u>100.0%</u>

During the Track Record Period, the main factors affecting our cost of services provided were our staff costs, dispatched staff costs and sub-contracting staff costs.

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Our employees, dispatched staff and sub-contracting staff costs (the “**Labour Costs**”) were mainly affected by the increase in staff due to the expansion of our operations and increase in the average amount of compensation which is in line with the general trend of wage increases in the PRC. Our Labour Costs included in cost of services provided amounted to RMB191.1 million, RMB187.8 million, RMB188.0 million and RMB115.3 million, accounting for approximately 78.5%, 79.5%, 75.6% and 81.1% of our cost of services provided for the years ended 31 December 2014, 2015, 2016 and the six months ended 30 June 2017 respectively.

The following table sets out the average staff cost of own staff and dispatched staff for the year/period indicated:

	For the Year ended 31 December									For the six months ended 30 June					
	2014			2015			2016			2016			2017		
	Staff costs	Average staff cost	Average head count	Staff costs	Average staff cost	Average head count	Staff costs	Average staff cost	Average head count	Staff costs	Average staff cost	Average head count	Staff costs	Average staff cost	Average head count
RMB'000	RMB'000	No.	RMB'000	RMB'000	No.	RMB'000	RMB'000	No.	RMB'000	RMB'000	No.	RMB'000	RMB'000	No.	
Own Staff	61,485	59	1,051	80,858	64	1,254	84,952	69	1,230	38,489	63	1,232	47,108	71	1,317
Dispatched Staff	74,979	48	1,552	56,075	48	1,179	36,937	66	556	19,124	44	866	904	129	14

Notes:

- (a) The average staff cost per labour is calculated by the total staff costs dividing by average head count in the relevant year/period and is annualised for comparison.
- (b) The average headcount is calculated by the average of the beginning and ending number of staff for the relevant year/period.

The average staff cost of our own staff increased from approximately RMB59,000 for the year ended 31 December 2014 to RMB64,000 for the year ended 31 December 2015 primarily due to annual salary increment. The average staff cost of the dispatched staff was maintained at a steady level during the said period.

The average staff cost of our own staff increased from approximately RMB64,000 per head per annum for the year ended 31 December 2015 to approximately RMB69,000 per head per annum for the year ended 31 December 2016 mainly due to annual salary increment. Meanwhile, the average staff cost of dispatched staff increased from approximately RMB48,000 for the year ended 31 December 2015 to approximately RMB66,000 for the year ended 31 December 2016 while the average number of dispatched staff decreased from 1,179 to 556 during the said period. By the end of 2016, we had only 19 dispatched staff. Such increase in average staff cost of dispatched staff was mainly due to the replacement of those staff with lower average cost with subcontracting staff, while we retained those relatively more experienced workers with higher average cost.

The average staff cost of our own staff increased from approximately RMB63,000 for the six months ended 30 June 2016 to approximately RMB71,000 for the six months ended 30 June 2017 mainly due to (i) annual salary increment; and (ii) the retention of our own relatively more experienced and technical staff with higher average cost while replacing certain positions involving routine works with lower average cost with sub-contracting staff to consolidate our quality workforce. The average staff cost of the dispatched staff increased significantly from approximately RMB42,000 per head for the six months ended 30 June 2016 to approximately

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RMB129,000 for the six months ended 30 June 2017, while the average number of dispatched staff decreased from 866 to 14 during the said period. By 30 June 2017, we had only 8 dispatched staff. Such increase in average staff cost of dispatched staff was mainly due to (i) use of 30 temporary dispatched staff, whose salaries were based on number of working hours, through dispatch agencies for our property management projects in the amount of approximately RMB430,000 during the six months ended 30 June 2017 and the headcount of such temporary dispatched staff has not been included in the calculation of the average staff cost; and (ii) the retention of the relatively more experienced and technical dispatched staff with higher average costs while we were replacing the others with sub-contracting staff.

Sub-contracting costs include engineering costs which represent fees we paid for services outsourced to sub-contractors, such as common area cleaning, landscaping, public facility maintenance and security services. The sub-contractors are responsible for engaging their staff sufficiently to perform the services to us.

Other costs primarily include repair and maintenance costs, travelling expenses, and other miscellaneous costs.

For illustration purpose only, we set out below a sensitivity analysis of our net profit for the years with reference to the fluctuation of Labour Costs during the Track Record Period. The following table demonstrates the impact of the hypothetical increase in Labour Costs on our total cost of services provided and net profit, while all other factors remain unchanged:

	For the year ended 31 December			For the six months ended 30 June	
	2014	2015	2016	2016	2017
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Total net profit	29,308	35,482	30,536	21,503	26,874
Assuming 5% increase in the aggregate of Labour costs					
Impact on our total cost of services provided	9,554	9,389	9,401	4,493	5,765
Impact on net profit	(7,166)	(7,042)	(7,051)	(3,370)	(4,324)
Assuming 10% increase in the aggregate of Labour costs					
Impact on our total cost of services provided	19,107	18,777	18,802	8,986	11,531
Impact on net profit	(14,330)	(14,083)	(14,102)	(6,740)	(8,648)

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Gross Profit and Gross Profit Margin

During the Track Record Period, our gross profit amounted to RMB53.9 million, RMB56.8 million, RMB60.6 million and RMB33.4 million, respectively, and during the same periods we recorded a steady level of gross profit margins of 18.1%, 19.4%, 19.6% and 19.0% respectively. The following table sets forth our gross profit and gross profit margins by type of managed properties for the year/period indicated.

	For the year ended 31 December						For the six months ended 30 June			
	2014		2015		2016		2016		2017	
	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	%
							(Unaudited)			
Lump sum basis:										
Public properties	13,745	16.2%	10,232	12.9%	11,780	14.9%	6,235	16.4%	6,394	16.0%
Office buildings and hotels	20,037	19.1%	21,925	19.8%	24,171	21.0%	13,152	24.6%	13,672	19.7%
Commercial establishments	3,377	12.5%	2,040	9.8%	2,821	13.8%	876	10.2%	2,074	19.9%
Government properties	1,105	15.8%	2,165	21.6%	2,505	22.5%	1,060	18.3%	767	13.2%
Residential properties	3,034	9.3%	2,263	9.3%	3,012	15.2%	1,577	17.9%	3,243	18.7%
Fees related to revenue-bearing GFA	41,298	16.1%	38,625	15.7%	44,289	18.0%	22,900	20.0%	26,150	18.3%
Fees related to non-revenue bearing GFA	9,224	24.6%	11,698	28.8%	11,492	19.8%	5,720	19.5%	4,900	16.2%
Total of lump sum basis	50,522	17.2%	50,323	17.6%	55,781	18.4%	28,620	19.9%	31,050	17.9%
Fixed remuneration	2,959	100.0%	5,331	100.0%	5,160	100.0%	2,512	100.0%	2,347	100.0%
Others	407	89.8%	1,140	83.5%	(298)	-121.6%	(277)	-115.4%	—	—
Total	<u>53,888</u>	<u>18.1%</u>	<u>56,794</u>	<u>19.4%</u>	<u>60,643</u>	<u>19.6%</u>	<u>30,855</u>	<u>21.0%</u>	<u>33,397</u>	<u>19.0%</u>

The gross profit margin of fees related to revenue-bearing GFA under lump sum basis experienced a minor drop to 15.7% in 2015 from 16.1% in 2014 mainly due to a downside of a public property management agreement amounting to RMB4.4 million without corresponding decrease in direct cost in 2015. The increase in gross profit margin of property management agreements with fees related to revenue-bearing GFA under lump sum basis from 15.7% in 2015 to 18.0% in 2016 was attributable to (a) adoption of more cost effective control measures to increase efficiency of labour, (b) non-renewal of projects with average monthly fee per GFA that did not meet our expectation in 2016, especially those residential properties management agreements of high GFA with intensive labour input.

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The gross profit margin of fees related to non-revenue bearing GFA under lump sum basis depends on the scope of the property management services and profitability of such services. The gross profit margin of this category increased from 24.6% in 2014 to 28.8% as the new agreements procured in 2015 had higher average gross profit margin. In the year 2016, we faced the completion of some projects with high gross profit margins brought forward from 2015. We reallocated the resources spared from non-renewal of some low-margin residential management agreements which fees were related to revenue-bearing GFA to procure single-item property management services and consultancy agreements with high contract price but with lower gross profit margins comparing with those in 2015. With such compensatory effort, we managed to keep the overall gross profit margin at a slightly improved rate of 19.6% in 2016 comparing with 19.4% in 2015.

The gross profit margin of fixed remuneration agreements was 100.0% during the Track Record Period as we did not incur any direct operating expenses under fixed remuneration basis.

The table below sets forth our gross profit and gross profit margins by type of customers for the year/period indicated.

	For the year ended 31 December						For the six months ended 30 June			
	2014		2015		2016		2016		2017	
	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
	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%
Property owners	42,509	18.6%	41,083	17.8%	47,811	19.4%	24,468	21.0%	25,572	19.3%
Property owners' associations	3,152	18.1%	2,272	14.0%	2,306	14.4%	1,589	19.3%	2,654	18.8%
Property developers	3,975	11.2%	7,072	27.5%	6,572	25.4%	3,576	29.9%	3,426	19.4%
Tenant	4,062	25.0%	3,040	17.7%	4,223	22.1%	1,463	16.3%	1,630	15.5%
Others	190	63.5%	3,327	93.7%	(269)	-22.8%	(241)	-32.9%	115	18.1%
	<u>53,888</u>	<u>18.1%</u>	<u>56,794</u>	<u>19.4%</u>	<u>60,643</u>	<u>19.6%</u>	<u>30,855</u>	<u>21.0%</u>	<u>33,397</u>	<u>19.0%</u>

The revenue generated from agreements with property owners accounted for 76.7%, 78.6%, 79.9% and 75.5% of the total revenue respectively during the Track Record Period. Hence, the reasons for the fluctuation of gross profit margins of revenue generated from agreements with property owners during the Track Record Period were similar to that of the overall gross profit margins of our Group.

The gross profit margin of revenue generated from agreements with property owners' association decreased from 18.1% in 2014 to 14.0% in 2015 and was kept flat at 14.4% in 2016. The decrease recorded in 2015 was mainly due to drop in gross profit margins in few residential properties management agreements.

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The gross profit margin for agreements with property developers increased from 11.2% in 2014 to 27.5% in 2015 mainly because (a) we ceased certain residential properties management agreements to reallocate resources to non-residential properties which fees were related to revenue-bearing GFA and (b) we procured more property management agreements which fees were related to non-revenue bearing GFA with gross margins higher than that of the residential properties management agreements with fees related to revenue-bearing GFA. The gross profit margin for agreements with property developers was then kept at a stable level of 25.4% in 2016.

The gross profit margin of revenue generated from property tenants decreased from 25.0% in 2014 to 17.7% in 2015 due to a decrease in value of an office management agreement under lump sum basis without a decrease in cost in line with such decrease of agreement value. The gross profit margin was improved to 22.1% in 2016 from 17.7% in 2015 owing to the improvement in cost control in two banking building management agreements.

Our overall gross profit margins are mainly affected by property management fee of GFA, the amount of property management services fee from fixed remuneration basis, staff costs, dispatched staff costs and sub-contracting costs.

Other Income and Gains, net

Other net incomes and gains primarily consist of (i) government grants and (ii) bank interest income. We received government grants during the Track Record Period and expect to continue receiving them as recognition of our performance.

The purpose of the government grants is to support and promote the development of the enterprises which provide modernised services in Shanghai. The grants amount is a certain percentage of tax paid. Selected enterprises in Shanghai shall submit application to the government authorities for grants. The availability and amount of grants are subject to the discretion of government authorities. As such, they are not derived from the Group's ordinary and usual course of business and are not recurring in nature.

Pursuant to the Shanghai Municipal People's Government (上海市人民政府) investment promotion policies, we have received grants from the government since 2002 as we are able to satisfy the conditions of grant by, inter alia, implementing modernised management system in our operation and provision of property management services, which provides us with the advantages of cost saving and environmental protection and align with the characteristics of a modern enterprise. These advantages coupled with our stable financial condition and business development, we can satisfy the conditions of these government grants, has low pollutants emission level, and has demonstrated steady growth of business operation and financial performance. We received government grants in the amount of approximately RMB6.8 million RMB7.4 million, RMB8.0 million and RMB4.2 million for the years ended 31 December 2014, 2015, 2016 and the six months ended 30 June 2017 respectively.

Selling and Distribution Expenses

Selling and distribution expenses primarily consist of staff costs and promotion and marketing expenses. Due to the nature of our business, we did not incur significant amounts of selling and distribution expenses during the Track Record Period.

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The table below sets forth a breakdown of our selling and distribution expenses for the year/period indicated.

	For the year ended 31 December						For the six months ended 30 June			
	2014		2015		2016		2016		2017	
	RMB'000	% of total	RMB'000	% of total	RMB'000	% of total	RMB'000	% of total	RMB'000	% of total
Staff costs	1,276	33.5%	1,468	30.4%	1,751	41.8%	805	35.1%	749	49.7%
Promotion and marketing expenses	2,535	66.5%	3,363	69.6%	2,437	58.2%	1,487	64.9%	759	50.3%
	<u>3,811</u>	<u>100.0%</u>	<u>4,831</u>	<u>100.0%</u>	<u>4,188</u>	<u>100.0%</u>	<u>2,292</u>	<u>100.0%</u>	<u>1,508</u>	<u>100.0%</u>

Administrative Expenses

Administrative expenses primarily consist of compensation for administrative staff, consulting fees, depreciation and amortisation, entertainment expenses, travel and office expenses, and listing and share issue expenses, research and development expenses and compensation expense for litigation. The compensation expense for litigation was incurred pursuant to a court order on 12 April 2017 against Anhui Bund in a civil claim made by a property owners' association of a residential property managed by Anhui Bund. The sum of RMB1.28 million was the damages paid to the property owners' association and the costs to repair and restore certain lifts in the said residential property. During the Track Record Period, our administrative expenses changed in line with the expansion of our business and management team. The table below sets forth a breakdown of our administrative expenses for the year/period indicated by major components:

	For the year ended 31 December						For the six months ended 30 June			
	2014		2015		2016		2016		2017	
	RMB'000	% of total	RMB'000	% of total	RMB'000	% of total	RMB'000	% of total	RMB'000	% of total
Staff costs	12,409	59.4%	12,865	68.3%	16,276	52.0%	8,077	75.1%	9,277	58.7%
Consulting fees	547	2.6%	322	1.7%	573	1.8%	327	3.0%	433	2.7%
Depreciation and amortisation	2,021	9.7%	568	3.0%	619	2.0%	117	1.1%	172	1.1%
Entertainment expenses	1,361	6.5%	1,202	6.4%	362	1.2%	187	1.7%	225	1.5%
Travel and office expenses	869	4.2%	1,088	5.8%	1,926	6.2%	598	5.6%	814	5.1%
Listing and share issue expenses	—	—	—	—	8,907	28.5%	—	—	1,050	6.6%
Research and development expenses	—	—	—	—	—	—	—	—	1,056	6.7%
Compensation expenses for litigation	—	—	—	—	—	—	—	—	1,280	8.1%
Others	3,668	17.6%	2,798	14.8%	2,604	8.3%	1,447	13.5%	1,496	9.5%
Total	<u>20,875</u>	<u>100.0%</u>	<u>18,843</u>	<u>100.0%</u>	<u>31,267</u>	<u>100.0%</u>	<u>10,753</u>	<u>100.0%</u>	<u>15,803</u>	<u>100.0%</u>

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Finance Costs

Our finance costs were interest expenses on bank loans. All of our bank loans during the Track Record Period were payable within one year. The ranges of effective interest rates on our bank loans were from 4.70% to 7.14% during the Track Record Period:

	As at 31 December			As at 30 June	
	2014	2015	2016	2016	2017
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				(Unaudited)	
Interest expense on bank borrowings	462	1,407	1,177	381	1,080

Share of Profits and Losses of Joint Ventures

During the Track Record Period, our shares of profits of joint ventures were RMB1.5 million, RMB5.3 million, RMB4.3 million and RMB2.7 million for the years ended 31 December 2014, 2015, 2016 and the six months ended 30 June 2017, respectively.

The table below sets forth our major joint venture companies:

Name	Date and place of incorporation	Details of acquisition/establishment
Hefei Zheng Wen	14 April 2004, Hefei, Anhui, the PRC	Acquisition of 50% of the equity interest in Hefei Zheng Wen by Pujiang Property on 20 July 2006
Bengbu Zhi Xin	13 September 2004, Bengbu, Anhui, the PRC	Acquisition of 50% of the equity interest in Bengbu Zhi Xin by Shanghai Bund on 15 April 2007

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Share of Profits and Losses of Associates

Our shares of profits and losses of associates were RMB0.9 million, RMB0.3 million, RMB2.3 million and RMB2.4 million for the years ended 31 December 2014, 2015, 2016 and the six months ended 30 June 2017, respectively.

The table below sets forth our major associated companies:

<u>Name</u>	<u>Date and place of incorporation</u>	<u>Details of acquisition/establishment</u>
Ningbo Plaza	20 January 1995, Ningbo, the PRC	Acquisition of 49% of the equity interest in Ningbo Plaza by Pujiang Property on 20 December 2012
Anhui Pu Bang	4 August 2015, Ma An Shan, Anhui, the PRC	Establishment of Anhui Pu Bang by Pujiang Property and an Independent Third Party on 4 August 2015
Shanghai Xin Di	19 June 2015, Shanghai, the PRC	Establishment of Shanghai Xin Di by Pujiang Property and an Independent Third Party on 19 June 2015
Shanghai Qiang Sheng	17 December 1992, Shanghai, the PRC	Acquisition of 30% of the equity interest in Shanghai Qiang Sheng by Pujiang Property on 11 May 2016

The Directors confirmed that the Company has no material associate or joint venture which requires the separate disclosure of summarised financial information in accordance of the requirement of HKFRS 12 “Disclosure of Interests in Other Entities”.

Income Tax

The Company and Sino Ease are not subject to income tax of the Cayman Islands and the British Virgin Islands respectively but are subject to Hong Kong profits tax at a rate of 16.5%. Leading Way is subject to Hong Kong profits tax at the rate of 16.5%. No provision for Hong Kong profits tax has been made as these companies had no assessable profits arising in or deriving from Hong Kong during the Track Record Period.

Our income tax mainly comprises of PRC enterprise income tax at the tax rate of 25% on taxable profits of our subsidiaries incorporated in the PRC.

Income tax comprises current tax and movements in deferred tax assets and liabilities. Current tax represents the estimated tax payable on the taxable income for the reporting period, using tax rates enacted at the end of such reporting period, plus any adjustment to tax payable in respect of previous reporting periods. Deferred tax assets and liabilities arise from deductible

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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.

The income tax expense for the Track Record Period can be reconciled to the profit before tax as follows.

	For the year ended 31 December			For the six months ended
	2014	2015	2016	30 June
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	2017 <i>RMB'000</i>
Profit before tax	<u>39,135</u>	<u>46,533</u>	<u>40,859</u>	<u>24,662</u>
Tax at the statutory tax rate (25%)	9,784	11,633	10,215	6,166
Tax adjustments on:				
Expenses not deductible for tax	538	624	1,375	425
Profit attributable to joint ventures and associates	(603)	(1,387)	(1,641)	(1,262)
Tax losses not recognised during the year/period	<u>108</u>	<u>181</u>	<u>374</u>	<u>1,107</u>
Tax charge before release of tax provision upon the expiry of statute limitation	9,827	11,051	10,323	6,436
Release of tax provision upon the expiry of statute limitation	<u>—</u>	<u>—</u>	<u>—</u>	<u>(8,648)</u>
Tax charge/(credit) during the year/period	<u>9,827</u>	<u>11,051</u>	<u>10,323</u>	<u>(2,212)</u>
Effective tax rate	<u>25.1%</u>	<u>23.7%</u>	<u>25.3%</u>	<u>26.1%</u> ^(note)

Note: Tax charge before release of tax provision upon the expiry of statute limitation is used in the calculation of effective tax rate for the six months ended 30 June 2017 as the release of tax provision upon the expiry of statute limitation is the reversal of tax provisions made in prior years which are not related to the operating activities for the six months ended 30 June 2017.

Our effective tax rate, calculated as income tax expenses divided by profit before taxation from continuing operations for the years ended 31 December 2014, 2015, 2016 and the six months ended 30 June 2017 was approximately 25.1%, 23.7%, 25.3% and 26.1%, respectively.

Our income tax mainly comprises of PRC enterprise income tax at the tax rate of 25% on taxable profits of our subsidiaries incorporated in the PRC. Taxpayers are generally assessed and pay the PRC enterprise income tax on an accounting book basis (查帳徵收) (the “**Accounting Book Basis**”) which amounts to 25%, being the applicable tax rate, of the actual profit before tax. Certain taxpayers are assessed and pay the PRC enterprise income tax on a

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deemed profit basis (核定徵收) (the “**Deemed Profit Basis**”) which equals 25%, being the applicable tax rate, of an applicable percentage as determined by the competent tax authority of the assessable revenue for a certain period. Both methods are accepted methods of tax reporting by the competent tax authorities. During the Track Record Period as approved by the relevant tax authorities, Shanghai Bund and Shanghai Jiu Yi (the “**Relevant Companies**”) assessed the PRC enterprise income tax on the Deemed Profit Basis. The assessable revenue of the Relevant Companies was multiplied by an applicable percentage of 10% as determined by the relevant tax authorities resulting in the deemed profits of the Relevant Companies for each of the years ended 31 December 2014 and 31 December 2015, these deemed profits were then multiplied by the applicable income tax rate of 25% to calculate their PRC enterprise income tax amount to be paid.

Background leading to the Relevant Companies’ first adoption of the Deemed Profit Basis and the subsequent change to the Accounting Book Basis (查賬徵收)

The Relevant Companies had adopted the Deemed Profit Basis all along for PRC enterprise income tax purpose, before we acquired the majority stake of which in May 2004 and September 2005 respectively until 2016. After we had obtained the control over the Relevant Companies, we gradually strengthened the internal management and control over the Relevant Companies which included the keeping and management of accounting records and books.

The Relevant Companies had adopted the Deemed Profit Basis because they fell within one of the six circumstances under the Article 3 of the Measures for Verification Collection of Enterprise Income Tax (for Trial Implementation) (《企業所得稅核定徵收辦法(試行)》). The PRC Enterprise Income Tax Deemed Profit Basis Assessment Form (企業所得稅核定徵收鑒定表) in 2014 and 2015 of the Relevant Companies (the “**Assessment Forms**”), stated that (i) their then accounting books were complete; (ii) they could accurately assess total revenue; (iii) they had complete records of accounting book proof; but (iv) they could not accurately assess costs and expenses, which as confirmed by the Directors, refers to the fact that under the Relevant Companies’ then PRC accounting treatment, advances received from property owners and payments made on their behalf, including those future expected payments under fixed remuneration agreements, which are yet to be incurred at the material time, had been accounted for as revenue and cost of sales, respectively. Under such accounting treatment, the Relevant Companies could not accurately estimate future costs to be incurred for PRC income tax filing purpose, hence we applied for Deemed Profit Basis at that time.

In December 2015, we engaged a consultant which is a certified public accountant in the PRC in contemplation of the Listing, inter alia, to investigate the status of management of accounting records of our Group. We were advised by the consultant that (i) the costs incurred from our fixed remuneration agreements should not be recorded as our costs of services provided; (ii) only the amount of commissions should be recognised as revenue of our fixed remuneration agreements; and (iii) we should only recognise the pre-determined property management fees on a straight-line basis over the specific contract period. The consultant also advised that we should assess our costing and communicate with tax authorities for the switch of income tax assessment basis from the Deemed Profit Basis to the Accounting Book Basis. Save as disclosed above, there is no other material findings by the consultant in relation to the Group’s management of accounting records as confirmed by the Directors.

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Upon receiving the abovementioned advice from the consultant in January 2016, we immediately changed the costs and revenue recognition of fixed remuneration agreements for the financial years ended 31 December 2013, 2014 and 2015. The previously recognised income and costs under the fixed remuneration agreements were net-off and only the pre-determined commissions were recognised as revenue on a straight-line basis over the specific contract period. The payments made on behalf of or advances received from property owners were then reflected on balance sheet properly (the “**Accounting Adjustments**”). The Accounting Adjustments have been retrospectively applied to the financial information for the financial years ended 31 December 2013, 2014 and 2015. For the avoidance of doubt, the retained earnings and net profits of the Relevant Companies would have been the same with or without the Accounting Adjustments. After the Accounting Adjustments as per the advice of the consultant, we then liaised with the competent tax authorities for the switching from the Deemed Profit Basis to the Accounting Book Basis. With the greenlight from the PRC competent tax authorities, our Group willingly switched to the Accounting Book Basis forthwith.

The Reporting Accountants have carried out the audit of the Group’s consolidated financial statements, prepared based on financial information after the Accounting Adjustments, for the Track Record Period in accordance with the Hong Kong Standards on Auditing, and in the opinion of the Reporting Accountants, the financial information in the consolidated financial statements of the Group gives a true and fair view of the financial position of the Group as at 31 December 2014, 31 December 2015, 31 December 2016 and 30 June 2017, and financial performance for each of the year then ended.

Confirmations from the competent tax bureau

In view of the proposed Listing and to ensure that the Relevant Companies’ use of Deemed Profit Basis before 2016 and the switch of enterprise income tax assessment method to the Accounting Book Basis would not cause any adverse impact to our Group in the future, our Directors liaised with the respective competent tax authorities and informed the competent tax authorities of the background leading to the Relevant Companies’ adoption of the Deemed Profit Basis and the subsequent change to the Accounting Book Basis including the facts that: (i) the Group’s engagement of a consultant when it contemplated the Listing; (ii) the consultant’s recommendation in relation to costs and revenue recognition of the fixed remuneration agreements entered into between the Relevant Companies and their respective customers; and (iii) our Group’s adoption of Accounting Book Basis according to the recommendation of the consultant. After verbal communications between our Directors and the respective competent tax authorities, the respective competent tax authorities issued the following written confirmations:

- (a) The competent tax authority of Shanghai Jiu Yi issued a written confirmation dated 27 April 2017 to confirm that, inter alia (i) it approved Shanghai Jiu Yi to use the Deemed Profit Basis before 2016; (ii) it approved the switch of assessment method to the Accounting Book Basis starting from January 2016; (iii) the tax assessment basis and tax rate of Shanghai Jiu Yi had been in compliance with the provisions of relevant PRC tax laws since the date of its incorporation; and (iv) there have been no unpaid tax or administrative penalty since the date of its incorporation.

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- (b) The competent tax authority of Shanghai Bund issued a written confirmation dated 25 April 2017 to confirm that, inter alia (i) it approved Shanghai Bund to use the Deemed Profit Basis before 2016; (ii) it approved the switch of assessment method to the Accounting Book Basis starting from January 2016; (iii) no administrative penalty had been or will be imposed by the tax authority in Shanghai Bund for adopting the Deemed Profit Basis for tax filing historically; and (iv) it will not request Shanghai Bund to repay the tax underpaid under the Deemed Profit Basis.

Having considered that (i) before the proposed Listing the Relevant Companies applied to their respective competent tax authorities that they were eligible to use the Deemed Profit Basis before 1 January 2016, and the application for paying enterprise income tax based on the Deemed Profit Basis had been approved and recognised by their respective competent tax authorities in view of the above-mentioned circumstances; and (ii) the respective competent tax authorities of the Relevant Companies confirmed that the method for the levying and collection of enterprise income tax, tax assessment basis and tax rate of the Relevant Companies had been in compliance with the provisions of the relevant PRC tax laws since their incorporation and there was no unpaid tax or administrative penalty imposed to the Relevant Companies due to the use of the Deemed Profit Basis, our PRC Legal Advisers opined that the use of the Deemed Profit Basis by the Relevant Companies before 1 January 2016 (i) had been approved and acknowledged by their respective competent tax authorities, which complied with the relevant PRC laws and regulations; (ii) the Relevant Companies are not exposed to any risk of pecuniary penalty, and (iii) the Relevant Companies will not be requested to repay the possible tax underpaid under the Deemed Profit Basis.

Possible tax underpaid attributable to different taxation basis

Despite that there is no risk of pecuniary penalty as confirmed by the competent tax authorities, as advised by our PRC Legal Adviser, according to the Law of the People's Republic of China on the Administration of Tax Collection (《中華人民共和國稅收徵收管理法》), the tax authorities may recoup from the taxpayers the shortfall of tax payment within three years from the date of settlement of tax payment (結算繳納稅款之日) as a result of the fault of the tax authorities. To safeguard the tax authorities from requesting the Relevant Companies to apply Accounting Book Basis retrospectively, our Directors take this matter prudently, we have made full tax provision equal to the difference between the Relevant Companies' enterprise income tax accrued on the Accounting Book Basis and Deemed Profit Basis and in the sum RMB5.4 million, RMB3.2 million, RMB3.1 million and RMB3.3 million for the financial years ended 31 December 2012, 2013, 2014 and 2015 respectively. The following table sets out the differences between the amount of income tax for the Relevant Companies based on the Deemed Profit Basis and the Accounting Book Basis.

	For the financial year ended 31 December				
	2012	2013	2014	2015	2016
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Accounting Book Basis	8,077	5,909	5,499	5,691	N/A ^(note)
Deemed Profit Basis	2,677	2,661	2,386	2,406	N/A ^(note)
Differences between the two assessment methods	5,400	3,248	3,113	3,285	N/A ^(note)

Note: The Relevant Companies used Accounting Book Basis for the financial year ended 31 December 2016.

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Such provision will be only released upon the later of (i) receipt of confirmation in April 2017 as described above from the competent tax bureau that the adoption of deemed profit tax assessment basis and tax rate follows the provisions of relevant PRC tax laws, and (ii) the expiration of the statute of three-year limitation periods as advised by our PRC Legal Adviser above. As at the Latest Practicable Date, condition (i) had been fulfilled. The statute of limitations of the tax provision for the years ended 2012 and 2013 expired on 31 May 2016 and 31 May 2017, and the statute of limitations of those for the years ended 2014 and 2015 will expire on 31 May 2018 and 31 May 2019. Our Directors further confirmed that as at the Latest Practicable Date, there were no enquires or investigation by relevant tax authorities with respect to assessment or payment of tax by the Relevant Companies under Deemed Profit Basis. Besides, our Controlling Shareholders have undertaken to indemnify our Group for any late payment of taxes, administrative penalty, etc., which may be caused by the adjusting the levy method of enterprise income tax towards Shanghai Bund and Shanghai Jiu Yi. For details, please refer to the sub-section headed “9. Other Information — A. Tax and other indemnities” in Appendix IV to this prospectus.

Enhanced internal control measures

Our Directors have all along taken all reasonable endeavours in handling the tax filing and assessment of the Relevant Companies. The Relevant Companies have engaged PRC accountant to handle the computation and filing of financial statements and tax returns, in view that the tax laws, regulations, practice and its application are a very specialised sphere which require specialised knowledge and vast experience, our Directors consider that it was reasonable for the Relevant Companies to rely on the confirmation by the competent tax authorities and the professional advice rendered by its PRC accountant in handling the tax filing of the Relevant Companies. Our Directors reiterate that this incident is a one-off event stemming from the historical background of the Relevant Companies prior to the acquisition of their majority stake by our Group. Since the switching to the Accounting Book Basis has now been done, this incident will not be repeated. Our Directors would also reiterate that the Group has never been in defaulting in term of tax assessment or tax payment.

Onward looking, we shall adopt the following arrangements upon Listing to avoid the recurrence of the Company using inappropriate tax assessment method:

- (1) The appointment of the Board which comprises three executive Directors and three independent non-executive Directors who will be collectively responsible for the management of the Company and its subsidiaries;
- (2) The appointment of the chief financial officer for overseeing the financial and tax matters of the Group and providing the relevant training to accounting staff before Listing; and
- (3) The setting up of the audit committee comprising independent non-executive Directors which will be chaired by an independent non-executive Director with accounting background.

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Our Board of Directors together with our chief financial officer will ensure compliance of all applicable tax laws and regulations. Our Directors and the Sole Sponsor are in the view that the above mentioned internal control measures are adequate and effective to avoid the recurrence of similar incident.

The implications of the aforesaid tax issue on our Directors' integrity, competence and suitability to act as directors of the company

Having considered (i) the background leading to the use of the Deemed Profit Basis; (ii) the competent tax authorities confirmed that the Relevant Companies are eligible to use Deemed Profit Basis before 2016; (iii) the use of Deemed Profit Basis did not involve any non-compliance on the part of our Directors; (iv) the prompt switching of the tax assessment method upon advice by the consultant and the making of full tax provision on a prudent basis; (v) the various internal control measures of the Group relating to tax assessments and payment, and (vi) the consolidated financial statements of the Group for the Track Record Period have been prepared in accordance with HKFRSs and the Accountants' Report is audited by the Reporting Accountants, the Directors are of the view, and the Sole Sponsor concurs, that the aforesaid tax issue does not affect the character, experience and integrity of Mr. Xiao, Mr. Fu and Mr. Xiao YQ to act as directors of a listed company under Rules 3.08 and 3.09 of the Listing Rules.

REVIEW OF HISTORICAL RESULT OF CONTINUING OPERATIONS

Six months ended 30 June 2017 compared to the six months ended 30 June 2016

Revenue

Revenue increased by approximately 19.7% to RMB175.5 million for the six months ended 30 June 2017 from RMB146.6 million for the six months ended 30 June 2016. For the period under review, the increase in revenue was mainly attributable by the increase in the property management services by 24.8% to RMB142.9 million from those revenue-bearing GFA. Revenue derived from providing property management services for office buildings and hotels, commercial establishments and residential properties increased by 29.7%, 22.0% and 97.0%, respectively which was mainly attributable from the increase in average monthly fee per GFA (sq. m.) for the aforesaid properties for the six months ended 30 June 2017. The total GFA of our managed residential properties increased by approximately 73.1% to approximately 1,373,000 sq. m. for the six months ended 30 June 2017 from approximately 793,000 sq. m. for the six months ended 30 June 2016. Due to the management focus on high-end residential properties with higher profit margin, the average monthly fee per GFA (sq. m.) of residential properties increased by approximately 10.5% to RMB2.1 for the six months ended 30 June 2017 from RMB1.9 for the six months ended 30 June 2016.

FINANCIAL INFORMATION

Cost of services provided

Our cost of services provided increased by approximately 22.8% to RMB142.1 million for the six months ended 30 June 2017 from RMB115.7 million for the six months ended 30 June 2016. The increase in cost of service provided was primarily due to (i) the increase in property management services income from revenue-bearing GFA which leads to the increase in our staff costs and sub-contracting staff costs, and (ii) the Group continue to recruit more talent staff and providing training for our existing staff to cope with the expansion of our operations. Pursuant to the promulgation of the Interim Provisions on labour Dispatch (勞務派遣暫行規定) which came into effect on 1 March 2014, the percentage of labour employed under the labour dispatch arrangement shall not be more than 10% of total number of its employees and dispatched staff within 2 years. Accordingly we are required to reduce the proportion of dispatched staff. As such, we signed employment contracts with the dispatched staff or replaced those dispatched staff with sub-contracting staff. As a result, the proportion of staff costs to total cost of services provided slightly decreased from 33.3% for the six months ended 30 June 2016 to 33.1% for the six months ended 30 June 2017, the proportion of sub-contracting staff costs to total cost of services provided increased from 27.9% for the six months ended 30 June 2016 to 47.4% for the six months ended 30 June 2017, while the proportion of dispatched staff costs to total cost of services provided decreased from 16.5% for the six months ended 30 June 2016 to 0.6% for the six months ended 30 June 2017.

Gross profit and gross profit margin

Our gross profit increased by approximately 8.1% to RMB33.4 million for the six months ended 30 June 2017 from RMB30.9 million for the six months ended 30 June 2016 due to an increase in revenue despite being partially offset by the increase in the cost of services provided. Our gross profit margin for the six months ended 30 June 2017 was approximately 19.0% which is lower than our gross profit margin for the six months ended 30 June 2016 at approximately 21.0% as a result of the increase in cost of services provided.

Other income and gains, net

Our net other income and gains decreased to RMB4.6 million for the six months ended 30 June 2017 from RMB7.4 million for the six months ended 30 June 2016. The decreased in net other income and gains was primarily due to the decrease in government grants.

Selling and distribution expenses

Our selling and distribution expenses decreased by approximately 34.8% to RMB1.5 million for the six months ended 30 June 2017 from RMB2.3 million for the six months ended 30 June 2016. The decreased in selling and distribution expenses was primarily due to the marketing and promotion team carried out less promotion activities.

FINANCIAL INFORMATION

Administrative expenses

Our administrative expenses increased by approximately 46.3% to RMB15.8 million for the six months ended 30 June 2017 from RMB10.8 million for the six months ended 30 June 2016. The significant increase in the administrative expenses was primarily attributable to (i) the increase of staff costs by approximately 14.8% to RMB9.3 million for the six months ended 30 June 2017 from RMB8.1 million for the six months ended 30 June 2016; (ii) the incurrence of listing expenses approximately at RMB1.1 million for the six months ended 30 June 2017; (iii) the incurrence of compensation expense for litigation approximately RMB1.3 million for the six months ended 30 June 2017; and (iv) the increase of research and development expenses approximately of RMB1.1 million for the development of our information technology system on both database level and application level in order to enhance the quality of our property management services and no such expenses was incurred for the six months ended 30 June 2016.

Finance costs

Our finance costs substantially increased to RMB1.1 million for the six months ended 30 June 2017 from RMB0.4 million for the six months ended 30 June 2016. The significant increase in our finance costs was due to the increase in our average bank borrowings during the period under review.

Share of profits and losses of joint ventures

Share of profits of joint venture was slightly increased by approximately 3.8% to RMB2.7 million for the six months ended 30 June 2017 from RMB2.6 million for the six months ended 30 June 2016 due to more profits shared from Hefei Zheng Wen.

Share of profits and losses of associates

Share of profits of associates was substantially increased by approximately 242.9% to RMB2.4 million for the six months ended 30 June 2017 which was primarily due to increase in profits shared from Shanghai Qiang Sheng amounted to RMB1.7 million for the period under review.

Income tax expense/credit

An income tax credit of RMB2.2 million was recognised for the six months ended 30 June 2017. The arising of the income tax credit was mainly due to the release of income tax provision made in prior years approximately at RMB8.6 million which were increased by credit of deferred tax expenses of RMB1.1 million, and offset by the current income tax charge for the period amounted to RMB7.5 million. For further details, please refer to the paragraph headed “Income Tax — Possible tax underpaid attributable to different taxation basis” in this section.

FINANCIAL INFORMATION

Profit for the period and net profit margin

As a result of foregoing, our net profit increased by approximately 25.1% to RMB26.9 million for the six months ended 30 June 2017 from RMB21.5 million for the six months ended 30 June 2016 and our net profit margin increased to 15.3% for the six months ended 30 June 2017 from 14.7% for the six months ended 30 June 2016 as a result of above-mentioned.

The year ended 31 December 2016 compared to the year ended 31 December 2015

Revenue

Revenue increased by approximately 5.6% to RMB309.3 million for the year ended 31 December 2016 from RMB293.0 million for the year ended 31 December 2015. The increase in revenue was mainly attributable to the significant increase in property management fees of RMB17.5 million from those non-revenue bearing GFA. The increase was partially offset by the drop in other revenue of RMB1.1 million. During the year ended 31 December 2016, the Group obtained a new agreement with large amount of property management fees for facility operation of National Exhibition and Convention Center (Shanghai) (國家會展中心(上海)) and few agreements for other service covering non-revenue bearing GFA under management. The inclusion of these agreements are in line with our existing business focus as engineering services and repair and maintenance services are two of our core services.

There was an increase in revenue from office buildings and hotels of approximately 3.8% to RMB115.2 million for the year ended 31 December 2016 from approximately RMB111.0 million for the year ended 31 December 2015. However, the said increase was offset by the decrease in revenue from residential properties to approximately RMB19.8 million for the year ended 31 December 2016 from approximately RMB24.4 million for the year ended 31 December 2015 due to the non-renewal of several expiring property management services agreements for several residential projects which had lower average monthly fee per GFA in comparison with other residential projects of our Group. The property management services income from revenue-bearing GFA was maintained at a stable level of RMB245.7 million for the year ended 31 December 2016 as previous year. The total GFA of our managed residential properties decreased by approximately 51.0% to approximately 958,000 sq. m. for the year ended 31 December 2016 from approximately 1,954,000 sq. m. for the year ended 31 December 2015. Due to the non-renewal of property management services agreements for these residential properties with lower average fee per GFA, the average monthly fee per GFA of our managed residential properties increased by approximately 70.0% to RMB1.7 for the year ended 31 December 2016 from RMB1.0 for the year ended 31 December 2015.

Other revenues generated from our services which are not related to the provision of property management services decreased by approximately RMB1.1 million which was primarily due to the disposal of Shanghai Fukeruide on 23 July 2016.

FINANCIAL INFORMATION

Cost of services provided

Our cost of services provided increased by approximately 5.2% to RMB248.6 million for the year ended 31 December 2016 from RMB236.2 million for the year ended 31 December 2015. The increase in cost of services provided was in line with the increase in property management services income from revenue-bearing GFA which led to the increase in our staff costs and sub-contracting staff costs. Pursuant to the promulgation of the Interim Provisions on Labour Dispatch (勞務派遣暫行規定) which came into effect on 1 March 2014, the percentage of labour employed under the labour dispatch arrangement shall not be more than 10% of the total number of an employer's employees and dispatched staff within 2 years from the effective date of these Provisions. Accordingly we were required to reduce the number of dispatched staff engaged by our subsidiaries. As such, we signed employment contracts with the dispatched staff or replaced those dispatched staff with sub-contracting staff. As a result, the proportion of staff costs to total cost of services remained at a relatively steady level at 34.2% throughout the years ended 31 December 2015 and 2016. The proportion of sub-contracting staff costs to total cost of services provided increased from 21.5% to 26.6% from the year ended 31 December 2015 to the year ended 31 December 2016, while the proportion of dispatched staff costs to total cost of services provided decreased from 23.7% to 14.9% from the year ended 31 December 2015 to the year ended 31 December 2016.

Gross profit and gross profit margin

Our gross profit increased by approximately 6.7% to RMB60.6 million for the year ended 31 December 2016 from RMB56.8 million for the year ended 31 December 2015 due to an increase in revenue despite being partially offset by the increase in the cost of services provided. Our gross profit margin for the year ended 31 December 2016 was approximately 19.6% which remains stable in comparison with our gross profit margin of approximately 19.4% for the year ended 31 December 2015.

Other income and gains, net

Our net other income and gains increased by approximately 10.8% to RMB10.3 million for the year ended 31 December 2016 from RMB9.3 million for the year ended 31 December 2015. The increase in net other income and gains was primarily due to one-off gain from the disposal of Shanghai Fukeruide.

Selling and distribution expenses

Our selling and distribution expenses decreased by approximately 12.5% to RMB4.2 million for the year ended 31 December 2016 from RMB4.8 million for the year ended 31 December 2015. During the year ended 31 December 2016, we recruited more marketing staff for expansion of the business and carried out less promotional activities. Our expanded sales and marketing team will re-plan our promotional and marketing activities.

FINANCIAL INFORMATION

Administrative expenses

Our administrative expenses increased by approximately 66.5% to RMB31.3 million for the year ended 31 December 2016 from RMB18.8 million for the year ended 31 December 2015, which was primarily attributable to (i) the incurrence of listing expenses approximately at RMB8.9 million for the year ended 31 December 2016 which was not incurred in the year ended 31 December 2015; (ii) the increase in administrative staff costs by approximately 26.4% to RMB16.3 million for the year ended 31 December 2016 from RMB12.9 million for the year ended 31 December 2015 due to one-off severance payment for the dispatched staff in order to comply with the Provisions on Labour Dispatch (勞務派遣暫行規定) which amounted to RMB3.0 million and expansion of our management team by recruiting more middle and senior management so as to prepare for the expansion of our business and for the Listing; (iii) the increase in travel and office expenses by approximately 72.7% to RMB1.9 million for the year ended 31 December 2016 from RMB1.1 million for the year ended 31 December 2015. The aforementioned increases were partially offset by the decrease in entertainment expenses.

Finance costs

Our finance costs were approximately RMB1.2 million for the year ended 31 December 2016 which dropped from RMB1.4 million for the year ended 31 December 2015 because the monthly average outstanding loan balance was smaller in 2016.

Share of profits and losses of joint ventures

Share of profits of joint ventures decreased by approximately 18.9% to RMB4.3 million for the year ended 31 December 2016 from RMB5.3 million for the year ended 31 December 2015 due to decrease in profits shared from Hefei Zheng Wen.

Share of profits and losses of associates

Share of profits of associated was increased to approximately RMB2.3 million for the year ended 31 December 2016. The increase was primarily due to profits shared from Auhui Pu Bang and Shanghai Qiang Sheng which were acquired on 11 May 2016.

Income tax expense

Our income tax expense decreased by approximately 7.2% to approximately RMB10.3 million for the year ended 31 December 2016 from RMB11.1 million for the year ended 31 December 2015. The decrease in income tax expense was mainly due to decrease in our taxable profits.

Profit for the period and net profit margin

As a result of foregoing, our net profit decreased by approximately 14.1% to RMB30.5 million for the year ended 31 December 2016 from RMB35.5 million for the year ended 31 December 2015 and our net profit margin decreased to 9.9% for the year ended 31 December 2016 from 12.1% for the year ended 31 December 2015.

FINANCIAL INFORMATION

Year ended 31 December 2015 compared to year ended 31 December 2014

Revenue

Revenue decreased by approximately 1.5% to RMB293.0 million for the year ended 31 December 2015 from RMB297.4 million for the year ended 31 December 2014. For the year under review, the decrease in revenue was due to the decrease in property management services income of RMB10.8 million from those revenue-bearing GFA which was partially offset by the increase in property management services income of RMB3.1 million from those non-revenue bearing GFA and increase in property management fee in fixed remuneration of RMB2.4 million. The decrease in property management services income from those revenue-bearing GFA was mainly due to the drop in revenue from residential properties by approximately 25.2% to RMB24.4 million for the year ended 31 December 2015 from RMB32.6 million for the year ended 31 December 2014. Both the total GFA (sq. m.) and the average monthly fee per GFA (sq. m.) of residential properties decreased by approximately 141,000 sq. m. and RMB0.3, respectively to approximately 1,954,000 sq. m. and RMB1.0 for the year ended 31 December 2015, respectively. The property management services income from those non-revenue bearing GFA and property management services from fixed remuneration basis increased by 8.3% and 80.2%, respectively for the year ended 31 December 2015, which offset the effect of the decrease in the property management services income from those revenue-bearing GFA for the year under review.

Cost of services provided

Our cost of services provided decreased by approximately 3.0% to RMB236.2 million for the year ended 31 December 2015 from RMB243.5 million for the year ended 31 December 2014. The decrease in cost of services provided was in line with the decrease in revenue from property management services income derived from lump sum basis. As a result of compliance with the Interim Provisions on Labour Dispatch (勞務派遣暫行規定) as above-mentioned, we signed employment contracts with the dispatched staff. As a result, the proportion of staff costs to total cost of services provided increased to 34.2% for the year ended 31 December 2015 from 25.3% for the year ended 31 December 2014. The proportion of dispatched staff costs to the total cost of services provided decreased to 23.7% for the year ended 31 December 2015 from 30.8% for the year ended 31 December 2014.

Gross profit and gross profit margin

Our gross profit increased by approximately 5.4% to RMB56.8 million for the year ended 31 December 2015 from RMB53.9 million for the year ended 31 December 2014 due to an increase in the revenue of fixed remuneration to RMB5.3 million for the year ended 31 December 2015 from RMB3.0 million for the year ended 31 December 2014, respectively. Our gross profit margin for the year ended 31 December 2015 was approximately 19.4% while our gross profit margin for the year ended 31 December 2014 was approximately 18.1%. The gross profit margin for fixed remuneration basis management service income was higher which increased the overall gross profit margin.

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Other income and gains, net

Our net other income and gains increased by approximately 16.3% to RMB9.3 million for the year ended 31 December 2015 from RMB8.0 million for year ended 31 December 2014. The increase in our net other income and gains was primarily attributable by the increase in interest income resulting from the purchase of wealth management products and the increase in government grants.

Selling and distribution expenses

Our selling and distribution expenses increased by approximately 26.3% to RMB4.8 million for the year ended 31 December 2015 from RMB3.8 million for the year ended 31 December 2014. The marketing and promotion team carried out more marketing and promotional activities when bidding for new projects and promoting our brand during the year ended 31 December 2015.

Administrative expenses

Our administrative expenses decreased by approximately 10.0% to RMB18.8 million for the year ended 31 December 2015 from RMB20.9 million for the year ended 31 December 2014. The decrease in our administrative expenses was attributable to the decrease in our depreciation and amortisation by approximately 70.0% to RMB0.6 million for the year ended 31 December 2015 from RMB2.0 million for the year ended 31 December 2014 as a result of the disposal of leasehold improvement in Dongtan International Conference Centre (Chongming County) (崇明會議中心) in early 2015.

Finance costs

Our finance costs substantially increased to RMB1.4 million for the year ended 31 December 2015 from RMB0.5 million for the year ended 31 December 2014. The significant increase in our finance costs was due to new borrowings at RMB26 million made during the year ended 31 December 2015 while RMB20 million borrowings were repaid in second half of 2015.

Share of profits and losses of joint ventures

Share of profits of joint ventures substantially increased to RMB5.3 million for the year ended 31 December 2015 from RMB1.5 million for the year ended 31 December 2014 due to increase in profits shared from Bengbu Zhi Xin and Hefei Zheng Wen, our joint venture companies in Bengbu and Hefei respectively in Anhui Province, the PRC.

Share of profits and losses of associates

Share of profits of associates decreased by approximately 66.7% to RMB0.3 million for the year ended 31 December 2015 from RMB0.9 million for year ended 31 December 2014 due to a decrease in profits shared from Ningbo Plaza.

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Income tax expense

Our income tax expense increased by approximately 13.3% to RMB11.1 million for the year ended 31 December 2015 from RMB9.8 million for the year ended 31 December 2014. The increase in our income tax expense was in line with the increase in profit before tax adjusted with share of profits and losses of joint ventures and associates.

Profit for the year and net profit margin

As a result of foregoing, our net profit increased by approximately 21.2% to RMB35.5 million for the year ended 31 December 2015 from RMB29.3 million and for the year ended 31 December 2014 and our net profit margin increased to 12.1% for the year ended 31 December 2015 from 9.9% for the year ended 31 December 2014.

DESCRIPTION OF SELECTED ITEMS IN OUR CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Trade Receivables

Our trade receivables are mainly the receivables from property management services income. Our Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally 10 days, extending up to three months for major customers. Each customer has a credit limit. Our Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are monitored by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Our Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

The table below sets forth a breakdown of our trade receivables as at the dates indicated, based on invoice dates:

	As at 31 December			As at
	2014	2015	2016	30 June
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	2017
				<i>RMB'000</i>
Within three months	42,442	39,227	53,264	55,254
three to six months	3,910	947	4,132	2,463
More than six months but less than one year	1,697	9,483	3,716	8,648
Over one year	442	514	331	3,427
	<u>48,491</u>	<u>50,171</u>	<u>61,443</u>	<u>69,792</u>

As at 31 December 2014, 2015, 2016 and 30 June 2017, our trade receivables accounted for 23.3%, 19.1%, 29.8% and 33.2% of our total current assets, respectively.

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Due to the government organisations settlement pattern and our long term relationship with them, our trade receivables for the year ended 31 December 2016 are relatively higher than those for the years ended 31 December 2014 and 2015. However, the trade receivables are in line with the historical pattern observed throughout the Track Record Period.

As at 30 June 2017, our trade receivables which are (i) more than 6 months but less than one year; or (ii) more than one year, are larger than those trade receivables of the same aging as of 31 December 2016. This was due to our agreement to extend the credit period of a part of an outstanding trade receivables of RMB5.3 million which has fallen due for over one year, from a customer in Anhui Province, the PRC, according to the following repayment schedule:

Repayment schedule	<i>RMB'000</i>
July 2017	1,200
December 2017	1,200
March 2018	1,400
Total amount	3,800

As at the Latest Practicable Date, we had received the first repayment of RMB1.2 million in July 2017 and, therefore, we believe that the customer will repay the outstanding sum in accordance with the schedule and no impairment of trade receivables was made as of 30 June 2017.

As at 30 September 2017, we subsequently received a settlement of RMB56.8 million, or 81.4%, of our trade receivables outstanding as at 30 June 2017.

The table below sets forth our trade receivables turnover for the years indicated:

	For the year ended 31 December			For the six months ended
				30 June
	2014	2015	2016	2017
Trade receivables turnover ⁽¹⁾ (days)	56.1	61.4	65.9	68.0

Note:

- (1) Calculated as the average trade receivables as of the relevant years/period divided by revenue for the relevant years, then multiplied by the number of days (365 days/182 days) in the relevant years.

Our trade receivables turnover days for the Track Record Period were 56.1, 61.4, 65.9 and 68.0, respectively, and the increasing trend is due to longer repayment term being provided to government organisations as above-mentioned.

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Prepayments, deposits and other receivables

The table below sets forth a breakdown of our prepayments, deposits and other receivables as at the dates indicated.

	As at 31 December			As at 30 June
	2014	2015	2016	2017
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
(i) Payments on behalf of residents	17,449	11,402	11,960	12,921
(ii) Deposits	2,097	8,657	4,660	4,601
(iii) Prepayments to suppliers	1,790	630	1,435	1,514
(iv) Cash in advance	324	825	1,582	1,702
(v) Prepaid expenses	2,043	1,498	516	2,268
(vi) Prepayment related to listing expenses	—	—	2,362	3,071
(vii) Others	807	1,385	939	950
	<u>24,510</u>	<u>24,397</u>	<u>23,454</u>	<u>27,027</u>

Prepayments, deposits and other receivables comprise primarily (i) payments made on behalf of residents, (ii) deposits, (iii) prepayments to suppliers, (iv) cash in advance, and (v) prepaid expenses, and (vi) prepayment related to listing expenses. The aggregate amounts of payments on behalf of residents and deposits accounted for 79.7%, 82.2%, 70.9% and 64.8% of prepayments, deposits and other receivables as at 31 December 2014, 2015, 2016 and 30 June 2017, respectively.

Our payments made on behalf of residents are primarily for the daily and/or events expenses of our management properties which are not normally expenses planned in the property management agreements. From time to time, our customers may request us to carry out certain activities and/or hold certain events which are not included in the property management agreements. After the completion of these activities or events, we finalise and agree on total the final expenses with customers and then our customers reimburse us for the expenses due to payments made on their behalf.

Our payments on behalf of residents decreased by approximately 34.5% to RMB11.4 million as at 31 December 2015 from RMB17.4 million as at 31 December 2014, primarily due to adoption of more stringent controls over the payments on behalf of residents by the management and to speed up the collection of these payments. Our payments on behalf of residents increased by approximately 5.3% to RMB12.0 million as at 31 December 2016 from RMB11.4 million as at 31 December 2015, primarily due to the increase of payments incurred for Shanghai World Expo Exhibition and Convention Centre (世博展覽館). Our payments on behalf of residents increased by approximately 8.0% to RMB12.9 million as at 30 June 2017.

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Deposits primarily consist of performance bond, deposits for bidding property management services agreements and rental deposits. Our deposits significantly increased to RMB8.7 million as at 31 December 2015 from RMB2.1 million as at 31 December 2014 primarily due to rental deposits at the amount of RMB5.7 million paid by our subsidiary, Shanghai Fukeruide. Our deposits decreased by approximately 46.0% to RMB4.7 million as at 31 December 2016 from RMB8.7 million as at 31 December 2015 primarily due to the decrease of deposits for bids. Our deposits decreased slightly by approximately 1.3% to RMB4.6 million as at 30 June 2017.

Amounts due from/(to) related parties

The table below sets forth a breakdown of our amounts due from/(to) related parties as at the dates indicated.

	As at 31 December			As at
	2014	2015	2016	30 June
	RMB'000	RMB'000	RMB'000	2017
				RMB'000
Amounts due from a related party				
— Pujiang Holding	39,196	18,394	30,112	—
Amounts due to related parties				
— Pujiang Holding	—	60,370	—	—
— 上海外灘科浦工程管理有限公司	15	2,100	—	—
	15	62,470	—	—
Net amounts due from/(to)				
Pujiang Holding	39,196	(41,976)	30,112	—

Pujiang Holding is an associate of the Controlling Shareholders and 上海外灘科浦工程管理有限公司 is controlled by Pujiang Holding. Pujiang Holding and the Group have provided financing cash flow to each other and Pujiang Holding acquired some assets from us during the Track Record Period. Pujiang Holding acquired leasehold improvement from us at net book value of RMB14.4 million in 2015. 上海外灘科浦工程管理有限公司 has provided the Group with the loans at total amount of RMB2.1 million. The amounts due from/(to) related parties were non-trade related balances in nature and were unsecured, interest-free and have no fixed payment terms. The net amounts due from Pujiang Holding were settled before 30 June 2017.

Pursuant to the General Lending Provisions (貸款通則) (Order No. 2, 1996 of the People's Bank of China) (effective as of 1 August 1996), no financing business involving lending or borrowing, or lending and borrowing in a disguised form, may be handled between enterprises in violation of the General Lending Provisions. Where enterprises engage in lending and borrowing or lending and borrowing in a disguised form between themselves without authorisation, the People's Bank of China shall impose a fine on the lender of between one time and five times the

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income gained in violation of General Lending Provisions, and the People's Bank of China shall suppress such activity. Pujiang Holding and 上海外灘科浦工程管理有限公司 are beneficially owned by Mr. Xiao, one of our Controlling Shareholders. In view of the nature of the transactions, our PRC Legal Advisers opined that the amounts due to/from Pujiang Holding and 上海外灘科浦工程管理有限公司 did not contravene the General Lending Provisions (貸款通則) of the PRC.

Trade payables

Our trade payables mainly represent payables for sub-contracting fees, accessories to be used in property management services, materials to be used by sub-contractors and repair and maintenance works. Our property management services generally include (i) engineering, repair and maintenance services; (ii) customer services; (iii) security services; (iv) cleaning and gardening services; and (v) value-added services and we outsource some of these services to sub-contracting agents and professional parties. The sub-contracting fees and maintenance and repair works fees are normally billed on quarterly basis. The trade payables are unsecured, non-interest-bearing and normally settled on terms of 5 to 90 days.

The table below sets forth an ageing analysis of our trade payables as at the dates indicated, based on invoice dates:

	As at 31 December			As at 30 June
	2014	2015	2016	2017
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Within three months	57,178	52,916	46,762	44,812
Three months to one year	415	193	3,031	3,195
Over one year	504	283	622	1,020
	58,097	53,392	50,415	49,027

Our trade payables decreased by approximately 8.1% to RMB53.4 million as at 31 December 2015 from RMB58.1 million as at 31 December 2014, primarily due to decrease in sub-contracting fees and prolonged settlement of our trade payables. Our trade payables decreased by approximately 5.6% to RMB50.4 million as at 31 December 2016 from RMB53.4 million as at 31 December 2015 and further decreased by approximately 2.8% to RMB49.0 million as at 30 June 2017, primarily due to earlier settlement of our trade payables.

As at 30 September 2017, we subsequently paid RMB35.9 million, or 73.3%, of our trade payables outstanding as at 30 June 2017.

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The table below sets forth our trade payable turnover as at the dates indicated:

	<u>As at 31 December</u>			As at
	<u>2014</u>	<u>2015</u>	<u>2016</u>	30 June
				2017
Trade payables turnover ⁽¹⁾ (days)	73.5	86.1	76.2	63.7

Note:

- (1) Calculated as the average trade payables of the relevant year/period divided by cost of services provided in the relevant years, then multiplied by the number of days (365 days/182 days) in the relevant years.

Our trade payables turnover days for the Track Record Period were 73.5, 86.1, 76.2 and 63.7, respectively, and the changes are due to the change in time of our customers' settlement of our property management fees.

Other payables and accruals

The table below sets forth a breakdown of our other payables and accruals as of the dates indicated:

	<u>As at 31 December</u>			As at
	<u>2014</u>	<u>2015</u>	<u>2016</u>	30 June
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Advances from customers	2,071	3,804	6,009	3,296
Staff payroll and welfare payables	4,112	5,968	8,427	8,629
Deposits received	6,551	6,835	8,745	9,650
Receipts on behalf of residents	38,119	37,955	33,471	26,936
Maintenance funds	6,323	5,962	5,845	5,773
Accrued listing expenses	—	—	—	1,014
Accrued compensation expense for litigation	—	—	—	1,280
Other tax payables	2,937	3,034	8,781	9,903
	<u>60,113</u>	<u>63,558</u>	<u>71,278</u>	<u>66,481</u>

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Our advances from customers are the prepayment by residents to settle the management service fees yet to become due. Our deposits received mainly include the rental deposits from tenants of the properties we manage and the retention monies we collected from residents associated with the tenants' renovation to insure against any potential damage caused by their construction projects. Such deposits will be refunded to the tenants after the expiry or early termination of the tenancy agreements, when these tenants move out or they complete the renovation projects without causing any damage. Receipts on behalf of residents are the receipts of maintenance and repair funds, utilities expenses from residents to pay off maintenance and repair work as well as utilities bills on behalf of the landlords.

Maintenance funds is a specific sinking fund for the overhaul maintenance and repair for Jiushi Tower (久事大廈). Other tax payables primarily include business tax payables and net value added tax payable to the relevant authorities. As at 31 December 2014, 2015, 2016 and 30 June 2017, our receipts on behalf of residents accounted for 63.4%, 59.7%, 47.0% and 41.3% of total other payables and accruals. Our receipts on behalf of residents as at 31 December 2014 and 2015 were similar. Our receipts on behalf of residents decreased by approximately 11.8% to RMB33.5 million as at 31 December 2016 from RMB38.0 million as at 31 December 2015, primarily due to earlier settlement of utilities expenses and repair works. Our receipts on behalf of residents further decreased by approximately 19.7% to RMB26.9 million as at 30 June 2017 from RMB33.5 million as at 31 December 2016, primarily due to the earlier settlement of utilities expenses and repair works.

Interest-bearing Bank Borrowings

We use bank credit facilities as part of our cash management. These bank credit facilities were guaranteed by Mr. Fu and Pujiang Holding during the Track Record Period until 15 November 2016. As at Latest Practicable Date, the bank credit facilities are now unsecured. Our bank borrowings increased from RMB16.0 million as at 31 December 2015 to RMB50.0 million as at 31 December 2016. Our bank borrowings decreased from RMB50.0 million as at 31 December 2016 to RMB40.0 million as at 30 June 2017.

Tax payable

Our tax payable represents income tax payable for our subsidiaries in PRC. Our tax payable increased from RMB19.3 million as at 31 December 2014 to RMB23.9 million as at 31 December 2015, and increased further to RMB26.9 million as at 31 December 2016 primarily due to the increase in profits subject to income tax in PRC by our subsidiaries. Our tax payable decreased to RMB22.5 million as at 30 June 2017 because of a tax credit of RMB2.2 million for the period under review.

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CURRENT ASSETS AND CURRENT LIABILITIES

Composition of our net current assets

The following table sets out our current assets and current liabilities as at the dates indicated.

	As at 31 December			As at 30 June 2017	As at 30 September 2017
	2014	2015	2016	RMB'000	RMB'000 (Unaudited)
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Current assets					
Inventories	89	116	112	93	88
Trade receivables	48,491	50,171	61,443	69,792	73,466
Prepayments, deposits and other receivables	24,510	24,397	23,454	27,027	25,814
Amount due from a related party	39,196	18,394	30,112	—	—
Amount due from an associate	—	5,965	—	—	—
Restricted bank balances	7,382	8,194	11,389	7,751	9,931
Wealth management products	—	4,000	—	4,000	5,000
Cash and cash equivalents	88,540	151,702	79,434	101,511	66,185
Total current assets	208,208	262,939	205,944	210,174	180,484
Current liabilities					
Trade payables	58,097	53,392	50,415	49,027	42,562
Other payables and accruals	60,113	63,558	71,278	66,481	72,234
Interest-bearing bank borrowings	10,000	16,000	50,000	40,000	5,000
Amounts due to related parties	15	62,470	—	—	—
Amount due to a joint venture	—	800	—	—	—
Tax payable	19,327	23,860	26,859	22,517	19,526
Total current liabilities	147,552	220,080	198,552	178,025	139,322
Net current assets	60,656	42,859	7,392	32,149	41,162

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Our net current assets decreased by approximately 29.3% to RMB42.9 million as at 31 December 2015 from RMB60.7 million as at 31 December 2014. The decrease was primarily due to increase in amounts due to related parties at RMB62.5 million, increase in interest-bearing bank borrowings at RMB6.0 million, increase in tax payable at RMB4.5 million and increase in other payables and accruals at RMB3.4 million but partially offset by the increase in cash and cash equivalent at RMB63.2 million, the increase in amounts due from an associate at RMB6.0 million, subscription of wealth management products at RMB4.0 million and the decrease in trade payables at RMB4.7 million.

Our net current assets decreased by approximately 82.8% to RMB7.4 million as at 31 December 2016 from RMB42.9 million as at 31 December 2015. The decrease was primarily due to (i) the decrease in cash and cash equivalent at RMB72.3 million mainly attributable to dividend payment in the amount of RMB41.9 million declared and paid by our Group, the acquisitions of equity interests of RMB22.8 million in several subsidiaries of our Group for the purpose of Inter-group Restructuring in 2016 and the payment of the investment of RMB5.6 million in Shanghai Xin Di; (ii) the increase in interest-bearing bank borrowings at RMB34.0 million; (iii) the decrease in amounts due from an associate at RMB6.0 million; (iv) the redemption of wealth management products at RMB4.0 million; (v) the decrease in prepayments, deposits and other receivables at RMB0.9 million; (vi) increase in tax payable at RMB3.0 million; and (vii) the increase in other payables and accruals at RMB7.7 million but partially offset by the increase in the net amounts due from/to related parties at RMB74.2 million, increase in trade receivables at RMB11.3 million, increase in restricted bank balances at RMB3.2 million and decrease in trade payable at RMB3.0 million.

Our net current assets increased from RMB7.4 million as at 31 December 2016 to RMB32.1 million as at 30 June 2017. The increase was primarily due to (i) the increase in trade receivable at RMB8.3 million; (ii) the increase in prepayments, deposits and other receivables at RMB3.6 million; (iii) the subscription of wealth management products at RMB4.0 million; (iv) the increase in cash and cash equivalent at RMB22.1 million; (v) the decrease in trade payables at RMB1.4 million; (vi) the decrease in other payable and accruals at RMB4.8 million; (vii) the decrease in interest-bearing bank borrowings at RMB10.0 million; (viii) the decrease in tax payable at RMB4.3 million but partially offset by the decrease in the net amounts due from/to related parties at RMB30.1 million and the decrease in restricted bank balances at RMB3.6 million.

Our net current assets increased from RMB32.1 million as at 30 June 2017 to RMB41.2 million as at 30 September 2017. The increase was primarily due to (i) the decrease in interest-bearing bank borrowings at RMB35.0 million; (ii) the decrease in trade payable at RMB6.5 million; (iii) the increase in trade receivables at RMB3.7 million; (iv) the decrease in tax payable at RMB3.0 million; (v) the increase in restricted bank balances at RMB2.2 million and (vi) increase in subscription of wealth management products at RMB1.0 million but partially offset by the decrease in cash and cash equivalent at RMB35.3 million; the increase in other payables and accruals at RMB5.8 million and the decrease in prepayments, deposits and other receivables at RMB1.2 million.

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LIQUIDITY AND CAPITAL RESOURCES

Overview

During the Track Record Period, our liquidity requirements arose principally from meeting our working capital requirements. During the Track Record Period, our principal sources of funds to finance our working capital, capital expenditure and other capital requirements were internally generated cash flows and bank loans.

Cash Flow

The table below summarises our consolidated statements of cash flows for the year/period indicated:

	For the year ended 31 December			For the six months ended 30 June	
	2014	2015	2016	2016	2017
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				(Unaudited)	
Net cash generated from/(used in) operating activities	50,585	28,671	21,463	(10,097)	3,663
Net cash (used in)/generated from investing activities	(17,094)	87,657	(52,278)	(40,131)	30,039
Net cash flows generated from/(used in) financing activities	10,738	(53,166)	(41,453)	(56,639)	(11,625)
Net increase/(decrease) in cash and cash equivalents	44,229	63,162	(72,268)	(106,867)	22,077
Cash and cash equivalents at the beginning of the year/period	44,311	88,540	151,702	151,702	79,434
Cash and cash equivalents at the end of the year/period	<u>88,540</u>	<u>151,702</u>	<u>79,434</u>	<u>44,835</u>	<u>101,511</u>

Net cash generated from/(used in) operating activities

During the Track Record Period, we derived our cash from operating activities principally from the fee income received from our customers for the provision of property management services, advances from customers, receipts on behalf of residents, maintenance funds and deposits. Our cash used in operating activities was mainly related to the payments for staff costs — our employees and dispatched staff, sub-contracting costs, payments on behalf of our customers and their residents, selling and distribution expenses and administrative expenses.

Net cash generated from operating activities reflects our profit before income tax deducted by interests and income tax paid and adjusted for any share of profits or losses of joint ventures and associates and non-cash items such as depreciation of property, plant and equipment, the effects of changes in working capital items and the payment of enterprise income tax of PRC.

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In the year ended 31 December 2014, net cash from our operating activities was RMB50.6 million. Operating cash inflow before changes in working capital was RMB38.7 million, which was primarily attributable to profit before tax for the year of RMB39.1 million, as adjusted by deducting share of profits of joint ventures and associates of RMB2.4 million and adding certain non-cash expense line items such as depreciation of property, plant and equipment of RMB2.2 million. Changes in working capital increased the cash outflow by RMB18.9 million which primarily consisted of (i) an increase in trade payables of RMB18.2 million, which was primarily due to an increase in sub-contracting fees, and (ii) an increase in other payables and accruals of RMB9.4 million due to an increase in our receipts on behalf of residents of RMB7.3 million arising from increasing number of properties managed. The increased cash outflow was partially offset by (i) an increase in trade receivables of RMB5.6 million, which was primarily due to growth of revenue, (ii) an increase in prepayments, deposits and other receivables of RMB1.4 million, and (iii) an increase in restricted bank balances of RMB1.7 million. The cash flow was further reduced by income tax paid of RMB7.0 million for the year ended 31 December 2014.

In the year ended 31 December 2015, net cash from our operating activities was RMB28.7 million. Operating cash inflow before changes in working capital was RMB41.9 million, which was primarily attributable to profit before tax for the year of RMB46.5 million, as adjusted by deducting share of profits of joint ventures and associates of RMB5.6 million and adding certain non-cash expense line items such as depreciation of property, plant and equipment of RMB0.8 million. Changes in working capital reduced the cash outflow by RMB6.8 million which primarily consisted of (i) an increase in trade receivables of RMB1.7 million, (ii) a decrease in trade payables of RMB4.7 million which was primarily due to a decrease in sub-contracting fees, and (iii) an increase in due from a related party of RMB4.0 million. The reduced cash outflow partially offset by an increase in other payables and accruals of RMB3.4 million which was primarily due to an increase in advances from customers and staff payroll and welfare of RMB3.6 million. The cash flow was further reduced by income tax paid of RMB6.4 million for the year ended 31 December 2015.

For the year ended 31 December 2016, net cash from our operating activities was RMB21.5 million. Operating cash inflow before changes in working capital was RMB43.7 million, which was primarily attributable to profit before tax for the year of RMB40.9 million, as mainly adjusted by deducting share of profits of joint ventures and associates of RMB6.6 million and adding back listing and share issue expenses of RMB8.9 million. Changes in working capital reduced the cash outflow by RMB12.6 million, which primarily consisted of (i) an increase in outstanding trade receivables of RMB11.3 million, which was mainly a result of longer period of settlement, (ii) increase in restricted bank balances of RMB3.2 million, and (iii) a decrease in trade payables of RMB3.0 million which was primarily due to speedy payments of account payable. The reduced cash outflow was partially offset by decrease in prepayments, deposits and other receivables of RMB4.2 million and increase in other payables and accruals of RMB2.3 million. The cash inflow was further reduced by income tax paid of RMB9.6 million for the year ended 31 December 2016.

For the six months ended 30 June 2017, net cash generated from our operating activities was RMB3.7 million. Operating cash inflow before changes in working capital was RMB21.6 million, which was primarily attributable to profit before tax for the year of RMB24.7 million, as mainly adjusted by deducting share of profits of joint ventures and associates of RMB5.0 million

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and adding back listing and share issue expenses of RMB1.1 million. Changes in working capital reduced the cash outflow by RMB14.8 million, which primarily consisted of (i) an increase in trade receivables of RMB8.3 million as a result of increase in revenue and, most of which were neither past due nor impaired, (ii) an increase in prepayments, deposits and other receivables of RMB2.9 million as more prepayments were made, (iii) a decrease in trade payables of RMB1.4 million, and (iv) a decrease in other payables and accruals of RMB5.8 million, which was primarily due to decrease in advances from customers and receipts on behalf of residents. The increased cash outflow was partially offset by a decrease in restricted bank balances of RMB3.6 million. The cash inflow was further reduced by income tax paid of RMB3.2 million for the six months ended 30 June 2017.

Net cash (used in)/generated from investing activities

Our net cash used in investing activities for the year ended 31 December 2014 was RMB17.1 million. This was primarily due to an advance to related parties of RMB30.2 million but partially offset by redemption in wealth management products of RMB12.0 million.

Our net cash generated from investing activities for the year ended 31 December 2015 was RMB87.7 million. This was primarily due to the receipt of advance to related parties of RMB101.7 million but partially offset by payment of acquisition of joint ventures and associates of RMB6.1 million, advances to an associated company of RMB6.0 million, subscription in wealth management products of RMB4.0 million and payment for the purchase of property, plant and equipment of RMB1.3 million.

Our net cash used in investing activities for the year ended 31 December 2016 was RMB52.3 million. This was primarily due to advances to related parties of RMB51.5 million, and payment of acquisition of joint ventures and associates of RMB15.2 million but partially offset by receipts of repayment from an associate of RMB6.0 million, receipts of dividends from joint venture at RMB4.4 million and redemption in wealth management products at RMB4.0 million.

Our net cash from investing activities for the six months ended 30 June 2017 was RMB30.0 million. This was primarily due to the receipt of full payment from a related party of RMB30.1 million, the received dividends from joint venture at RMB3.7 million and interest of RMB0.4 million but offset by subscription in wealth management products of RMB4.0 million for the purpose of better use of surplus funds and increase income.

Net cash (used in)/generated from financing activities

Our net cash generated from financing activities for year ended 31 December 2014 was RMB10.7 million. This was primarily due to receipts of new bank loans at RMB10.0 million.

Our net cash used in financing activities for year ended 31 December 2015 was RMB53.2 million. This was primarily due to payment of dividends at RMB57.8 but partially offset by the net proceeds from bank loans and other borrowings at RMB6.0 million.

Our net cash used in financing activities for the year ended 31 December 2016 was RMB41.5 million. This was primarily due to the payment of acquisition of equity interests by our Group under the Reorganisation of RMB62.1 million, deem distribution to the then equity holder

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of the subsidiaries of RMB22.8 million, dividend paid at the amount of RMB41.9 million and the payment of listing and share issue expenses of RMB11.3 million which are mainly financed by the proceeds of issue of new shares of RMB60.8 million and net increase in bank borrowings at RMB34.0 million.

Our net cash used in financing activities for the six months ended 30 June 2017 was RMB11.6 million. For the six months ended 30 June 2017, the Group had repaid bank loans at RMB10.0 million upon maturity and paid interest on bank loans of RMB1.1 million.

KEY FINANCIAL METRICS

The table below sets forth a summary of our key financial metrics during the Track Record Period:

Financial metric	Formula	As at and for the year ended 31 December			As at and for the six months ended 30 June 2017
		2014	2015	2016	
Rates of return:					
Return on equity	Net profit for the respective periods divided by the total equity at the end of the respective periods	29.7%	46.5%	50.6%	61.5% ⁽³⁾
Return on total assets	Net profit for the respective periods divided by the total assets as at the end of the respective periods	11.9%	12.0%	11.8%	20.3% ⁽³⁾
Liquidity:					
Current ratio	Current assets divided by current liabilities	1.4	1.2	1.0	1.2
Quick ratio	Current assets (less inventory) divided by current liabilities	1.4	1.2	1.0	1.2
Capital adequacy:					
Gearing ratio	Total debt ⁽¹⁾ divided by total equity at the end of the respective period	10.2%	103.8%	82.9%	45.8%
Net debt to equity ratio	Net debt ⁽²⁾ divided by total equity at the end of the respective period	Net cash position	Net cash position	Net cash position	Net cash position

Notes:

- (1) Total debts are defined to include amounts due to related parties and a joint venture and interest-bearing bank borrowings.
- (2) Net debt is defined to include total debts net of cash and cash equivalents.
- (3) Return on equity and return on total assets for the six months ended 30 June 2017 are annualised by multiplying the net profit for the relevant period by two.

Return on Equity

Our return on equity increased to 46.5% for the year ended 31 December 2015. This was primarily due to the rate of decrease in the total equity at 22.6% and the increase in the net profit for the year ended 31 December 2015. The decrease in the total equity was resulted from the declaration of dividends during the year ended 31 December 2015.

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Our return on equity increased to 50.6% for the year ended 31 December 2016 and this was primarily due to the rate of the decrease in total equity at 21.0% was larger than the percentage of the decrease of 13.9% in the net profit for the year ended 31 December 2016. The decrease in total equity was a result of the declaration of dividends for the year ended 31 December 2016.

Our return on equity increased to 61.5% for the six months ended 30 June 2017. This was primarily due to the rate of the increase in the net profit for the six months ended 30 June 2017 was larger than the percentage of the increase in the total equity at 44.9%. The increase in the net profit was mainly due to the tax provision at approximately RMB8.6 million released during the six months ended 30 June 2017 regarding PRC enterprise income tax provision of the years 2012 and 2013. For further details, please refer to the paragraph headed “Income Tax — Possible tax underpaid attributable to different taxation basis” in this section.

The large fluctuation of return on equity during the Track Record Period was a result of the reorganisation of the Group. Normally, our Company will reserve a significantly large portion of profit for future operation and expansion. During the Track Record Period, the aggregate of the net profit was RMB122.2 million while the aggregate of total dividend distribution was RMB99.7 million.

Return on Total Assets

Our return on total assets for the year ended 31 December 2015 is similar to that of 31 December 2014 at 12.0%. Our return of total assets decreased to 11.8% for the year ended 31 December 2016 from 12.0% for the year ended 31 December 2015. The slightly decrease was primarily due to the decrease of total assets of 12.7% for the year ended 31 December 2016 was smaller than the decrease of net profit for the year ended 31 December 2016 of 13.9%. Our return of total assets increased to 20.3% for the six months ended 30 June 2017 from 11.8% for the year ended 31 December 2016. The increase was primarily due to the increase of net profit for the six months ended 30 June 2017 resulting from the tax provision at approximately RMB8.6 million released during the six months ended 30 June 2017 regarding PRC enterprise income tax provision of the years 2012 and 2013. For further details, please refer to the paragraph headed “Income Tax — Possible tax underpaid attributable to different taxation basis” in this section..

Current Ratio

Our current ratio decreased to 1.2 as at 31 December 2015 from 1.4 as at 31 December 2014. The decrease was primarily due to the increase in current assets which was lower than the rate of increase in current liabilities, resulting from significant increase in amounts due to related parties. Our current ratio decreased to 1.0 as at 31 December 2016 from 1.2 as at 31 December 2015. The decrease was primarily due to the payment of dividends at RMB41.9 million being higher than the profit for the year ended 31 December 2016. Our current ratio increased to 1.2 as at 30 June 2017 from 1.0 as at 31 December 2016. The increase was primarily due to the rate of increase in current assets resulting from our increased cash and cash equivalents being higher than the rate of increase in current liabilities.

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Quick Ratio

The amount of our inventories were very insignificant and, hence, our quick ratios as at 31 December 2014, 2015, 2016 and 30 June 2017 are the same as our current ratios at the same relevant dates.

Net Debt to Equity Ratio

We were in net cash position as at 31 December 2014, 2015, 2016 and 30 June 2017.

INDEBTEDNESS

The table below sets forth our outstanding indebtedness as at 31 December 2014, 2015, 2016, 30 June 2017 and 30 September 2017:

	As at 31 December			As at 30 June	As at 30 September
	2014	2015	2016	2017	2017
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> (Unaudited)
Interest-bearing bank borrowings	10,000	16,000	50,000	40,000	5,000
Amounts due to related parties	15	62,470	—	—	—
Amount due to a joint venture company	—	800	—	—	—
Total debt	<u>10,015</u>	<u>79,270</u>	<u>50,000</u>	<u>40,000</u>	<u>5,000</u>

Our Group had indebtedness at RMB10.0 million as at 31 December 2014, which was primarily due to the interest-bearing bank borrowings of RMB10.0 million. This bank loan was obtained primarily to fund our working capital requirements. Our indebtedness further increased to RMB79.3 million as at 31 December 2015, which was primarily due to the payment of dividends, acquisition of joint venture companies and associated companies and provision of advance to an associated company for its business operation. Our indebtedness decreased to RMB50.0 million as at 31 December 2016 from RMB79.3 million as at 31 December 2015, which was primarily due to the repayment of advances from related parties and bank borrowings and a new bank loan of RMB50.0 million restricted for general working capital purpose obtained. Our indebtedness decreased to RMB40.0 million as at 30 June 2017 from RMB50.0 million as at 31 December 2016 and further decreased to RMB5.0 million as at 30 September 2017, which was primarily due to the repayment of bank borrowings.

Our banking facilities were guaranteed by Mr. Fu and Pujiang Holding. Mr. Fu and Pujiang Holding terminated its guarantee on 15 November 2016.

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Our Directors confirm that our banking facilities were not subject to material covenants and our Group has not experienced any difficulty in obtaining bank borrowing, default in payment on bank borrowings or breach of finance covenants during the Track Record Period. Up to the Latest Practicable Date, our Directors did not foresee any difficulty for our Group in obtaining bank borrowing after the Latest Practicable Date. At the close of business on 30 September 2017, our Group had unutilised banking facilities of RMB35.0 million.

The table below sets forth the ranges of effective interest rates on our bank loans:

	As at 31 December						As at 30 June		As at 30 September	
	2014		2015		2016		2017		2017	
	<i>Effective interest rate (%)</i>	<i>RMB'000</i>	<i>Effective interest rate (%)</i>	<i>RMB'000</i>	<i>Effective interest rate (%)</i>	<i>RMB'000</i>	<i>Effective interest rate (%)</i>	<i>RMB'000</i>	<i>Effective interest rate (%)</i>	<i>RMB'000</i>
Bank loans	7.14	10,000 (a)	4.83–5.77	16,000 (b)	4.70–4.79	50,000	4.70	40,000	4.70	5,000

All of our bank loans were denominated in RMB.

- (a) The Group's bank loans which amounted to RMB10,000,000 were denominated in RMB and guaranteed by Mr. Fu and Pujiang Holding as at 31 December 2014 and were fully repaid in 2015.
- (b) The Group's bank loans which amounted to RMB16,000,000 were denominated in RMB and guaranteed by Mr. Fu and Pujiang Holding as at 31 December 2015 and were fully repaid in 2016.

WORKING CAPITAL

We finance our working capital needs primarily through cash flow from operations and bank borrowings. During the Track Record Period, we had generated sufficient cash and cash equivalents to meet our working capital requirements. Taking into account our cash generated from our operations, presently available bank loans, our Directors are satisfied, after due and careful inquiry, that we have sufficient available working capital for our present requirements for at least the next twelve months from the date of this prospectus.

INVESTMENT POLICY

We have established a set of investment strategies and internal policies in respect of buying financial assets which include:

- reviewing our cash position and identifying the idle cash for investment in financial assets;
- investing in low risk financial products issued by state-owned commercial banks in China;

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- outlining the objective and expected return rate of each investment;
- approving the investment by the Board; and
- monitoring the investment and performance on a monthly basis.

During the Track Record Period, our chief executive officer and financial controller were responsible for the management and monitoring of our treasury and investment activities, and reviewed our cash position and investment assets on a monthly basis. For more information regarding the qualifications and experience of our chief executive officer and financial controller, please refer to the section headed “Directors and Senior Management” in this prospectus.

Cash Management

We mainly receive our property management fee by bank transfer but we still receive certain amounts of cash. It is necessary to have an effective management system to handle the cash. To enhance the security, we practice segregation of duties and perform reconciliation at different levels to confirm the accuracy of the cash receipts. Our frontline staff is responsible for collecting cash receipts and depositing such into our bank accounts. Our treasurer checks the cash receipts against the invoice and records the amount in our internal cash collection records. Our finance department is required to conduct reconciliation between the cash receipts as recorded in the internal cash collection records against the customer receipts, bank receipts for the property management fees paid in cash, and bank statements for property management fees paid by bank transfer before preparing management accounts. We also set up a point-of-sales system at frontline offices in our managed properties to reduce the amount of cash receipts. For the cash we receive as prepayments or deposits we receive on behalf of the residents, such as settlement of utilities bills or maintenance and repair fees, we adopt the same cash management procedures.

Credit Control

Before we enter into agreements with our customers, we generally perform credit evaluations relating to the customer’s background and financial strengths. Credit periods granted to our customers are stipulated in our property management agreements. Payment in advance is normally required for new customers. The credit period is generally one month, extending up to three months for major customers.

With respect to the collection of trade receivables, we send invoices to our customers before payment due dates. Our person-in-charge of each project is responsible for follow-up work on overdue balances on a regular basis. We send payment reminders to customers if any property management fee is overdue for more than one month. We may take legal action against the customer to recover the outstanding payments. Overdue balances are reviewed regularly by senior management. Our management reviews overdue balances to make an appropriate assessment and determine whether or not provision for the impairment of trade receivables should be made on a case-by-case basis.

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COMMITMENTS

Capital Commitments

There was no capital commitment which was outstanding and not provided for in our financial statements as at 31 December 2014, 2015, 2016 and 30 June 2017.

Operating lease commitments

During the Track Record Period, our lease commitments mainly related to lease payments for our offices.

The following table sets forth the future minimum operating lease payments payable under non-cancellable operating leases as at the dates indicated:

	As at 31 December			As at 30 June
	2014	2015	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000
Within one year	1,923	1,160	1,086	1,155
In the second to fifth years, inclusive	<u>2,936</u>	<u>1,080</u>	<u>271</u>	<u>1,889</u>
	<u>4,859</u>	<u>2,240</u>	<u>1,357</u>	<u>3,044</u>

LISTING EXPENSES

The total listing expenses (including underwriting commissions) in relation to this Global Offering are estimated to be approximately HK\$31.8 million (assuming an Offer Price of HK\$1.785 per Share, being the mid-point of the indicative Offer Price range of HK\$1.43 to HK\$2.14 per Share in this prospectus and the Over-allotment Option is not exercised). During the Track Record Period, we incurred listing expenses of approximately HK\$11.6 million in our consolidated statements of profit or loss and comprehensive income. We estimated that we will incur approximately HK\$9.4 million to be charged in consolidated statements of profit or loss and comprehensive income for the year ending 31 December 2017 and amount of HK\$10.8 million is expected to be charged against equity upon the Listing. These listing expenses mainly comprise professional fees paid to our legal advisers and the reporting accountants for their services rendered in relation to the Listing and the Global Offering and also the sponsor fees for the Sole Sponsor for their services rendered in relation to the Listing and the Global Offering and underwriting commissions.

RELATED PARTY TRANSACTIONS

Our Directors confirm that the transactions with respect to the amounts due from and due to related parties were conducted on an arm's length basis, and would not distort our track record results or make the historical results not reflective of our future performance. Our Directors also confirm that all related party balances which are non-trade in nature will be fully

FINANCIAL INFORMATION

settled prior to the Listing. Our Directors are of the view that our Company is financially independent of our Controlling Shareholders and their associates. For further details on related party balances and transactions, please refer to Note 31 in the Accountants' Report in Appendix I to this prospectus.

CONTINGENT LIABILITIES

As at 30 June 2017, we did not have significant contingent liabilities.

OFF-BALANCE SHEET ARRANGEMENTS

Subsequent to the Track Record Period and up to the date of this prospectus, we have not entered into any off-balance sheet transactions or arrangements that we believe to have, or are reasonably likely to have, a current or future material effect on our financial position, revenue or expenses, results of operations, liquidity, capital expenditure, or capital resources.

QUANTITATIVE AND QUALITATIVE ANALYSIS OF MARKET RISKS

Market risk is the risk of loss related to adverse changes in the market prices of financial instruments, including interest rates and foreign exchange rates. We are exposed to various types of market risks in the ordinary course of business, including changes in interest rates and foreign exchange rates. We maintain our accounting records and prepare our financial statements in Renminbi.

Credit Risk

The Group's credit risk is primarily attributable to trade and other receivables. Management has a credit policy in place and the exposures to this credit risk are monitored on an ongoing basis. Management reviews the recoverable amount of each debtor at the end of each reporting period to ensure that adequate impairment losses are recorded for irrecoverable amounts.

The credit risk of the Group's other financial assets, which comprise cash and cash equivalents and other receivables, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

There is no requirement for collateral in view of its large number of customers. Concentrations of credit risk are managed by customer/counterparty and by geographical region. As the Group's major customers are customers of non-residential properties, the Group believes that they are reliable and of high credit quality and hence, there is no significant credit risk with these customers.

Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables are disclosed in note 18 in the Accountants' Report in Appendix I to this prospectus.

Liquidity Risk

The Group's policies are to regularly monitor the current and expected liquidity requirements, and to ensure that it maintains sufficient reserves of cash and available banking facilities to meet its liquidity requirements in short and longer term.

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The maturity profile of the Group's financial liabilities as at the end of the Relevant Periods, based on the contractual undiscounted payments, is as follows:

As at 31 December 2014					
	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Interest-bearing bank borrowings	—	179	10,119	—	10,298
Trade payables	21,767	36,330	—	—	58,097
Financial liabilities included in other payables and accruals	50,993	—	—	—	50,993
Amounts due to related parties	15	—	—	—	15
	<u>72,775</u>	<u>36,509</u>	<u>10,119</u>	<u>—</u>	<u>119,403</u>
As at 31 December 2015					
	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Interest-bearing bank borrowings	—	217	16,260	—	16,477
Trade payables	22,716	30,676	—	—	53,392
Financial liabilities included in other payables and accruals	50,752	—	—	—	50,752
Amounts due to related parties	62,470	—	—	—	62,470
Amounts due to a joint venture company	800	—	—	—	800
	<u>136,738</u>	<u>30,893</u>	<u>16,260</u>	<u>—</u>	<u>183,891</u>
As at 31 December 2016					
	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Interest-bearing bank borrowings	—	590	51,769	—	52,359
Trade payables	33,327	17,088	—	—	50,415
Financial liabilities included in other payables and accruals	48,061	—	—	—	48,061
	<u>81,388</u>	<u>17,678</u>	<u>51,769</u>	<u>—</u>	<u>150,835</u>

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As at 30 June 2017

	<u>On demand</u>	<u>Less than 3 months</u>	<u>3 to 12 months</u>	<u>1 to 5 years</u>	<u>Total</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Interest-bearing bank borrowings	—	369	40,024	—	40,393
Trade payables	29,177	19,850	—	—	49,027
Financial liabilities included in other payables and accruals	<u>44,653</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>44,653</u>
	<u>73,830</u>	<u>20,219</u>	<u>40,024</u>	<u>—</u>	<u>134,073</u>

DIVIDENDS AND DISTRIBUTABLE RESERVES

Dividends

The payment and the amount of dividends (if any) will depend on our results of operation, cash flows, financial position, statutory and regulatory restrictions on the payment of dividends by us, future prospects, and other factors that we may consider relevant.

Holders of the Shares will be entitled to receive such dividends pro rata according to the amounts paid up or credited as paid up on the Shares. The declaration, payment, and amount of dividends will be subject to our discretion. The recommendation of the payment is also subject to the absolute discretion of our Board, and, after Listing, any declaration of final dividend for the year will be subject to the approval of our Shareholders. The Board will review the dividend policy on an annual basis.

Further, the payment of any dividends will also be subject to the Companies Law of the Cayman Islands and our constitutional documents, which indicate that dividends may be declared and paid out of our profits, realised or unrealised, or from any reserve set aside from profits which our Directors determine is no longer needed. With the sanction of an ordinary resolution, dividends may also be declared and paid out of the share premium account or any other fund or account which can be authorised for this purpose in accordance with the relevant law.

Future dividend payments will also depend upon the availability of dividends received from our subsidiaries in the PRC. PRC laws require that dividends be paid only out of their after-tax profit, calculated in accordance with PRC accounting principles, which differ in many aspects from the generally accepted accounting principles in other jurisdictions, including HKFRSs. Our PRC operating subsidiaries may only distribute their after-tax profits to us subsequent to setting aside relevant statutory reserve funds at a rate of at least 10% of their annual net profit until such fund reaches 50% of its registered capital. Such transfer to the statutory reserve and distributions to shareholders of funds are conducted through resolution of the board of directors or board of shareholders of the relevant PRC subsidiaries in accordance with their Articles of Association prepared in accordance with PRC laws. The statutory reserve is not available for distribution as cash dividends. Furthermore, distributions from our subsidiaries may be restricted if they incur debts or losses or as a result of any restrictive covenants in bank credit facilities,

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convertible bond instruments, or other agreements that we or our subsidiaries may enter into in the future. There can be no assurance that dividends of any amount will be declared or distributed in any year.

Distributable Reserves

As at 30 June 2017, the distributable reserves of our Group amounted to RMB34.9 million.

UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The unaudited pro forma data relating to our net tangible assets prepared in accordance with Rule 4.29 of the Listing Rules is set out below to illustrate the effect of the Global Offering on our net tangible assets as at 30 June 2017 as if the Global Offering had taken place on that date.

This 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 consolidated net tangible assets of the Group attributable to the owners of the parent as at 30 June 2017 or any subsequent dates, including following the Global Offering.

	Consolidated net tangible assets of the Group attributable to the owners of the parent as at 30 June 2017	Estimated net proceeds from the Global Offering	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the parent as at 30 June 2017	Unaudited pro forma adjusted net tangible assets of the Group attributable to the owners of the parent per Share as at 30 June 2017	
	<i>RMB'000</i> <i>(Note 1)</i>	<i>RMB'000</i> <i>(Note 2)</i>	<i>RMB'000</i>	<i>RMB</i> <i>(Note 3)</i>	<i>HK\$ equivalent</i> <i>(Note 4)</i>
Based on an offer price of HK\$1.43 per Share	83,365	105,222	188,587	0.47	0.55
Based on an offer price of HK\$2.14 per Share	83,365	164,588	247,953	0.62	0.72

Notes:

1. The consolidated net tangible assets of the Group attributable to owners of the parent as of 30 June 2017 is extracted from "Appendix I-Accountants' Report" to this prospectus, which is based on the audited consolidated equity attributable to owners of the parent as of 30 June 2017 of RMB83,397,000 less intangible assets as of 30 June 2017 of RMB32,000.
2. The estimated net proceeds from the Global Offering are based on estimated offer prices of HK\$1.43 (equivalent to RMB1.23) or HK\$2.14 (equivalent to RMB1.84) per Share after deduction of the underwriting fees and other related expenses payable by our Company and 100,000,000 Shares expected to be issued

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under the Global Offering, taking no account of any Shares which may be issued upon the exercise of the Over-allotment Option. For the purpose of the estimated net proceeds from the Global Offering, the amount stated in Hong Kong dollars has been converted in Renminbi at the rate of RMB1.0 to HK\$1.1600. No representation is made that the Renminbi amounts: have been, could have been or may be converted to Hong Kong dollars, or vice versa, at that rate or at all.

3. The unaudited pro forma adjusted consolidated net tangible assets per Share is arrived at after adjustments referred to in the preceding paragraphs and on the basis that 400,000,000 Shares are in issue assuming the Global Offering has been completed on 30 June 2017 and an Offer Price of HK\$1.43 per Share, being the low end of the Offer Price range, and 400,000,000 Shares are in issue assuming that the Global Offering has been completed on 30 June 2017 and an Offer Price of HK\$2.14 per Share, being the high end of the Offer Price range, excluding Shares which may be issued upon the exercise of the Over-allotment Option.
4. The unaudited pro forma adjusted consolidated net tangible assets per Share is converted into Hong Kong dollars at an exchange rate of RMB1.0 to HK\$1.1600.
5. No adjustment has been made to reflect any trading results or other transactions of our Group entered into subsequent to 30 June 2017.

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that there has been no material adverse change in our financial or trading position, indebtedness, mortgage, contingent liabilities, guarantees or prospects of our Group since 30 June 2017, the date of the latest audited financial information of our Group, and up to the date of this prospectus.

DISCLOSURE REQUIRED UNDER THE LISTING RULES

We confirm that, as at the Latest Practicable Date, there was no circumstance that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

FUTURE PLANS AND USE OF PROCEEDS

FUTURE PLANS

For a detailed description of our future plans, please refer to the sub-section headed “Business — Our Business Strategies” in this prospectus.

USE OF PROCEEDS

We estimate that the aggregate net proceeds from the Global Offering (after deducting underwriting commissions and estimated expenses paid and payable by our Company in connection with the Global Offering, assuming the Over-allotment Option is not exercised and the Offer Price of HK\$1.785 per Share, being the mid-point of the proposed Offer Price range of HK\$1.43 to HK\$2.14 per Share) are approximately HK\$146.7 million.

We intend to apply such net proceeds from the Global Offering in the following manner assuming the Offer Price is fixed at HK\$1.785 per Share (being the mid-point of the indicative Offer Price range):

- i. Approximately HK\$49.9 million or approximately 34.0% of the net proceeds from the Global Offering, will be used for the horizontal expansion of our Group, by (i) mergers and acquisition (acquiring majority shareholding of property management companies); (ii) investment (acquiring minority shareholding of property management companies); (iii) establishing joint venture companies and (iv) entering into business collaboration with property management companies in the markets to which we want to expand our property management business;
- ii. Approximately HK\$34.8 million or approximately 23.7% of the net proceeds from the Global Offering will be used for vertical expansion of both industry chain and supply chain in the property management industry by providing consultancy services and information and data collection, and analysis services and our information technology system to property developers and property owners; and by supply chain expansion i.e. investing in or entering into business alliance with downstream service providers, such as cleaning, gardening and engineering service providers and by expanding the scope of our services in order to enhance our customers' satisfaction;
- iii. Approximately HK\$23.2 million or approximately 15.8% of the net proceeds from the Global Offering will be used for the development of our information technology system on both database level and application level in order to enhance the quality of our property management services and for streamlining and standardising our property management services in order to elevate our service quality and consistency and optimise our cost efficiency;
- iv. Approximately HK\$19.0 million or approximately 13.0% of the net proceeds from the Global Offering will be used for recruitment of more talent in order to facilitate our provision of a wide range of services to our customers and the property developers and property owners in various stage of property development. These consultancy services mainly include consultancy services regarding the display unit management services, construction site security services, overall planning and market positioning of

FUTURE PLANS AND USE OF PROCEEDS

a property development, the optimisation of property spaces etc.; and implementation of training to our staff and recruitment programmes for supporting our business expansion;

- v. Approximately HK\$5.8 million or approximately 4.0% of the net proceeds from the Global Offering will be used for repayment of bank borrowings for reducing our finance cost, mitigating the interest rate risk of the floating-rate borrowings and reducing our finance costs, which would in turn enhance our financial performance^(Note);
- vi. Approximately HK\$14.0 million or approximately 9.5% of the net proceeds from the Global Offering will be used for general working capital.

If the Over-allotment Option is exercised in full, we estimate that we would receive additional net proceeds of approximately HK\$26.2 million (assuming the Offer Price of HK\$1.785 per Share, being the midpoint of the Offer Price range stated in this prospectus). The additional net proceeds received from the exercise of the Over-allotment Option will be applied pro rata to the above mentioned purposes.

If the Over-allotment Option is exercised at the higher or lower end of the Offer Price range stated in this prospectus, we will adjust our allocation of the net proceeds for the above mentioned purposes on a pro rata basis. In such event, we will announce the net proceeds from the exercise of the Over-allotment Option.

To the extent that the net proceeds from the Global Offering are not immediately applied for the above purposes and to the extent permitted by the relevant laws and regulations, we intend to deposit the net proceeds into short-term demand deposits and/or money market instruments. If the Offer Price is finally determined at the lower end of the indicative Offer Price range, being HK\$1.43 per Offer Share, the net proceeds from the issue of new Shares will decrease by approximately HK\$34.8 million to approximately HK\$111.9 million, as compared with the above computation (which is based on the midpoint of the indicative Offer Price range). The percentage of our allocation of the total net proceeds for the above purpose will be adjusted on a pro rata basis.

Note: It refers to the outstanding bank facility loans of approximately HK\$5.8 million with interest charged at 0.6825% over the basic loan interest rate quoted from Shanghai Pudong Development Bank and will mature in or around May 2018.

REASONS FOR THE LISTING

Our Directors believe that the Listing will greatly benefit our Group for the following reasons:

Facilitating the implementation of our business strategies:

It is one of our Group's business strategies to expand our business vertically and horizontally. As illustrated in the sections respectively headed "Business — Our Business Strategies" and "Future Plans and Use of Proceeds — Use of Proceeds", a part of the net proceeds from the Global Offering is earmarked for (i) horizontal expansion through increasing the geographical coverage of our property management services by merger and acquisition

FUTURE PLANS AND USE OF PROCEEDS

activities to acquire or invest in property management companies in Shanghai and other markets to which we plan to expand or form business alliances with them; and (ii) vertical integration in both the industry chain and supply chain of the property management industry in the PRC through providing a wide range of consultancy services and information technology services and internet of things services etc. to property developers and property owners; and investing in or forming strategic business alliances with sub-contracted service providers, such as cleaning, gardening and engineering services and expanding our scope of services.

It is estimated that approximately HK\$49.9 million will be used for the horizontal expansion; and approximately HK\$34.8 million for vertical integration of our Group.

A part of the net proceeds from the Global Offering is earmarked for enhancing our information technology system. It is estimated that HK\$23.2 million will be used to enhance our “Dynamic Building Matrix” and “Tracker” and for streamlining and standardising our property management services to elevate our service quality and consistency and optimise our costs efficiency.

Further, we plan to recruit more tenants to cope with our expansion plan, it is estimated that HK\$19.0 million will be used to hire talents and train our employees.

Necessity of fund raising through the Global Offering

Our Group has imminent funding needs for expansion of our business and it is imperative for our Company to seek a Listing due to the following reasons:

- (i) *Expected growth in our Group’s business in view of our contracts newly awarded and outlook of the property management industry:*

Pursuant to China Index Academy, aligning with the economic growth and urbanisation of the PRC, there will be increasing supply of public properties e.g. museums, arenas and stadiums to cater for the increasing demand from city dwellers of the PRC. Our Directors envisage that there would be considerable business opportunities which justify our Group’s expansion plan to compete for more property management projects. Please refer to the sub-section headed “Industry Overview — PRC Property Management Industry” in this prospectus for further details.

- (ii) *Additional capital required to grasp the business opportunities and consolidate our Group’s market position:*

According to China Index Academy, we ranked second in the public property management sector among all private independent public property management companies in terms of the GFA under our management and the respective number of public properties to which we provide property management services. We ranked third in the public transportation sector of the public property management industry in terms of the management scale of public transportation properties in 2016 and we have a leading position in the property segment of public arenas in Shanghai in terms of management scale. Our Directors consider that given our well-established reputation in the property management industry, in particular, the public property management sector thereof and our

FUTURE PLANS AND USE OF PROCEEDS

long-established business relationship with our customers, our Group has the ability to grasp the continuous growth in the property management industry, in particular, the public property sector, and further increase our market share in the industry, which hinges on the availability of (i) our then available operational resources including manpower resources and expertise; and (ii) sufficient capital to support the future growth in business.

Furthermore, according to China Index Academy, the property management industry requires a large amount of labour for delivery various kinds of property management services. As the demographic dividend are gradually decreasing and the labour costs are increasing, the increase in contracted projects and employees have posed increasing pressure of operating cost on property management companies, like our Group. Our Directors consider that it is necessary to keep surplus cash in our Group for any unexpected inflation of costs due to unstable labour supply in property management industry. As such, in view of our significant cash outflow exposure including payment to labours and sub-contractors, our Directors believe that our Group needs to generate funds to finance its expansion plan while maintaining sufficient working capital for our Group's operations.

(iii) Repayment of bank borrowings

Our Directors believe that it is in the best interest of our Group to repay our bank loans in order to reduce our finance costs in view of the potential increase in interest rate. During the year ended 31 December 2014, 2015, 2016 and the six months ended 30 June 2017, our Group's finance costs in bank borrowings were approximately RMB0.5 million, RMB1.4 million, RMB1.2 million and RMB1.1 million respectively. The repayment of bank loans will allow us to mitigate the interest rate risk of the floating-rate borrowings, reduce our finance costs, which would in turn enhance our financial performance.

Need for equity financing

Our Group's significant cash outflow exposure

Although our Group had a cash balance of approximately RMB101.5 million as at 30 June 2017, and our business generated net operating cash inflow (approximately RMB3.7 million for the six months ended 30 June 2017), it does not necessarily mean that our Group would have no imminent needs to raise funds in order to implement our business strategies. Our Directors take the view that it is necessary for our Group to maintain a cash level sufficient so as to support our Group's daily operations. In view of our Group's significant cash outflow exposure, including sub-contractors and staff costs, our Directors believe our Group may not have sufficient internal generated funds to finance our expansion plan while at the same time maintaining sufficient working capital for our Group's operations.

FUTURE PLANS AND USE OF PROCEEDS

Commercial rationale for the Listing

(i) Enhance our Group's corporate profile, credibility and brand awareness

Our Directors believe that our customers will prefer doing business with a listed company to a private company given the former's greater transparency, relevant regulatory supervision and stability generally. The Listing will therefore serve to promote our corporate profile and brand awareness. It is expected that both public and private employers would tend to prefer their sub-contractors having a public listing status with good reputation, transparent financial disclosures and general regulatory supervision.

Moreover, we believe that the Listing will strengthen our internal control and corporate governance practices, which in turn would increase our customers' confidence on us and attract potential customers.

(ii) Enhance market status amongst customers, suppliers, sub-contractors and employees

Our Directors believe that a listing status will enhance our credibility with our customers and sub-contractors and thus, enhance our level of competitiveness in competing for property management projects. With such status, our Group can be differentiated from other competitors during the tendering process, enhancing our success rate in competing for sizable and profitable projects.

To effectively implement our strategies involving staff trainings and merges and acquisitions of other property management companies, our Directors further believe that as a listed company, we will be able to retain our existing staff more effectively, at both operational and administrative level. Our staff will feel more stable and secured about their employment with us, rather than joining a private company, hence strengthening their morale at work. In turn, an integrated workforce will improve the quality of our services and efficiency of our day-to-day operations to the benefit of our long term development and competitiveness.

(iii) Ease of raising funds in capital market for future business development

Whilst our Group was able to expand our business using internally generated funds and bank borrowings during the Track Record Period and had been able to repay bank loans when they fell due in the past, our Group still plans to seek equity or equity-linked financing as it would ease our cash flow.

The Listing, which allows us to access the capital market for fund raising, will assist our future business development and strengthen our competitiveness; following such, we will be able to use secondary fund raising after listing for our future expansion plans and when necessary, through the issuance of equity and/or debt securities.

Our Group will then be able to maintain a lower level of gearing ratio avoid high gearing ratio like the gearing ratio of 45.8% as at 30 June 2017, which benefits our Groups and Shareholders as a whole, and enhance our capital structure. Our Directors therefore believe that the use of equity financing would avoid the risk of high interest rate generally associated with debt financing which exposes our Group to increasing financial costs in the future.

FUTURE PLANS AND USE OF PROCEEDS

(iv) Diversification of shareholder base and have more liquidity in trading of Shares

Our Directors believe that the Listing will enhance the liquidity of the Shares which will be freely traded in the Stock Exchange when compared to the limited liquidity of the shares that are privately held before the Listing. Hence, our Directors consider that the Listing will enlarge and diversify our shareholder base and potentially lead to a more liquid market in the trading of our Shares.

Although the amount of expenses for the Listing represents a significant proportion of the gross proceeds from the Listing, such expenses are non-recurring by nature for which we would not have to repay following completion of the Listing.

For the reasons stated above, our Directors believe that the Listing is beneficial to us in the long run.

UNDERWRITING

HONG KONG UNDERWRITERS

China Industrial Securities International Capital Limited

Haitong International Securities Company Limited

ChaoShang Securities Limited

China Goldjoy Securities Limited

China Sky Securities Limited

Head & Shoulders Securities Limited

SPDB International Capital Limited

Yicko Securities Limited

Yue Xiu Securities Company Limited

UNDERWRITING ARRANGEMENTS AND EXPENSES

Hong Kong Public Offering

Hong Kong Underwriting Agreement

Pursuant to the Hong Kong Underwriting Agreement, our Company has agreed to initially offer 10,000,000 new Shares for subscription by members of the public in Hong Kong on and subject to the terms and conditions of this prospectus and the Application Forms.

Subject to, among other conditions, the granting of the approval for the listing of, and permission to deal in, all the Shares in issue and any Shares to be issued as mentioned in this prospectus by the Listing Committee and to certain other conditions set out in the Hong Kong Underwriting Agreement, the Hong Kong Underwriters have severally, but not jointly, agreed to subscribe or procure subscribers for their respective applicable proportions of the Hong Kong Offer Shares which are not taken up under the Hong Kong Public Offering on the terms and conditions of this prospectus, the Application Forms and the Hong Kong Underwriting Agreement. In addition, the Hong Kong Underwriting Agreement is conditional on and subject to the International Underwriting Agreement having been executed, becoming, and continuing to be, unconditional and not having been terminated.

UNDERWRITING

Grounds for termination

The respective obligations of the Hong Kong Underwriters to subscribe, or procure subscribers for, the Hong Kong Offer Shares under the Hong Kong Underwriting Agreement are subject to termination. The Sole Global Coordinator (acting on behalf of all Hong Kong Underwriters) shall have the right, in its sole and absolute discretion to terminate the Hong Kong Underwriting Agreement by notice in writing to our Company with immediate effect at any time prior to 8:00 a.m. on the Listing Date:

- (a) there has come to the notice of the Sole Global Coordinator or any of the Hong Kong Underwriters:
 - (i) any matter or event showing any of the representations, warranties, agreements and undertakings given to the Hong Kong Underwriters under the Hong Kong Underwriting Agreement, to be untrue, inaccurate or misleading in any material respect when given or repeated or there has been any material breach of any of the representations, warranties, obligations or undertakings contained in the Hong Kong Underwriting Agreement or any other provisions of the Hong Kong Underwriting Agreement by any party thereto (other than the Sole Global Coordinator or any of the Hong Kong Underwriters); or
 - (ii) any statement contained in this prospectus, the Application Forms, the post hearing information pack, any supplemental offering materials, announcement, the formal notice to be published in connection with the Hong Kong Public Offering, the roadshow materials and any documents published or issued by or on behalf of our Company or the International Underwriters for the purpose of or in connection with the Global Offering (“**Offer Documents**”) considered by the Sole Global Coordinator (for itself and on behalf of the Hong Kong Underwriters) in its sole and absolute opinion to be material in the context of the Global Offering, was or has become or even discovered to be materially untrue, incorrect or misleading in any respect, or that any forecast, expression of opinion, intention or expectation expressed in any Offer Documents is not, in the sole and absolute opinion of the Sole Global Coordinator, fair and honest and based on reasonable assumptions, when taken as a whole; or
 - (iii) any matter has arisen or has been discovered which would, had it arisen or been discovered immediately prior to the date of this prospectus and not having been disclosed in this prospectus, have constituted, an omission therefrom considered by the Sole Global Coordinator (for itself and on behalf of the Hong Kong Underwriters) in its sole and absolute opinion to be material omission in the context of the Global Offering; or
 - (iv) any event, act or omission which gives or is likely to give rise to any liability of our Company or any of the executive Directors or our Controlling Shareholders pursuant to the indemnity provisions under the Hong Kong Underwriting Agreement; or

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- (v) approval by the Listing Committee of the listing of, and permission to deal in, our Shares (including any additional Shares that may be issued upon the exercise of the Over-allotment Option) is refused or not granted before the Listing Date, other than subject to customary conditions, or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld; or
 - (vi) our Company withdraws any of the Offer Documents (and/or any other documents used in connection with the contemplated subscription of the Offer Shares) or the Global Offering; or
 - (vii) any person (other than the Sole Sponsor, the Sole Global Coordinator and any of the Hong Kong Underwriters) has withdrawn or sought to withdraw its consent to the issue of any of the Offer Documents with the inclusion of its reports, letters, summaries of valuations and/or legal opinions (as the case may be) and references to its name included in the form and context in which it respectively appears; or
- (b) there shall have developed, occurred, existed, or come into effect:
- (i) any event, or series of events, beyond the reasonable control of the Underwriters (including, without limitation, acts of government or orders of any courts, strikes, 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 national or international emergency, riot, public disorder, economic sanctions, outbreaks of diseases, pandemics or epidemics (including, without limitation, Severe Acute Respiratory Syndrome, avian influenza A (H5N1), Swine Flu (H1N1) or such related or mutated forms) or interruption or delay in transportation) in or affecting any of the Relevant Jurisdictions; or
 - (ii) any change or development involving a prospective change, or any event or series of events likely to result in or represent any change or development involving a prospective change, in local, national, regional, international, financial, political, economic, legal, military, industrial, fiscal, regulatory, currency, or market conditions (including, without limitation, any moratorium, suspension or restriction on trading in securities generally on the Stock Exchange, the New York Stock Exchange, the London Stock Exchange, the American Stock Exchange, the Nasdaq National Market, the Shanghai Stock Exchange, the Shenzhen Stock Exchange or a material fluctuation in the exchange rate of the Hong Kong dollar or the Renminbi against any foreign currency, or any interruption in monetary or trading or securities settlement or clearance services or procedures or matters) in or affecting Hong Kong or anywhere in the world; or

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- (iii) any new law or regulation or any change or development involving a prospective change in existing laws or regulations, or any change in the interpretation or application thereof by any court or other competent authority in Hong Kong, the PRC, the United States, the BVI, the Cayman Islands, or any other jurisdictions in relevant to any member of our Group or the Global Offering (the “**Relevant Jurisdictions**”); or
- (iv) (A) any suspension or limitation on trading in shares or securities generally on the Stock Exchange, the New York Stock Exchange, the American Stock Exchange, the Nasdaq National Market, the Shanghai Stock Exchange or the Shenzhen Stock Exchange or (B) any general moratorium on commercial banking activities in any of the Relevant Jurisdictions or any other relevant jurisdiction, declared by the relevant authorities, or a disruption in commercial banking activities or foreign exchange trading or securities settlement or clearance services, in the case of either (A) or (B), in or affecting any of the Relevant Jurisdictions; or
- (v) the imposition of economic sanctions, in whatever form, directly or indirectly, by or for the United States or the European Union (or any member thereof) on Hong Kong, the PRC, the Cayman Islands, the BVI or any of the Relevant Jurisdictions; or
- (vi) a change or development occurs involving a prospective change in taxation or exchange control (or the implementation of any exchange control), currency exchange rates or foreign investment laws in any of the Relevant Jurisdictions or affecting an investment in the Shares; or
- (vii) any change or development involving a prospective change, or a materialisation of, any of the risks set out in the section headed “Risk Factors” in the Prospectus; or
- (viii) the chairman or chief executive officer of our Company vacating his office; or
- (ix) a prohibition on our Company for whatever reason from allotting or selling the Offer Shares pursuant to the terms of the Global Offering; or
- (x) non-compliance with this prospectus (and/or any other documents used in connection with the subscription and purchase of the Offer Shares) or any aspect of the Global Offering with the Listing Rules or any other laws applicable to the Global Offering; or
- (xi) a petition or an order is presented for the winding-up or liquidation of any member of our Group or any member of our Group makes any composition or arrangement with its creditors or enters into a scheme of arrangement or any resolution is passed for the winding-up of any member of our Group or a provisional liquidator, receiver or manager is appointed to take over all or part of the assets or undertaking of any member of our Group or anything analogous thereto occurs in respect of any member of our Group; or

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- (xii) a valid demand by any creditor for repayment or payment of any indebtedness of any member of our Group or in respect of which any member of our Group is liable prior to its stated maturity; or
- (xiii) an event where, as a result of market conditions or otherwise, a material portion of the orders in the bookbuilding process at the time the International Underwriting Agreement is entered into, has been withdrawn or cancelled and the Sole Global Coordinator, in its absolute discretion, conclude that it is therefore inadvisable or inexpedient or impracticable to proceed with the Global Offering; or
- (xiv) any material and valid litigation or claim being threatened or instigated against any member of our Group; or
- (xv) any of our executive Directors of our Company as set out in the “Directors and Senior Management” section of the Prospectus being charged with an indictable offence or prohibited by operation of law or otherwise disqualified from taking part in the management of a company or the commencement by any governmental, political or regulatory body of any action against any of the said Directors and senior management members in his or her capacity as such or an announcement by any governmental, political or regulatory body that it intends to take any such action; or
- (xvi) any contravention by any Controlling Shareholders as warrantors, any member of our Group or any Director of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the SFO or any of the Listing Rules; or
- (xvii) the issue or requirement to issue by our Company of a supplement or amendment to this Prospectus and/or any other documents pursuant to the Companies (Winding up and Miscellaneous Provisions) Ordinance or the Listing Rules.

which in each case or in aggregate in the sole and absolute opinion of the Sole Global Coordinator (for itself and on behalf of the other Hong Kong Underwriters):

- (i) is or will or could be expected to have material adverse effect on the general affairs, management, business, financial, trading or other condition or prospects or risks of our Company or our Group or any member of our Group or on any present or prospective shareholder in his, her or its capacity as such; or
- (ii) has or will have or could be expected to have material adverse effect on the success, marketability or pricing 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

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- (iii) makes it or may make it impracticable, inadvisable or inexpedient to proceed with or to market the Hong Kong Public Offering and/or the Global Offering or the delivery of the Offer Shares on the terms and in the manner contemplated by the Offer Documents or the formal notice or shall otherwise result in an interruption to or delay thereof; or
- (iv) has or will have the effect of making any part of the Underwriting Agreements 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.

Indemnity

Our Company, our Controlling Shareholders and our executive Directors, have agreed to indemnify the Hong Kong Underwriters for certain losses which they may suffer, including losses arising from their performance of their obligations under the Hong Kong Underwriting Agreement and any breach by us of the Hong Kong Underwriting Agreement.

Lock-up undertakings to the Hong Kong Underwriters

Undertakings by our Company

Our Company has undertaken with the Sole Global Coordinator (acting on behalf of all the Hong Kong Underwriters) that, and each of our executive Directors and Controlling Shareholders has undertaken irrevocably and unconditionally with the Sole Global Coordinator (acting on behalf of all the Hong Kong Underwriters) to procure that except for the issue of the Shares pursuant to the Global Offering (including pursuant to the Over-allotment Option), the Capitalisation Issue, the grant of options under the Share Option Scheme and the issue of the Shares on exercise thereof or as otherwise with the Sole Global Coordinator's prior written consent, and unless in compliance with the Listing Rules, our Company will not, and will procure none of our subsidiaries will:

- (a) during the first six-month period commencing on the Listing Date and ending on the date which is six months from the Listing Date (the "**First Six-Month Period**"):
 - (i) offer, accept subscription for, pledge, charge, allot, issue, sell, lend, mortgage, assign, contract to allot, issue or sell, sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any options, warrants or other rights to purchase or subscribe for, make any short sale, lend or otherwise transfer or dispose of, either directly or indirectly repurchase, any of its share capital, debt capital or any securities of our Company or any of our subsidiaries or any interest therein (including but not limited to any warrants and securities convertible into or exercisable or exchangeable for or that represent the right to receive, or any warrants or other rights to purchase, any such share capital or securities or interest therein, as applicable); or

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- (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of such share capital, debt capital or securities or interest therein; or
- (iii) enter into any transaction with the same economic effect as any transaction described in paragraph (i) or (ii) above; or
- (iv) agree or contract to, or publicly announce any intention to enter into, any transaction described in paragraph (i), (ii) or (iii) above,

whether any of the foregoing transactions described in paragraph (i), (ii) or (iii) above is to be settled by delivery of share capital or such other securities, in cash or otherwise; and

- (b) in the event of our Company entering into or agreeing to enter into any of the foregoing transactions in respect of any Share or other securities of our Company or any member of our Group or any interest therein by virtue of the aforesaid exceptions or during the period of six months commencing from the expiry of the First Six-Month Period (the “**Second Six-Month Period**”), it will take all reasonable steps to ensure that such action will not create a disorderly or false market in any of the Shares or other securities of our Company.

Undertakings by our Controlling Shareholders

Each of our Controlling Shareholders has jointly and severally undertaken to the Company, the Sole Sponsor, the Joint Lead Managers, the Joint Bookrunners, the Sole Global Coordinator and the Hong Kong Underwriters that, save as pursuant to the Stock Borrowing Agreement and/or the Share Option Scheme, he/it will not, and will procure that the relevant registered holder(s) and his/her/its associates and companies controlled by him/it and any nominee or trustee holding in trust for him/her/it will not, without the Sole Global Coordinator’s prior written consent and unless in compliance with the Listing Rules:

- (a) at any time during the First Six-Month Period:
 - (i) offer, accept subscription for, sell, pledge, mortgage, charge, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, make any share sale, lend or otherwise transfer or dispose of, either directly or indirectly, any of the share capital of our Company or any securities of our Company or any interest therein (including but not limited to any securities convertible into or exercisable or exchangeable for or that represent the right to receive any such share capital or securities or interest therein);
 - (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the share capital, debt capital or other securities of our Company or any interest therein;

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- (iii) enter or agree to enter into, conditionally or unconditionally, or effect any transaction with the same economic effect as any of the transactions referred to in paragraph (i) or (ii) above; or
- (iv) agree or contract to, or publicly announce any intention to enter into or effect any of the transactions referred to in paragraph (i), (ii) or (iii) above;

whether any of the foregoing transactions described in paragraph (i), (ii) or (iii) above is to be settled by delivery of share capital or such other securities, in cash or otherwise, and or offer to or agree to do any of the foregoing or announce any intention to do so; and

- (b) at any time during the period of 30 months commencing from the expiry of the First Six-Month Period (the “**30-Month Period**”), enter into any of the foregoing transactions in paragraph (a)(i) or (ii) or (iii) above or agree or contract to or publicly announce any intention to enter into any such transactions if, immediately following such transfer or disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, he/it will cease to be a controlling shareholder (as such term is defined in the Listing Rules) of our Company or would together with the other Controlling Shareholders cease to be, or regarded as, a group of controlling shareholders (as such term is defined in the Listing Rules) of our Company.

Each of our Controlling Shareholders has jointly and severally undertaken to the Company, the Sole Sponsor, the Joint Lead Managers, the Joint Bookrunners and the Sole Global Coordinator and the Hong Kong Underwriters that:

- (a) at any time before the expiry of the 30-Month Period, in the event that he/it enters into any such transactions referred to in paragraph (a) or (b) above or agrees or contracts to or publicly announces an intention to enter into any such transactions by virtue of the aforesaid exceptions, he/it will take all reasonable steps to ensure that such action not create a disorderly or false market in the Shares or other securities of our Company;
- (b) he/it shall procure that his/its associates and companies controlled by him/it and nominees or trustees holding in the trust for him/it shall, comply with all the restrictions and requirements under the Listing Rules on the sale, transfer or disposal by him/it or by the registered holder controlled by him/it of any Shares; and
- (c) at any time after the date of the Hong Kong Underwriting Agreement up to and including the date falling thirty-six (36) months from the Listing Date, our Controlling Shareholders will:
 - (i) when he/it pledges or charges any Shares or other securities or interests in the securities of our Company in respect of which he/it is the beneficial owner, immediately inform our Company, the Sole Sponsor, the Joint Lead Managers, the Joint Bookrunners and the Sole Global Coordinator in writing of any such pledges or charges together with the number of Shares or other securities of our Company and nature of interest so pledged or charged; and

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- (ii) when he/it receives any indication, whether verbal or written, from any such pledgee or chargee that any of the pledged or charged Shares or securities or interests in the securities of our Company will be sold, transferred or disposed of, immediately inform our Company, the Sole Sponsor, the Joint Lead Managers, the Joint Bookrunners and the Sole Global Coordinator in writing of any such indication.

Our Company has undertaken to the Sole Sponsor, and each of our Controlling Shareholders have undertaken to the Sole Sponsor that they will procure our Company to, inform the Stock Exchange as soon as our Company has been informed of the matters mentioned in paragraph (a), (b) or (c) above, and to make a public disclosure of such matters as soon as possible thereafter in accordance with the Listing Rules.

Lock-up undertakings to the Stock Exchange

Undertakings by our Company

Pursuant to Rule 10.08 of the Listing Rules, our Company has undertaken to the Stock Exchange that no further Shares or securities convertible into our equity securities (whether or not of a class already listed) may be issued by our Company or form the subject of any agreement to such an issue by our Company within six months from the Listing Date (whether or not such issue of Shares or securities will be completed within six months from the Listing Date), except in certain circumstances permitted by Rule 10.08(1) to (5) of the Listing Rules.

Undertakings by our Controlling Shareholders

In accordance with Rule 10.07(1) of the Listing Rules, our Controlling Shareholders have undertaken to the Stock Exchange and our Company that except pursuant to the Global Offering, he/it shall not, and shall procure that the relevant registered holder(s) shall not:

- (a) at any time during the First Six-Month Period, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of any of the Shares in respect of which he/she/it is shown by this prospectus to be the beneficial owner(s); and
- (b) at any time during the Second Six-Month Period, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares referred to in paragraph (a) above if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, he/she/it would cease to be our controlling shareholder (as such term is defined in the Listing Rules) or would together with the other Controlling Shareholders cease to be, or regarded as, a group of Controlling Shareholders (as such term is defined in the Listing Rules) of our Company.

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Our Controlling Shareholders have further undertaken to the Stock Exchange and our Company that, within a period commencing from the date by reference to which disclosure of his/its shareholding in our Company is made in this prospectus and ending on the date which is 12 months from the Listing Date, he/it will:

- (a) when he/it pledges or charges any of the Shares or securities of our Company beneficially owned by him/it, whether directly or indirectly, in favour of an authorised institution pursuant to Note (2) to Rule 10.07(2) of the Listing Rules, immediately inform our Company of such pledged or charge together with the number of Shares or securities of our Company so pledged or charged; and
- (b) if he/it receives indications, either verbal or written, from the pledgee or chargee that any of the pledged or charged Shares or securities of our Company will be disposed of, immediately inform our Company of such indications.

International Offering

In connection with the International Offering, it is expected that our Company will enter into the International Underwriting Agreement with, inter alia, the Sole Sponsor, the Sole Global Coordinator and the International Underwriters, on terms and conditions that are substantially similar to the Hong Kong Underwriting Agreement as described above and on the additional terms described below.

Under the International Underwriting Agreement, subject to the conditions set forth therein, the International Underwriters are expected to severally, but not jointly, agree to act as agents of our Company to procure subscribers for the International Offering Shares initially being offered pursuant to the International Offering (excluding, for the avoidance of doubt, the Offer Shares which are subject to the Over-allotment Option). It is expected that the International Underwriting Agreement may be terminated on similar grounds as the Hong Kong Underwriting Agreement. Potential investors shall be reminded that in the event that the International Underwriting Agreement is not entered into, the Global Offering will not proceed. The International Underwriting Agreement is conditional on and subject to the Hong Kong Underwriting Agreement having been executed, becoming unconditional and not having been terminated. It is expected that pursuant to the International Underwriting Agreement, our Company and our Controlling Shareholders will make similar undertakings as those given pursuant to the Hong Kong Underwriting Agreement as described in “Underwriting arrangements and expenses — Hong Kong Public Offering — Lock-up undertakings to the Hong Kong Underwriters” in this section.

Commission and expenses

The Hong Kong Underwriters will, and the International Underwriters are expected to, receive a commission of 2.0% of the aggregate Offer Price payable for the Offer Shares underwritten by them, out of which they shall pay any sub-underwriting commissions. The amount of underwriting commission is estimated to be approximately HK\$3.6 million (based on the mid-point of our indicative Offer Price range).

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The underwriting commission, documentation and advisory fee, listing fees, the Stock Exchange trading fee, the SFC transaction levy, legal and other professional fees together with printing and other expenses relating to the Global Offering, assuming an Offer Price of HK\$1.785 (being the mid-point of the indicative Offer Price range), are estimated to amount to approximately HK\$31.8 million in total, and are payable by our Company.

SOLE GLOBAL COORDINATOR'S AND UNDERWRITERS' INTEREST IN OUR COMPANY

The Sole Global Coordinator and the other Underwriters will receive an underwriting commission. Particulars of these underwriting commission and expenses are set forth under "Underwriting arrangements and expenses — Commission and expenses".

We have appointed CISIC as our compliance adviser pursuant to Rule 3A.19 of the Listing Rules for the period commencing on the Listing Date and ending on the date on which our Company complies with Rule 13.46 of the Listing Rules in respect of the despatch of our annual report for the first full financial year commencing after the Listing Date.

Save as disclosed above, none of the Sole Global Coordinator and the Underwriters is interested legally or beneficially in shares of any members of our Group or has any right or option (whether legally enforceable or not) to subscribe for or purchase or to nominate persons to subscribe for or purchase securities in any of our members nor any interest in the Global Offering.

SOLE SPONSOR'S INDEPENDENCE

The Sole Sponsor satisfies the independence criteria applicable to sponsors as set out in Rule 3A.07 of the Listing Rules.

STRUCTURE OF THE GLOBAL OFFERING

THE STRUCTURE OF THE GLOBAL OFFERING

This prospectus is published in connection with the Hong Kong Public Offering as part of the Global Offering. CISIC is the Sole Global Coordinator to the Global Offering. The Global Offering comprises:

- (i) the Hong Kong Public Offering of 10,000,000 Shares (subject to reallocation as mentioned below) in Hong Kong as described below under the sub-section headed “Structure of the Global Offering — The Hong Kong Public Offering”; and
- (ii) the International Offering of 90,000,000 Shares (subject to reallocation and the Over-allotment Option as mentioned below) outside the United States in reliance on Regulation S under the U.S. Securities Act as described below under the sub-section headed “Structure of the Global Offering — The International Offering”.

Investors may apply for Offer Shares under the Hong Kong Public Offering or apply for or indicate an interest for Offer Shares under the International Offering, but may not do both. Our Directors and the Sole Global Coordinator will take all reasonable steps to identify any multiple applications under the Hong Kong Public Offering and the International Offering which are not allowed and are bound to be rejected.

The 100,000,000 Offer Shares in the Global Offering will represent 25% of our enlarged share capital immediately after the completion of the Global Offering and the Capitalisation Issue, without taking into account the exercise of the Over-allotment Option. If the Over-allotment Option is exercised in full, the Offer Shares will represent approximately 27.7% of our enlarged share capital immediately following the completion of the Global Offering and the Capitalisation Issue.

References in this prospectus to applications, Application Forms, application monies or the procedure for application relate solely to the Hong Kong Public Offering.

PRICING AND ALLOCATION

Offer Price

The Offer Price will be not more than HK\$2.14 per Hong Kong Offer Share and is expected to be not less than HK\$1.43 per Hong Kong Offer Share, unless otherwise announced not later than the morning of the last day for lodging applications under the Hong Kong Public Offering, as explained below. 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.

STRUCTURE OF THE GLOBAL OFFERING

Price payable upon application for the Hong Kong Offer Shares

Applicants under the Hong Kong Public Offering will be required to pay the maximum indicative Offer Price of HK\$2.14 plus brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%, amounting to a total of HK\$4,323.13 for each board lot of 2,000 Shares. If the Offer Price as finally determined in the manner described below, is less than HK\$2.14, appropriate refund payments (including the brokerage fee, the SFC transaction levy and the Stock Exchange trading fee attributable to the surplus application monies) will be made to successful applicants without interest. Please refer to the sub-section headed “How to apply for the Hong Kong Offer Shares — 13. Refund of your application monies” in this prospectus.

Determining the Offer Price

The International Underwriters are soliciting from prospective investors indications of interest in acquiring the Shares in the International Offering. Prospective investors will be required to specify the number of International Offering Shares under the International Offering they would be prepared to acquire either at different prices or at a particular price. This process, known as “book-building”, is expected to continue up to, and to cease on or around Friday, 1 December 2017.

The Offer Price is expected to be fixed by agreement between the Sole Global Coordinator (for itself and on behalf of the Underwriters) and our Company, on the Price Determination Date, when market demand for the Offer Shares will be determined. The Price Determination Date is expected to be on or around Friday, 1 December 2017 and in any event, no later than Monday, 4 December 2017.

If, for any reason, the Sole Global Coordinator (for itself and on behalf of the Underwriters) and our Company are unable to reach agreement on the Offer Price on or before Monday, 4 December 2017, the Global Offering will not proceed and will lapse.

Reduction in Offer Price range and/or number of Offer Shares

The Sole Global Coordinator may, where considered appropriate based on the level of interest expressed by prospective professional, institutional and other investors during a book-building process, and with the consent of our Company, reduce the number of Offer Shares and/or the Offer Price range below that stated in this prospectus at any time prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, our Company will, as soon as practicable following the decision to make any such reduction, and in any event not later than the morning of the last day for lodging applications under the Hong Kong Public Offering, cause to be published on the Stock Exchange’s website at www.hkexnews.hk and our Company’s website at www.riverinepm.com notice of the reduction in the indicative Offer Price range and/or number of Offer Shares. Such notice will also include confirmation or revision, as appropriate, of the offering statistics as currently set out in the “Summary” section and any other financial information which may change as a result of such reduction. The Offer Price, if agreed upon, will be fixed within such revised Offer Price range. In the absence of the publication of any such notice, the Offer Price shall under no circumstances be set outside the Offer Price range indicated in this prospectus.

STRUCTURE OF THE GLOBAL OFFERING

Before submitting applications for Hong Kong Offer Shares, applicants should have regard to the possibility that any announcement of a reduction in the indicative Offer Price range and/or number of Offer Shares may not be made until the day which is the last day for lodging applications under the Hong Kong Public Offering. In the absence of any such announcement so published, the number of Offer Shares will not be reduced and/or the Offer Price, if agreed upon by the Sole Global Coordinator (for itself and on behalf of the Underwriters) and our Company, will under no circumstances be set outside the Offer Price range as stated in this prospectus. However, if the number of Offer Shares and/or the Offer Price range is reduced, applicants under the Hong Kong Public Offering will be notified that they are required to confirm their applications. If applicants have been so notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked.

In the event of a reduction in the number of Offer Shares, the Sole Global Coordinator may, at its discretion, reallocate the number of Offer Shares to be offered in the Hong Kong Public Offering and the International Offering, provided that the number of Offer Shares comprised in the Hong Kong Public Offering shall not be less than 10% of the total number of Offer Shares available under the Global Offering (assuming the Over-allotment Option is not exercised). The Offer Shares to be offered in the Hong Kong Public Offering and the Offer Shares to be offered in the International Offering may, in certain circumstances, be reallocated between these offerings at the discretion of the Sole Global Coordinator.

Allocation

The Shares to be offered in the Hong Kong Public Offering and the International Offering may, in certain circumstances, be reallocated as between these offerings at the discretion of the Sole Global Coordinator.

Allocation of the Offer Shares pursuant to the International Offering will be determined by the Sole Global Coordinator and will be based on a number of factors including the level and timing of demand, total size of the relevant investor's invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further, and/or hold or sell the Shares after Listing. Such allocation may be made to professional, institutional and corporate investors and is intended to result in a distribution of the Shares on a basis which would lead to the establishment of a stable shareholder base to the benefit of our Company and our Shareholders as a whole.

Allocation of the 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. The allocation of Hong Kong Offer Shares could, where appropriate, consist of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

STRUCTURE OF THE GLOBAL OFFERING

Announcement of final Offer Price and basis of allocations

The applicable final Offer Price, the level of indications of interest in the International Offering and the basis of allocations of the Hong Kong Offer Shares and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Hong Kong Public Offering are expected to be made available in a variety of channels in the manner described in “How to Apply for Hong Kong Offer Shares — 11. Publication of Results” in this prospectus.

CONDITIONS OF THE GLOBAL OFFERING

Acceptance of applications for the Hong Kong Offer Shares will be conditional upon:

- (i) the Listing Committee granting the listing of, and permission to deal in, our Shares in issue, any Shares to be issued pursuant to the Global Offering and the Capitalisation Issue, the Over-allotment Option and any Shares which may fall to be issued pursuant to the exercise of any options that may be granted under the Share Option Scheme, and such listing and permission not subsequently having been revoked prior to the commencement of dealings in the Shares on the Stock Exchange;
- (ii) the agreement on the final Offer Price between the Sole Global Coordinator (for itself and on behalf of the Underwriters) and our Company being entered into on the Price Determination Date; and
- (iii) the obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement and the obligations of International Underwriters under the International Underwriting Agreement becoming and remaining unconditional and not having been terminated in accordance with the terms and conditions of respective agreements,

in each case, on or before the dates and times specified in the Hong Kong Underwriting Agreement or the International Underwriting Agreement (unless and to the extent such conditions are validly waived on or before such dates and times) and in any event not later than the date which is the 30th day after the date of this prospectus.

The consummation of each of the Hong Kong Underwriting Agreement and the International Underwriting Agreement is conditional upon, among other things, the other becoming unconditional and not having been terminated in accordance with its terms.

If any of the above conditions has not been fulfilled or waived prior to the times and date(s) specified, the Global Offering will lapse and the Stock Exchange will be notified immediately. Notice of lapse of the Global Offering will be caused to be published by our Company on the Stock Exchange’s website at www.hkexnews.hk and our Company’s website at www.riverinepm.com on the next day following such lapse. In such event, all application monies will be returned, without interest, on the terms set out in the sub-section headed “How to apply for the Hong Kong Offer Shares — 13. Refund of your application monies” in this prospectus. In the meantime, all application money received from the Hong Kong Public Offering will be held in a separate bank account (or separate bank accounts) with the receiving bankers or other licenced bank(s) in Hong Kong.

STRUCTURE OF THE GLOBAL OFFERING

THE HONG KONG PUBLIC OFFERING

Number of Offer Shares initially offered

We are initially offering 10,000,000 Shares under the Hong Kong Public Offering, at the Offer Price, representing 10% of the total number of the Offer Shares being offered in the Global Offering, for subscription by way of a public offer in Hong Kong, subject to adjustment as mentioned below, the number of Offer Shares offered under the Hong Kong Public Offering will represent 2.5% of the total issued share capital of our Company immediately after completion of the Global Offering assuming the Over-allotment Option is not exercised. Completion of the Hong Kong Public Offering is subject to the conditions set out in the paragraph headed “Structure of the Global Offering — Conditions of the Global Offering” above.

Allocation

For allocation purposes only, the Hong Kong Offer Shares initially being offered for subscription under the Hong Kong Public Offering (after taking into account any adjustment in the number of Offer Shares allocated between the Hong Kong Public Offering and the International Offering) will be divided equally into two pools (subject to adjustment of odd lot size), namely Pool A and Pool B, both of which will be allocated on an equitable basis to applicants who have applied for the Hong Kong Offer Shares. Pool A will comprise 5,000,000 Hong Kong Offer Shares and Pool B will comprise 5,000,000 Hong Kong Offer Shares, both of which are available on a fair basis to successful applicants. All valid applications that have been received for Hong Kong Offer Shares with a total amount (excluding the brokerage fee, the SFC transaction levy and the Stock Exchange trading fee) of HK\$5 million or below will fall into Pool A and all valid applications that have been received for Hong Kong Offer Shares with a total amount (excluding the brokerage fee, the SFC transaction levy and the Stock Exchange trading fee) of over HK\$5 million and up to the total value of Pool B, will fall into Pool B.

Applicants should be aware that applications in Pool A and Pool B are likely to receive different allocation ratios. If Hong Kong Offer Shares in one pool (but not both pools) are undersubscribed, the surplus Hong Kong Offer Shares will be transferred to the other pool to satisfy demand in that other pool and be allocated accordingly. Applicants can only receive an allocation of Hong Kong Offer Shares from either Pool A or Pool B but not from both pools and may only apply for Hong Kong Offer Shares in either Pool A or Pool B. In addition, multiple or suspected multiple applications within either pool or between pools will be rejected. No application will be accepted from applicants for more than 5,000,000 Hong Kong Offer Shares (being 50% of the initial number of Hong Kong Offer Shares).

Reallocation

The allocation of the Shares between the Hong Kong Public Offering and the International Offering is subject to adjustment. If the number of Shares validly applied for in the Hong Kong Public Offering represents (i) 15 times or more but less than 50 times, (ii) 50 times or more but less than 100 times, and (iii) 100 times or more, of the number of Shares initially available under the Hong Kong Public Offering, the total number of Shares available under the Hong Kong Public Offering will be increased to 30,000,000, 40,000,000 and 50,000,000 Shares, respectively, representing 30% (in the case of (i)), 40% (in the case of (ii)) and 50% (in the

STRUCTURE OF THE GLOBAL OFFERING

case of (iii)), respectively, of the total number of Shares initially available under the Global Offering (before any exercise of the Over-allotment Option). In such cases, the number of Shares allocated in the International Offering will be correspondingly reduced, in such manner as the Sole Global Coordinator deems appropriate, and such additional Shares will be allocated to Pool A and Pool B equally.

If the Hong Kong Offer Shares are not fully subscribed, the Sole Global Coordinator has the authority to reallocate all or any unsubscribed Hong Kong Offer Shares to the International Offering, in such proportions as the Sole Global Coordinator deems appropriate. In addition, the Sole Global Coordinator may reallocate Offer Shares from the International Offering to the Hong Kong Public Offering to satisfy valid applications under the Hong Kong Public Offering.

The Offer Shares to be offered in the Hong Kong Public Offering and the International Offering may, in certain circumstances, be reallocated as between these offerings at the discretion of the Sole Global Coordinator.

THE INTERNATIONAL OFFERING

Number of Offer Shares initially offered

The number of Shares to be initially offered for subscription under the International Offering will be 90,000,000 Shares, representing 90% of the Offer Shares initially available under the Global Offering (subject to adjustment and the Over-allotment Option). The International Offering is subject to the Hong Kong Public Offering becoming unconditional. The International Offer Shares will represent approximately 22.5% of our enlarged issued share capital immediately after completion of the Global Offering without taking into account any Shares which may be issued and allotted upon any exercise of the Over-allotment Option and the option which may be granted under the Share Option Scheme.

Allocation

Pursuant to the International Offering, the International Underwriters will conditionally place the Shares with institutional and professional investors and other investors expected to have a sizeable demand for the Shares in Hong Kong and other jurisdictions outside the United States in reliance on Regulation S of the U.S. Securities Act. Allocation of Offer Shares pursuant to the International Offering will be effected in accordance with the “book-building” process described in paragraph headed “Determining the Offer Price” above in this section and based on a number of factors, including the level and timing of demand, the total size of the relevant investor’s invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further Shares, and/or hold or sell its Shares after Listing. Such allocation is intended to result in a distribution of the Shares on a basis which would lead to the establishment of a stable shareholder base to the benefit of our Company and our Shareholders as a whole.

STRUCTURE OF THE GLOBAL OFFERING

OVER-ALLOTMENT OPTION

In connection with the Global Offering, our Company is expected to grant to the Stabilising Manager (for itself and on behalf of the International Underwriters) the Over-allotment Option which is exercisable starting from the Listing Date and is expected to expire on the 30th day after the last day of lodging applications under the Hong Kong Public Offering. Pursuant to the Over-allotment Option, our Company may be required by the Stabilising Manager (for itself and on behalf of the International Underwriters) to allot and issue up to and not more than 15,000,000 additional new Shares (representing 15% of the total number of the Offer Shares initially available under the Global Offering) at the Offer Price to cover over-allocations in the International Offering. The Stabilising Manager (for itself and on behalf of the International Underwriters) may also cover such over-allocations by, among other means, purchasing Shares in the secondary market or through stock borrowing arrangements with Partner Summit or by a combination of these means or otherwise as may be permitted under the applicable laws and regulatory requirements. Any such secondary market purchases will be made in compliance with all applicable laws, rules and regulations. If the Over-allotment Option is exercised in full, the additional 15,000,000 new Shares will represent approximately 3.6% of our Company's enlarged issued share capital immediately after completion of the Capitalisation Issue, the Global Offering and the exercise of the Over-allotment Option. In the event that the Over-allotment Option is exercised or expired, an announcement will be made.

STOCK BORROWING AGREEMENT

Haitong International Securities Company Limited, as the Stabilising Manager, or any person acting for it may choose to borrow Shares from Partner Summit, under the Stock Borrowing Agreement, or acquire Shares from other sources, including the exercising of the Over-allotment Option. The Stock Borrowing Agreement will not be subject to the restrictions of Rule 10.07(1)(a) of the Listing Rules provided that the requirements set forth in Rule 10.07(3) of the Listing Rules are to be complied with as follows:

- such stock borrowing arrangement with Partner Summit will only be effected by the Stabilising Manager for settlement of over-allocations in the International Offering and covering any short position prior to the exercise of the Over-allotment Option;
- the maximum number of Shares borrowed from Partner Summit under the Stock Borrowing Agreement will be limited to the maximum number of Shares which may be issued upon exercise of the Over-allotment Option;
- the same number of Shares so borrowed from Partner Summit must be returned to it or its nominees on or before the third business day following the earlier of (i) the last day on which the Over-allotment Option may be exercised; (ii) the date on which the Over-allotment Option is exercised in full; and (iii) such earlier time as the parties may from time to time agree in writing;
- the stock borrowing arrangement under the Stock Borrowing Agreement will be effected in compliance with all applicable laws, listing rules and regulatory requirements; and

STRUCTURE OF THE GLOBAL OFFERING

- no payment will be made to Partner Summit by the Stabilising Manager or its authorised agents in relation to such stock borrowing arrangement.

STABILISATION

Stabilisation is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilise, the underwriters may bid for, or purchase, the newly issued 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, activities aimed at reducing the market price are prohibited and the price at which stabilisation is effected is not permitted to exceed the Offer Price.

In connection with the Global Offering, Haitong International Securities Company Limited, as the Stabilising Manager, or its affiliates or any person acting for it, for itself and on behalf of the Underwriters, may, to the extent permitted by applicable laws of Hong Kong and elsewhere, over-allocate Shares or effect any other transactions with a view to stabilising or maintaining the market price of the Shares at a level higher than that which might otherwise prevail for a limited period after the Listing Date. However, there is no obligation on the Stabilising Manager, its affiliates or any person acting for it to conduct any such stabilisation action. Such stabilisation action, if commenced, will be conducted at the absolute discretion of the Stabilising Manager, its affiliates or any person acting for it and may be discontinued at any time, and must be brought to an end within 30 days after the last day for the lodging of applications under the Hong Kong Public Offering. Such transactions may be effected in compliance with all applicable laws and regulatory requirements.

Stabilising action will be entered into in accordance with the laws, regulations and rules in place in Hong Kong on stabilisation and stabilising action permitted in Hong Kong pursuant to the Securities and Futures (Price Stabilizing) Rules includes: (i) over-allocation for the purpose of preventing or minimising any reduction in the market price of the Shares; (ii) selling or agreeing to sell the 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 Shares; (iii) purchasing or subscribing for, or agreeing to purchase or subscribe for, the Shares pursuant to the Over-allotment Option in order to close out any position established under (i) or (ii) above; (iv) purchasing, or agreeing to purchase, any of the Shares for the sole purpose of preventing or minimising any reduction in the market price of the Shares; (v) selling or agreeing to sell any Shares in order to liquidate any position held as a result of those purchases; and (vi) offering or attempting to do anything described in (ii), (iii), (iv) or (v).

Specifically, prospective applicants for and investors in the Offer Shares should note that:

- the Stabilising Manager (for itself and on behalf of the Underwriters) may, in connection with the stabilising action, maintain a long position in our Shares;
- there is no certainty regarding the extent to which and the time period for which the Stabilising Manager will maintain such a long position;
- liquidation of any such long position by the Stabilising Manager may have an adverse impact on the market price of our Shares;

STRUCTURE OF THE GLOBAL OFFERING

- stabilising action cannot be taken to support the price of our Shares for longer than the stabilising period which is expected to begin on the Listing Date and is expected to expire on the 30th day after the date expected to be the last day for lodging applications under the Hong Kong Public Offering. After this date, when no further stabilising action may be taken, demand for our Shares, and therefore the price of our Shares, could fall;
- the price of our Shares cannot be assured to stay at or above the Offer Price by the taking of any stabilising action; and
- stabilising bids may be made or transactions effected in the course of the stabilising action at any price at or below the Offer Price, which means that stabilising bids may be made or transactions effected at a price below the price paid by applicants for, or investors in, our 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 stabilising period.

In connection with the Global Offering, the Stabilising Manager may over-allocate up to and not more than an aggregate of 15,000,000 additional Shares, representing 15% of the offer shares initially being offered under the Global Offering and cover such over-allocations by exercising the Over-allotment Option, or by making purchases in the secondary market at prices that do not exceed the Offer Price or through stock borrowing arrangements or a combination of these means. In particular, for the purpose of settlement of over-allocations in connection with the International Offering, the Stabilising Manager may borrow up to 15,000,000 Shares from Partner Summit, equivalent to the maximum number of Shares to be issued on full exercise of the Over-allotment Option, under the Stock Borrowing Agreement.

SHARES WILL BE ELIGIBLE FOR CCASS

All necessary arrangements have been made enabling the Shares to be admitted into CCASS. If the Listing Committee grants the listing of, and permission to deal in, our Shares and our Company complies with the stock admission requirements of HKSCC, our 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 our Shares on the Stock Exchange or any other date HKSCC chooses. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second 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.

COMMENCEMENT OF DEALINGS

Assuming that the Global Offering becomes unconditional, it is expected that dealings in our Shares on the Main Board will commence at 9:00 a.m. (Hong Kong time) on Monday, 11 December 2017.

HOW TO APPLY FOR THE HONG KONG OFFER SHARES

1. HOW TO APPLY

If you apply for Hong Kong Offer Shares, then you may not apply for or indicate an interest for International Offering Shares.

To apply for Hong Kong Offer Shares, you may:

- use a **WHITE** or **YELLOW** Application Form;
- apply online via the **HK eIPO White Form** Service at www.hkeipo.hk; or
- electronically cause HKSCC Nominees to apply on your behalf.

None of you or your joint applicant(s) may make more than one application, except where you are a nominee and provide the required information in your application.

Our Company, the Sole Global Coordinator, the **HK eIPO White Form** Service Provider and their respective agents may reject or accept any application in full or in part for any reason at their discretion.

2. WHO CAN APPLY

You can apply for Hong Kong Offer Shares on a **WHITE** or **YELLOW** Application Form if you or the person(s) for whose benefit you are applying:

- are 18 years of age or older;
- have a Hong Kong address;
- are outside the United States, and are not a United States Person (as defined in Regulation S under the U.S. Securities Act); and
- are not a legal or natural person of the PRC.

If you apply online through the **HK eIPO White Form** service, in addition to the above, you must also: (i) have a valid Hong Kong identity card number and (ii) provide a valid e-mail address and a contact telephone number.

If you are a firm, the application must be in the individual members' names. If you are a body corporate, the application form must be signed by a duly authorised officer, who must state his or her representative capacity, and stamped with your corporation's chop.

If an application is made by a person under a power of attorney, the Sole Global Coordinator may accept it at their discretion and on any conditions they think 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 **HK eIPO White Form** service for the Hong Kong Offer Shares.

HOW TO APPLY 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 the Shares in our Company and/or any of our subsidiaries;
- are a Director or chief executive officer of our Company and/or any of our subsidiaries;
- are a close associate (as defined in the Listing Rules) of any of the above;
- are a core connected person (as defined in the Listing Rules) of our Company or will become a core connected person of our Company immediately upon completion of the Global Offering; and
- have been allocated or have applied for any International Offering Shares or otherwise participate in the International Offering.

3. APPLYING FOR HONG KONG OFFER SHARES

Which Application Channel to Use

For Hong Kong Offer Shares to be issued in your own name either (i) use a **WHITE** Application Form; or (ii) apply online through the designated website of the **HK eIPO White Form** Services Provider at www.hkeipo.hk under the **HK eIPO White Form** services.

For Hong Kong Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS Participant's stock account, use a **YELLOW** Application Form or electronically instruct HKSCC via CCASS to cause HKSCC Nominees to apply for you.

Where to Collect the Application Forms

You can collect a **WHITE** Application Form and a prospectus during normal business hours from 9:00 a.m. on Tuesday, 28 November 2017 until 12:00 noon on Friday, 1 December 2017:

- (i) any of the following addresses of the Hong Kong Underwriters:

China Industrial Securities International Capital Limited

- 7/F, Three Exchange Square
8 Connaught Place
Central, Hong Kong

Haitong International Securities Company Limited

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

HOW TO APPLY FOR THE HONG KONG OFFER SHARES

ChaoShang Securities Limited

- Room 4001–4002, 40/F
China Resources Building
26 Harbour Road
Wanchai
Hong Kong

China Goldjoy Securities Limited

- Unit 1703–06, Infinitus Plaza
199 Des Voeux Road Central
Hong Kong

China Sky Securities Limited

- Room 1106, 11/F
Cosco Tower
183 Queen's Road Central
Hong Kong

Head & Shoulders Securities Limited

- Room 2511, 25/F
Cosco Tower
183 Queen's Road Central
Hong Kong

SPDB International Capital Limited

- Suites 3207–3212, 32/F, One Pacific Place
88 Queensway
Hong Kong

Yicko Securities Limited

- 19/F, Tung Ning Building
125–127 Connaught Road
Central
Hong Kong

Yue Xiu Securities Company Limited

- 13/F, Yue Xiu Building
160 Lockhart Road
Wanchai
Hong Kong

HOW TO APPLY FOR THE HONG KONG OFFER SHARES

(ii) any of the following branches of Bank of China (Hong Kong) Limited:

<u>District</u>	<u>Branch</u>	<u>Address</u>
Hong Kong Island	United Centre Branch	Shop 1021, United Centre, 95 Queensway
	Aberdeen Branch	25 Wu Pak Street, Aberdeen
Kowloon	Prince Edward Road West (Mong Kok) Branch	116–118 Prince Edward Road West, Mong Kok, Kowloon
	Kwun Tong Plaza Branch	G1 Kwun Tong Plaza, 68 Hoi Yuen Road, Kwun Tong
New Territories	Kau Yuk Road Branch	18–24 Kau Yuk Road, Yuen Long
	Shatin Branch	Shop 20, Level 1, Lucky Plaza, 1–15 Wang Pok Street, Sha Tin

You can collect a **YELLOW** Application Form and a prospectus during normal business hours from 9:00 a.m. on Tuesday, 28 November 2017 until 12:00 noon on Friday, 1 December 2017 from the Depository Counter of HKSCC at 1/F, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong or from your stockbroker.

Time for Lodging Application Forms

Your completed **WHITE** or **YELLOW** Application Form, together with a cheque or a banker's cashier order attached and marked payable to BANK OF CHINA (HONG KONG) NOMINEES LIMITED — RIVERINE CHINA HOLDINGS PUBLIC OFFER for the payment, should be deposited in the special collection boxes provided at any of the branches of the receiving banks listed above, at the following times:

- Tuesday, 28 November 2017 — 9:00 a.m. to 5:00 p.m.
- Wednesday, 29 November 2017 — 9:00 a.m. to 5:00 p.m.
- Thursday, 30 November 2017 — 9:00 a.m. to 5:00 p.m.
- Friday, 1 December 2017 — 9:00 a.m. to 12:00 noon

The Application Lists will be open from 11:45 a.m. to 12:00 noon on the last application day, or such later time as described in “10. Effect of bad weather on the opening of the Applications Lists” in this section.

HOW TO APPLY FOR THE HONG KONG OFFER SHARES

4. TERMS AND CONDITIONS OF AN APPLICATION

Follow the detailed instructions in the Application Form carefully; otherwise, your application may be rejected.

By completing and submitting an Application Form, among other things, you (and if you are joint applicants, each of you jointly and severally) for yourself or as an agent or a nominee on behalf of each person whom you act, or applying through the **HK eIPO White Form** service, among other things, you:

- (i) undertake to execute all relevant documents and instruct and authorise our Company, the Sole Global Coordinator, the Joint Bookrunners and Joint Lead Managers (or their 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 Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance (the “**Hong Kong Companies Ordinance**”) and the Articles of Association;
- (iii) confirm that you have read the terms and conditions and application procedures set out in this prospectus and in the Application Form 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 Sponsor, the Sole Global Coordinator, the Joint Lead Managers, 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, our Hong Kong Branch Share Registrar, the receiving banks, the Sole Global Coordinator, 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;

HOW TO APPLY FOR THE HONG KONG OFFER SHARES

- (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 Joint Global Coordinators and the Underwriters nor any of their respective officers or advisers will breach any law outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus and the Application Form;
- (x) agree that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;
- (xi) agree that your application will be governed by the laws of Hong Kong;
- (xii) represent, warrant and undertake that (a) you understand that the Hong Kong Offer Shares have not been and will not be registered under the U.S. Securities Act; and (b) you and any person for whose benefit you are applying for the Hong Kong Offer Shares are outside the United States (as defined in Regulation S) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S;
- (xiii) warrant that the information you have provided is true and accurate;
- (xiv) agree to accept the Hong Kong Offer Shares applied for, or any lesser number allocated to you under the application;
- (xv) authorise our Company to place your name(s) or the name of the HKSCC Nominees, on the 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-Auto Refund payment instructions and/or any refund cheque(s) to you or the first-named applicant for joint application by ordinary post at your own risk to the address stated on the application, unless you have chosen to collect the share certificate(s) and/or refund cheque(s) in person;
- (xvi) declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;
- (xvii) understand that our Company, the Sole Sponsor, the Sole Global Coordinator, the Joint Lead Managers, the Joint Bookrunners and the Underwriters will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Offer Shares to you and that you may be prosecuted for making a false declaration;
- (xviii) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or to the **HK eIPO White Form** Service Provider by you or by any one as your agent or by any other person; and

HOW TO APPLY FOR THE HONG KONG OFFER SHARES

- (xix) (if you are making the application as an agent for the benefit of another person) warrant that (i) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC; and (ii) you have due authority to sign the Application Form or give **electronic application instructions** on behalf of that other person as their agent.

Additional Instructions for Yellow Application Form

You may refer to the Yellow Application Form for details.

5. APPLYING THROUGH THE HK eIPO WHITE FORM SERVICE

General

Individuals who meet the criteria in the paragraph headed “Who can apply” above may apply through the **HK eIPO White Form** service for the Offer Shares to be allotted and registered in their own names through the designated website at **www.hkeipo.hk**.

Detailed instructions for application through the **HK eIPO White Form** service are on the designated website. If you do not follow the instructions, your application may be rejected and may not be submitted to our Company. If you apply through the designated website, you authorise the **HK eIPO White Form** Service Provider to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the **HK eIPO White Form** service.

Time for Submitting Applications under the HK eIPO White Form

You may submit your application to the **HK eIPO White Form** Service Provider at **www.hkeipo.hk** (24 hours daily, except on the last application day) from 9:00 a.m. on Tuesday, 28 November 2017 until 11:30 a.m. on Friday, 1 December 2017 and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Friday, 1 December 2017 or such later time under the “10. Effects of bad weather on the opening of the Applications Lists” in this section.

No Multiple Applications

If you apply by means of **HK eIPO White Form**, once you complete payment in respect of any **electronic application instruction** given by you or for your benefit through the **HK eIPO White Form** service to make an application for Hong Kong Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an **electronic application instruction** under **HK eIPO White Form** more than once and obtaining different payment reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

HOW TO APPLY FOR THE HONG KONG OFFER SHARES

If you are suspected of submitting more than one application through the **HK eIPO White Form** service or by any other means, all of your applications are liable to be rejected.

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).

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 +852 2979 7888 or through the CCASS Internet System <https://ip.ccass.com> (using the procedures in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time).

HKSCC can also input **electronic application instructions** for you if you go to:

Hong Kong Securities Clearing Company Limited

Customer Service Center
1/F, One & Two Exchange Square,
8 Connaught Place, Central, Hong Kong

and complete an input request form.

You can also collect a prospectus from this address.

If you are **not a CCASS Investor Participant**, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf.

You will be deemed to have authorised HKSCC and/or HKSCC Nominees to transfer the details of your application to our Company, the Sole Global Coordinator and our Hong Kong Branch Share Registrar.

HOW TO APPLY FOR THE HONG KONG OFFER SHARES

Giving Electronic Application Instructions to HKSCC via CCASS

Where you have given **electronic application instructions** to apply for the Hong Kong Offer Shares and a **WHITE** Application Form is signed by HKSCC Nominees on your behalf:

- (i) HKSCC Nominees will only be acting as a nominee for you and is not liable for any breach of the terms and conditions of the **WHITE** Application Form or this prospectus;
- (ii) HKSCC Nominees will do the following things on your behalf:
 - agree that the Hong Kong Offer Shares to be allotted shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the CCASS Participant's stock account on your behalf or your CCASS Investor Participant's stock account;
 - agree to accept the Hong Kong Offer Shares applied for or any lesser number allocated;
 - undertake and confirm that you have not applied for or taken up, will not apply for or take up, or indicate an interest for, any Offer Shares under the International Offering;
 - (if the **electronic application instructions** are given for your benefit) declare that only one set of **electronic application instructions** has been given for your benefit;
 - (if you are an agent for another person) declare that you have only given one set of **electronic application instructions** for the other person's benefit and are duly authorised to give those instructions as their agent;
 - confirm that you understand that our Company, our Directors, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers and the Underwriters will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Offer Shares to you and that you may be prosecuted if you make a false declaration;
 - authorise our Company to place HKSCC Nominees' name on our Company's register of members as the holder of the Hong Kong Offer Shares allocated to you and to send share certificate(s) and/or refund monies under the arrangements separately agreed between us and HKSCC;
 - confirm that you have read the terms and conditions and application procedures set out in this prospectus and agree to be bound by them;

HOW TO APPLY FOR THE HONG KONG OFFER SHARES

- confirm that you have received and/or read a copy of this prospectus and have relied only on the information and representations in this prospectus in causing the application to be made, save as set out in any supplement to this prospectus;
- agree that none of our Company, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint 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 contained in this prospectus (and any supplement to it);
- agree to disclose your personal data to our Company, our Hong Kong Branch Share Registrar, the receiving banks, the Sole Global Coordinator, the Joint Lead Managers, the Joint Bookrunners, the Underwriters and/or its respective advisers and agents;
- agree (without prejudice to any other rights which you may have) that once HKSCC Nominees' application has been accepted, it cannot be rescinded for innocent misrepresentation;
- agree that any application made by HKSCC Nominees on your behalf is irrevocable before the fifth day after the time of the opening of the Application Lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), such agreement to take effect as a collateral contract with us and to become binding when you give the instructions and such collateral contract to be in consideration of our Company agreeing that it will not offer any Hong Kong Offer Shares to any person before the fifth day after the time of the opening of the Application Lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application before the fifth day after the time of the opening of the Application Lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong) if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance gives a public notice under that section which excludes or limits that person's responsibility for this prospectus;
- agree that once HKSCC Nominees' application is accepted, neither that application nor your **electronic application instructions** can be revoked, and that acceptance of that application will be evidenced by our Company's announcement of the Hong Kong Public Offering results;
- agree to the arrangements, undertakings and warranties under the participant agreement between you and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, for the giving **electronic application instructions** to apply for Hong Kong Offer Shares;

HOW TO APPLY FOR THE 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 and the Articles of Association; and
- agree that your application, any acceptance of it and the resulting contract will be governed by the Laws of Hong Kong.

Effect of Giving Electronic Application Instructions to HKSCC via CCASS

By giving **electronic application instructions** to HKSCC or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees shall be liable to our Company or any other person in respect of the things mentioned below:

- instructed and authorised HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Hong Kong Offer Shares on your behalf;
- instructed and authorised HKSCC to arrange payment of the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or if the Offer Price is less than the maximum Offer Price per Offer Share initially paid on application, refund of the application monies (including brokerage, SFC transaction levy and the Stock Exchange trading fee) by crediting your designated bank account; and
- instructed and authorised HKSCC to cause HKSCC Nominees to do on your behalf all the things stated in the **WHITE** Application Form and in this prospectus.

Minimum Purchase Amount and Permitted Numbers

You may give or cause your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** for a minimum of 2,000 Hong Kong Offer Shares. Instructions for more than 2,000 Hong Kong Offer Shares must be in one of the numbers set out in the table in the Application Forms. No application for any other number of Hong Kong Offer Shares will be considered and any such application is liable to be rejected.

HOW TO APPLY FOR THE HONG KONG OFFER SHARES

Time for Inputting Electronic Application Instructions

CCASS Clearing/Custodian Participants can input **electronic application instructions** at the following times on the following dates:

- Tuesday, 28 November 2017 — 9:00 a.m. to 8:30 p.m.⁽¹⁾
- Wednesday, 29 November 2017 — 8:00 a.m. to 8:30 p.m.⁽¹⁾
- Thursday, 30 November 2017 — 8:00 a.m. to 8:30 p.m.⁽¹⁾
- Friday, 1 December 2017 — 8:00 a.m.⁽¹⁾ 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.

CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on Tuesday, 28 November 2017 until 12:00 noon, Friday, 1 December 2017 (24 hours daily, except on the last application day).

The latest time for inputting your **electronic application instructions** will be 12:00 noon, Friday, 1 December 2017, the last application day or such later time as described in “10. Effect of bad weather on the opening of the Application Lists”.

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 Hong Kong Companies 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 Hong Kong Companies Ordinance (as applied by Section 342E of the Hong Kong Companies Ordinance).

HOW TO APPLY FOR THE HONG KONG OFFER SHARES

Personal Data

The section of the Application Form headed “Personal Data” applies to any personal data held by our Company, the Hong Kong Branch Share Registrar, the receiving bankers, the Sole Global Coordinator, the Underwriters and any of their respective advisers and agents about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

7. WARNING FOR ELECTRONIC APPLICATIONS

The subscription of 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 **HK eIPO White Form** service is also only a facility provided by the **HK eIPO White Form** Service Provider to public investors. Such facilities are subject to capacity limitations and potential service interruptions and you are advised not to wait until the last application day in making your electronic applications. Our Company, our Directors, the Joint Bookrunners, the Joint Lead Managers, the Sole Sponsor, the Sole Global Coordinator and the Underwriters take no responsibility for such applications and provide no assurance that any CCASS Participant or person applying through the **HK eIPO White Form** service will be allotted any Hong Kong Offer Shares.

To ensure that CCASS Investor Participants can give their **electronic application instructions**, they are advised not to wait until the last minute to input their instructions to the systems. In the event that CCASS Investor Participants have problems in the connection to CCASS Phone System/CCASS Internet System for submission of **electronic application instructions**, they should either (i) submit a **WHITE** or **YELLOW** Application Form, or (ii) go to HKSCC’s Customer Service Center to complete an input request form for **electronic application instructions** before 12:00 noon, Friday, 1 December 2017.

8. HOW MANY APPLICATIONS CAN YOU MAKE

Multiple applications for the Hong Kong Offer Shares are not allowed except by nominees. If you are a nominee, in the box on the Application Form marked “For nominees” you must include:

- an account number; or
- some other identification code,

for each beneficial owner or, in the case of joint beneficial owners, for each joint beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.

HOW TO APPLY FOR THE HONG KONG OFFER SHARES

All of your applications will be rejected if more than one application on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or through **HK eIPO White Form** service, is made for your benefit (including the part of the application made by HKSCC Nominees acting on **electronic application instructions**). 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 our Company;
- control more than half of the voting power of our Company; or
- hold more than half of the issued share capital of our Company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

9. HOW MUCH ARE THE HONG KONG OFFER SHARES

The **WHITE** and **YELLOW** Application Forms have tables showing the exact amount payable for Shares.

You must pay the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee in full upon application for Shares under the terms set out in the Application Forms.

You may submit an application using a **WHITE** or **YELLOW** Application Form or through the **HK eIPO White Form** service in respect of a minimum of 2,000 Hong Kong Offer Shares. Each application or **electronic application instruction** in respect of more than 2,000 Hong Kong Offer Shares must be in one of the numbers set out in the table in the Application Form, or as otherwise specified on the designated website at **www.hkeipo.hk**.

If your application is successful, brokerage will be paid to the Exchange Participants, and the SFC transaction levy and the Stock Exchange trading fee are paid to the Stock Exchange (in the case of the SFC transaction levy, collected by the Stock Exchange on behalf of the SFC).

For further details on the Offer Price, see the sub-section headed “Structure of the Global Offering — Determining the Offer Price”.

HOW TO APPLY FOR THE HONG KONG OFFER SHARES

10. 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,

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Friday, 1 December 2017. Instead they will open between 11:45 a.m. and 12:00 noon on the next business day which does not have either of those warnings in Hong Kong in force at any time between 9:00 a.m. and 12:00 noon.

If the Application Lists do not open and close on Friday, 1 December 2017 or if there is a tropical cyclone warning signal number 8 or above or a “black” rainstorm warning signal in force in Hong Kong that may affect the dates mentioned in the section headed “Expected Timetable”, an announcement will be made in such event.

11. PUBLICATION OF RESULTS

Our Company expects to announce the final Offer Price, the level of indication of interest in the International Offering, the level of applications in the Hong Kong Public Offering and the basis of allocation of the Hong Kong Offer Shares on Friday, 8 December 2017 on our Company’s website at **www.riverinepm.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 **www.riverinepm.com** and the Stock Exchange’s website at **www.hkexnews.hk** by no later than 9:00 a.m. on Friday, 8 December 2017;
- from the designated results of allocations website at **www.tricor.com.hk/ipo/result** with a “search by ID” function on a 24-hour basis from 8:00 a.m. on Friday, 8 December 2017 to 12:00 midnight on Thursday, 14 December 2017;
- by telephone enquiry line by calling +852 3691 8488 between 9:00 a.m. and 6:00 p.m. from Friday, 8 December 2017 to Wednesday, 13 December 2017 (excluding Saturdays, Sunday and public holidays in Hong Kong);
- in the special allocation results booklets which will be available for inspection during opening hours from Friday, 8 December 2017 to Tuesday, 12 December 2017 at all the receiving bank branches and sub-branches.

If our Company accepts your offer to purchase (in whole or in part), which it may do by announcing the basis of allocations and/or making available the results of allocations publicly, there will be a binding contract under which you will be required to purchase the Hong Kong

HOW TO APPLY FOR THE HONG KONG OFFER SHARES

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”.

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.

12. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED HONG KONG OFFER SHARES

You should note the following situations in which the Hong Kong Offer shares will not be allotted to you:

(i) If your application is revoked:

By completing and submitting an Application Form or giving **electronic application instructions** to HKSCC or to **HK eIPO White Form** 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 Hong Kong Companies Ordinance (as applied by Section 342E of the Hong Kong Companies Ordinance) gives a public notice under that section which excludes or limits that person’s responsibility for this prospectus.

If any supplement to this prospectus is issued, applicants who have already submitted an application will be notified that they are required to confirm their applications. If applicants have been so notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked.

If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the press of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot respectively.

(ii) If our Company or its agents exercise their discretion to reject your application:

Our Company, the Sole Global Coordinator, the **HK eIPO White Form** Service Provider and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

HOW TO APPLY FOR THE HONG KONG OFFER SHARES

(iii) If the allotment of Hong Kong Offer Shares is void:

The allotment of Hong Kong Offer Shares will be void if the Listing Committee of the Stock Exchange does not grant permission to list the Shares either:

- within three weeks from the closing date of the Application Lists; or
- within a longer period of up to six weeks if the Listing Committee notifies our Company of that longer period within three weeks of the closing date of the Application Lists.

(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 Offering Shares;
- your Application Form is not completed in accordance with the stated instructions;
- your **electronic application instructions** through the **HK eIPO White Form** service 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 or the Sole Global Coordinator believe that by accepting your application, it or they would violate applicable securities or other laws, rules or regulations; or
- your application is for more than 50% of the Hong Kong Offer Shares initially offered under the Hong Kong Public Offering.

13. REFUND OF YOUR 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\$2.14 per Offer Share (excluding brokerage, SFC transaction levy and the Stock Exchange trading fee thereon), or if the conditions of the Hong Kong Public Offering are not fulfilled in accordance with "Structure of the Global Offering" in this prospectus or if any application is revoked, the application monies, or the appropriate portion thereof, together with the related brokerage, SFC transaction levy and the Stock Exchange trading fee, will be refunded, without interest or the cheque or banker's cashier order will not be cleared.

HOW TO APPLY FOR THE HONG KONG OFFER SHARES

Any refund of your application monies will be made on Friday, 8 December 2017.

14. DESPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND MONIES

You will receive one share certificate for all Hong Kong Offer Shares allotted to you under the Hong Kong Public Offering (except pursuant to applications made on **YELLOW** Application Forms or by **electronic application instructions** to HKSCC via CCASS where the share certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of the Shares. No receipt will be issued for sums paid on application. If you apply by **WHITE** or **YELLOW** Application Form, subject to personal collection as mentioned below, the following will be sent to you (or, in the case of joint applicants, to the first-named applicant) by ordinary post, at your own risk, to the address specified on the Application Form:

- share certificate(s) for all the Hong Kong Offer Shares allotted to you (for **YELLOW** Application Forms, share certificates will be deposited into CCASS as described below); and
- refund cheque(s) crossed “Account Payee Only” in favour of the applicant (or, in the case of joint applicants, the first-named applicant) for (i) all or the surplus application monies for the Hong Kong Offer Shares, wholly or partially unsuccessfully applied for; and/or (ii) the difference between the Offer Price and the maximum Offer Price per Offer Share paid on application in the event that the Offer Price is less than the maximum Offer Price (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest).

Part of the Hong Kong identity card number/passport number, provided by you or the first-named applicant (if you are joint applicants), may be printed on your refund cheque, if any. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque(s). Inaccurate completion of your Hong Kong identity card number/passport number may invalidate or delay encashment of your refund cheque(s).

Subject to arrangement on dispatch/collection of share certificates and refund monies as mentioned below, any refund cheques and share certificates are expected to be posted on or around Friday, 8 December 2017. The right is reserved to retain any share certificate(s) and any surplus application monies pending clearance of cheque(s) or banker’s cashier’s order(s).

Share certificates will only become valid at 8:00 a.m. on Monday, 11 December 2017 provided that the Global Offering has become unconditional and the right of termination described in the sub-section headed “Underwriting — Underwriting arrangements and expenses — Hong Kong Public Offering — Grounds for termination” in this prospectus has not been exercised. Investors who trade shares prior to the receipt of Share certificates or the Share certificates becoming valid do so at their own risk.

HOW TO APPLY FOR THE HONG KONG OFFER SHARES

Personal Collection

(i) If you apply using a *WHITE* Application Form

If you apply for 1,000,000 or more Hong Kong Offer Shares and have provided all information required by your Application Form, you may collect your refund cheque(s) and/or share certificate(s) from the Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Friday, 8 December 2017 or such other date as notified by us in the newspapers.

If you are an individual who is eligible for personal collection, you must not authorise any other person to collect for you. If you are a corporate applicant which is eligible for personal collection, your authorised representative must bear a letter of authorisation from your corporation stamped with your corporation's chop. Both individuals and authorised representatives must produce, at the time of collection, evidence of identity acceptable to the Hong Kong Branch Share Registrar.

If you do not collect your refund cheque(s) and/or share certificate(s) personally within the time specified for collection, they will be despatched promptly to the address specified in your Application Form by ordinary post at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares, your refund cheque(s) and/or share certificate(s) will be sent to the address on the relevant Application Form on or before Friday, 8 December 2017, by ordinary post and at your own risk.

(ii) If you apply using a *YELLOW* Application Form

If you apply for 1,000,000 Hong Kong Offer Shares or more, please follow the same instructions as described above. If you have applied for less than 1,000,000 Hong Kong Offer Shares, your refund cheque(s) will be sent to the address on the relevant Application Form on or before Friday, 8 December 2017, by ordinary post and at your own risk.

If you apply by using a **YELLOW** Application Form and your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for credit to your or the designated CCASS Participant's stock account as stated in your Application Form on Friday, 8 December 2017, or upon contingency, on any other date determined by HKSCC or HKSCC Nominees.

- *If you apply through a designated CCASS participant (other than a CCASS investor participant)*

For Hong Kong Public Offering shares credited to your designated CCASS participant's stock account (other than CCASS Investor Participant), you can check the number of Hong Kong Offer shares allotted to you with that CCASS participant.

HOW TO APPLY FOR THE HONG KONG OFFER SHARES

- *If you are applying as a CCASS investor participant*

Our Company expects to publish the results of CCASS Investor Participants' applications together with the results of the Hong Kong Public Offering in the manner described in "11. Publication of results" above. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Friday, 8 December 2017 or any other date as determined by HKSCC or HKSCC Nominees. Immediately after the credit of the Hong Kong Offer Shares to your stock account, you can check your new account balance via the CCASS Phone System and CCASS Internet System.

(iii) If you apply through the HK eIPO White Form service

If you apply for 1,000,000 Hong Kong Offer Shares or more and your application is wholly or partially successful, you may collect your Share certificate(s) from Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong from 9:00 a.m. to 1:00 p.m. on Friday, 8 December 2017 or such other date as notified by our Company in the newspapers as the date of despatch/collection of Share certificates/e-Auto Refund payment instructions/refund cheques.

If you do not collect your Share certificate(s) personally within the time specified for collection, they will be sent to the address specified in your application instructions by ordinary post at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares, your Share certificate(s) (where applicable) will be sent to the address specified in your application instructions on or before Friday, 8 December 2017 by ordinary post at your own risk.

If you apply and pay the application monies from a single bank account, any refund monies will be despatched to that bank account in the form of e-Auto Refund payment instructions. If you apply and pay the application monies from multiple bank accounts, any refund monies will be despatched to the address as specified in your application instructions in the form of refund cheque(s) by ordinary post at your own risk.

(iv) 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.

HOW TO APPLY FOR THE HONG KONG OFFER SHARES

Deposit of Share Certificates into CCASS and Refund of Application Monies

- If your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of your designated CCASS Participant's stock account or your CCASS Investor Participant stock account on Friday, 8 December 2017 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 "Publication of results" above on Friday, 8 December 2017. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Friday, 8 December 2017 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 Friday, 8 December 2017. Immediately following the credit of the Hong Kong Offer Shares to your stock account and the credit of refund monies to your bank account, HKSCC will also make available to you an activity statement showing the number of Hong Kong Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.

HOW TO APPLY FOR THE HONG KONG OFFER SHARES

- Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the Offer Price and the maximum Offer Price per Offer Share initially paid on application (including brokerage, SFC transaction levy 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 Friday, 8 December 2017.

15. ADMISSION OF THE SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the Shares and we comply with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares or any other date HKSCC chooses. Settlement of transactions between Exchange Participants (as defined in the Listing Rules) is required to take place in CCASS on the second Business Day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Investors should seek the advice of their stockbroker or other professional adviser for details of the settlement arrangement as such arrangements may affect their rights and interests.

All necessary arrangements have been made enabling the Shares to be admitted into CCASS.

The following is the text of a report received from the Company's reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong, prepared for the purpose of incorporation in this prospectus.



22nd Floor, CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

28 November 2017

The Directors
Riverine China Holdings Limited
China Industrial Securities International Capital Limited

Dear Sirs,

We report on the historical financial information of Riverine China Holdings Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages I-4 to I-54, which comprises the consolidated statements of profit or loss and comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Group for each of the years ended 31 December 2014, 2015 and 2016, and the six months ended 30 June 2017 (the "Relevant Periods"), and the consolidated statements of financial position of the Group as at 31 December 2014, 2015 and 2016 and 30 June 2017, and the statements of financial position of the Company as at 31 December 2016 and 30 June 2017, 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-54 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 28 November 2017 (the "Prospectus") in connection with the initial listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively, and for such internal control as the directors determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 *Accountants' Reports on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public

Accountants (“HKICPA”). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants’ judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity’s preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively, 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 financial position of the Group as at 31 December 2014, 2015 and 2016 and 30 June 2017, of the financial position of the Company as at 31 December 2016 and 30 June 2017, and of the financial performance and cash flows of the Group for each of the Relevant Periods in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively.

Review of interim comparative financial information

We have reviewed the interim comparative financial information of the Group which comprises the consolidated statement of profit or loss and comprehensive income, statement of changes in equity and statement of cash flows for the six months ended 30 June 2016 and other explanatory information (the “Interim Comparative Financial Information”). The directors of the Company are responsible for the preparation and presentation of the Interim Comparative Financial Information in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively. Our responsibility is to express a conclusion on the Interim Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has

come to our attention that causes us to believe that the Interim Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively.

Report on matters under the Rules Governing the Listing of Securities on the Main Board of the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-4 have been made.

Dividends

We refer to note 28(v) to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Relevant Periods.

No historical financial statements for the Company

As at the date of this report, no statutory financial statements have been prepared for the Company since its date of incorporation.

Yours faithfully,
Ernst & Young
Certified Public Accountants
Hong Kong

28 November 2017

I. HISTORICAL FINANCIAL INFORMATION

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The financial statements of the Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by Ernst & Young in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") (the "Underlying Financial Statements").

The Historical Financial Information is presented in Renminbi and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND COMPREHENSIVE INCOME

	Section II Notes	Year ended 31 December			Six months ended 30 June	
		2014 RMB'000	2015 RMB'000	2016 RMB'000	2016 RMB'000 (Unaudited)	2017 RMB'000
REVENUE	5(a)	297,383	293,029	309,268	146,580	175,519
Cost of services provided	6(a)	(243,495)	(236,235)	(248,625)	(115,725)	(142,122)
Gross profit		53,888	56,794	60,643	30,855	33,397
Other income and gains, net	5(b)	7,982	9,270	10,283	7,437	4,607
Selling and distribution expenses		(3,811)	(4,831)	(4,188)	(2,292)	(1,508)
Administrative expenses		(20,875)	(18,843)	(31,267)	(10,753)	(15,803)
Finance costs	7	(462)	(1,407)	(1,177)	(381)	(1,080)
Share of profits and losses of:						
Joint ventures		1,533	5,254	4,280	2,567	2,651
Associates		880	296	2,285	701	2,398
PROFIT BEFORE TAX	6	39,135	46,533	40,859	28,134	24,662
Income tax (expense)/credit	10	(9,827)	(11,051)	(10,323)	(6,631)	2,212
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR/PERIOD		<u>29,308</u>	<u>35,482</u>	<u>30,536</u>	<u>21,503</u>	<u>26,874</u>
Attributable to:						
Owners of the parent		28,673	34,456	30,966	21,406	27,126
Non-controlling interests		635	1,026	(430)	97	(252)
		<u>29,308</u>	<u>35,482</u>	<u>30,536</u>	<u>21,503</u>	<u>26,874</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT						
Basic and diluted	11	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Section II Notes	At 31 December			At
		2014	2015	2016	30 June
		RMB'000	RMB'000	RMB'000	2017 RMB'000
NON-CURRENT ASSETS					
Property, plant and equipment	12	17,364	2,547	2,341	2,206
Intangible assets	13	163	81	47	32
Investments in associates	14	4,316	10,726	28,171	30,569
Investments in joint ventures	15	9,920	14,019	13,897	12,898
Available-for-sale investments	16	—	—	—	—
Deferred tax assets	26	6,221	6,131	8,444	9,512
Total non-current assets		37,984	33,504	52,900	55,217
CURRENT ASSETS					
Inventories	17	89	116	112	93
Trade receivables	18	48,491	50,171	61,443	69,792
Prepayments, deposits and other receivables	19	24,510	24,397	23,454	27,027
Amount due from a related party	31	39,196	18,394	30,112	—
Amount due from an associate	31	—	5,965	—	—
Restricted bank balances	20	7,382	8,194	11,389	7,751
Wealth management products	21	—	4,000	—	4,000
Cash and cash equivalents	22	88,540	151,702	79,434	101,511
Total current assets		208,208	262,939	205,944	210,174
CURRENT LIABILITIES					
Trade payables	23	58,097	53,392	50,415	49,027
Other payables and accruals	24	60,113	63,558	71,278	66,481
Interest-bearing bank borrowings	25	10,000	16,000	50,000	40,000
Amounts due to related parties	31	15	62,470	—	—
Amount due to a joint venture	31	—	800	—	—
Tax payable		19,327	23,860	26,859	22,517
Total current liabilities		147,552	220,080	198,552	178,025
NET CURRENT ASSETS		60,656	42,859	7,392	32,149
TOTAL ASSETS LESS CURRENT LIABILITIES		98,640	76,363	60,292	87,366
Net assets		98,640	76,363	60,292	87,366

	<i>Section II</i>	At 31 December			At
		2014	2015	2016	30 June
		<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
					<i>RMB'000</i>
EQUITY					
Equity attributable to owners of the parent					
Share capital	27	—	—	—	—
Reserves	28	<u>94,115</u>	<u>71,276</u>	<u>56,271</u>	<u>83,397</u>
		94,115	71,276	56,271	83,397
Non-controlling interests		<u>4,525</u>	<u>5,087</u>	<u>4,021</u>	<u>3,969</u>
Total equity		<u><u>98,640</u></u>	<u><u>76,363</u></u>	<u><u>60,292</u></u>	<u><u>87,366</u></u>

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the parent						Non-controlling interests	Total equity
	Share capital	Capital reserve	Merger reserve	Statutory reserve	Retained profits	Total		
	RMB'000	RMB'000* Note 28(ii)	RMB'000* Note 28(iii)	RMB'000* Note 28(iv)	RMB'000*	RMB'000		
At 1 January 2014	—	9,334	28,057	8,931	19,120	65,442	2,690	68,132
Profit and total comprehensive income for the year	—	—	—	—	28,673	28,673	635	29,308
	—	9,334	28,057	8,931	47,793	94,115	3,325	97,440
Non-controlling interests arising from additional capital injection	—	—	—	—	—	—	1,200	1,200
Transfer from retained profits	—	—	—	1,422	(1,422)	—	—	—
At 31 December 2014	—	9,334	28,057	10,353	46,371	94,115	4,525	98,640
At 31 December 2014 and 1 January 2015	—	9,334	28,057	10,353	46,371	94,115	4,525	98,640
Profit and total comprehensive income for the year	—	—	—	—	34,456	34,456	1,026	35,482
	—	9,334	28,057	10,353	80,827	128,571	5,551	134,122
Dividend distribution**	—	—	—	—	(57,295)	(57,295)	—	(57,295)
Dividend to a non-controlling shareholder	—	—	—	—	—	—	(464)	(464)
Transfer from retained profits	—	—	—	1,936	(1,936)	—	—	—
At 31 December 2015	—	9,334	28,057	12,289	21,596	71,276	5,087	76,363

	Attributable to owners of the parent						Total	Non-controlling interests	Total equity
	Share capital	Share premium	Capital reserve	Merger reserve	Statutory reserve	Retained profits			
	RMB'000	RMB'000*	RMB'000*	RMB'000*	RMB'000*	RMB'000*	RMB'000	RMB'000	RMB'000
		Note 28(i)	Note 28(ii)	Note 28(iii)	Note 28(iv)				
At 31 December 2015 and 1 January 2016	—	—	9,334	28,057	12,289	21,596	71,276	5,087	76,363
Profit and total comprehensive income for the year	—	—	—	—	—	30,966	30,966	(430)	30,536
	—	—	9,334	28,057	12,289	52,562	102,242	4,657	106,899
Dividend distribution**	—	—	—	—	—	(41,908)	(41,908)	—	(41,908)
Proceeds from issue of shares	—	60,750	—	—	—	—	60,750	—	60,750
Acquisition of equity interests from the then equity holder of the subsidiaries	—	—	—	(62,099)	—	—	(62,099)	—	(62,099)
Deem distribution to the then equity holder of the subsidiaries	—	—	—	(22,750)	—	—	(22,750)	—	(22,750)
Deem contribution from the then equity holder of the subsidiaries	—	—	—	16,400	—	—	16,400	—	16,400
Transfer from retained profits	—	—	—	—	2,847	(2,847)	—	—	—
Transfer from statutory reserve	—	—	—	6,550	(6,550)	—	—	—	—
Capital contribution by the then equity holder of the subsidiary	—	—	—	3,000	—	—	3,000	—	3,000
Further acquisition of non- controlling interests in subsidiaries	—	—	136	500	—	—	636	(636)	—
At 31 December 2016	—	60,750	9,470	(30,342)	8,586	7,807	56,271	4,021	60,292

	Attributable to owners of the parent						Total	Non-controlling interests	Total equity
	Share capital	Share premium	Capital reserve	Merger reserve	Statutory reserve	Retained profits			
	RMB'000	RMB'000*	RMB'000*	RMB'000*	RMB'000*	RMB'000*			
		Note 28 (i)	Note 28(ii)	Note 28(iii)	Note 28(iv)				
At 31 December 2016 and 1 January 2017	—	60,750	9,470	(30,342)	8,586	7,807	56,271	4,021	60,292
Profit and total comprehensive income for the period	—	—	—	—	—	27,126	27,126	(252)	26,874
	—	60,750	9,470	(30,342)	8,586	34,933	83,397	3,769	87,166
Non-controlling interests arising from additional capital injection	—	—	—	—	—	—	—	200	200
At 30 June 2017	—	60,750	9,470	(30,342)	8,586	34,933	83,397	3,969	87,366
At 31 December 2015 and 1 January 2016	—	—	9,334	28,057	12,289	21,596	71,276	5,087	76,363
Profit and total comprehensive income for the period	—	—	—	—	—	21,406	21,406	97	21,503
	—	—	9,334	28,057	12,289	43,002	92,682	5,184	97,866
Dividend distribution**	—	—	—	—	—	(41,908)	(41,908)	—	(41,908)
Capital contribution by the then equity holder of the subsidiary	—	—	—	1,650	—	—	1,650	—	1,650
Further acquisition of non-controlling interests in subsidiaries	—	—	370	500	—	—	870	(870)	—
At 30 June 2016	—	—	9,704	30,207	12,289	1,094	53,294	4,314	57,608

* These reserve accounts comprise the consolidated reserves of RMB94,115,000, RMB71,276,000, RMB56,271,000 and RMB83,397,000 in the consolidated statements of financial position as at 31 December 2014, 2015, 2016 and 30 June 2017, respectively.

** The amount of dividend distribution which the PRC subsidiaries can legally distribute by way of dividend is determined by reference to the distributable profits as reflected in their PRC statutory financial statements prepared under PRC Generally Accepted Accounting Principles ("PRC GAAP").

CONSOLIDATED STATEMENTS OF CASH FLOWS

Section // Notes	Year ended 31 December			Six months ended 30 June	
	2014	2015	2016	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax	39,135	46,533	40,859	28,134	24,662
Adjustments for:					
Finance costs	7	462	1,407	381	1,080
Share of profits and losses of:					
Joint ventures		(1,533)	(5,254)	(2,567)	(2,651)
Associates		(880)	(296)	(701)	(2,398)
Interest income	5	(704)	(1,310)	(422)	(384)
Depreciation of items of property, plant and equipment	12	2,164	777	206	242
Amortisation of intangible assets	13	92	96	7	15
Net gain on disposal of a subsidiary	5	—	(851)	—	—
Listing expenses	6	—	8,907	—	1,050
Net (gain)/loss on disposal of items of property, plant and equipment, net	6	(59)	268	(1)	—
		<u>38,677</u>	<u>41,916</u>	<u>43,730</u>	<u>25,037</u>
					<u>21,616</u>
(Increase)/decrease in restricted bank balances		(1,697)	(812)	(468)	3,638
Decrease/(increase) in inventories		13	(27)	(6)	19
Increase in trade receivables		(5,556)	(1,680)	(19,781)	(8,349)
(Increase)/decrease in prepayments, deposits and other receivables		(1,380)	113	(1,329)	(2,864)
Increase/(decrease) in amounts due to a joint venture		—	800	(800)	—
(Increase)/decrease in amounts due from a related party		—	(3,951)	388	—
Increase/(decrease) in trade payables		18,194	(4,705)	(6,114)	(1,388)
Increase/(decrease) in other payables and accruals		<u>9,351</u>	<u>3,445</u>	<u>2,254</u>	<u>(5,811)</u>
Cash flows generated from/(used in) operations		57,602	35,099	(6,173)	6,861
Mainland China corporate income tax paid		<u>(7,017)</u>	<u>(6,428)</u>	<u>(3,924)</u>	<u>(3,198)</u>
Net cash flows from/(used in) operating activities		<u>50,585</u>	<u>28,671</u>	<u>21,463</u>	<u>(10,097)</u>
					<u>3,663</u>

Section II	Year ended 31 December			Six months ended	
				30 June	
	2014	2015	2016	2016	2017
Notes	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchases of items of property, plant and equipment	(699)	(1,275)	(1,056)	(192)	(107)
Proceeds from disposal of items of property, plant and equipment	60	909	409	576	—
Purchases of intangible assets	13 (152)	(14)	—	—	—
Dividends received from joint ventures	750	1,155	4,401	4,401	3,650
Investments in joint ventures and associates	—	(6,114)	(15,159)	(9,534)	—
(Advances to)/repayments from to related parties, net	(30,194)	101,651	(51,522)	(27,320)	30,112
Repayments from a joint venture	437	—	29	—	—
Advances to a joint venture	—	—	(29)	(29)	—
Advances to an associate	—	(5,965)	(12,455)	(12,455)	—
Repayments from an associate	—	—	18,420	—	—
Subscription of wealth management products	—	(4,000)	—	—	(4,000)
Redemption of wealth management products	12,000	—	4,000	4,000	—
Interest received	704	1,310	684	422	384
Net cash flows (used in)/from investing activities	(17,094)	87,657	(52,278)	(40,131)	30,039
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from bank loans and other borrowings	10,000	26,000	50,000	—	—
Repayment of bank loans and other borrowings	—	(20,000)	(16,000)	(16,000)	(10,000)
Non-controlling interests arising from additional capital injection	1,200	—	—	—	200
Proceeds from issue of shares	—	—	60,750	—	—
Acquisition of equity interests from the then equity holder of the subsidiaries	—	—	(62,099)	—	—
Deem distribution to the then equity holder of the subsidiaries	—	—	(22,750)	—	—
Listing expenses	—	—	(11,269)	—	(745)
Capital contribution by the then equity holder of the subsidiaries	—	—	3,000	1,650	—
Dividends paid	—	(57,759)	(41,908)	(41,908)	—
Interest paid	(462)	(1,407)	(1,177)	(381)	(1,080)
Net cash flows from/(used in) financing activities	10,738	(53,166)	(41,453)	(56,639)	(11,625)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS					
Cash and cash equivalents at beginning of year/period	44,229	63,162	(72,268)	(106,867)	22,077
	44,311	88,540	151,702	151,702	79,434
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD					
	88,540	151,702	79,434	44,835	101,511
ANALYSIS OF BALANCE OF CASH AND CASH EQUIVALENTS					
Cash and bank balances	88,540	151,702	79,434	44,835	101,511
Cash and cash equivalents as stated in the consolidated statements of financial position and the consolidated statement of cash flows					
	88,540	151,702	79,434	44,835	101,511

STATEMENTS OF FINANCIAL POSITION

	<i>Section II</i>	<u>At 31 December</u>	<u>At 30 June</u>
	<i>Notes</i>	<u>2016</u>	<u>2017</u>
		<i>RMB'000</i>	<i>RMB'000</i>
NON-CURRENT ASSETS			
Investment in a subsidiary	1	59,535	59,535
CURRENT ASSETS			
Amount due from a subsidiary		1,215	1,219
Cash and cash equivalents		5	4
Total current assets		1,220	1,223
CURRENT LIABILITIES			
Amount due to a subsidiary		305	793
Other payables and accruals		—	71
Total current liabilities		305	864
NET CURRENT ASSETS		<u>915</u>	<u>359</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>60,450</u>	<u>59,894</u>
Net assets		<u>60,450</u>	<u>59,894</u>
EQUITY			
Share capital	27	—	—
Reserves	28	60,450	59,894
Total equity		<u>60,450</u>	<u>59,894</u>

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE AND GROUP INFORMATION

Riverine China Holdings Limited (the "Company") is an exempted company with limited liability incorporated in the Cayman Islands under the Companies Law of the Cayman Islands. The registered office address of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Company is an investment holding company. During the Relevant Periods, the Company's subsidiaries were involved in the provision of property management services (the "Listing Business") in the People's Republic of China (the "PRC").

Before the formation of the Company and its subsidiaries (collectively referred to as the "Group"), the Listing Business was carried out by the subsidiaries now comprising the Group, all of which were controlled by Mr. Xiao Xing Tao, Mr. Fu Qi Chang, and Mr. Chen Yao (the "Controlling Shareholders").

The Company and its subsidiaries now comprising the Group underwent the Reorganisation as set out in the paragraph headed "Reorganisation" in the section headed "History, Reorganisation and Corporate Structure" in the Prospectus.

During the Relevant Periods, the Company had direct and indirect interests in its subsidiaries, all of which are private limited liability companies (or if incorporated outside Hong Kong, have substantially similar characteristics to a private company incorporated in Hong Kong), the particulars of which are set out below:

Name	Place and date of incorporation/ registration and place of operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
中安環球有限公司 Sino Ease Global Limited (note(a))	British Virgin Islands 16 June 2016	US\$100	100%	—	Investment holding
立威集團有限公司 Leading Way Holdings Limited (note(d))	Hong Kong 20 May 2016	HK\$68,431,000	—	100%	Investment holding
上海浦江物業有限公司 Shanghai Pujiang Property Co., Ltd. (note(b))	Shanghai, the PRC, mainland China 2 December 2002	RMB23,600,000	—	100%	Property management services
上海外灘物業有限公司 Shanghai Bund Property Co., Ltd. (note(b))	Shanghai, the PRC, mainland China 8 April 1996	RMB7,700,000	—	100%	Property management services
上海久怡物業管理有限公司 Shanghai Jiu Yi Property Management Co., Ltd. (note(b))	Shanghai, the PRC, mainland China 1 April 1996	RMB1,250,000	—	100%	Property management services
安徽外灘物業管理有限公司 Anhui Bund Property Management Co., Ltd. (note(c))	Hefei, the PRC, mainland China 26 December 2005	RMB5,000,000	—	51%	Property management services

Name	Place and date of incorporation/ registration and place of operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
上海外灘綠化建設有限公司 Shanghai Bund Green Construction Co., Ltd. (note(b))	Shanghai, the PRC, mainland China 10 August 2004	RMB500,000	—	100%	Property management services
上海虹吉物業管理有限公司 Shanghai Hongji Property Management Co., Ltd. (note(b))	Shanghai, the PRC, mainland China 18 March 2016	RMB3,000,000	—	100%	Property management services
上海介谷科技有限公司 Shanghai Jiegu Technology Co., Ltd. (note(b))	Shanghai, the PRC, mainland China 3 May 2016	RMB5,000,000	—	85%	Technology research
上海浦江瑞正物業有限公司 Shanghai Pujiang Ruizheng Property Co., Ltd. (note(b))	Shanghai, the PRC, mainland China 8 January 2004	RMB930,000	—	100%	Property management services
安徽浦景物業有限公司 Anhui Pujing Property Management Co., Ltd. (note(e))	Hefei, the PRC, mainland China 10 May 2017	RMB6,000,000	—	51%	Property management services

Notes:

- (a) No audited financial statements have been prepared for this entity since its incorporation as this entity was not subject to any statutory audit requirements under the relevant rules and regulation in its jurisdiction of incorporation.
- (b) The statutory financial statements of these entities for the years ended 31 December 2014, 2015 and 2016 prepared under PRC Generally Accepted Accounting Principles ("PRC GAAP") were audited by Shanghai Anda Huaxin Certified Public Accountants (上海安大華鑫會計師事務所).
- (c) The statutory financial statements of this entity for the years ended 31 December 2014, 2015 and 2016 prepared under PRC GAAP were audited by Zhonghua Certified Public Accountants LLP Anhui Branch (眾華會計師事務所(特殊普通合夥)安徽分所).
- (d) No audited financial statements have been prepared for this entity as the entity was newly set up in 2016 and has not commenced its operation since its incorporation.
- (e) No audited financial statements have been prepared for this entity as the entity was newly set up in 2017.

2.1 BASIS OF PRESENTATION

Pursuant to the Reorganisation as more fully explained in the paragraph headed "Reorganisation" in the section headed "History, Reorganisation and Corporate Structure" in the Prospectus, the Company became the holding company of the companies now comprising the Group on 24 October 2016. As the Reorganisation only involved inserting new holding entities over a group of subsidiaries under common control of the Controlling Shareholders, and has not resulted in a change of the respective voting and beneficial interests, the Historical Financial Information has been prepared on a consolidated basis by applying the principles of merger accounting as if the Reorganisation had been completed at the beginning of the Relevant Periods.

The consolidated statements of profit or loss and comprehensive income, statements of changes in equity and statements of cash flows of the Group for the Relevant Periods include the results and cash flows of all companies now comprising the Group from the earliest date presented or since the date when the subsidiaries first came under the common control of the Controlling Shareholders, where this is a shorter period. The consolidated statements of financial position of the Group as at 31 December 2014, 2015 and 2016 and 30 June 2017 have been prepared to present the assets and liabilities of the subsidiaries using the existing book values from the Controlling Shareholders' perspective. No adjustments are made to reflect fair values, or recognise any new assets or liabilities as a result of the Reorganisation.

Equity interests in subsidiaries held by parties other than the Controlling Shareholders prior to the Reorganisation are presented as non-controlling interests in equity in applying the principles of merger accounting.

All intra-group transactions and balances have been eliminated on consolidation.

2.2 BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with HKFRSs (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the HKICPA and accounting principles generally accepted in Hong Kong. All HKFRSs effective for the accounting period commencing from 1 January 2017, together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the Historical Financial Information throughout the Relevant Periods.

The Historical Financial Information has been prepared under the historical cost convention.

2.3 ISSUED BUT NOT YET EFFECTIVE HKFRSs

The Group has not applied the following new and revised HKFRSs that have been issued but are not yet effective, in this Historical Financial Information.

Amendments to HKFRS 2	<i>Classification and Measurement of Share-based Payment Transactions</i> ¹
Amendments to HKFRS 4	<i>Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts</i> ¹
HKFRS 9	<i>Financial Instruments</i> ¹
Amendments to HKFRS 10 and HKAS 28 (2011)	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint venture</i> ³
HKFRS 15	<i>Revenue from Contracts with Customers</i> ¹
Amendments to HKFRS 15	<i>Clarifications to HKFRS 15 Revenue from Contracts with Customers</i> ¹
HKFRS 16	<i>Leases</i> ²
HK (IFRIC)-Int 22	<i>Foreign Currency Transactions and Advance Consideration</i> ¹
HK (IFRIC)-Int 23	<i>Uncertainty over Income Tax Treatments</i> ²
Amendments to HKAS 40	<i>Transfers of Investment Property</i> ¹
Annual Improvements Project	<i>Annual Improvements to HKFRSs 2014–2016 Cycle</i> ¹

¹ Effective for annual periods beginning on or after 1 January 2018

² Effective for annual periods beginning on or after 1 January 2019

³ No mandatory effective date yet determined but available for adoption

Further information about those HKFRSs which are expected to be applicable to the Group is as follows:

The HKICPA issued amendments to HKFRS 2 in August 2016 that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding a certain amount in order to meet the employee's tax obligation associated with the share-based payment; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash-settled to equity-settled. The amendments clarify that the approach used to account for vesting conditions when measuring equity-settled share-based payments also applies to cash-settled share-based payments. The amendments introduce an exception so that a share-based payment transaction with net share settlement features for withholding a certain amount in order to meet the employee's tax obligation is classified in its entirety as an equity-settled share-based payment transaction when certain conditions are met. Furthermore, the amendments clarify that if the terms and conditions of a cash-settled share-based payment transaction are modified, with the result that it becomes an equity-settled share-based payment transaction, the transaction is accounted for as an equity-settled transaction from the date of the modification. The Group expects to adopt the amendments from 1 January 2018. The amendments are not expected to have any significant impact on the Group's financial statements.

In September 2014, the HKICPA issued the final version of HKFRS 9, bringing together all phases of the financial instruments project to replace HKAS 39 and all previous versions of HKFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. The Group expects to adopt HKFRS 9 from 1 January 2018. During 2016, the Group performed a high-level assessment of the impact of the adoption of HKFRS 9. This preliminary assessment is based on currently available information and may be subject to changes arising from further detailed analyses or additional reasonable and supportable information being made available to the Group in the future. The expected impacts arising from the adoption of HKFRS 9 are summarised as follows:

(a) Classification and measurement

The Group does not expect that the adoption of HKFRS 9 will have a significant impact on the classification and measurement of its financial assets. It expects to continue measuring all financial assets as loans and receivables.

(b) Impairment

HKFRS 9 requires an impairment on debt instruments recorded at amortised cost or at fair value through other comprehensive income, lease receivables, loan commitments and financial guarantee contracts that are not accounted for at fair value through profit or loss under HKFRS 9, to be recorded based on an expected credit loss model either on a twelve-month basis or a lifetime basis. The Group expects to apply the simplified approach and record lifetime expected losses that are estimated based on the present value of all cash shortfalls over the remaining life of all of its trade and other receivables. The Group will perform a more detailed analysis which considers all reasonable and supportable information, including forward-looking elements, for estimation of expected credit losses on its trade and other receivables upon the adoption of HKFRS 9.

Amendments to HKFRS 10 and HKAS 28 (2011) address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to HKFRS 10 and HKAS 28 (2011) was removed by the HKICPA in January 2016 and a new mandatory effective date will be determined after the completion of a broader review of accounting for associates and joint ventures. However, the amendments are available for application now.

HKFRS 15 establishes a comprehensive framework for determining when to recognise revenue and how much revenue to recognise through a five-step approach: (1) identify the contract(s) with customer; (2) identify separate performance obligations in a contract; (3) determine the transaction price; (4) allocate transaction price to performance obligations; and (5) recognise revenue when performance obligation is satisfied. The core principle is that a company should recognise revenue to depict the transfer of promised goods or services to the customer

in an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. It moves away from a revenue recognition model based on an 'earnings' process to an 'asset-liability' approach based on transfer of control. HKFRS 15 is effective for an entity's first annual financial statements under HKFRS for a period beginning on or after 1 January 2018, with earlier application permitted.

The Group does not plan to early adopt HKFRS 15. Based on the Group's Listing Business and related revenue recognition accounting policy as set out in note 2.4, management does not expect any significant impact on the financial performance and financial position of the Group resulted from the adoption of HKFRS 15 for periods beginning on or after 1 January 2018.

In May 2016, the HKICPA issued HKFRS 16, which provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessors and lessees. The new standard maintains substantially the lessor accounting requirements in the current standard.

A lessee is required to recognise a right-of-use asset and a lease liability at the commencement of lease arrangement. Right-of-use asset includes the amount of initial measurement of lease liability, any lease payment made to the lessor at or before the lease commencement date, estimated cost to be incurred by the lessee for dismantling or removing the underlying assets from and restoring the site, as well as any other initial direct cost incurred by the lessee. Lease liability represents the present value of the lease payments. Subsequently, depreciation and impairment expenses, if any, on the right-of-use asset will be charged to profit or loss following the requirements of HKAS 16 *Property, Plant and Equipment*, while lease liability will be increased by the interest accrual, which will be charged to profit or loss, and deducted by lease payments. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. For lessors, there is little change to the existing accounting in HKAS 17 *Leases*. The Group expects to adopt HKFRS 16 on 1 April 2019.

As set out in note 30 to the Historical Financial Information, the Group's total future minimum lease payments under non-cancellable operating leases as at 31 December 2014, 2015 and 2016 and 30 June 2017 were RMB4,859,000, RMB2,240,000, RMB1,357,000 and RMB3,044,000, respectively. The directors do not expect the adoption of HKFRS 16 as compared with the current accounting policy would result in a significant impact on the Group's results but it is expected that a certain portion of these lease commitments will be required to be recognised in the consolidated statement of financial position as right-of-use assets and lease liabilities.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Investments in associates and joint ventures

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

Joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investments in associates and joint ventures are stated in the consolidated statements of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses.

The Group's share of the post-acquisition results and other comprehensive income of associates and joint ventures are included in the consolidated statements of profit or loss and comprehensive income. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's investments in the associates or joint ventures, except where

unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates or joint ventures is included as part of the Group's investments in associates or joint ventures.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, financial assets and non-current assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

Related parties

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and that person
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Group are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Group are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

- (vi) the entity is controlled or jointly controlled by a person identified in (a);
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Leasehold improvements	10%–33.33%
Plant and machinery	10%–33.33%
Furniture and fixtures	10%–33.33%
Motor vehicles	10%–33.33%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Software

Purchased software is stated at cost less any impairment losses and amortised on the straight-line basis over its estimated useful life of 1 to 3 years.

Research and development costs

All research costs are charged to the statement of profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Operating leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessee, rentals payable under operating leases net of any incentives received from the lessor are charged to profit or loss on the straight-line basis over the lease terms.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as loans and receivables and available-for-sale financial investments, as appropriate. When financial assets are recognised initially, they are measured at fair value plus transaction costs that are attributable to the acquisition of the financial assets.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in other income and gains in profit or loss. The loss arising from impairment is recognised in profit or loss in finance costs for loans.

Available-for-sale financial investments

Available-for-sale financial investments are non-derivative financial assets in unlisted equity investments. Equity investments classified as available for sale are those which are neither classified as held for trading nor designated as at fair value through profit or loss.

After initial recognition, available-for-sale financial investments are subsequently measured at fair value, with unrealised gains or losses recognised as other comprehensive income in the available-for-sale investment revaluation reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in profit or loss in other income, or until the investment is determined to be impaired, when the cumulative gain or loss is reclassified from the available-for-sale investment revaluation reserve to profit or loss in other gains or losses. Interest and dividends earned whilst holding the available-for-sale financial investments are reported as interest income and dividend income, respectively and are recognised in profit or loss as other income in accordance with the policies set out for "Revenue recognition" below.

When the fair value of unlisted equity investments cannot be reliably measured because (a) the variability in the range of reasonable fair value estimates is significant for that investment or (b) the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value, such investments are stated at cost less any impairment losses.

The Group evaluates whether the ability and intention to sell its available-for-sale financial assets in the near term are still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets, the Group may elect to reclassify these financial assets if management has the ability and intention to hold the assets for the foreseeable future or until maturity.

For a financial asset reclassified from the available-for-sale category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on that asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the effective interest rate. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the effective interest rate. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to profit or loss.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred assets is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that occurred after the initial recognition of the asset have an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition).

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in profit or loss. Interest income continues to be accrued on the reduced carrying amount using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to the other expenses in profit or loss.

Available-for-sale financial investments

For available-for-sale financial investments, the Group assesses at the end of each reporting period whether there is objective evidence that an investment or a group of investments is impaired.

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is removed from other comprehensive income and recognised in profit or loss.

In the case of equity investments classified as available for sale, objective evidence would include a significant or prolonged decline in the fair value of an investment below its cost. "Significant" is evaluated against the original cost of the investment and "prolonged" against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss — measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss — is removed from other comprehensive income and recognised in profit or loss. Impairment losses on equity instruments classified as available for sale are not reversed through profit or loss. Increases in their fair value after impairment are recognised directly in other comprehensive income.

The determination of what is "significant" or "prolonged" requires judgement. In making this judgement, the Group evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost.

Financial liabilities*Initial recognition and measurement*

Financial liabilities are classified, at initial recognition, as loans and borrowings as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, amounts due to related parties and a joint venture, and interest-bearing bank borrowings.

Subsequent measurement

The subsequent measurement of loans and borrowings is as follows:

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out basis. Net realisable value is based on the estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

For the purpose of the consolidated statements of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statements of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in profit or loss.

Income tax

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in profit or loss.

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably on the following basis:

- (a) *Property management services under lump sum basis and property management services under fixed remuneration basis*

The Group charged property management fees in respect of the property management services on a lump sum basis and on a fixed remuneration basis.

On a lump sum basis, the Group are entitled to retain the full amount of received property management fees. From the property management fees, the Group shall bear expenses associated with, among others, staff, cleaning, garbage disposal, gardening and landscaping, security and general overheads covering the common areas. During the term of the contract, if the amount of property management fees the Group collected is not sufficient to cover all the expenses incurred, the Group is not entitled to request the property owners to pay the shortfall.

Accordingly, on a lump sum basis, the Group recognises as revenue the full amount of property management fees the Group charged to the property owners and property developers.

These services are performed by an indeterminate number of acts over a specified period of time. Accordingly, revenue is recognised on a straight-line basis over the specified period unless there is evidence that some other method better represents the stage of completion, and the costs of services is recognised as incurred in connection with performing our services.

On a fixed remuneration basis, the Group is entitled to a fixed amount of management fees the property owners and property developers are obligated to pay over a specific contract period. The remainder of the management fee is used as property management working capital to cover the property management expenses associated with the property management work. In the event of a surplus of working capital after deducting the relevant property management expenses, the surplus is generally repayable to customer. In the event of a shortfall of working capital to pay for the relevant property management expenses, the Group may need to make up for the shortfall and pay on behalf of the community management offices first, with a right to recovering from the residents subsequently.

On a fixed remuneration basis, the Group essentially acts as an agent of the property owners and property developers and accordingly, the Group only recognises as its revenue the pre-determined property management fees on a straight-line basis over the specified contract period.

- (b) interest income, on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument on a shorter period, when appropriate, to the net carrying amount of the financial asset.
- (c) dividend income, when the shareholders' right to receive payment has been established.

Employee benefits

Pension schemes

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in central pension schemes operated by the local municipal governments. These subsidiaries are required to contribute a certain percentage of their payroll costs to the central pension schemes. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension schemes.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

All borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's Historical Financial Information requires management to make judgements, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the Historical Financial Information:

Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The carrying values of deferred tax assets at 31 December 2014, 2015 and 2016 and 30 June 2017 were RMB6,221,000, RMB6,131,000, RMB8,444,000 and RMB9,512,000, respectively.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transaction in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the assets. When value in use calculation are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Useful lives of items of property, plant and equipment

The Group's management determines the estimated useful lives and the related depreciation charge for the Group's property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. Management will increase the depreciation charge where useful lives are less than previously estimated lives, or will write off or write down technically obsolete or non-strategic assets that have been abandoned or sold. Actual economic lives may differ from estimated useful lives. Periodic review could result in a change in depreciable lives and therefore depreciation charge in the future periods. The net carrying values of property, plant and equipment were RMB17,364,000, RMB2,547,000, RMB2,341,000 and RMB2,206,000 as at 31 December 2014, 2015 and 2016 and 30 June 2017, respectively.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is not organised into business units based on their services and the Group has only one reportable operating segment which is engaged in property management services.

No operating segments have been aggregated to form the above reportable operating segment.

Geographical information

Since over 90% of the Group's revenue and operating profits were generated from providing property management services in Mainland China and over 90% of the Group's identifiable assets and liabilities were located in Mainland China, no geographical information in accordance with HKFRS 8 *Operating Segments* is presented.

Information about major customers

Since none of the Group's sales to a single customer amounted to 10% or more of the Group's total revenue for the Relevant Periods, no information about major customers in accordance with HKFRS 8 *Operating Segments* is presented.

5. REVENUE, OTHER INCOME AND GAINS, NET

Revenue represents the value of services rendered during the Relevant Periods.

An analysis of revenue, other income and gains, net is as follows:

(a) Revenue:

	Year ended 31 December			Six months ended 30 June	
	2014	2015	2016	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Property management services income on the lump sum basis	293,971	286,333	303,863	143,828	173,172
Property management services income on the fixed remuneration basis	2,959	5,331	5,160	2,512	2,347
Others	453	1,365	245	240	—
	<u>297,383</u>	<u>293,029</u>	<u>309,268</u>	<u>146,580</u>	<u>175,519</u>

(b) Other income and gains, net:

	Year ended 31 December			Six months ended 30 June	
	2014	2015	2016	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Bank interest income	704	1,310	684	422	384
Government grants*	6,832	7,358	7,980	6,877	4,188
Net gain on disposal of items of property, plant and equipment	59	37	—	1	—
Net gain on disposal of a subsidiary**	—	—	851	—	—
Others	387	565	768	137	35
	<u>7,982</u>	<u>9,270</u>	<u>10,283</u>	<u>7,437</u>	<u>4,607</u>

* Government grants include various subsidies received by the Group from the relevant government bodies. There are no unfulfilled conditions or contingencies relating to these grants.

** Net gain on disposal of a subsidiary represented Shanghai Fukeruide Property Management Co., Ltd, a subsidiary of the Group, which was disposed of in August 2016 to a related party Pujiang Holding for nil consideration.

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	Year ended 31 December			Six months ended 30 June	
	2014	2015	2016	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Notes					
(a) Cost of sales:					
Cost of services provided	<u>243,495</u>	<u>236,235</u>	<u>248,625</u>	<u>115,725</u>	<u>142,122</u>

	Year ended 31 December			Six months ended 30 June	
	2014	2015	2016	2016	2017
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<i>Notes</i>					
(b) Employee benefit expenses (including directors' and chief executive's remuneration (note 8):				(Unaudited)	
Wages and salaries	57,740	71,324	75,357	36,874	41,658
Pension scheme contributions (defined contribution scheme), social welfare and other welfare	17,430	23,867	24,822	10,497	15,019
	<u>75,170</u>	<u>95,191</u>	<u>100,179</u>	<u>47,371</u>	<u>56,677</u>
(c) Other items:					
Depreciation of items of property, plant and equipment	12 2,164	777	585	206	242
Amortisation of intangible assets	13 92	96	34	7	15
Minimum lease payments under operating leases	1,813	1,827	1,372	540	1,073
Bank charges	105	127	84	19	40
Auditors' remuneration	243	322	573	327	433
Office expenses	345	691	1,095	386	710
Listing expenses	—	—	8,907	—	1,050
Research and development expense	—	—	—	—	1,056
Compensation expense for litigation	—	—	—	—	1,280
Net (gain)/loss on disposal of items of property, plant and equipment	(59)	(37)	268	(1)	—

7. FINANCE COSTS

An analysis of finance costs is as follows:

	Year ended 31 December			Six months ended 30 June	
	2014	2015	2016	2016	2017
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				(Unaudited)	
Interest expense on bank borrowings	<u>462</u>	<u>1,407</u>	<u>1,177</u>	<u>381</u>	<u>1,080</u>

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

The Company did not have any chief executive, executive directors, non-executive directors and independent non-executive directors during the years ended 31 December 2014 and 2015 since the Company was only incorporated on 27 July 2016.

Mr. Xiao Xing Tao, Mr. Fu Qi Chang and Mr. Xiao Yu Qiao were appointed as executive directors of the Company on 24 October 2016. Mr. Xiao Yu Qiao was appointed as the chief executive of the Company on 24 October 2016.

Certain of the directors received remuneration from the subsidiaries now comprising the Group for their appointment as directors of these subsidiaries. The remuneration of each of these directors as recorded in the financial statements of the subsidiaries is set out below:

	Year ended 31 December			Six months ended 30 June	
	2014	2015	2016	2016	2017
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> (Unaudited)	<i>RMB'000</i>
Fees	—	—	—	—	—
Other emoluments:					
Salaries, bonuses, allowances and benefits in kind	1,588	1,959	1,999	767	1,058
Pension scheme contributions and social welfare	76	82	150	41	74
	<u>1,664</u>	<u>2,041</u>	<u>2,149</u>	<u>808</u>	<u>1,132</u>
Year ended 31 December 2014					
	Fees	Salaries, bonuses, allowances and benefits in kind	Pension scheme contributions and social welfare	Total	
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	
Executive directors:					
Mr. Xiao Xing Tao	—	765	—	765	
Mr. Fu Qi Chang	—	583	63	646	
Mr. Xiao Yu Qiao	—	240	13	253	
	—	<u>1,588</u>	<u>76</u>	<u>1,664</u>	
Year ended 31 December 2015					
	Fees	Salaries, bonuses, allowances and benefits in kind	Pension scheme contributions and social welfare	Total	
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	
Executive directors:					
Mr. Xiao Xing Tao	—	873	—	873	
Mr. Fu Qi Chang	—	654	69	723	
Mr. Xiao Yu Qiao	—	432	13	445	
	—	<u>1,959</u>	<u>82</u>	<u>2,041</u>	

Year ended 31 December 2016			
Fees	Salaries, bonuses, allowances and benefits in kind	Pension scheme contributions and social welfare	Total
<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Executive directors:			
Mr. Xiao Xing Tao	—	873	—
Mr. Fu Qi Chang	—	654	75
Mr. Xiao Yu Qiao	—	472	75
	<u>—</u>	<u>1,999</u>	<u>150</u>
			<u>2,149</u>
Six months ended 30 June 2017			
Fees	Salaries, bonuses, allowances and benefits in kind	Pension scheme contributions and social welfare	Total
<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Executive directors:			
Mr. Xiao Xing Tao	—	437	—
Mr. Fu Qi Chang	—	326	37
Mr. Xiao Yu Qiao	—	295	37
	<u>—</u>	<u>1,058</u>	<u>74</u>
			<u>1,132</u>
Six months ended 30 June 2016 (Unaudited)			
Fees	Salaries, bonuses, allowances and benefits in kind	Pension scheme contributions and social welfare	Total
<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Executive directors:			
Mr. Xiao Xing Tao	—	437	—
Mr. Fu Qi Chang	—	197	34
Mr. Xiao Yu Qiao	—	133	7
	<u>—</u>	<u>767</u>	<u>41</u>
			<u>808</u>

There were no emoluments payable to the independent non-executive directors and non-executive directors during the Relevant Periods.

There was no arrangement under which a director or chief executive waived or agreed to waive any remuneration during the Relevant Periods.

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid individuals of the Group during the years ended 31 December 2014, 2015 and 2016, and the six months ended 30 June 2016 and 2017, included two, three, two, two and three executive directors, respectively, details of their emoluments are set out in note 8. The emoluments for the Relevant Periods of the remaining three, two, three, three and two highest paid individuals who are neither a director nor a chief executive of the Company are as follows:

	Year ended 31 December			Six months ended 30 June	
	2014	2015	2016	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Salaries, bonuses, allowances and benefits in kind	1,520	1,120	1,740	651	809
Pension scheme contributions and social welfare	130	137	224	103	46
	<u>1,650</u>	<u>1,257</u>	<u>1,964</u>	<u>754</u>	<u>855</u>

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following band is as follows:

	Year ended 31 December			Six months ended 30 June	
	2014	2015	2016	2016	2017
	(Unaudited)				
Nil to HK\$1,000,000	<u>3</u>	<u>2</u>	<u>3</u>	<u>3</u>	<u>2</u>

10. INCOME TAX EXPENSE/(CREDIT)

Tax on the consolidated statements of profit or loss and comprehensive income represents:

	Year ended 31 December			six months ended 30 June	
	2014	2015	2016	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Current Mainland China corporate income tax					
— Charge for the year/period	11,144	10,961	12,636	10,904	(1,144)
Deferred tax (note 26)	<u>(1,317)</u>	<u>90</u>	<u>(2,313)</u>	<u>(4,273)</u>	<u>(1,068)</u>
Total tax charge/(credit) for the year/period	<u>9,827</u>	<u>11,051</u>	<u>10,323</u>	<u>6,631</u>	<u>(2,212)</u>

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Company and its subsidiary incorporated in the British Virgin Islands are not subject to any income tax.

Subsidiary incorporated in Hong Kong is subject to profits tax at the rate of 16.5%. No provision for Hong Kong profits tax has been made as the Group had no assessable profits arising in Hong Kong during the Relevant Periods.

In accordance with the Corporate Income Tax Law of the People's Republic of China, subsidiaries established in the PRC were subject to the income tax rate of 25% during the Relevant Periods.

A reconciliation of the tax expense/(credit) applicable to profit before tax at the statutory rate in Mainland China to the tax expense at the effective tax rate is as follows:

	Year ended 31 December			Six months ended 30 June	
	2014	2015	2016	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Profit before tax	39,135	46,533	40,859	28,134	24,662
Tax at the statutory tax rate (25%)	9,784	11,633	10,215	7,033	6,166
Profit attributable to joint ventures and associates (note(a))	(603)	(1,387)	(1,641)	(817)	(1,262)
Expenses not deductible for tax	538	624	1,375	138	425
Release of tax provision upon the expiry of statute of limitation (note(b))	—	—	—	—	(8,648)
Tax losses not recognised during the year/period	108	181	374	277	1,107
Tax charge/(credit) at the Group's effective rate	9,827	11,051	10,323	6,631	(2,212)

Note:

- (a) The share of tax attributable to joint ventures and associates amounting to RMB1,143,000, RMB1,869,000, RMB3,011,000, and RMB1,349,000 for the years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2017, respectively, is included in "Share of profits and losses of joint ventures and associates" in the consolidated statements of profit or loss and comprehensive income.
- (b) The release of tax provision of RMB8,648,000, represented differences between tax provided under Deemed Profit Basis and Accounting Book Basis for certain entities of the Group for the years ended 31 December 2012 and 2013. Such provision is only released upon the latter of (i) receipt of confirmation from the competent tax bureau that the adoption of deemed profit tax assessment basis and tax rate follows the provisions of relevant PRC tax laws, which was received in April 2017; and (ii) the expiration of the statute of limitation of the tax provision for the years ended 2012 and 2013, which was on 31 May 2016 and 31 May 2017, respectively.

11. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

Earnings per share information is not presented as its inclusion, for the purpose of this report, is not considered meaningful due to the Reorganisation and the preparation of the results of the Group for the Relevant Periods on a merger basis as disclosed in note 2.1 above.

12. PROPERTY, PLANT AND EQUIPMENT

	<u>Leasehold improvements</u>	<u>Plant and machinery</u>	<u>Furniture and fixtures</u>	<u>Motor vehicles</u>	<u>Total</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
31 December 2014					
At 1 January 2014, net of accumulated depreciation	17,047	635	898	250	18,830
Additions	341	64	52	242	699
Disposals	—	—	(1)	—	(1)
Depreciation provided for the year (note 6)	<u>(1,389)</u>	<u>(277)</u>	<u>(426)</u>	<u>(72)</u>	<u>(2,164)</u>
At 31 December 2014, net of accumulated depreciation	<u>15,999</u>	<u>422</u>	<u>523</u>	<u>420</u>	<u>17,364</u>
At 31 December 2014:					
Cost	19,854	2,213	3,080	3,598	28,745
Accumulated depreciation	<u>(3,855)</u>	<u>(1,791)</u>	<u>(2,557)</u>	<u>(3,178)</u>	<u>(11,381)</u>
Net carrying amount	<u>15,999</u>	<u>422</u>	<u>523</u>	<u>420</u>	<u>17,364</u>
31 December 2015					
At 1 January 2015, net of accumulated depreciation	15,999	422	523	420	17,364
Additions	83	248	536	408	1,275
Disposals	(15,249)	(18)	(48)	—	(15,315)
Depreciation provided for the year (note 6)	<u>(98)</u>	<u>(240)</u>	<u>(295)</u>	<u>(144)</u>	<u>(777)</u>
At 31 December 2015, net of accumulated depreciation	<u>735</u>	<u>412</u>	<u>716</u>	<u>684</u>	<u>2,547</u>
At 31 December 2015:					
Cost	1,307	2,220	3,458	4,006	10,991
Accumulated depreciation	<u>(572)</u>	<u>(1,808)</u>	<u>(2,742)</u>	<u>(3,322)</u>	<u>(8,444)</u>
Net carrying amount	<u>735</u>	<u>412</u>	<u>716</u>	<u>684</u>	<u>2,547</u>

	<u>Leasehold improvements</u>	<u>Plant and machinery</u>	<u>Furniture and fixtures</u>	<u>Motor vehicles</u>	<u>Total</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
31 December 2016					
At 1 January 2016, net of accumulated depreciation	735	412	716	684	2,547
Additions	—	615	25	416	1,056
Disposals	(39)	(77)	(553)	(8)	(677)
Depreciation provided for the year (note 6)	(86)	(266)	(40)	(193)	(585)
	<u>610</u>	<u>684</u>	<u>148</u>	<u>899</u>	<u>2,341</u>
At 31 December 2016, net of accumulated depreciation	<u>610</u>	<u>684</u>	<u>148</u>	<u>899</u>	<u>2,341</u>
At 31 December 2016:					
Cost	1,190	2,408	926	3,795	8,319
Accumulated depreciation	(580)	(1,724)	(778)	(2,896)	(5,978)
	<u>610</u>	<u>684</u>	<u>148</u>	<u>899</u>	<u>2,341</u>
Net carrying amount	<u>610</u>	<u>684</u>	<u>148</u>	<u>899</u>	<u>2,341</u>
30 June 2017					
At 1 January 2017:					
Cost	1,190	2,408	926	3,795	8,319
Accumulated depreciation	(580)	(1,724)	(778)	(2,896)	(5,978)
	<u>610</u>	<u>684</u>	<u>148</u>	<u>899</u>	<u>2,341</u>
Net carrying amount	<u>610</u>	<u>684</u>	<u>148</u>	<u>899</u>	<u>2,341</u>
At 1 January 2017, net of accumulated depreciation					
	610	684	148	899	2,341
Additions	—	107	—	—	107
Depreciation provided for the period (note 6)	(2)	(98)	(28)	(114)	(242)
	<u>608</u>	<u>693</u>	<u>120</u>	<u>785</u>	<u>2,206</u>
At 30 June 2017, net of accumulated depreciation	<u>608</u>	<u>693</u>	<u>120</u>	<u>785</u>	<u>2,206</u>
At 30 June 2017:					
Cost	1,190	2,515	926	3,795	8,426
Accumulated depreciation	(582)	(1,822)	(806)	(3,010)	(6,220)
	<u>608</u>	<u>693</u>	<u>120</u>	<u>785</u>	<u>2,206</u>
Net carrying amount	<u>608</u>	<u>693</u>	<u>120</u>	<u>785</u>	<u>2,206</u>

13. INTANGIBLE ASSETS

	<u>Software</u>
	<i>RMB'000</i>
31 December 2014	
Cost at 1 January 2014, net of accumulated amortisation	103
Additions	152
Amortisation provided during the year (<i>note 6</i>)	<u>(92)</u>
At 31 December 2014	<u><u>163</u></u>
At 31 December 2014:	
Cost	288
Accumulated amortisation	<u>(125)</u>
Net carrying amount	<u><u>163</u></u>
31 December 2015	
Cost at 1 January 2015, net of accumulated amortisation	163
Additions	14
Amortisation provided during the year (<i>note 6</i>)	<u>(96)</u>
At 31 December 2015	<u><u>81</u></u>
At 31 December 2015:	
Cost	302
Accumulated amortisation	<u>(221)</u>
Net carrying amount	<u><u>81</u></u>
31 December 2016	
Cost at 1 January 2016, net of accumulated amortisation	81
Amortisation provided during the year (<i>note 6</i>)	<u>(34)</u>
At 31 December 2016	<u><u>47</u></u>
At 31 December 2016:	
Cost	302
Accumulated amortisation	<u>(255)</u>
Net carrying amount	<u><u>47</u></u>
30 June 2017	
Cost at 1 January 2017, net of accumulated amortisation	47
Amortisation provided during the period (<i>note 6</i>)	<u>(15)</u>
At 30 June 2017	<u><u>32</u></u>
At 30 June 2017:	
Cost	302
Accumulated amortisation	<u>(270)</u>
Net carrying amount	<u><u>32</u></u>

14. INVESTMENTS IN ASSOCIATES

	At 31 December			At 30 June
	2014	2015	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000
Share of net assets	4,316	10,726	27,120	29,518
Goodwill on acquisition	—	—	1,051	1,051
	<u>4,316</u>	<u>10,726</u>	<u>28,171</u>	<u>30,569</u>

上海東方欣迪商務服務有限公司 (Shanghai Dong Fang Xin Di Commercial Services Co., Ltd.) (“Shanghai Xin Di”), 上海強生物業有限公司 (Shanghai Qiang Sheng Property Co., Ltd.) (“Shanghai Qiang Sheng”), 寧波市城市廣場物業管理有限公司 (Ningbo Plaza Property Management Co., Ltd.) (“Ningbo Plaza”) and 安徽浦邦物業管理有限公司 (Anhui Pu Bang Property Management Co., Ltd.) (“Anhui Pu Bang”) are associates of the Group and are considered to be related parties of the Group.

(a) Particulars of the associates are as follows:

Name	Place and date of incorporation	Authorised registered/paid-in/ issued capital	Percentage of			Principal activities
			Ownership interest	Voting power	Profit sharing	
Shanghai Xin Di	Shanghai, the PRC 19 June 2015	RMB25,000,000	45%	45%	45%	Property management services
Shanghai Qiang Sheng*	Shanghai, the PRC 17 December 1992	RMB5,000,000	30%	30%	30%	Property management services
Ningbo Plaza	Ningbo, the PRC 20 January 1995	RMB5,100,000	49%	49%	49%	Property management services
Anhui Pu Bang	Anhui, the PRC 4 August 2015	RMB5,000,000	49%	49%	49%	Property management services

* A subsidiary of the Group acquired a 30% equity interest in Shanghai Qiang Sheng in May 2016 at a cash consideration of RMB9,534,000. Goodwill of RMB1,051,000 was recognised, representing the difference between the consideration paid and the share of the fair value of the net assets of Shanghai Qiang Sheng at the date of acquisition.

The following tables illustrate the aggregate financial information of the Group's associates that are not individually material:

Share of the associates' assets and liabilities

	At 31 December			At 30 June
	2014	2015	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000
Current assets	11,975	18,182	39,341	43,429
Non-current assets	105	120	9,765	9,737
Current liabilities	(4,624)	(5,430)	(18,456)	(19,995)
Non-current liabilities	<u>(3,140)</u>	<u>(2,146)</u>	<u>(2,479)</u>	<u>(2,602)</u>
Net assets	<u>4,316</u>	<u>10,726</u>	<u>28,171</u>	<u>30,569</u>

Shares of the associates' results

	Year ended 31 December			Six months ended 30 June	
	2014	2015	2016	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Revenue	20,516	21,979	90,311	26,239	43,513
Other income	240	235	234	128	68
Total expense	(19,358)	(21,869)	(86,675)	(24,653)	(40,541)
Tax expense	(518)	(49)	(1,585)	(1,013)	(642)
Profit after tax	<u>880</u>	<u>296</u>	<u>2,285</u>	<u>701</u>	<u>2,398</u>

15. INVESTMENTS IN JOINT VENTURES

	At 31 December			At 30 June
	2014	2015	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000
Share of net assets	<u>9,920</u>	<u>14,019</u>	<u>13,897</u>	<u>12,898</u>

合肥市政文外灘物業管理有限公司 (Hefei Zheng Wen Bund Property Management Co., Ltd.) ("Hefei Zheng Wen") and 蚌埠市置信物業有限公司 (Bengbu Zhi Xin Property Co., Ltd.) ("Bengbu Zhi Xin") are joint ventures of the Group and are considered to be related parties of the Group.

(a) Particulars of the joint ventures are as follows:

Name	Place and date of incorporation	Authorised registered/paid-in/issued capital	Percentage of			Principal activities
			Ownership interest	Voting power	Profit sharing	
Hefei Zheng Wen	Hefei, the PRC 14 April 2004	RMB30,000,000	50%	50%	50%	Property management services
Bengbu Zhi Xin	Bengbu, the PRC 13 September 2004	RMB5,000,000	50%	50%	50%	Property management services

The following tables illustrate the aggregate financial information of the Group's joint ventures that are not individually material:

Share of the joint ventures' assets and liabilities

	At 31 December			At 30 June
	2014	2015	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000
Non current assets	582	1,117	684	745
Current assets	21,878	30,738	37,980	41,116
Current liabilities	(12,540)	(17,836)	(24,767)	(28,963)
Net assets	<u>9,920</u>	<u>14,019</u>	<u>13,897</u>	<u>12,898</u>

Shares of the joint ventures' results

	Year ended 31 December			Six months ended 30 June	
	2014	2015	2016	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Revenue	31,877	44,304	52,162	22,716	31,265
Other income	655	438	286	146	—
Total expense	(30,374)	(37,668)	(46,742)	(19,362)	(27,907)
Tax expense	(625)	(1,820)	(1,426)	(933)	(707)
Profit after tax	<u>1,533</u>	<u>5,254</u>	<u>4,280</u>	<u>2,567</u>	<u>2,651</u>

16. AVAILABLE-FOR-SALE INVESTMENTS

	At 31 December			At 30 June
	2014	2015	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000
Unlisted equity investments, at cost	1,500	1,500	1,500	1,500
Impairment	(1,500)	(1,500)	(1,500)	(1,500)
Net carrying amount	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>

The unlisted equity investments were stated at cost less impairment because the investments did not have quoted market price in an active market and, in the opinion of the directors, the fair value estimate cannot be measured reliably. Meanwhile, the investment did not generate any revenue and it had ceased to operate any business including property management services since 2010. As such, full impairment had been made before the Relevant Periods.

17. INVENTORIES

	At 31 December			At 30 June
	2014	2015	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000
Consumables	<u>89</u>	<u>116</u>	<u>112</u>	<u>93</u>

18. TRADE RECEIVABLES

	At 31 December			At 30 June
	2014	2015	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables	<u>48,491</u>	<u>50,171</u>	<u>61,443</u>	<u>69,792</u>

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally 10 days, extending up to three months for major customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An aged analysis of the trade receivables as at the end of each of the Relevant Periods, based on the invoice date, is as follows:

	At 31 December			At 30 June
	2014	2015	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000
Within 3 months	42,442	39,227	53,264	55,254
3 to 6 months	3,910	947	4,132	2,463
More than 6 months but less than 1 year	1,697	9,483	3,716	8,648
Over 1 year	442	514	331	3,427
	<u>48,491</u>	<u>50,171</u>	<u>61,443</u>	<u>69,792</u>

The aged analysis of the trade receivables that are not individually nor collectively considered to be impaired is as follows:

	At 31 December			At 30 June
	2014	2015	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000
Neither past due nor impaired	42,442	39,227	53,264	63,902
Less than 1 month past due	2,939	332	2,675	1,250
1 to 3 months past due	971	615	1,457	1,213
More than 3 months past due	2,139	9,997	4,047	3,427
	<u>48,491</u>	<u>50,171</u>	<u>61,443</u>	<u>69,792</u>

Receivables that were neither past due nor impaired relate to customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of customers that have a good track record with the Group. Based on past experience, the directors of the Company are of the opinion that no provision for impairment is made in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

19. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	At 31 December			At 30 June
	2014	2015	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000
Prepayments to suppliers	1,790	630	1,435	1,514
Payments on behalf of residents (note (a))	17,449	11,402	11,960	12,921
Cash in advance	324	825	1,582	1,702
Deposits	2,097	8,657	4,660	4,601
Prepaid expenses	2,043	1,498	516	2,268
Prepayment related to listing expenses	—	—	2,362	3,071
Others	807	1,385	939	950
	<u>24,510</u>	<u>24,397</u>	<u>23,454</u>	<u>27,027</u>

Note:

(a) The balance represents advance payment for property management service expense on behalf of residents.

None of the above assets is either past due or impaired. The financial assets included in the above balances relate to receivables and prepayments for which there was no recent history of default.

20. RESTRICTED BANK BALANCES

	At 31 December			At 30 June
	2014	2015	2016	2017
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Restricted bank balances received from residents for property management services	7,382	8,194	11,389	7,751

Restricted bank balances earn interest at interest rates stipulated by the respective financial institutions. The restricted bank balances are deposited with creditworthy banks with no recent history of default.

21. WEALTH MANAGEMENT PRODUCTS

	At 31 December			At 30 June
	2014	2015	2016	2017
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Wealth management products	—	4,000	—	4,000

The wealth management products have a term of less than one year and expected annual rate of return from 3.15% to 4.1%. Pursuant to the underlying contracts or notices, the wealth management products are principal protected upon the maturity date.

22. CASH AND CASH EQUIVALENTS

	At 31 December			At 30 June
	2014	2015	2016	2017
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Cash and bank balances	88,540	151,702	79,434	101,511

At 31 December 2014, 2015 and 2016 and 30 June 2017, the cash and bank balances of the Group denominated in RMB amounted to RMB88,540,000, RMB151,702,000, RMB79,434,000 and RMB101,511,000. The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

23. TRADE PAYABLES

An aged analysis of the trade payables as at the end of each of the Relevant Periods, based on the invoice date, is as follows:

	At 31 December			At 30 June
	2014	2015	2016	2017
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Within 3 months	57,178	52,916	46,762	44,812
3 to 12 months	415	193	3,031	3,195
Over 1 year	504	283	622	1,020
	<u>58,097</u>	<u>53,392</u>	<u>50,415</u>	<u>49,027</u>

The trade payables are unsecured, non-interest-bearing and are normally settled on terms of 5 to 90 days.

24. OTHER PAYABLES AND ACCRUALS

	At 31 December			At 30 June
	2014	2015	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000
Advances from customers	2,071	3,804	6,009	3,296
Staff payroll and welfare payables	4,112	5,968	8,427	8,629
Deposits received	6,551	6,835	8,745	9,650
Receipts on behalf of residents (<i>note (a)</i>)	38,119	37,955	33,471	26,936
Maintenance funds	6,323	5,962	5,845	5,773
Accrued listing expenses	—	—	—	1,014
Accrued compensation expense for litigation	—	—	—	1,280
Other tax payable	2,937	3,034	8,781	9,903
	<u>60,113</u>	<u>63,558</u>	<u>71,278</u>	<u>66,481</u>

Note:

- (a) The balances represents the receipts from building residents to settle utilities, bills, maintenance and repair fees on behalf of them.

Other payables and accruals are unsecured, non-interest-bearing and repayable on demand.

25. INTEREST-BEARING BANK BORROWINGS

	At 31 December				At 30 June			
	2014		2015		2016		2017	
	Effective interest rate (%)	RMB'000	Effective interest rate (%)	RMB'000	Effective interest rate (%)	RMB'000	Effective interest rate (%)	RMB'000
Bank loans — guaranteed (<i>note (a)</i> and <i>note (b)</i>)	7.14	10,000	4.83–5.77	16,000	—	—	—	—
Bank loans — unsecured	—	—	—	—	4.70–4.79	50,000	4.70	40,000
		<u>10,000</u>		<u>16,000</u>		<u>50,000</u>		<u>40,000</u>

Notes:

- (a) The Group's bank loans amounting to RMB10,000,000 were denominated in RMB and guaranteed by Mr. Fu Qi Chang and Pujiang Holding as at 31 December 2014 and were fully repaid in 2015.
- (b) The Group's bank loans amounting to RMB16,000,000 were denominated in RMB and guaranteed by Mr. Fu Qi Chang and Pujiang Holding as at 31 December 2015 and were fully repaid in 2016.

26. DEFERRED TAX

Deferred tax assets

The movements in deferred tax assets during the Relevant Periods are as follows:

	Losses available for offsetting against future taxable profits	Accrued payroll	Others*	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2014	16	519	4,369	4,904
Deferred tax credited/(charged) to profit or loss during the year (<i>note 10</i>)	<u>(16)</u>	<u>509</u>	<u>824</u>	<u>1,317</u>
At 31 December 2014 and at 1 January 2015	—	1,028	5,193	6,221
Deferred tax credited/(charged) to profit or loss during the year (<i>note 10</i>)	<u>—</u>	<u>464</u>	<u>(554)</u>	<u>(90)</u>
At 31 December 2015 and at 1 January 2016	—	1,492	4,639	6,131
Deferred tax credited to profit or loss during the year (<i>note 10</i>)	<u>567</u>	<u>614</u>	<u>1,132</u>	<u>2,313</u>
At 31 December 2016 and at 1 January 2017	567	2,106	5,771	8,444
Deferred tax credited/(charged) to profit or loss during the period (<i>note 10</i>)	<u>(567)</u>	<u>51</u>	<u>1,584</u>	<u>1,068</u>
At 30 June 2017	<u>—</u>	<u>2,157</u>	<u>7,355</u>	<u>9,512</u>

* Others represent deferred tax assets recognised in trade payables for unsettled service charges to dispatch agencies or sub-contractors.

The Group has tax losses arising in Hong Kong of RMB318,000 and RMB883,000 as at 31 December 2016 and 30 June 2017 that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose.

The Group also has tax losses arising in Mainland China of RMB1,364,000, RMB1,989,000, nil, and RMB3,862,000 as at 31 December 2014, 2015 and 2016 and 30 June 2017, respectively, that will expire in one to five years for offsetting against future taxable profits.

Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 10%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008, that was remain not distributed upon completion of the Reorganisation.

At 31 December 2014, 2015 and 2016 and 30 June 2017, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries, associates and joint ventures established in Mainland China. In the opinion of the director, it is not probable that these subsidiaries and joint ventures will distribute such earning in the foreseeable future. The aggregate amount of temporary differences associated with investments in subsidiaries and joint ventures in Mainland China for which deferred tax liabilities have not been recognised totalled approximately RMB46,371,000, RMB21,596,000, RMB8,125,000 and RMB35,816,000 as at 31 December 2014, 2015 and 2016 and 30 June 2017, respectively.

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

27. SHARE CAPITAL

	At 31 December			At 30 June
	2014	2015	2016	2017
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Authorised:				
38,000,000 shares of HK\$0.01 each	—	—	335	335
Issued and fully paid:				
10,000 shares of HK\$0.01 each	—	—	—	—

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 27 July 2016 with authorized share capital of HK\$380,000 divided into 38,000,000 shares of HK\$0.01 each and one fully-paid subscriber share was allotted and issued to the nominee of the Company providing company secretarial services, who is an independent third party.

28. RESERVES

The amounts of the Group's reserves and the movements therein for the Relevant Periods are presented in the consolidated statements of changes in equity of the Historical Financial Information.

(i) Share premium

The Share premium of the Group represents the difference between capital injection and the share capital paid by the Controlling Shareholders.

(ii) Capital reserve

The capital reserve of the Group represents (1) the difference between the consideration and net asset acquired paid by the Controlling Shareholders for the further acquisition of non-controlling interests in subsidiaries; and (2) the difference between the consideration received by the Controlling Shareholders and the net asset disposed of for the partial disposal of certain subsidiaries.

(iii) Merger reserve

The merger reserve of the Group represents the capital contributions from the equity holders of the subsidiaries. The addition during the Relevant Periods represents (1) the injections of additional paid-in capital by the equity holders of the subsidiaries to the respective companies; (2) the consideration paid by the Controlling Shareholders for the further acquisition of non-controlling interests in subsidiaries; and (3) the consideration paid by the Controlling Shareholders for repayment the consideration received in the progress of Reorganisation. The deduction during the Relevant Period represents the consideration received by the Controlling Shareholders for disposal of the subsidiaries in the progress of Reorganisation.

(iv) Statutory reserve

In accordance with the PRC regulations and the articles of association of the companies of the Group, before distributing the net profit of each year, companies of the Group registered in the PRC are required to set aside 10% of their statutory net for the year after offsetting any prior year's losses as determined under relevant PRC accounting standards to the statutory surplus reserve fund. When the balance of this reserve reaches 50% of each company's share capital, any further appropriation is optional. The statutory surplus reserve fund is non-distributable except in the event of liquidation.

Subject to certain restrictions set out in the relevant PRC regulations, part of the statutory surplus reserve may be converted to increase share capital, provided that the remaining balance after the capitalisation is not less than 25% of the registered capital.

(v) A summary of the Company's reserves is as follows:

	<u>Share capital</u>	<u>Capital reserve</u>	<u>Retained profits</u>	<u>Total</u>
	<i>RMB'000</i>	<i>RMB'000*</i>	<i>RMB'000*</i>	<i>RMB'000</i>
At 27 July 2016	—	—	—	—
Proceeds from issue of shares	—	60,750	—	60,750
Loss and total comprehensive loss for the period	—	—	(300)	(300)
At 31 December 2016 and 1 January 2017	—	60,750	(300)	60,450
Loss and total comprehensive loss for the period	—	—	(556)	(556)
At 30 June 2017	<u>—</u>	<u>60,750</u>	<u>(856)</u>	<u>59,894</u>

29. CONTINGENT LIABILITIES

As at 31 December 2014, 2015 and 2016 and 30 June 2017, the Group had no significant contingent liabilities.

30. COMMITMENTS**Operating lease commitments**

The Group leases its office buildings under operating lease arrangements. Leases for properties are negotiated for terms ranging from one to five years.

At the end of each of the Relevant Periods, the Group had total future minimum lease payments under non-cancellable operating lease payables as follows:

	<u>At 31 December</u>			<u>At 30 June</u>
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Within one year	1,923	1,160	1,086	1,155
In the second to fifth years, inclusive	<u>2,936</u>	<u>1,080</u>	<u>271</u>	<u>1,889</u>
	<u>4,859</u>	<u>2,240</u>	<u>1,357</u>	<u>3,044</u>

31. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

(a) Particulars of the related parties which entered into material transactions with the Group are as follows:

<u>Name</u>	<u>Relationship</u>	<u>Referred to as</u>
上海浦江控股有限公司	Controlled by the Controlling Shareholders	Pujiang Holding
上海外灘科浦工程管理有限公司	Controlled by the Controlling Shareholders	Waitan Kepu
蚌埠市置信物業有限公司	Joint venture	Bengbu Zhi Xin
合肥市政文外灘物業管理有限公司	Joint venture	Hefei Zheng Wen
上海東方欣迪商務服務有限公司	Associate	Shanghai Xin Di

(b) Transactions with related parties:

(i) Receiving property management service

	<u>Year ended 31 December</u>			<u>Six months ended 30 June</u>	
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2016</u>	<u>2017</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				(Unaudited)	
Joint venture					
Bengbu Zhi Xin*	—	800	—	—	—

* The property management service was provided by Bengbu Zhi Xin at the year end of 2015, and was one-off service.

(ii) Cash advances/(repayments)

	<u>Year ended 31 December</u>			<u>Six months ended 30 June</u>	
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2016</u>	<u>2017</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				(Unaudited)	
Related parties*					
Pujiang Holding	(30,194)	99,566	(51,522)	(27,320)	30,112
Waitan Kepu	—	2,085	—	—	—
Joint venture					
Hefei Zheng Wen	437	—	29	—	—
Hefei Zheng Wen	—	—	(29)	(29)	—
Associate					
Shanghai Xin Di	—	(5,965)	(12,455)	(12,455)	—
Shanghai Xin Di	—	—	18,420	—	—
	<u>(29,757)</u>	<u>95,686</u>	<u>(45,557)</u>	<u>(39,804)</u>	<u>30,112</u>

* Cash advances/(repayments) to related parties are illustrated on a net basis.

(iii) Disposal of items of property, plant and equipment

	Year ended 31 December			Six months ended 30 June	
	2014	2015	2016	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Related party					
Pujiang Holding	—	14,443	—	—	—

On 1 January 2015, the Group transferred leasehold improvements to Pujiang Holding for the use of its daily operations. The consideration of this transaction was RMB14,443,000 and no gain or loss was recognised.

(iv) Advances/(repayments) for staff payroll and other expenses

	Year ended 31 December			Six months ended 30 June	
	2014	2015	2016	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Related party					
Pujiang Holding	—	3,951	800	(388)	—

(c) Due from a related party:

	At 31 December			At 30 June
	2014	2015	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000
Non-trade related				
Pujiang Holding		39,196	18,394	30,112

The amount due from Pujiang Holding is unsecured, interest-free and has no fixed payment terms.

(d) Due from an associate:

	At 31 December			At 30 June
	2014	2015	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000
Non-trade related				
Shanghai Xin Di	—	5,965	—	—

The amount due from Shanghai Xin Di is unsecured, interest-free and has no fixed payment terms.

(e) Due to related parties:

	At 31 December			At 30 June
	2014	2015	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000
Non-trade related				
Pujiang Holding	—	60,370	—	—
Waitan Kepu	15	2,100	—	—
	15	62,470	—	—

The amounts due to Pujiang Holding and Waitan Kepu are unsecured, interest-free and have no fixed payment terms.

(f) Due to a joint venture:

	At 31 December			At 30 June
	2014	2015	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000
Trade related				
Bengbu Zhi Xin	—	800	—	—

The amount due to Bengbu Zhi Xin is unsecured, interest-free and has no fixed payment terms.

(g) Compensation of key management personnel of the Group:

	At 31 December			At 30 June	
	2014	2015	2016	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Short term employee benefits	1,827	1,582	2,184	847	1,661
Post-employment benefits	194	212	299	137	156
Total compensation paid to key management personnel	2,021	1,794	2,483	984	1,817

Further details of directors' and chief executive's emoluments are included in note 8 to the Historical Financial Information.

32. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of each of the Relevant Periods are as follows:

As at 31 December 2014

Financial assets

	Available-for-sale investments	Loans and receivables	Total
	RMB'000	RMB'000	RMB'000
Available-for-sale investments	—	—	—
Trade receivables	—	48,491	48,491
Financial assets included in prepayments, deposits and other receivables	—	20,677	20,677
Amount due from a related party	—	39,196	39,196
Restricted bank balances	—	7,382	7,382
Cash and cash equivalents	—	88,540	88,540
	—	204,286	204,286

Financial liabilities

	Financial liabilities at amortised cost
	<i>RMB'000</i>
Trade payables	58,097
Financial liabilities included in other payables and accruals	50,993
Amounts due to related parties	15
Interest-bearing bank borrowings	10,000
	<u>119,105</u>

As at 31 December 2015

Financial assets

	Available-for-sale investments	Loans and receivables	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Available-for-sale investments	—	—	—
Trade receivables	—	50,171	50,171
Financial assets included in prepayments, deposits and other receivables	—	22,269	22,269
Amount due from a related party	—	18,394	18,394
Amount due from an associate	—	5,965	5,965
Restricted bank balances	—	8,194	8,194
Wealth management products	—	4,000	4,000
Cash and cash equivalents	—	151,702	151,702
	<u>—</u>	<u>260,695</u>	<u>260,695</u>

Financial liabilities

	Financial liabilities at amortised cost
	<i>RMB'000</i>
Trade payables	53,392
Financial liabilities included in other payables and accruals	50,752
Amounts due to related parties	62,470
Amount due to a joint venture	800
Interest-bearing bank borrowings	16,000
	<u>183,414</u>

As at 31 December 2016

Financial assets

	Available- for-sale investments	Loans and receivables	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Available-for-sale investments	—	—	—
Trade receivables	—	61,443	61,443
Financial assets included in prepayments, deposits and other receivables	—	21,502	21,502
Amount due from a related party	—	30,112	30,112
Restricted bank balances	—	11,389	11,389
Cash and cash equivalents	—	79,434	79,434
	<u>—</u>	<u>203,880</u>	<u>203,880</u>

Financial liabilities

	Financial liabilities at amortised cost
	<i>RMB'000</i>
Trade payables	50,415
Financial liabilities included in other payables and accruals	48,061
Interest-bearing bank borrowings	50,000
	<u>148,476</u>

As at 30 June 2017

Financial assets

	Available- for-sale investments	Loans and receivables	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Available-for-sale investments	—	—	—
Trade receivables	—	69,792	69,792
Financial assets included in prepayments, deposits and other receivables	—	20,175	20,175
Restricted bank balances	—	7,751	7,751
Wealth management products	—	4,000	4,000
Cash and cash equivalents	—	101,511	101,511
	<u>—</u>	<u>203,229</u>	<u>203,229</u>

Financial liabilities

	Financial liabilities at amortised cost
	<i>RMB'000</i>
Trade payables	49,027
Financial liabilities included in other payables and accruals	44,653
Interest-bearing bank borrowings	<u>40,000</u>
	<u><u>133,680</u></u>

33. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, restricted bank balances, wealth management products, trade receivables, trade payables, financial assets included in prepayments, deposits and other receivables, financial liabilities included in other payables and accruals, amounts due from/to related parties, a joint venture, and an associate, and interest-bearing bank borrowings approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer. The valuation process and results are discussed with the management.

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise cash and bank balances. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Credit risk

The Group's credit risk is primarily attributable to trade and other receivables. Management has a credit policy in place and the exposures to this credit risk are monitored on an ongoing basis. Management reviews the recoverable amount of each debtor at the end of each reporting period to ensure that adequate impairment losses are recorded for irrecoverable amounts.

The credit risk of the Group's other financial assets, which comprise cash and cash equivalents and other receivables, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

There is no requirement for collateral in view of its large number of customers. Concentrations of credit risk are managed by customer/counterparty and by geographical region. As the Group's major customers are customers of non-residential properties, the Group believes that they are reliable and of high credit quality and hence, there is no significant credit risk with these customers.

Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables are disclosed in note 18 to the Historical Financial Information.

Liquidity risk

The Group's policies are to regularly monitor the current and expected liquidity requirements, and to ensure that it maintains sufficient reserves of cash and available banking facilities to meet its liquidity requirements in short and longer term.

The maturity profile of the Group's financial liabilities as at the end of each the Relevant Periods, based on the contractual undiscounted payments, is as follows:

At 31 December 2014					
	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Interest-bearing bank borrowings	—	179	10,119	—	10,298
Trade payables	21,767	36,330	—	—	58,097
Financial liabilities included in other payables and accruals	50,993	—	—	—	50,993
Amounts due to related parties	15	—	—	—	15
	<u>72,775</u>	<u>36,509</u>	<u>10,119</u>	<u>—</u>	<u>119,403</u>
At 31 December 2015					
	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Interest-bearing bank borrowings	—	217	16,260	—	16,477
Trade payables	22,716	30,676	—	—	53,392
Financial liabilities included in other payables and accruals	50,752	—	—	—	50,752
Amounts due to related parties	62,470	—	—	—	62,470
Amount due to a joint venture	800	—	—	—	800
	<u>136,738</u>	<u>30,893</u>	<u>16,260</u>	<u>—</u>	<u>183,891</u>
At 31 December 2016					
	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Interest-bearing bank borrowings	—	590	51,769	—	52,359
Trade payables	33,327	17,088	—	—	50,415
Financial liabilities included in other payables and accruals	48,061	—	—	—	48,061
	<u>81,388</u>	<u>17,678</u>	<u>51,769</u>	<u>—</u>	<u>150,835</u>

	At 30 June 2017				
	<u>On demand</u>	<u>Less than 3 months</u>	<u>3 to 12 months</u>	<u>1 to 5 years</u>	<u>Total</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Interest-bearing bank borrowings	—	369	40,024	—	40,393
Trade payables	29,177	19,850	—	—	49,027
Financial liabilities included in other payables and accruals	44,653	—	—	—	44,653
	<u>73,830</u>	<u>20,219</u>	<u>40,024</u>	<u>—</u>	<u>134,073</u>

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or raise new capital from its investors. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the Relevant Periods.

The Group monitors capital using a gearing ratio, which is total debt divided by total equity. Total debt includes interest-bearing bank borrowings, amounts due to related parties and amount due to a joint venture. Capital represents total equity.

	At 31 December			At 30 June
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Interest-bearing bank borrowings	10,000	16,000	50,000	40,000
Amounts due to related parties	15	62,470	—	—
Amount due to a joint venture	—	800	—	—
Total debt	<u>10,015</u>	<u>79,270</u>	<u>50,000</u>	<u>40,000</u>
Total equity	98,640	76,363	60,292	87,366
Gearing ratio	10.2%	103.8%	82.9%	45.8%

35. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	2014	Cash flow	Non cash changes		2015
			Dividend payable	Interest expense recognised	
Interest-bearing bank borrowings	10,000	6,000	—	—	16,000
Dividend payable	—	(57,759)	57,759	—	—
Interest payable	—	(1,407)	—	1,407	—
Total liabilities from financing activities	<u>10,000</u>	<u>(53,166)</u>	<u>57,759</u>	<u>1,407</u>	<u>16,000</u>

	2015	Cash flow	Non cash changes		2016
			Dividend Payable	Interest expense recognised	
Interest-bearing bank borrowings	16,000	34,000	—	—	50,000
Dividend payable	—	(41,908)	41,908	—	—
Interest payable	—	(1,177)	—	1,177	—
Total liabilities from financing activities	<u>16,000</u>	<u>(9,085)</u>	<u>41,908</u>	<u>1,177</u>	<u>50,000</u>

	2016	Cash flow	Non cash changes		Six months ended 30 June 2017
			Dividend payable	Interest expense recognised	
Interest-bearing bank borrowings	50,000	(10,000)	—	—	40,000
Interest payable	—	(1,080)	—	1,080	—
Total liabilities from financing activities	<u>50,000</u>	<u>(11,080)</u>	<u>—</u>	<u>1,080</u>	<u>40,000</u>

	2015	Cash flow	Non cash changes		Six months ended 30 June 2016 (Unaudited)
			Dividend payable	Interest expense recognised	
Interest-bearing bank borrowings	16,000	(16,000)	—	—	—
Dividend payable	—	(41,908)	41,908	—	—
Interest payable	—	(381)	—	381	—
Total liabilities from financing activities	<u>16,000</u>	<u>(58,289)</u>	<u>41,908</u>	<u>381</u>	<u>—</u>

III. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Group or any of its subsidiaries in respect of any period subsequent to 30 June 2017.

The following information does not form part of the Accountants' Report from Ernst & Young, Certified Public Accountants, Hong Kong, the Company's reporting accountants, as set out in Appendix I to this prospectus, and is included herein for information purposes only. The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" in this prospectus and the Accountants' Report set out in Appendix I to this prospectus.

(A) UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The unaudited pro forma data relating to our net tangible assets prepared in accordance with Rule 4.29 of the Listing Rules is set out below to illustrate the effect of the Global Offering on our net tangible assets as at 30 June 2017 as if the Global Offering had taken place on that date.

This 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 consolidated net tangible assets of the Group attributable to the owners of the parent as at 30 June 2017 or any subsequent dates, including following the Global Offering.

	Consolidated net tangible assets of the Group attributable to the owners of the parent as at 30 June 2017	Estimated net proceeds from the Global Offering	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the parent as at 30 June 2017	Unaudited pro forma adjusted net tangible assets of the Group attributable to the owners of the parent per Share as at 30 June 2017	
	<i>RMB'000</i> <i>(Note 1)</i>	<i>RMB'000</i> <i>(Note 2)</i>	<i>RMB'000</i>	<i>RMB</i> <i>(Note 3)</i>	<i>HK\$ equivalent</i> <i>(Note 4)</i>
Based on an offer price of HK\$1.43 per Share	83,365	105,222	188,587	0.47	0.55
Based on an offer price of HK\$2.14 per Share	83,365	164,588	247,953	0.62	0.72

Notes:

1. The consolidated net tangible assets of the Group attributable to owners of the parent as of 30 June 2017 is extracted from "Appendix I-Accountants' Report" to this prospectus, which is based on the audited consolidated equity attributable to owners of the parent as of 30 June 2017 of RMB83,397,000 less intangible assets as of 30 June 2017 of RMB32,000.

2. The estimated net proceeds from the Global Offering are based on estimated offer prices of HK\$1.43 (equivalent to RMB1.23) or HK\$2.14 (equivalent to RMB1.84) per Share after deduction of the underwriting fees and other related expenses payable by our Company and 100,000,000 Shares expected to be issued under the Global Offering, taking no account of any Shares which may be issued upon the exercise of the Over-allotment Option. For the purpose of the estimated net proceeds from the Global Offering, the amount stated in Hong Kong dollars has been converted in Renminbi at the rate of RMB1.0 to HK\$1.1600. No representation is made that the Renminbi amounts: have been, could have been or may be converted to Hong Kong dollars, or vice versa, at that rate or at all.
3. The unaudited pro forma adjusted consolidated net tangible assets per Share is arrived at after adjustments referred to in the preceding paragraphs and on the basis that 400,000,000 Shares are in issue assuming the Global Offering has been completed on 30 June 2017 and an Offer Price of HK\$1.43 per Share, being the low end of the Offer Price range, and 400,000,000 Shares are in issue assuming that the Global Offering has been completed on 30 June 2017 and an Offer Price of HK\$2.14 per Share, being the high end of the Offer Price range, excluding Shares which may be issued upon the exercise of the Over-allotment Option.
4. The unaudited pro forma adjusted consolidated net tangible assets per Share is converted into Hong Kong dollars at an exchange rate of RMB1.0 to HK\$1.1600.
5. No adjustment has been made to reflect any trading results or other transactions of our Group entered into subsequent to 30 June 2017.

(B) LETTER FROM THE REPORTING ACCOUNTANTS ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report received from our independent reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong, prepared for the purpose of incorporation in this prospectus, in respect of the unaudited pro forma financial information of the Group.



22nd Floor, CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

28 November 2017

The Directors of Riverine China Holdings Limited

Dear Sirs,

We have completed our assurance engagement to report on the compilation of pro forma financial information of Riverine China Holdings Limited (the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”) by the directors of the Company (the “Directors”) for illustrative purposes only. The pro forma financial information consists of the pro forma consolidated net tangible assets as at 30 June 2017, and related notes as set out in Part (A) of Appendix II to this Prospectus issued by the Company (the “Pro Forma Financial Information”). The applicable criteria on the basis of which the Directors have compiled the Pro Forma Financial Information are described in Part (A) of Appendix II to this Prospectus.

The Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the global offering of shares of the Company on the Group’s financial position as at 30 June 2017 as if the transaction had taken place at 30 June 2017. As part of this process, information about the Group’s financial position, has been extracted by the Directors from the Group’s financial statements for the six months ended 30 June 2017, on which an accountants’ report has been published.

Directors’ responsibility for the Pro Forma Financial Information

The Directors are responsible for compiling the Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and with reference to Accounting Guideline (“AG”) 7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

Our independence and quality control

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies Hong Kong Standard on Quality Control 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus* issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Pro Forma Financial Information, in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Financial Information.

The purpose of Pro Forma Financial Information included in the Prospectus is solely to illustrate the impact of the global offering of shares of the Company on unadjusted financial information of the Group as if the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the transaction would have been as presented.

A reasonable assurance engagement to report on whether the Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the transaction in respect of which the Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the Pro Forma Financial Information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purpose of the Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully,

Ernst & Young
Certified Public Accountants
Hong Kong

28 November 2017

Set out below is a summary of certain provisions of the Memorandum and Articles of Association of the Company and of certain aspects of Cayman company law.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 27 July, 2016 under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands (the “**Companies Law**”). The Company’s constitutional documents consist of its Memorandum of Association (the “**Memorandum**”) and its Articles of Association (the “**Articles**”).

1. MEMORANDUM OF ASSOCIATION

- (a) The Memorandum states, inter alia, that the liability of members of the Company is limited to the amount, if any, for the time being unpaid on the shares respectively held by them and that the objects for which the Company is established are unrestricted (including acting as an investment company), and that the Company shall have and be capable of exercising all the functions of a natural person of full capacity irrespective of any question of corporate benefit, as provided in section 27(2) of the Companies Law and in view of the fact that the Company is an exempted company that the Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands.
- (b) The Company may by special resolution alter its Memorandum with respect to any objects, powers or other matters specified therein.

2. ARTICLES OF ASSOCIATION

The Articles were conditionally adopted on 15 November 2017 with effect from the Listing Date. The following is a summary of certain provisions of the Articles:

(a) Shares

(i) *Classes of shares*

The share capital of the Company consists of ordinary shares.

(ii) *Variation of rights of existing shares or classes of shares*

Subject to the Companies Law, if at any time the share capital of the Company is divided into different classes of shares, all or any of the special rights attached to the shares or any class of shares may (unless otherwise provided for by the terms of issue of that class) be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting the provisions of the Articles relating to general meetings will *mutatis mutandis* apply, but so that the necessary quorum (other than at an adjourned

meeting) shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class and at any adjourned meeting two holders present in person or by proxy (whatever the number of shares held by them) shall be a quorum. Every holder of shares of the class shall be entitled to one vote for every such share held by him.

Any special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

(iii) Alteration of capital

The Company may by ordinary resolution of its members:

- (i) increase its share capital by the creation of new shares;
- (ii) consolidate all or any of its capital into shares of larger amount than its existing shares;
- (iii) divide its shares into several classes and attach to such shares any preferential, deferred, qualified or special rights, privileges, conditions or restrictions as the Company in general meeting or as the directors may determine;
- (iv) sub divide its shares or any of them into shares of smaller amount than is fixed by the Memorandum; or
- (v) cancel any shares which, at the date of passing of the resolution, have not been taken and diminish the amount of its capital by the amount of the shares so cancelled.

The Company may reduce its share capital or any capital redemption reserve or other undistributable reserve in any way by special resolution.

(iv) Transfer of shares

All transfers of shares may be effected by an instrument of transfer in the usual or common form or in a form prescribed by The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) or in such other form as the board may approve and which may be under hand or, if the transferor or transferee is a clearing house or its nominee(s), by hand or by machine imprinted signature or by such other manner of execution as the board may approve from time to time.

The instrument of transfer shall be executed by or on behalf of the transferor and the transferee provided that the board may dispense with the execution of the instrument of transfer by the transferee. The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members in respect of that share.

The board may, in its absolute discretion, at any time transfer any share upon the principal register to any branch register or any share on any branch register to the principal register or any other branch register.

The board may decline to recognise any instrument of transfer unless a fee (not exceeding the maximum sum as the Stock Exchange may determine to be payable) determined by the Directors is paid to the Company, the instrument of transfer is properly stamped (if applicable), it is in respect of only one class of share and is lodged at the relevant registration office or registered office or such other place at which the principal register is kept accompanied by the relevant share certificate(s) and such other evidence as the board may reasonably require to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The registration of transfers may be suspended and the register closed on giving notice by advertisement in any newspaper or by any other means in accordance with the requirements of the Stock Exchange, at such times and for such periods as the board may determine. The register of members must not be closed for periods exceeding in the whole thirty (30) days in any year.

Subject to the above, fully paid shares are free from any restriction on transfer and free of all liens in favour of the Company.

(v) Power of the Company to purchase its own shares

The Company is empowered by the Companies Law and the Articles to purchase its own shares subject to certain restrictions and the board may only exercise this power on behalf of the Company subject to any applicable requirements imposed from time to time by Stock Exchange.

Where the Company purchases for redemption a redeemable share, purchases not made through the market or by tender must be limited to a maximum price determined by the Company in general meeting. If purchases are by tender, tenders must be made available to all members alike.

(vi) Power of any subsidiary of the Company to own shares in the Company

There are no provisions in the Articles relating to ownership of shares in the Company by a subsidiary.

(vii) Calls on shares and forfeiture of shares

The board may from time to time make such calls upon the members in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium). A call may be made payable either in one lump sum or by instalments. If the sum payable in respect of any call or instalment is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding twenty per cent. (20%) per annum as the board may agree to accept from the day appointed for the payment thereof to the time of actual payment, but the board may waive payment of such interest wholly or in part. The board may, if it thinks fit, receive from any member willing to advance the same, either in money or money's worth, all or any part of the monies uncalled and unpaid or instalments payable upon any shares held by him, and upon all or any of the monies so advanced the Company may pay interest at such rate (if any) as the board may decide.

If a member fails to pay any call on the day appointed for payment thereof, the board may serve not less than fourteen (14) clear days' notice on him requiring payment of so much of the call as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment and stating that, in the event of non-payment at or before the time appointed, the shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the board to that effect. Such forfeiture will include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture.

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, notwithstanding, remain liable to pay to the Company all monies which, at the date of forfeiture, were payable by him to the Company in respect of the shares, together with (if the board shall in its discretion so require) interest thereon from the date of forfeiture until the date of actual payment at such rate not exceeding twenty per cent. (20%) per annum as the board determines.

(b) Directors*(i) Appointment, retirement and removal*

At each annual general meeting, one third of the Directors for the time being (or if their number is not a multiple of three, then the number nearest to but not less than one third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. The Directors to retire by rotation shall include any Director who wishes to retire and not offer himself for re-election. Any further Directors so to retire shall be those who

have been longest in office since their last re-election or appointment but as between persons who became or were last re-elected Directors on the same day those to retire will (unless they otherwise agree among themselves) be determined by lot.

Neither a Director nor an alternate Director is required to hold any shares in the Company by way of qualification. Further, there are no provisions in the Articles relating to retirement of Directors upon reaching any age limit.

The Directors have the power to appoint any person as a Director either to fill a casual vacancy on the board or as an addition to the existing board. Any Director appointed to fill a casual vacancy shall hold office until the first general meeting of members after his appointment and be subject to re-election at such meeting and any Director appointed as an addition to the existing board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

A Director may be removed by an ordinary resolution of the Company before the expiration of his period of office (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and the Company) and members of the Company may by ordinary resolution appoint another in his place. Unless otherwise determined by the Company in general meeting, the number of Directors shall not be less than two. There is no maximum number of Directors.

The office of director shall be vacated if:

- (aa) he resigns by notice in writing delivered to the Company;
- (bb) he becomes of unsound mind or dies;
- (cc) without special leave, he is absent from meetings of the board for six (6) consecutive months, and the board resolves that his office is vacated;
- (dd) he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors;
- (ee) he is prohibited from being a director by law; or
- (ff) he ceases to be a director by virtue of any provision of law or is removed from office pursuant to the Articles.

The board may appoint one or more of its body to be managing director, joint managing director, or deputy managing director or to hold any other employment or executive office with the Company for such period and upon such terms as the board may determine and the board may revoke or terminate any of such appointments. The board may delegate any of its powers, authorities and discretions to committees consisting of such Director or Directors and other persons as the board thinks fit, and

it may from time to time revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes, but every committee so formed must, in the exercise of the powers, authorities and discretions so delegated, conform to any regulations that may from time to time be imposed upon it by the board.

(ii) Power to allot and issue shares and warrants

Subject to the provisions of the Companies Law and the Memorandum and Articles and to any special rights conferred on the holders of any shares or class of shares, any share may be issued (a) with or have attached thereto such rights, or such restrictions, whether with regard to dividend, voting, return of capital, or otherwise, as the Company may by ordinary resolution determine (or, in the absence of any such determination or so far as the same may not make specific provision, as the board may determine), or (b) on terms that, at the option of the Company or the holder thereof, it is liable to be redeemed.

The board may issue warrants conferring the right upon the holders thereof to subscribe for any class of shares or securities in the capital of the Company on such terms as it may determine.

Subject to the provisions of the Companies Law and the Articles and, where applicable, the rules of Stock Exchange and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, all unissued shares in the Company are at the disposal of the board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and on such terms and conditions as it in its absolute discretion thinks fit, but so that no shares shall be issued at a discount.

Neither the Company nor the board is obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to members or others with registered addresses in any particular territory or territories being a territory or territories where, in the absence of a registration statement or other special formalities, this would or might, in the opinion of the board, be unlawful or impracticable. Members affected as a result of the foregoing sentence shall not be, or be deemed to be, a separate class of members for any purpose whatsoever.

(iii) Power to dispose of the assets of the Company or any of its subsidiaries

There are no specific provisions in the Articles relating to the disposal of the assets of the Company or any of its subsidiaries. The Directors may, however, exercise all powers and do all acts and things which may be exercised or done or approved by the Company and which are not required by the Articles or the Companies Law to be exercised or done by the Company in general meeting.

(iv) Borrowing powers

The board may exercise all the powers of the Company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and assets and uncalled capital of the Company and, subject to the Companies Law, to issue debentures, bonds and other securities of the Company, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

(v) Remuneration

The ordinary remuneration of the Directors is to be determined by the Company in general meeting, such sum (unless otherwise directed by the resolution by which it is voted) to be divided amongst the Directors in such proportions and in such manner as the board may agree or, failing agreement, equally, except that any Director holding office for part only of the period in respect of which the remuneration is payable shall only rank in such division in proportion to the time during such period for which he held office. The Directors are also entitled to be prepaid or repaid all travelling, hotel and incidental expenses reasonably expected to be incurred or incurred by them in attending any board meetings, committee meetings or general meetings or separate meetings of any class of shares or of debentures of the Company or otherwise in connection with the discharge of their duties as Directors.

Any Director who, by request, goes or resides abroad for any purpose of the Company or who performs services which in the opinion of the board go beyond the ordinary duties of a Director may be paid such extra remuneration as the board may determine and such extra remuneration shall be in addition to or in substitution for any ordinary remuneration as a Director. An executive Director appointed to be a managing director, joint managing director, deputy managing director or other executive officer shall receive such remuneration and such other benefits and allowances as the board may from time to time decide. Such remuneration may be either in addition to or in lieu of his remuneration as a Director.

The board may establish or concur or join with other companies (being subsidiary companies of the Company or companies with which it is associated in business) in establishing and making contributions out of the Company's monies to any schemes or funds for providing pensions, sickness or compassionate allowances, life assurance or other benefits for employees (which expression as used in this and the following paragraph shall include any Director or ex-Director who may hold or have held any executive office or any office of profit with the Company or any of its subsidiaries) and ex-employees of the Company and their dependents or any class or classes of such persons.

The board may pay, enter into agreements to pay or make grants of revocable or irrevocable, and either subject or not subject to any terms or conditions, pensions or other benefits to employees and ex-employees and their dependents, or to any of such persons, including pensions or benefits additional to those, if any, to which such

employees or ex-employees or their dependents are or may become entitled under any such scheme or fund as is mentioned in the previous paragraph. Any such pension or benefit may, as the board considers desirable, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement.

(vi) Compensation or payments for loss of office

Pursuant to the Articles, payments to any Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually entitled) must be approved by the Company in general meeting.

(vii) Loans and provision of security for loans to Directors

The Company must not make any loan, directly or indirectly, to a Director or his close associate(s) if and to the extent it would be prohibited by the Companies Ordinance (Chapter 622 of the laws of Hong Kong) as if the Company were a company incorporated in Hong Kong.

(viii) Disclosure of interests in contracts with the Company or any of its subsidiaries

A Director may hold any other office or place of profit with the Company (except that of the auditor of the Company) in conjunction with his office of Director for such period and upon such terms as the board may determine, and may be paid such extra remuneration therefor in addition to any remuneration provided for by or pursuant to the Articles. A Director may be or become a director or other officer of, or otherwise interested in, any company promoted by the Company or any other company in which the Company may be interested, and shall not be liable to account to the Company or the members for any remuneration, profits or other benefits received by him as a director, officer or member of, or from his interest in, such other company. The board may also cause the voting power conferred by the shares in any other company held or owned by the Company to be exercised in such manner in all respects as it thinks fit, including the exercise thereof in favour of any resolution appointing the Directors or any of them to be directors or officers of such other company, or voting or providing for the payment of remuneration to the directors or officers of such other company.

No Director or proposed or intended Director shall be disqualified by his office from contracting with the Company, either with regard to his tenure of any office or place of profit or as vendor, purchaser or in any other manner whatsoever, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company or the members for any remuneration, profit or other benefits realised by any such contract or arrangement by reason of such Director holding that office or the fiduciary relationship thereby established. A Director who to his knowledge is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with the Company must declare the nature of his interest at the meeting

of the board at which the question of entering into the contract or arrangement is first taken into consideration, if he knows his interest then exists, or in any other case, at the first meeting of the board after he knows that he is or has become so interested.

A Director shall not vote (nor be counted in the quorum) on any resolution of the board approving any contract or arrangement or other proposal in which he or any of his close associates is materially interested, but this prohibition does not apply to any of the following matters, namely:

- (aa) any contract or arrangement for giving to such Director or his close associate(s) any security or indemnity in respect of money lent by him or any of his close associates or obligations incurred or undertaken by him or any of his close associates at the request of or for the benefit of the Company or any of its subsidiaries;
- (bb) any contract or arrangement for the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his close associate(s) has himself/ themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;
- (cc) any contract or arrangement concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his close associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;
- (dd) any contract or arrangement in which the Director or his close associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company; or
- (ee) any proposal or arrangement concerning the adoption, modification or operation of a share option scheme, a pension fund or retirement, death, or disability benefits scheme or other arrangement which relates both to Directors, his close associates and employees of the Company or of any of its subsidiaries and does not provide in respect of any Director, or his close associate(s), as such any privilege or advantage not accorded generally to the class of persons to which such scheme or fund relates.

(c) Proceedings of the Board

The board may meet for the despatch of business, adjourn and otherwise regulate its meetings as it considers appropriate. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have an additional or casting vote.

(d) Alterations to constitutional documents and the Company's name

The Articles may be rescinded, altered or amended by the Company in general meeting by special resolution. The Articles state that a special resolution shall be required to alter the provisions of the Memorandum, to amend the Articles or to change the name of the Company.

(e) Meetings of members*(i) Special and ordinary resolutions*

A special resolution of the Company must be passed by a majority of not less than three-fourths of the votes cast by such members as, being entitled so to do, vote in person or, in the case of such members as are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given in accordance with the Articles.

Under the Companies Law, a copy of any special resolution must be forwarded to the Registrar of Companies in the Cayman Islands within fifteen (15) days of being passed.

An ordinary resolution is defined in the Articles to mean a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given held in accordance with the Articles.

(ii) Voting rights and right to demand a poll

Subject to any special rights or restrictions as to voting for the time being attached to any shares, at any general meeting on a poll every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorised representative shall have one vote for every fully paid share of which he is the holder but so that no amount paid up or credited as paid up on a share in advance of calls or instalments is treated for the foregoing purposes as paid up on the share. A member entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

At any general meeting a resolution put to the vote of the meeting is to be decided by way of a poll save that the chairman of the meeting may in good faith, allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands in which case every member present in person (or being a corporation, is present by a duly authorised representative), or by proxy(ies) shall have one vote provided that where more than one proxy is appointed by a member which is a clearing house (or its nominee(s)), each such proxy shall have one vote on a show of hands.

If a recognised clearing house (or its nominee(s)) is a member of the Company it may authorise such person or persons as it thinks fit to act as its representative(s) at any meeting of the Company or at any meeting of any class of members of the Company provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised pursuant to this provision shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same powers on behalf of the recognised clearing house (or its nominee(s)) as if such person was the registered holder of the shares of the Company held by that clearing house (or its nominee(s)) including, where a show of hands is allowed, the right to vote individually on a show of hands.

Where the Company has any knowledge that any shareholder is, under the rules of the Stock Exchange, required to abstain from voting on any particular resolution of the Company or restricted to voting only for or only against any particular resolution of the Company, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

(iii) Annual general meetings

The Company must hold an annual general meeting of the Company every year within a period of not more than fifteen (15) months after the holding of the last preceding annual general meeting or a period of not more than eighteen (18) months from the date of adoption of the Articles, unless a longer period would not infringe the rules of the Stock Exchange.

(iv) Notices of meetings and business to be conducted

An annual general meeting must be called by notice of not less than twenty-one (21) clear days and not less than twenty (20) clear business days. All other general meetings must be called by notice of at least fourteen (14) clear days and not less than ten (10) clear business days. The notice is exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and must specify the time and place of the meeting and, in the case of special business, the general nature of that business.

In addition, notice of every general meeting must be given to all members of the Company other than to such members as, under the provisions of the Articles or the terms of issue of the shares they hold, are not entitled to receive such notices from the Company, and also to the auditors for the time being of the Company.

Any notice to be given to or by any person pursuant to the Articles may be served on or delivered to any member of the Company personally, by post to such member's registered address or by advertisement in newspapers published daily and circulating generally in Hong Kong and in accordance with the requirements of the

Stock Exchange. Subject to compliance with Cayman Islands law and the rules of the Stock Exchange, notice may also be served or delivered by the Company to any member by electronic means.

All business that is transacted at an extraordinary general meeting and at an annual general meeting is deemed special, save that in the case of an annual general meeting, each of the following business is deemed an ordinary business:

- (aa) the declaration and sanctioning of dividends;
 - (bb) the consideration and adoption of the accounts and balance sheet and the reports of the directors and the auditors;
 - (cc) the election of directors in place of those retiring;
 - (dd) the appointment of auditors and other officers;
 - (ee) the fixing of the remuneration of the directors and of the auditors;
 - (ff) the granting of any mandate or authority to the directors to offer, allot, grant options over or otherwise dispose of the unissued shares of the Company representing not more than twenty per cent (20%) in nominal value of its existing issued share capital; and
 - (gg) the granting of any mandate or authority to the directors to repurchase securities of the Company.
- (v) *Quorum for meetings and separate class meetings*

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, but the absence of a quorum shall not preclude the appointment of a chairman.

The quorum for a general meeting shall be two members present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy and entitled to vote. In respect of a separate class meeting (other than an adjourned meeting) convened to sanction the modification of class rights the necessary quorum shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class.

(vi) *Proxies*

Any member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member of the Company and is entitled to exercise the same powers on behalf of a member who is an individual and for whom

he acts as proxy as such member could exercise. In addition, a proxy is entitled to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such member could exercise if it were an individual member. Votes may be given either personally (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy.

(f) Accounts and audit

The board shall cause true accounts to be kept of the sums of money received and expended by the Company, and the matters in respect of which such receipt and expenditure take place, and of the property, assets, credits and liabilities of the Company and of all other matters required by the Companies Law or necessary to give a true and fair view of the Company's affairs and to explain its transactions.

The accounting records must be kept at the registered office or at such other place or places as the board decides and shall always be open to inspection by any Director. No member (other than a Director) shall have any right to inspect any accounting record or book or document of the Company except as conferred by law or authorised by the board or the Company in general meeting. However, an exempted company must make available at its registered office in electronic form or any other medium, copies of its books of account or parts thereof as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law of the Cayman Islands.

A copy of every balance sheet and profit and loss account (including every document required by law to be annexed thereto) which is to be laid before the Company at its general meeting, together with a printed copy of the Directors' report and a copy of the auditors' report, shall not less than twenty-one (21) days before the date of the meeting and at the same time as the notice of annual general meeting be sent to every person entitled to receive notices of general meetings of the Company under the provisions of the Articles; however, subject to compliance with all applicable laws, including the rules of the Stock Exchange, the Company may send to such persons summarised financial statements derived from the Company's annual accounts and the directors' report instead provided that any such person may by notice in writing served on the Company, demand that the Company sends to him, in addition to summarised financial statements, a complete printed copy of the Company's annual financial statement and the directors' report thereon.

At the annual general meeting or at a subsequent extraordinary general meeting in each year, the members shall appoint an auditor to audit the accounts of the Company and such auditor shall hold office until the next annual general meeting. The remuneration of the auditors shall be fixed by the Company in general meeting or in such manner as the members may determine.

The financial statements of the Company shall be audited by the auditor in accordance with generally accepted auditing standards which may be those of a country or jurisdiction other than the Cayman Islands. The auditor shall make a written report thereon in accordance with generally accepted auditing standards and the report of the auditor must be submitted to the members in general meeting.

(g) Dividends and other methods of distribution

The Company in general meeting may declare dividends in any currency to be paid to the members but no dividend shall be declared in excess of the amount recommended by the board.

The Articles provide dividends may be declared and paid out of the profits of the Company, realised or unrealised, or from any reserve set aside from profits which the directors determine is no longer needed. With the sanction of an ordinary resolution dividends may also be declared and paid out of share premium account or any other fund or account which can be authorised for this purpose in accordance with the Companies Law.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide, (i) all dividends shall be declared and paid according to the amounts paid up on the shares in respect whereof the dividend is paid but no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share and (ii) all dividends shall be apportioned and paid pro rata according to the amount paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. The Directors may deduct from any dividend or other monies payable to any member or in respect of any shares all sums of money (if any) presently payable by him to the Company on account of calls or otherwise.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared on the share capital of the Company, the board may further resolve either (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the shareholders entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment, or (b) that shareholders entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the board may think fit.

The Company may also upon the recommendation of the board by an ordinary resolution resolve in respect of any one particular dividend of the Company that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to shareholders to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, interest or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post addressed to the holder at his registered address, or in the case of joint holders, addressed to the holder whose name stands first in

the register of the Company in respect of the shares at his address as appearing in the register or addressed to such person and at such addresses as the holder or joint holders may in writing direct. Every such cheque or warrant shall, unless the holder or joint holders otherwise direct, be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the register in respect of such shares, and shall be sent at his or their risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company. Any one of two or more joint holders may give effectual receipts for any dividends or other moneys payable or property distributable in respect of the shares held by such joint holders.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared the board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

All dividends or bonuses unclaimed for one year after having been declared may be invested or otherwise made use of by the board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends or bonuses unclaimed for six years after having been declared may be forfeited by the board and shall revert to the Company.

No dividend or other monies payable by the Company on or in respect of any share shall bear interest against the Company.

(h) Inspection of corporate records

Pursuant to the Articles, the register and branch register of members shall be open to inspection for at least two (2) hours during business hours by members without charge, or by any other person upon a maximum payment of HK\$2.50 or such lesser sum specified by the board, at the registered office or such other place at which the register is kept in accordance with the Companies Law or, upon a maximum payment of HK\$1.00 or such lesser sum specified by the board, at the office where the branch register of members is kept, unless the register is closed in accordance with the Articles.

(i) Rights of minorities in relation to fraud or oppression

There are no provisions in the Articles relating to rights of minority shareholders in relation to fraud or oppression. However, certain remedies are available to shareholders of the Company under Cayman Islands law, as summarised in paragraph 3(f) of this Appendix.

(j) Procedures on liquidation

A resolution that the Company be wound up by the court or be wound up voluntarily shall be a special resolution.

Subject to any special rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of shares:

- (i) if the Company is wound up and the assets available for distribution amongst the members of the Company shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed *pari passu* amongst such members in proportion to the amount paid up on the shares held by them respectively; and
- (ii) if the Company is wound up and the assets available for distribution amongst the members as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up on the shares held by them respectively.

If the Company is wound up (whether the liquidation is voluntary or by the court) the liquidator may, with the authority of a special resolution and any other sanction required by the Companies Law divide among the members in specie or kind the whole or any part of the assets of the Company whether the assets shall consist of property of one kind or shall consist of properties of different kinds and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator, with the like authority, shall think fit, but so that no contributory shall be compelled to accept any shares or other property in respect of which there is a liability.

(k) Subscription rights reserve

The Articles provide that to the extent that it is not prohibited by and is in compliance with the Companies Law, if warrants to subscribe for shares have been issued by the Company and the Company does any act or engages in any transaction which would result in the subscription price of such warrants being reduced below the par value of a share, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of a share on any exercise of the warrants.

3. CAYMAN ISLANDS COMPANY LAW

The Company is incorporated in the Cayman Islands subject to the Companies Law and, therefore, operates subject to Cayman Islands law. Set out below is a summary of certain provisions of Cayman company law, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of Cayman company law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar:

(a) Company operations

As an exempted company, the Company's operations must be conducted mainly outside the Cayman Islands. The Company is required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the amount of its authorised share capital.

(b) Share capital

The Companies Law provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the value of the premiums on those shares shall be transferred to an account, to be called the "share premium account". At the option of a company, these provisions may not apply to premiums on shares of that company allotted pursuant to any arrangement in consideration of the acquisition or cancellation of shares in any other company and issued at a premium.

The Companies Law provides that the share premium account may be applied by the company subject to the provisions, if any, of its memorandum and articles of association in (a) paying distributions or dividends to members; (b) paying up unissued shares of the company to be issued to members as fully paid bonus shares; (c) the redemption and repurchase of shares (subject to the provisions of section 37 of the Companies Law); (d) writing-off the preliminary expenses of the company; and (e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company.

No distribution or dividend may be paid to members out of the share premium account unless immediately following the date on which the distribution or dividend is proposed to be paid, the company will be able to pay its debts as they fall due in the ordinary course of business.

The Companies Law provides that, subject to confirmation by the Grand Court of the Cayman Islands (the "**Court**"), a company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, by special resolution reduce its share capital in any way.

(c) Financial assistance to purchase shares of a company or its holding company

There is no statutory restriction in the Cayman Islands on the provision of financial assistance by a company to another person for the purchase of, or subscription for, its own or its holding company's shares. Accordingly, a company may provide financial assistance if the directors of the company consider, in discharging their duties of care and acting in good faith, for a proper purpose and in the interests of the company, that such assistance can properly be given. Such assistance should be on an arm's-length basis.

(d) Purchase of shares and warrants by a company and its subsidiaries

A company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a shareholder and the Companies Law expressly provides that it shall be lawful for the rights attaching to any shares to be varied, subject to the provisions of the company's articles of association, so as to provide that such shares are to be or are liable to be so redeemed. In addition, such a company may, if authorised to do so by its articles of association, purchase its own shares, including any redeemable shares. However, if the articles of association do not authorise the manner and terms of purchase, a company cannot purchase any of its own shares unless the manner and terms of purchase have first been authorised by an ordinary resolution of the company. At no time may a company redeem or purchase its shares unless they are fully paid. A company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any issued shares of the company other than shares held as treasury shares. A payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

Shares purchased by a company is to be treated as cancelled unless, subject to the memorandum and articles of association of the company, the directors of the company resolve to hold such shares in the name of the company as treasury shares prior to the purchase. Where shares of a company are held as treasury shares, the company shall be entered in the register of members as holding those shares, however, notwithstanding the foregoing, the company is not be treated as a member for any purpose and must not exercise any right in respect of the treasury shares, and any purported exercise of such a right shall be void, and a treasury share must not be voted, directly or indirectly, at any meeting of the company and must not be counted in determining the total number of issued shares at any given time, whether for the purposes of the company's articles of association or the Companies Law.

A company is not prohibited from purchasing and may purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. There is no requirement under Cayman Islands law that a

company's memorandum or articles of association contain a specific provision enabling such purchases and the directors of a company may rely upon the general power contained in its memorandum of association to buy and sell and deal in personal property of all kinds.

Under Cayman Islands law, a subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

(e) Dividends and distributions

The Companies Law permits, subject to a solvency test and the provisions, if any, of the company's memorandum and articles of association, the payment of dividends and distributions out of the share premium account. With the exception of the foregoing, there are no statutory provisions relating to the payment of dividends. Based upon English case law, which is regarded as persuasive in the Cayman Islands, dividends may be paid only out of profits.

No dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of the company's assets (including any distribution of assets to members on a winding up) may be made to the company, in respect of a treasury share.

(f) Protection of minorities and shareholders' suits

The Courts ordinarily would be expected to follow English case law precedents which permit a minority shareholder to commence a representative action against or derivative actions in the name of the company to challenge (a) an act which is ultra vires the company or illegal, (b) an act which constitutes a fraud against the minority and the wrongdoers are themselves in control of the company, and (c) an irregularity in the passing of a resolution which requires a qualified (or special) majority.

In the case of a company (not being a bank) having a share capital divided into shares, the Court may, on the application of members holding not less than one fifth of the shares of the company in issue, appoint an inspector to examine into the affairs of the company and to report thereon in such manner as the Court shall direct.

Any shareholder of a company may petition the Court which may make a winding up order if the Court is of the opinion that it is just and equitable that the company should be wound up or, as an alternative to a winding up order, (a) an order regulating the conduct of the company's affairs in the future, (b) an order requiring the company to refrain from doing or continuing an act complained of by the shareholder petitioner or to do an act which the shareholder petitioner has complained it has omitted to do, (c) an order authorising civil proceedings to be brought in the name and on behalf of the company by the shareholder petitioner on such terms as the Court may direct, or (d) an order providing for the purchase of the shares of any shareholders of the company by other shareholders or by the company itself and, in the case of a purchase by the company itself, a reduction of the company's capital accordingly.

Generally claims against a company by its shareholders must be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by the company's memorandum and articles of association.

(g) Disposal of assets

The Companies Law contains no specific restrictions on the power of directors to dispose of assets of a company. However, as a matter of general law, every officer of a company, which includes a director, managing director and secretary, in exercising his powers and discharging his duties must do so honestly and in good faith with a view to the best interests of the company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

(h) Accounting and auditing requirements

A company must cause proper books of account to be kept with respect to (i) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place; (ii) all sales and purchases of goods by the company; and (iii) the assets and liabilities of the company.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

An exempted company must make available at its registered office in electronic form or any other medium, copies of its books of account or parts thereof as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law of the Cayman Islands.

(i) Exchange control

There are no exchange control regulations or currency restrictions in the Cayman Islands.

(j) Taxation

Pursuant to section 6 of the Tax Concessions Law (2011 Revision) of the Cayman Islands, the Company has obtained an undertaking from the Governor-in-Cabinet:

- (1) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciation shall apply to the Company or its operations; and
- (2) that the aforesaid tax or any tax in the nature of estate duty or inheritance tax shall not be payable on or in respect of the shares, debentures or other obligations of the Company.

The undertaking for the Company is for a period of twenty years from 9 August, 2016.

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save for certain stamp duties which may be applicable, from time to time, on certain instruments executed in or brought within the jurisdiction of the Cayman Islands. The Cayman Islands are a party to a double tax treaty entered into with the United Kingdom in 2010 but otherwise is not party to any double tax treaties.

(k) Stamp duty on transfers

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

(l) Loans to directors

There is no express provision in the Companies Law prohibiting the making of loans by a company to any of its directors.

(m) Inspection of corporate records

Members of the Company have no general right under the Companies Law to inspect or obtain copies of the register of members or corporate records of the Company. They will, however, have such rights as may be set out in the Company's Articles.

(n) Register of members

An exempted company may maintain its principal register of members and any branch registers at such locations, whether within or without the Cayman Islands, as the directors may, from time to time, think fit. A branch register must be kept in the same manner in which a principal register is by the Companies Law required or permitted to be kept. The company shall cause to be kept at the place where the company's principal register is kept a duplicate of any branch register duly entered up from time to time.

There is no requirement under the Companies Law for an exempted company to make any returns of members to the Registrar of Companies of the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection. However, an exempted company shall make available at its registered office, in electronic form or any other medium, such register of members, including any branch register of members, as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law of the Cayman Islands.

(o) Register of Directors and Officers

The Company is required to maintain at its registered office a register of directors and officers which is not available for inspection by the public. A copy of such register must be filed with the Registrar of Companies in the Cayman Islands and any change must be notified to the Registrar within sixty (60) days of any change in such directors or officers.

(p) Winding up

A company may be wound up (a) compulsorily by order of the Court, (b) voluntarily, or (c) under the supervision of the Court.

The Court has authority to order winding up in a number of specified circumstances including where the members of the company have passed a special resolution requiring the company to be wound up by the Court, or where the company is unable to pay its debts, or where it is, in the opinion of the Court, just and equitable to do so. Where a petition is presented by members of the company as contributories on the ground that it is just and equitable that the company should be wound up, the Court has the jurisdiction to make certain other orders as an alternative to a winding-up order, such as making an order regulating the conduct of the company's affairs in the future, making an order authorising civil proceedings to be brought in the name and on behalf of the company by the petitioner on such terms as the Court may direct, or making an order providing for the purchase of the shares of any of the members of the company by other members or by the company itself.

A company (save with respect to a limited duration company) may be wound up voluntarily when the company so resolves by special resolution or when the company in general meeting resolves by ordinary resolution that it be wound up voluntarily because it is unable to pay its debts as they fall due. In the case of a voluntary winding up, such company is obliged to cease to carry on its business (except so far as it may be beneficial for its winding up) from the time of passing the resolution for voluntary winding up or upon the expiry of the period or the occurrence of the event referred to above.

For the purpose of conducting the proceedings in winding up a company and assisting the Court therein, there may be appointed an official liquidator or official liquidators; and the court may appoint to such office such person, either provisionally or otherwise, as it thinks fit, and if more persons than one are appointed to such office, the Court must declare whether any act required or authorised to be done by the official liquidator is to be done by all or any one or more of such persons. The Court may also determine whether any and what security is to be given by an official liquidator on his appointment; if no official liquidator is appointed, or during any vacancy in such office, all the property of the company shall be in the custody of the Court.

As soon as the affairs of the company are fully wound up, the liquidator must make a report and an account of the winding up, showing how the winding up has been conducted and how the property of the company has been disposed of, and thereupon call a general meeting of the company for the purposes of laying before it the account and giving an

explanation thereof. This final general meeting must be called by at least 21 days' notice to each contributory in any manner authorised by the company's articles of association and published in the Gazette.

(q) Reconstructions

There are statutory provisions which facilitate reconstructions and amalgamations approved by a majority in number representing seventy-five per cent. (75%) in value of shareholders or class of shareholders or creditors, as the case may be, as are present at a meeting called for such purpose and thereafter sanctioned by the Court. Whilst a dissenting shareholder would have the right to express to the Court his view that the transaction for which approval is sought would not provide the shareholders with a fair value for their shares, the Court is unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management.

(r) Take-overs

Where an offer is made by a company for the shares of another company and, within four (4) months of the offer, the holders of not less than ninety per cent. (90%) of the shares which are the subject of the offer accept, the offeror may at any time within two (2) months after the expiration of the said four (4) months, by notice in the prescribed manner require the dissenting shareholders to transfer their shares on the terms of the offer. A dissenting shareholder may apply to the Court within one (1) month of the notice objecting to the transfer. The burden is on the dissenting shareholder to show that the Court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority shareholders.

(s) Indemnification

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Court to be contrary to public policy (e.g. for purporting to provide indemnification against the consequences of committing a crime).

4. GENERAL

Conyers Dill & Pearman, the Company's special legal counsel on Cayman Islands law, have sent to the Company a letter of advice summarising certain aspects of Cayman Islands company law. This letter, together with a copy of the Companies Law, is available for inspection as referred to in the paragraph headed "Documents delivered to the registrar of companies in Hong Kong and available for inspection" in Appendix V to this prospectus. Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he is more familiar is recommended to seek independent legal advice.

1. FURTHER INFORMATION

Incorporation

Our Company was incorporated as an exempted company in the Cayman Islands under the Companies Law on 27 July 2016. Our Company's registered office is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. Our Company has established our principal place of business at Units 1102-3, 11th Floor, Nine Queen's Road Central, Hong Kong and has been registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under Part 16 of the Companies Ordinance on 27 September 2016, with Mr. Choy Suk Man, who resides at Flat E, 6th Floor, Block 1, Hong Sing Garden, Tseung Kwan O, New Territories, Hong Kong appointed as the authorised representative of our Company for acceptance of service of process in Hong Kong.

Our Company was incorporated in the Cayman Islands and is subject to the Companies Law. Its constitution comprises the memorandum of association and articles of association. A summary of various provisions of the memorandum and articles of association and relevant aspects of the Companies Law is set out in Appendix III to this prospectus.

Changes in share capital of our Company

The authorised share capital of our Company as at the date of its incorporation was HK\$380,000 divided into 38,000,000 Shares of HK\$0.01 each. The changes in the Company's issued share capital since our Company's incorporation are set out as follows:

- (a) On 27 July 2016, one subscriber's share of HK\$0.01 was allotted and issued as fully paid to the initial subscriber and was transferred to Mr. Xiao;
- (b) On 12 August 2016, the one Share held by Mr. Xiao was transferred to Partner Summit;
- (c) On 12 August 2016, 979 Shares of HK\$0.01 each were allotted and issued to Partner Summit;
- (d) On 24 October 2016, in contemplation of acquisition of Pujiang Property Group by our Group, Partner Summit subscribed for and our Company allotted and issue 8,820 Shares for the subscription price of RMB59,535,000 to Partner Summit. As at the Latest Practicable Date, the issued share capital of the Company had been paid up;
- (e) On 24 October 2016, our Company allotted and issued 200 Shares to Mr. Yan in consideration of the transfer of 2% of the equity interest in Pujiang Property held by Mr. Yan to Leading Way, upon completion of which our Company is held as to 98% by Partner Summit and 2% by Mr. Yan; and

- (f) Pursuant to the written resolutions of our Shareholders passed on 15 November 2017, the authorised share capital of our Company was increased from HK\$380,000 to HK\$80,000,000 by the creation of a further 7,962,000,000 Shares of HK\$0.01 each.

A total of 100,000,000 new Shares of our Company will be offered to the public by way of Global Offering.

Conditional on the share premium account of our Company being credited with the proceeds from the Global Offering, HK\$2,999,900 will be capitalised from the share premium account and applied in paying up in full 293,990,200 Shares which will be allotted and issued to Partner Summit and 5,999,800 Shares which will be allotted and issued to Mr. Yan respectively on or before the Listing as part of the Reorganisation.

Immediately following the Global Offering and the Capitalisation Issue (without taking into account any Shares which may be allotted and issued pursuant to the Over-allotment Option or any options which may be granted under the Share Option Scheme), the issued share capital of our Company will be HK\$4,000,000 divided into 400,000,000 Shares fully paid or credited as fully paid and 7,600,000,000 Shares will remain unissued. Other than pursuant to the exercise of the Over-allotment Option or any options which may be granted under the Share Option Scheme, our Directors do not have any present intention to issue any part of the authorised but unissued share capital of our Company and, without prior approval of our Shareholders at general meeting, no issue of Shares will be made which would effectively alter the control of our Company.

Save as above disclosed, there has been no alteration in the share capital of our Company since its incorporation.

Written resolutions of our Shareholders passed on 15 November 2017

Pursuant to the written resolutions of our Shareholders passed on 15 November 2017, among other things:

- (a) the authorised share capital of our Company was increased from HK\$380,000 to HK\$80,000,000 by the creation of a further 7,962,000,000 Shares;
- (b) conditional on the conditions as set out in the section headed “Structure of the Global Offering” of this prospectus:
- i. the Global Offering and the Over-allotment Option were approved and our Directors were authorised to allot and issue the Offer Shares and Shares which may be required to be allotted and issued upon the exercise of the Over-allotment Option;

- ii. conditional on the share premium account of our Company being credited as a result of the Global Offering, our Directors were authorised to capitalise HK\$2,999,900 standing to the credit of the share premium account of our Company applying such sum in paying up in full at par a total of 299,990,000 Shares for allotment and issue to the following Shareholders in the following manner:

<u>Shareholder</u>	<u>Number of Shares to be allotted and issued</u>
Partner Summit	293,990,200
Mr. Yan	<u>5,999,800</u>
	<u>299,990,000</u>

- iii. the rules of the Share Option Scheme were approved and adopted and our Directors were authorised to implement the same, grant options to subscribe for Shares thereunder and to allot, issue and deal with Shares pursuant thereto;
- iv. a general unconditional mandate was given to our Directors to exercise all the powers of our Company to allot, issue and deal with, otherwise than by way of rights issues or an issue of Shares upon the exercise of any subscription rights attached to any warrants of our Company or pursuant to the exercise of any options which may be granted under the Share Option Scheme or under any other option scheme or similar arrangement for the time being adopted for the grant or issue to officers and/or employees of our Company and/or any of our subsidiaries of shares or rights to acquire shares or any scrip dividend schemes or similar arrangements providing for the allotment and issue of shares of our Company in lieu of the whole or part of a dividend on Shares in accordance with the articles of association of our Company or a specific authority granted by the Shareholders in general meeting, Shares with a total nominal value not exceeding the aggregate of (1) 20% of the total nominal value of the share capital of our Company in issue immediately following the completion of the Capitalisation Issue and the Global Offering (without taking into account any Shares which may be allotted and issued pursuant to the exercise of options which may be granted under the Share Option Scheme); and (2) the aggregate nominal value of shares repurchased under the repurchase mandate as mentioned in paragraph (v) below. Such mandate shall remain in effect until whichever is the earliest of:

- (1) the conclusion of the next annual general meeting of our Company;

- (2) the expiration of the period within which the next annual general meeting of our Company is required to be held by the Articles of Association or any applicable laws of Cayman Islands; or
 - (3) the passing of an ordinary resolution of the shareholders of our Company in a general meeting revoking, varying or renewing such mandate; and
- v. a general unconditional mandate was given to our Directors to exercise all powers of our Company to repurchase on the Stock Exchange or on any other stock exchange on which the securities of our Company may be listed and which is recognised by the SFC and the Stock Exchange for this purpose such number of Shares as will represent up to 10% of the aggregate of the total nominal value of the share capital of our Company in issue immediately following the completion of the Capitalisation Issue and the Global Offering (excluding any Shares which may be issued pursuant to the exercise of the any options may be granted under the Share Option Scheme), such mandate shall remain in effect until whichever is the earliest of:
 - (1) the conclusion of the next annual general meeting of our Company;
 - (2) the expiration of the period within which the next annual general meeting of our Company is required to be held by the Articles of Association or any applicable laws of Cayman Islands; or
 - (3) the passing of an ordinary resolution of the shareholders of our Company in a general meeting revoking, varying or renewing such mandate; and
- (c) the Memorandum and Articles of Association of our Company were conditionally approved and adopted.

2. CHANGES IN SHARE CAPITAL OF OUR SUBSIDIARIES

Our subsidiaries are set out under the Accountants' Report as included in Appendix I to this prospectus. Save for the subsidiaries mentioned in Appendix I to this prospectus, our Company has no other subsidiaries.

Save as disclosed below, there has been no alteration in the share capital of any of our subsidiaries within the two years immediately preceding the date of this prospectus:

(a) Sino Ease

Sino Ease was incorporated in the BVI on 16 June 2016 with limited liability, which is authorised to issue 50,000 shares with par value of US\$1.00 each.

On 2 August 2016, Sino Ease allotted and issued one subscriber share to our Company, upon which Sino Ease became a wholly-owned subsidiary of our Company.

On 24 October 2016, our Company subscribed for and Sino Ease allotted and issued 99 shares to our Company as fully paid for a subscription price of RMB59,535,000.

(b) Leading Way

On 20 May 2016, Leading Way allotted and issued one subscriber share to the nominee of the company providing company secretarial service, which is an Independent Third Party.

On 4 August 2016, the one subscriber share was transferred to Sino Ease for a consideration of HK\$1.00, upon which Leading Way became a wholly-owned subsidiary of Sino Ease.

On 24 October 2016, Sino Ease subscribed for and Leading Way allotted and issued 99 shares to Sino Ease for a subscription price of RMB59,535,000.

(c) Pujiang Property

On 11 March 2016, Pujiang Holding entered into an equity transfer agreement with Lion City under which Lion City agreed to transfer 2.5% of its equity interest in Pujiang Property to Pujiang Holding for a consideration of RMB500,000, upon completion of which Pujiang Property became a wholly-owned subsidiary of Pujiang Holding.

On 30 June 2016, the registered capital of Pujiang Property was increased from RMB20,000,000 to RMB23,600,000.

On 18 August 2016, Pujiang Holding entered into the Pre-IPO Investment Agreement with Mr. Yan under which Pujiang Holding agreed to transfer 2% of its equity interest in Pujiang Property to Mr. Yan for a consideration of Hong Kong dollar equivalent of RMB1,215,000, upon completion of which, the equity interest in Pujiang Property became owned as to 98% by Pujiang Holding and 2% by Mr. Yan.

On 20 September 2016, Pujiang Holding entered into an equity transfer agreement with Leading Way, under which Pujiang Holding agreed to transfer 98% of its equity interest in Pujiang Property to Leading Way for a consideration of RMB59,535,000. On the same date, our Company entered into an equity transfer agreement with Mr. Yan under which our Company agreed to acquire 2% of the equity interest in Pujiang Property held by Mr. Yan for a consideration of RMB1,215,000, which was settled by the allotment and issue of 200 Shares by our Company in favour of Mr. Yan on 24 October 2016, representing 2% of its issued share capital on a fully diluted basis upon completion of the said transfer, upon completion of which, Pujiang Property has become a wholly-owned subsidiary of our Group.

(d) Shanghai Jiu Yi

On 15 July 2016, the registered share capital of Shanghai Jiu Yi was increased from RMB1,000,000 to RMB1,250,000.

On 22 July 2016, Pujiang Property entered into an equity transfer agreement with Pujiang Holding under which Pujiang Property agreed to acquire the entire equity interest in Shanghai Jiu Yi from Pujiang Holding for a consideration of RMB2,033,493.19, upon completion of which, Shanghai Jiu Yi became wholly-owned by Pujiang Property.

(e) Shanghai Rui Zheng

On 30 June 2016, Pujiang Property entered into an equity transfer agreement with Pujiang Holding under which Pujiang Property agreed to acquire 5% of the equity interest in Shanghai Rui Zheng from Pujiang Holding for a consideration of USD7,000. On the same date, Pujiang Property entered into an equity transfer agreement in respect of the acquisition of 95% of the equity interest in Shanghai Rui Zheng for a consideration of USD133,000, upon completion of which, Shanghai Rui Zheng has become a wholly-owned subsidiary of Pujiang Property.

(f) Shanghai Bund

On 19 July 2016, the registered share capital of Shanghai Bund was increased from RMB5,000,000 to RMB7,700,000.

On 22 July 2016, Pujiang Property entered into an equity transfer agreement with Pujiang Holding under which Pujiang Property agreed to acquire the entire equity interest in Shanghai Bund from Pujiang Holding for a consideration of RMB7,700,000, upon completion of which, Shanghai Bund has become a wholly-owned subsidiary of Pujiang Property.

(g) Shanghai Bund Green

On 30 June 2016, Pujiang Property entered into an equity transfer agreement with Pujiang Holding under which Pujiang Property agreed to acquire the entire equity interest in Shanghai Bund Green from Pujiang Holding for a consideration of RMB500,000, upon completion of which, Shanghai Bund Green has become wholly-owned by Pujiang Property.

(h) Shanghai Jie Gu

On 3 May 2016, Shanghai Jie Gu was established by Pujiang Holding and Shanghai Hai Chuang in Shanghai, the PRC with an initial registered capital of RMB5,000,000. Upon its establishment, the equity interest in Shanghai Jie Gu was held as to 85% by Pujiang Holding and 15% by Shanghai Hai Chuang.

On 15 July 2016, Pujiang Property entered into an equity transfer agreement with Pujiang Holding, under which Pujiang Property agreed to acquire 85% of the equity interest in Shanghai Jie Gu held by Pujiang Holding for a consideration of RMB4,250,000, upon completion of which, Shanghai Jie Gu has become held as to 85% by Pujiang Property and 15% by Shanghai Hai Chuang.

3. REORGANISATION

In preparation for the Global Offering, we underwent the Reorganisation, details of which are set out in the section headed “History, Reorganisation and Corporate Structure” in this prospectus. Following the Reorganisation, our Company became the holding company of our Group.

A diagram showing our Group structure after the Reorganisation and immediately upon completion of the Capitalisation Issue and the Global Offering (assuming that the Over-allotment Option is not exercised and no Share has been allotted and issued pursuant to the exercise of any option which may be granted under the Share Option Scheme) is set out in the section headed “History, Reorganisation and Corporate Structure” in this prospectus.

4. REPURCHASE BY OUR COMPANY OF OUR OWN SECURITIES

This paragraph includes information required by the Stock Exchange to be included in this prospectus concerning the repurchase by our Company of its own securities.

(a) Provisions of the Listing Rules

The Listing Rules permit companies with a primary listing on the Stock Exchange to repurchase their securities on the Stock Exchange subject to certain restrictions, the most important of which are summarised below:

(i) Shareholders’ approval

All proposed repurchases of securities (which must be fully paid up in the case of shares) by a company listed on the Stock Exchange must be approved in advance by an ordinary resolution of the shareholders in a general meeting, either by way of general mandate or by specific approval of a particular transaction.

Pursuant to the written resolutions of our Shareholders passed on 15 November 2017, a general mandate was given to our Directors to exercise all powers of our Company to purchase Shares on the Stock Exchange or any other stock exchange on which the securities of our Company may be listed and which is recognised by the SFC and the Stock Exchange for this purpose, of up to 10% of the aggregate nominal amount of the share capital of our Company in issue immediately following completion of the Capitalisation Issue and the Global Offering (excluding any Shares which may be issued pursuant to the exercise of any options may be granted under the Share Option Scheme). The general mandate will expire at the conclusion of the next annual general meeting of our Company, or the date by which the next annual general meeting of our Company is required by the

Articles of Association or any applicable Cayman Islands law to be held, or the passing of an ordinary resolution by our Shareholders in general meeting revoking or varying the authority given to our Directors, whichever occurs first (the “**Buyback Mandate**”).

(ii) Source of funds

Any repurchases must be financed out of funds legally available for such purpose in accordance with the memorandum and articles of association of our Company, the Listing Rules and any applicable laws and regulations from time to time in force of the Cayman Islands.

(iii) Trading restrictions

A company is authorised to repurchase on the Stock Exchange or on any other stock exchange recognised by the SFC and the Stock Exchange the total number of shares which represent up to a maximum of 10% of the aggregate nominal value of the existing issued share capital of that company or warrants to subscribe for shares in the company representing up to 10% of the amount of warrants then outstanding at the date of the passing of the relevant resolution granting the repurchase mandate. A company may not issue or announce an issue of new securities of the type that have been repurchased for a period of 30 days immediately following a repurchase of securities whether on the Stock Exchange or otherwise (except pursuant to the exercise of warrants, share options or similar instruments requiring the company to issue securities which were outstanding prior to the repurchase) without the prior approval of the Stock Exchange. A company is also prohibited from making securities repurchase on the Stock Exchange if the result of the repurchases would be that the number of the listed securities in hands of the public would be below the relevant prescribed minimum percentage for that company as required and determined by the Stock Exchange. A company shall not purchase its shares on the Stock Exchange if the purchase price is higher by 5% or more than the average closing market price for the five preceding trading days on which its shares were traded on the Stock Exchange.

(iv) Status of repurchased securities

The listing of all repurchased securities (whether on the Stock Exchange or otherwise) is automatically cancelled and the relative certificates must be cancelled and destroyed. Under the Cayman Islands law, a company’s repurchased shares may be held as treasury shares or treated as cancelled and, if so cancelled, the amount of the company’s issued share capital shall be reduced by the aggregate nominal value of the repurchased shares accordingly although the authorised share capital of the company will not be reduced.

(v) Suspension of repurchase

Any securities repurchase programme is required to be suspended after a development which contains inside information has occurred or has been the subject of a decision until such time as the inside information is made publicly available. In particular, during the period of one month immediately preceding the earlier of (a) the date of the board meeting (as such date is first notified to the Stock Exchange in accordance with the

Listing Rules) for the approval of a listed company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Stock Exchange Listing Rules) and (b) the deadline for a listed company to publish an announcement of its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules), and ending on the date of the results announcement, the listed company may not purchase its shares on the Stock Exchange, unless the circumstances are exceptional. In addition, the Stock Exchange may prohibit repurchases of securities on the Stock Exchange if a company has breached the Listing Rules.

(vi) Reporting requirements

Repurchases of securities on the Stock Exchange or otherwise must be reported to the Stock Exchange not later than 9:00 a.m. (Hong Kong time) on the following business day. In addition, a company's annual report and accounts are required to include a monthly breakdown of securities repurchases made during the financial year under review, showing the number of securities repurchased each month (whether on the Stock Exchange or otherwise), the purchase price per share or the highest and lowest prices paid for all such repurchases and the total prices paid. The directors' report is also required to contain reference to the purchases made during the year and the directors' reasons for making such purchases. The company shall make arrangements with its broker who effects the purchase to provide the company in a timely fashion the necessary information in relation to the purchase made on behalf of the company to enable the company to report to the Stock Exchange.

(vii) Connected parties

Under the Listing Rules, a company shall not knowingly repurchase shares from a connected person (as defined in the Listing Rules) and a connected person shall not knowingly sell his shares to the company.

(b) Exercise of the Buyback Mandate

Exercise in full of the Buyback Mandate, on the basis of 400,000,000 Shares in issue immediately after the Listing, could accordingly result in up to 40,000,000 Shares being repurchased by our Company during the period in which the Buyback Mandate remains in force. On the basis of the current financial position of our Group as disclosed in this prospectus and taking into account the current working capital position of our Group, our Directors consider that, if the Buyback Mandate were to be exercised in full, there might be a material adverse impact on the working capital and/or gearing position of our Group (as compared with the position disclosed in this prospectus). However, our Directors do not propose to exercise the Buyback Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of our Group or the gearing levels which in the opinion of our Directors are from time to time appropriate for our Group.

(c) Reasons for repurchases

Repurchases of Shares will only be made when our Directors believe that such a repurchase will benefit our Company and Shareholders. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value and/or earnings per Share or both.

(d) Funding of repurchases

In repurchasing Shares, our Company may only apply funds legally available for such purpose in accordance with our memorandum and articles of association, the Listing Rules and the applicable laws and regulations from time to time in force of the Cayman Islands. A listed company is prohibited from repurchasing its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time.

Under the Cayman Islands law, any repurchases by our Company may be made out of profits of our Company or from sums standing to the credit of the share premium account of our Company or out of the proceeds of a fresh issue of share made for the purpose of the repurchase or, if authorised by the articles of association of our Company and subject to the Companies Law, out of capital and, in case of any premium payable on the repurchase, out of profits of our Company or from sums standing to the credit of the share premium account of our Company, or if authorised by our Articles of Association and subject to the Companies Law, out of capital.

(e) General

None of our Directors, to the best of their knowledge having made all reasonable enquiries, nor any of their associates (as defined in the Listing Rules) currently intends to sell any Shares to our Company.

Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Buyback Mandate in accordance with the Listing Rules, the memorandum and the articles of association of our Company and the applicable laws of the Cayman Islands.

No connected person (as defined in the Listing Rules) of our Company has notified our Company that he or she has a present intention to sell Shares to our Company, or has undertaken not to do so, in the event that the Buyback Mandate is exercised.

If as a result of a repurchase of Shares, a shareholder's proportionate interest in the voting rights of our Company is increased, such increase will be treated as an acquisition for the purpose of the Takeovers Code. As a result, a Shareholder, or a group of Shareholders acting in concert, depending on the level of increase in the Shareholder's interest, could obtain or consolidate control of our Company and become(s) obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. Save as aforesaid, our Directors are not aware of any consequence which would arise under the Takeovers Code due to any repurchase made pursuant to the Buyback Mandate immediately after the Listing.

5. 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 our business) within two years immediately preceding the date of this prospectus which are or may be material:

- (a) the equity transfer agreement dated 30 June 2016 (as supplemented and amended by a supplemental agreement dated 28 July 2016) and entered into by Pujiang Property and Pujiang Holding under which Pujiang Property agreed to acquire the entire equity interest in Shanghai Bund Green from Pujiang Holding for a consideration of RMB567,407.76;
- (b) the equity transfer agreement dated 30 June 2016 and entered into by Pujiang Property and (i) Pujiang Holding; and (ii) Mr. Xiao HT under which Pujiang Property agreed to acquire 95% of the equity interest in Shanghai Rui Zheng from Mr. Xiao HT for a consideration of USD133,000 and 5% of the equity interest in Shanghai Rui Zheng from Pujiang Holding for a consideration of USD7,000;
- (c) the equity transfer agreement dated 15 July 2016 and entered into by Pujiang Property and Pujiang Holding, under which Pujiang Property agreed to acquire 85% of the equity interest in Shanghai Jie Gu held by Pujiang Holding for a consideration of RMB4,250,000;
- (d) the equity transfer agreement dated 22 July 2016 and entered into by Pujiang Property and Pujiang Holding under which Pujiang Property agreed to acquire the entire equity interest in Shanghai Jiu Yi from Pujiang Holding for a consideration of RMB2,033,493.19;
- (e) the equity transfer agreement dated 22 July 2016 (as supplemented and amended by a supplemental agreement dated 28 July 2016) and entered into by Pujiang Property and Pujiang Holding under which Pujiang Property agreed to acquire the entire equity interest in Shanghai Bund from Pujiang Holding for a consideration of RMB17,568,442.60;
- (f) the equity transfer agreement dated 28 July 2016 and entered into by Pujiang Property and Pujiang Holding under which Pujiang Property agreed to acquire 49% of the equity interest in Anhui Pu Bang held by Pujiang Holding for a consideration of RMB2,450,000;
- (g) the equity transfer agreement dated 23 July 2016 and entered into by Pujiang Property and Pujiang Holding under which Pujiang Property agreed to transfer the entire equity interest in Shanghai Fukeruide to Pujiang Holding for nil consideration;









- (h) the supplemental agreement dated 30 November 2016 entered into between Pujiang Holding and Pujiang Property which supplemented and amended the agreements referred to in paragraphs 5A(a) to (e) in this Appendix under which Pujiang Holding agreed to repay RMB21,865,843.55 to Pujiang Property;
- (i) the Pre-IPO Investment Agreement;
- (j) the equity transfer agreement dated 20 September 2016 and entered into by Leading Way and Pujiang Holding pursuant to which Pujiang Holding agreed to sell and Leading Way agreed to purchase 98% of the entire equity interest in Pujiang Property held by Pujiang Holding for a consideration of RMB59,535,000;
- (k) the equity transfer agreement dated 20 September 2016 and entered into by our Company and Mr. Yan pursuant to which Mr. Yan agreed to sell and our Company agreed to purchase 2% of the entire equity interest in Pujiang Property held by him to our Company at a consideration of RMB1,215,000 which will be settled by the allotment and issue of 200 Shares, representing 2% of the then issued share capital of our Company on a fully diluted basis;
- (l) a cornerstone investment agreement dated 21 November 2017 entered into among our Company, Sure Advance Holdings Limited and our Joint Bookrunners pursuant to which Sure Advance Holdings Limited agreed to subscribe for such number of Offer Shares at the Offer Price which equals 7.5% of the issued share capital of our Company immediately upon completion of the Global Offering (assuming that the Over-allotment Option is not exercised), being 30,000,000 Shares;
- (m) the Hong Kong Underwriting Agreement;
- (n) the Deed of Non-competition; and
- (o) the Deed of Indemnity.

B. Our intellectual property rights

(a) Trademarks

Registered trademarks owned by our Group

As at the Latest Practicable Date, we have registered the following trademarks which are material to our business:

Trademark	Place of registration	Registration number	Name of registrant	Class	Expiry date
	PRC	5404683	Pujiang Property	36	27 October 2019
	PRC	5404682	Pujiang Property	37	6 November 2019
	PRC	5404681	Shanghai Bund	36	13 January 2020
	PRC	5404680	Shanghai Bund	37	27 December 2019
浦江 物业	PRC	18769112	Pujiang Property	36	6 February 2027
浦江 物业	PRC	18769292	Pujiang Property	37	6 February 2027
	PRC	18768968	Pujiang Property	36	6 February 2027
	PRC	18769393	Pujiang Property	37	20 May 2027
	Hong Kong	303895750	Pujiang Property	16, 36, 37 and 45	7 September 2026
	PRC	18769769	Shanghai Bund	37	20 May 2027

<u>Trademark</u>	<u>Place of registration</u>	<u>Registration number</u>	<u>Name of registrant</u>	<u>Class</u>	<u>Expiry date</u>
	Hong Kong	303895705	Shanghai Bund	16, 36, 37 and 45	8 September 2026
BUND PROPERTY	PRC	18770199	Shanghai Bund	37	13 June 2027
外滩物业	PRC	18769944	Shanghai Bund	37	20 May 2027

(b) Domain names

As at the Latest Practicable Date, our Group was the registered proprietor of the following domain name which is material to our business:

<u>Domain name</u>	<u>Registrant</u>	<u>Registration date</u>	<u>Expiry date</u>
www.riverinepm.com	Pujiang Property	9 September 2016	9 September 2018

Note: Information contained in the website does not form part of this prospectus.

(c) Copyright

As at the Latest Practicable Date, our Group was the registered proprietor of the following certificates of registration of work which are material to our business:

<u>Works</u>	<u>Registration number</u>	<u>Owner</u>	<u>Registration date</u>
浦江 物业	國作登字- 2016-F-00266613	Pujiang Property	17 May 2016
			
	國作登字- 2016-F-00266614	Shanghai Bund	17 May 2016
BUND PROPERTY			
外滩物业			

6. FURTHER INFORMATION ABOUT OUR DIRECTORS, SENIOR MANAGEMENT AND STAFF

A. Directors

(a) Disclosure of interests of Directors and chief executive

- Interests and short positions of the Directors and the chief executives of our Company in the Shares, underlying Shares and debentures of our Company and its associated corporations. Immediately following completion of the Capitalisation Issue and the Global Offering (without taking into account of any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option and any options which may be granted under the Share Option Scheme), the interests and short positions of the Directors or chief executives of our Company in the Shares, underlying Shares and debentures of our Company or any of the associated corporations (within the meaning of the SFO) which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests which they are taken or deemed to have under such provisions of the SFO) or will be required, pursuant to section 352 of the SFO, to be entered in the register as referred to therein, or will be required, or pursuant to the Model Code for Securities Transactions by Directors of Listed Companies in the Listing Rules, to be notified to our Company and the Stock Exchange, in each case once the Shares are listed on the Stock Exchange, will be as follows:

Long Position in the Shares, underlying shares and debentures

<u>Name</u>	<u>Company or associated corporations</u>	<u>Nature of interest</u>	<u>Number of securities held</u>	<u>Approximate percentage of Interest</u>
Mr. Xiao	Vital Kingdom	Beneficial owner	1	100%
	Partner Summit	Interest held jointly with another person; interest of controlled corporation <i>(note 1)</i>	87	87%
	Our Company	Interest held jointly with another person; interest of controlled corporation <i>(note 1)</i>	294,000,000	73.5%

Name	Company or associated corporations	Nature of interest	Number of securities held	Approximate percentage of Interest
Mr. Fu	Source Forth	Beneficial owner	1	100%
	Partner Summit	Interest held jointly with another person; interest of controlled corporation <i>(notes 1 and 2)</i>	10	10%
	Our Company	Interest held jointly with another person; interest of controlled corporation <i>(note 1)</i>	294,000,000	73.5%
Mr. Yan	Our Company	Beneficial owner	6,000,000	1.5%

Notes:

- (1) Our Company is owned as to 73.5% by Partner Summit immediately following the completion of the Capitalisation Issue and the Global Offering (without taking into account any Shares which may be allotted and issued upon any exercise of the Over-allotment Option and the options which have been or may be granted under the Share Option Scheme). Pursuant to the Confirmation of the Controlling Shareholders, each of Mr. Xiao, Mr. Fu and Mr. Chen (via their respective investment holding company) has confirmed that they would jointly control their respective interests in our Company and the decisions as to the business and operations of our Group shall be in accordance with the unanimous consent of all of them, hence each of them is deemed to be interested in all the Shares held by them in aggregate by virtue of the SFO.
- (2) The entire issued share capital of Source Forth is owned by Mr. Fu, and Source Forth in turn holds 10% of the issued share capital of Partner Summit.

(b) Particulars of service contracts and letters of appointments

Executive Directors

Each of the executive Directors, has entered into a service contract with our Company for an initial fixed term of three years commencing from the Listing Date renewable automatically until terminated by not less than three months' notice in writing served by either party on the other expiring at the end of the initial term or any time thereafter. Commencing from the Listing Date, each of our executive Directors is entitled to an initial annual salary set out below, such salary to be reviewed annually by our Board and the remuneration committee of our Company. In addition, each of our executive Directors is entitled to such discretionary management bonus by reference to the audited consolidated net profits attributable to equity holders of our Group as our Board and the remuneration committee of our Company may approve,

provided that the relevant executive Director shall abstain from voting and not be counted in the quorum in respect of any resolution of our Board approving the amount of annual salary, management bonus and other benefits payable to him/her. The current basic annual salary of our executive Directors are as follows:

Executive Directors	Basic Annual Salary (RMB)
Mr. Xiao	873,100
Mr. Fu	653,900
Mr. Xiao YQ	432,000

Independent non-executive Directors

The independent non-executive Directors have been appointed for a term of one year commencing from the Listing Date renewable automatically for successive terms of one year each commencing from the day next after the expiry of the then current term of appointment subject to retirement by rotation and re-election at annual general meetings of our Company and until terminated by not less than three months' notice in writing served by either the Company or the respective Director. Our Company intends to pay a director's fee of HK\$10,000 per month to the independent non-executive Directors. Save for directors' fees, none of the independent non-executive Directors is expected to receive any other remuneration for holding their office as an independent non-executive Director.

Save as aforesaid, none of the Directors has or is proposed to have a service contract with the Company or any of its subsidiaries (other than contracts expiring or determinable by the Group within one year without the payment of compensation (other than statutory compensation)).

(c) Directors' remuneration

During the Track Record Period, the aggregate of the remuneration (including salaries, bonuses, allowance and benefits in kind and pension scheme, contributions and social welfare) paid by us to our Directors for the three years ended 31 December 2014, 2015 and 2016 and for the six months ended 30 June 2017 was approximately RMB1.7 million, RMB2.0 million, RMB2.1 million and RMB1.1 million, respectively.

Under the arrangements currently in force, the aggregate emoluments (excluding any discretionary bonus, if any, payable to the Director) payable by our Group to and benefits in kind receivable by the Directors for the year ending 31 December 2017 is estimated to be approximately RMB2.3 million. None of the Directors or any past directors of any member of the Group has been paid any sum of money during the Track Record Period (i) as an inducement to join or upon joining the Company or (ii) for loss of office as a director of any member of the Group or of any other office in connection with the management of the affairs of any member of the Group. There has been no arrangement under which a Director has waived or agreed to waive any emoluments during the Track Record Period.

7. SUBSTANTIAL SHAREHOLDER

(a) Substantial Shareholder

To the best of the knowledge of our Directors, the following person(s) will, immediately after the completion of the Capitalisation Issue and the Global Offering (assuming the Over-allotment Option is not exercised and without taking into account any options which may be granted under the Share Option Scheme), have an interest or short position in the Shares or underlying shares which are required to be disclosed to us and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying the rights to vote in all circumstances at the general meetings of our Company or any other members of our Group:

Long Position in the Shares

Name of shareholders	Nature of interest	Number of Shares held	Approximate percentage of shareholding
Partner Summit	Beneficial owner	294,000,000	73.5%
Vital Kingdom ^(Note 1)	Interest held jointly with another person; interest of controlled corporation	294,000,000	73.5%
Mr. Xiao ^(Note 1)	Interest held jointly with another person; interest of controlled corporation	294,000,000	73.5%
Source Forth ^(Note 1)	Interest held jointly with another person; interest of controlled corporation	294,000,000	73.5%
Mr. Fu ^(Note 1)	Interest held jointly with another person; interest of controlled corporation	294,000,000	73.5%
Pine Fortune ^(Note 1)	Interest held jointly with another person; interest of controlled corporation	294,000,000	73.5%
Mr. Chen ^(Notes 1 and 2)	Interest held jointly with another person; interest of controlled corporation	294,000,000	73.5%

Notes:

- (1) Our Company is owned as to 73.5% by Partner Summit immediately following the completion of the Capitalisation Issue and the Global Offering (without taking into account any Shares which may be allotted and issued upon any exercise of the Over-allotment Option and the options which have been or may be granted under the Share Option Scheme). Pursuant to the Confirmation of the Controlling Shareholders, each of Mr. Xiao, Mr. Fu and Mr. Chen (via their respective investment holding company) has confirmed that they would jointly control their respective interests in our Company and the decisions as to the business and operations of our Group shall be in accordance with the unanimous consent of all of them, hence each of them is deemed to be interested in all the Shares held by them in aggregate by virtue of the SFO.
- (2) Ms. Lin is the spouse of Mr. Chen, she is deemed to be interested in the same number of Shares which Mr. Chen is interested under the SFO.

(b) Disclaimers

Save as disclosed in this prospectus, as at the Latest Practicable Date:

- (a) and taking no account of any Shares which may be taken up or acquired under the Global Offering or any Shares which may be allotted and issued upon the exercise of the Over-allotment Option or any options which may be granted under the Share Option Scheme, our Directors are not aware of any person who immediately following completion of the Capitalisation Issue and the Global Offering will have an interest or short position in the Shares and underlying Shares which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or who is, either directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at the general meetings of our Company or any other members of our Group;
- (b) none of our Directors and chief executive of our Company has for the purposes of Divisions 7 and 8 of Part XV of the SFO or the Listing Rules, nor is any of them taken to or deemed to have under Divisions 7 and 8 of Part XV of the SFO, an interest or short position in the shares, underlying shares and debentures of our Company or any associated corporations (within the meaning of the SFO) or any interests which will have to be entered in the register to be kept by our Company pursuant to section 352 of the SFO or which will be required to be notified to our Company and the Stock Exchange pursuant to Appendix 10 of the Listing Rules once the Shares are listed on the Stock Exchange;
- (c) none of our Directors nor the experts named in the paragraph headed “9. Other Information — G. Qualification of experts” in this Appendix has any direct or indirect interest in the promotion of, or in any assets which have been, within the two years immediately preceding the issue of this prospectus, acquired or disposed of by or leased to, any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group;
- (d) none of our Directors and Substantial Shareholders is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of our Group or otherwise be interested in our five largest customers and/or five largest suppliers; and
- (e) Save for the Underwriting Agreements, none of the experts named in the paragraph headed “9. Other Information — G. Qualification of experts” in this Appendix has any shareholding in any member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

8. SHARE OPTION SCHEME

The following is a summary of the principal terms of the Share Option Scheme conditionally approved by our Shareholders on 15 November 2017.

For the purpose of this section, unless the context otherwise requires:

“Board”	means our board of Directors from time to time or a duly authorised committee thereof;
“Eligible Person”	means any full-time or part-time employee of our Company or any member of our Group, including any executive director, non-executive director and independent non-executive director, adviser and consultant of our Group;
“Option”	means an option to subscribe for Shares granted pursuant to the Share Option Scheme;
“Option Period”	means in respect of any particular Option, the period to be determined and notified by our Board to each Participant, which period may commence on a day on or after the date upon which the Option is accepted or deemed to be accepted in accordance with the Share Option Scheme but shall end in any event not later than 10 years from such date;
“Other Schemes”	means any other share option schemes adopted by our Group from time to time pursuant to which options to subscribe for Shares may be granted;
“Participant”	means any Eligible Person who accepts or is deemed to have accepted the offer of any Option in accordance with the terms of the Share Option Scheme or (where the context so permits) a person entitled to any such Option in consequence of the death of the original Participant;
“Shareholders”	means shareholders of our Company from time to time;
“Subsidiary”	means a company which is for the time being and from time to time a subsidiary (within the meaning of section 2 of the Companies Ordinance) of our Company, whether incorporated in Hong Kong or elsewhere; and
“Trading Day”	means a day on which trading of Shares take place on the Stock Exchange.

(a) Purpose of the Share Option Scheme

The Share Option Scheme enables our Company to grant Options to the Eligible Persons as incentives or rewards for their contributions to our Group.

(b) Who may join

Our Board may, at its absolute discretion, invite any Eligible Persons to take up Options at a price calculated in accordance with sub-paragraph (d) below. Upon acceptance of the Option, the Eligible Person shall pay HK\$1.00 to our Company by way of consideration for the grant. The Option will be offered for acceptance for a period of 28 days from the date on which the Option is granted.

(c) Grant of Option

Any grant of Options must not be made after inside information has come to our knowledge until such inside information has been announced in accordance with the requirements of the Listing Rules. In particular, during the period commencing one month immediately preceding the earlier of (a) the date of our Board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of our Company's results for any year, half-year, quarter-year period or any other interim period (whether or not required under the Listing Rules), and (b) the deadline for our Company to publish an announcement of its results for any year, half-year, quarter-year period or any interim period (whether or not required under the Listing Rules), and ending on the date of the results announcement, no Option may be granted. The period during which no Option may be granted will cover any period of delay in the publication of results announcement. Our Directors may not grant any Option to an Eligible Person who is our Director during the periods or times in which directors of the listed issuer are prohibited from dealing in shares pursuant to Appendix 10 prescribed by the Listing Rules or any corresponding code or securities dealing restrictions adopted by our Company.

The total number of Shares issued and to be issued upon exercise of the Options granted to a Participant under the Share Option Scheme and Other Schemes (including both exercised and outstanding Options) in any 12-month period must not exceed 1% of the Shares in issue from time to time, and provided that if approved by Shareholders in general meeting with such Participant and his associates abstaining from voting, our Company may make a further grant of Options to such Participant (the "**Further Grant**") notwithstanding that the Further Grant would result in the Shares issued and to be issued upon exercise of all Options granted and to be granted under the Share Option Scheme and Other Schemes to such Participant (including exercised, cancelled and outstanding Options) in the 12-month period up to and including the date of the Further Grant representing in aggregate over 1% of the Shares in issue from time to time. In relation to the Further Grant, our Company must send a circular to the Shareholders, which discloses the identity of the relevant Participant, the number and the terms of the Options to be granted (and Options previously granted to such Participant under the Share Option Scheme and Other Schemes) and the information required under the Listing Rules. The number and terms (including the exercise price) of Options which is the subject of the Further Grant shall be fixed before the relevant Shareholders' meeting and the date of meeting of our Board for proposing the Further Grant should be taken as the date of grant for the purpose of calculating the relevant subscription price.

(d) Price of Shares

The subscription price for the Shares subject to Options will be a price determined by our Board and notified to each Participant and shall be the highest of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the Options, which must be a Trading Day; (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five Trading Days immediately preceding the date of grant of the Options; and (iii) the nominal value of a Share. For the purpose of calculating the subscription price, in the event that on the date of grant, our Company has been listed for less than five Trading Days, the new issue price per Share under the initial public offerings of Shares in connection with such listing shall be used as the closing price for any Trading Day falling within the period before the Listing Date.

(e) Maximum number of Shares

- (i) The total number of Shares which may be issued upon the exercise of all Options to be granted under the Share Option Scheme and Other Schemes must not, in aggregate, exceed 10% of the Shares in issue as of the Listing Date (the "**Scheme Mandate Limit**") provided that the Options lapsed in accordance with the terms of the Share Option Scheme or Other Schemes will not be counted for the purpose of calculating the Scheme Mandate Limit. On the basis of 400,000,000 Shares in issue on the Listing Date, the Scheme Mandate Limit will be equivalent to 40,000,000 Shares, representing 10% of the Shares in issue as at the Listing Date.
- (ii) Subject to the approval of Shareholders in general meeting, our Company may refresh the Scheme Mandate Limit to the extent that the total number of Shares which may be issued upon exercise of all Options to be granted under the Share Option Scheme and Other Schemes under the Scheme Mandate Limit as refreshed must not exceed 10% of the Shares in issue as at the date of such Shareholders' approval provided that Options previously granted under the Share Option Scheme and Other Schemes (including those outstanding, cancelled, exercised or lapsed in accordance with the terms thereof) will not be counted for the purpose of calculating the Scheme Mandate Limit as refreshed. In relation to the Shareholders' approval referred to in this paragraph (ii), our Company shall send a circular to the Shareholders containing the information required by the Listing Rules.
- (iii) Subject to the approval of Shareholders in general meeting, our Company may also grant Options beyond the Scheme Mandate Limit provided that Options in excess of the Scheme Mandate Limit are granted only to the Eligible Persons specifically identified by our Company before such Shareholders' approval is sought. In relation to the Shareholders' approval referred to in this paragraph (iii), our Company shall send a circular to its Shareholders containing a generic description of the identified Eligible Persons, the number and terms of the Options to be granted, the purpose of granting Options to the identified Eligible Persons, an explanation as to how the terms of such Options serve the intended purpose and such other information required by the Listing Rules.

- (iv) Notwithstanding the foregoing, our Company may not grant any Options if the number of Shares which may be issued upon exercise of all outstanding Options granted and yet to be exercised under the Share Option Scheme and Other Schemes exceeds 30% of the Shares in issue from time to time.

(f) Time of exercise of Option

An Option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period to be determined and notified by our Board to each Participant provided that the period within which the Option must be exercised shall not be more than 10 years from the date of the grant of Option. The exercise of an Option may be subject to the administration of our Board whose decision as to all matters arising from or in relation to the Share Option Scheme as its interpretation or effect shall (save as otherwise provided herein) be final and binding on all parties to the Share Option Scheme.

(g) Rights are personal to grantee

An Option shall be personal to the Participant and shall not be assignable or transferable and no Participant shall in any way sell, transfer, charge, mortgage, encumber or create any interest whether legal or beneficial in favour of any third party over or in relation to any Option. Any breach of the foregoing by the Participant shall entitle our Company to cancel any Option or any part thereof granted to such Participant (to the extent not already exercised) without incurring any liability on our Company.

(h) Rights on death

If a Participant dies before exercising the Options in full, his or her personal representative(s) may exercise the Options in full (to the extent that it has become exercisable on the date of death and not already exercised) within a period of 12 months from the date of death, failing which such Options will lapse.

(i) Changes in capital structure

In the event of any alteration in the capital structure of our Company while an Option remains exercisable, and such event arises from a capitalisation of profits or reserves, rights issue, consolidation, reclassification, subdivision or reduction of the share capital of our Company, such corresponding alterations (if any) shall be made in the number of Shares (without fractional entitlements) subject to the Options so far as unexercised, and/or the subscription price.

Except alterations made on a capitalisation issue, any alteration to the number of Shares which is the subject of the Option and the subscription price shall be conditional on the auditors of our Company or an independent financial adviser appointed by our Company confirming in writing to our Board that the alteration is made on the basis that the proportion of the issued share capital of our Company to which a Participant is entitled after such alteration shall remain the same as that to which he or she was entitled before such alteration. No such alteration shall

be made to the effect of which would be to enable any Share to be issued at less than its nominal value or which would result in the aggregate amount payable on the exercise of any Option in full being increased.

(j) Rights on take-over

If a general offer (whether by way of takeover offer, repurchase offer or scheme of arrangement or otherwise in like manner) has been made to all the Shareholders (other than the offeror and/or any persons acting in concert with the offeror), to acquire all or part of the issued Shares, and such offer, having been approved in accordance with applicable laws and regulatory requirements, becomes or is declared unconditional, the Participant shall be entitled to exercise his or her outstanding Option in full or any part thereof within 14 days after the date on which such offer becomes or is declared unconditional. For the purposes of this subparagraph, "acting in concert" shall have the meaning ascribed to it under the Takeovers Code.

(k) Rights on a compromise or arrangement

- (i) If an application is made to the court (otherwise than where our Company is being voluntarily wound up), pursuant to the Companies Law or the Companies Ordinance, in connection with a proposed compromise or arrangement between our Company and our creditors (or any class of them) or between our Company and our Shareholders (or any class of them), a Participant may by notice in writing to our Company, within a period of 21 days after the date of such application, exercise his or her outstanding Option in full extent or to the extent specified in such note. Upon the compromise or arrangement becoming effective, all Options shall lapse except insofar as exercised. Notice of the application referred to herein and the effect thereof shall be given by our Company to all Participants as soon as practicable.
- (ii) In the event of a notice being given by our Company to our Shareholders to convene a general meeting for the purpose of approving a resolution to voluntarily wind up our Company when our Company is solvent, our Company shall on the day of such notice to each Shareholder or as soon as practicable, give notice thereof to all Participants. Thereupon each Participant shall be entitled to exercise all or any of his or her outstanding Options at any time no later than two business days prior to the proposed general meeting of our Company by giving notice in writing to our Company, accompanied by a remittance for the full amount of the aggregate subscription price for the Shares in respect of which the notice is given, whereupon our Company shall as soon as possible and, in any event, no later than the business day immediately prior to the date of the proposed general meeting referred to above, allot and issue the relevant Shares to the Participant credited as fully paid.

(l) Lapse of Option

An Option shall lapse forthwith and not exercisable (to the extent not already exercised) on the earliest of:

- (i) the date of expiry of the Option as may be determined by the Board;

- (ii) subject to paragraphs (f) and (p), the expiry of the Option Period;
- (iii) the first anniversary of the death of the Participant;
- (iv) the commencement of the winding up of the Company;
- (v) in the event that the Participant was an employee or director of any member of our Group on the date of grant of Option to him or her, the date on which such member of our Group terminates the Participant's employment or removes the Participant from his or her office on the ground that the Participant has been guilty of misconduct, has committed an act of bankruptcy or has become insolvent or has made any arrangements or composition with his or her creditors generally, or has been convicted of any criminal offence involving his or her integrity or honesty. A resolution of our Board or the board of directors of the relevant member of our Group to the effect that such employment or office has or has not been terminated or removed on one or more grounds specified in this sub-paragraph shall be conclusive;
- (vi) in the event that the Participant was an employee or director of any member of our Group on the date of grant of Option to him or her, the expiry of a period of three months from the date of the Participant ceasing to be an employee or director of such member of our Group by reason of:
 - (1) his or her retirement on or after attaining normal retirement age or, with the express consent of the Board in writing for the purpose of this sub-paragraph, at a younger age;
 - (2) ill health or disability recognised as such expressly by our Board in writing for the purpose of this sub-paragraph;
 - (3) the company by which he or she is employed and/or of which he or she is a director (if not our Company) ceasing to be a subsidiary of our Company;
 - (4) expiry of his or her employment contract or vacation of his or her office with such member of our Group such contract or office is not immediately extended or renewed; or
 - (5) at the discretion of our Board, any reason other than death or the reasons described in sub-paragraph (v) or (vi)(1) to (4);
- (vii) the expiry of any period referred to in paragraphs (j) or (k) above, provided that in the case of paragraph (k)(i), all Options granted shall lapse upon the proposed compromise or arrangement becoming effective; and
- (viii) the date the Participant commits any breach of the provisions of paragraph (g).

(m) Ranking of Shares

Shares allotted and issued upon the exercise of an Option will be subject to our Company's articles of association as amended from time to time and will rank pari passu in all respects with the fully paid or credited as fully paid Shares in issue on the date of such allotment or issue and accordingly will entitle the holders to participate in all dividends or other distributions paid or made on or after the date, of allotment and issue other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be before the date of allotment or issue.

(n) Cancellation of Options granted

Any cancellation of Options granted in accordance with the Share Option Scheme but not exercised must be approved by the grantee concerned in writing. In the event that our Board elects to cancel any Options and issue new ones to the same grantee, the issue of such new Options may only be made with available unissued Options (excluding the cancelled Options) within the Scheme Mandate Limit.

(o) Period of Share Option Scheme

The Share Option Scheme will be valid and effective for a period of ten years commencing on the Listing Date, after which period no further Options may be granted but the provisions of the Share Option Scheme shall remain in full force and effect in all other respects and Options granted during the life of the Share Option Scheme may continue to be exercisable in accordance with their terms of issue.

(p) Alteration to and termination of Share Option Scheme

The Share Option Scheme may be altered in any respect by resolution of our Board except that, (a) any alteration to the advantage of the Participants or the Eligible Persons (as the case may be) relating to matters contained in Chapter 17 of the Listing Rules; and (b) any material alteration to the terms and conditions of the Scheme or any change to the terms of Options granted, except where the alterations take effect automatically under the existing terms of the Scheme, shall first be approved by the Shareholders in general meeting (with the Eligible Persons, the Participants and their associates abstaining from voting) provided that if the proposed alteration shall adversely affect any Options granted or agreed to be granted prior to the date of alteration, such alteration shall be further subject to the consent or sanction of the Participants in accordance with the terms of the Share Option Scheme.

Our Company may, by ordinary resolution in general meeting, at any time terminate the operation of the Share Option Scheme before the end of its life and in such event no further Options will be offered but the provisions of the Share Option Scheme shall remain in all other respects in full force and effect in respect of Options granted prior thereto but not yet exercised at the time of termination, which shall continue to be exercisable in accordance with their terms of grant. Details of the Options granted, including Options exercised or outstanding, under the Share Option Scheme, and (if applicable) Options that become void or non-exercisable as a result of termination must be disclosed in the circular to the Shareholders seeking approval for the new scheme to be established after such termination.

(q) Granting of Options to a director, chief executive or substantial shareholder of our Company or any of their associates

Where Options are proposed to be granted to a director, chief executive or Substantial Shareholder of our Company or any of their respective associates, the proposed grant must be approved by all independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the Options).

If a grant of Options to a Substantial Shareholder or an independent non-executive Director, or any of their respective associates will result in the total number of the Shares issued and to be issued upon exercise of the Options already granted and to be granted (including Options exercised, cancelled and outstanding) to such person under the Share Option Scheme or Other Schemes in any 12-month period up to and including the date of the grant (i) representing in aggregate 0.1% (or such other percentage as may from time to time specified by the Stock Exchange) of the Shares in issue from time to time, and (ii) having an aggregate value, based on the closing price of the Shares at the date of the grant, in excess of HK\$5 million, then the proposed grant of Options must be approved by the Shareholders. All connected persons of our Company must abstain from voting at such general meeting. The circular must contain the information required under Rule 17.04(3) of the Listing Rules. In addition, Shareholders' approval as described above will also be required for any change in terms of the Options granted to an Eligible Person who is a Substantial Shareholder, an independent non-executive Director or any of their respective associates.

The circular must contain the following:

- (i) details of the number and terms of the Options (including the subscription price relating thereto) to be granted to each Eligible Person, which must be fixed before the relevant Shareholders' meeting, and the date of Board meeting for proposing such further grant is to be taken as the date of grant for the purpose of calculating the subscription price;
- (ii) a recommendation from our independent non-executive Directors (excluding any independent non-executive Director who is a proposed grantee of the Options in question) to independent Shareholders as to voting; and
- (iii) all other information as required by the Listing Rules. For the avoidance of doubt, the requirements for the granting of Options to a Director or chief executive (as defined in the Listing Rules) set out in this paragraph (q) do not apply where the Eligible Person is only a proposed Director or proposed chief executive.

(r) Performance Target

The exercise of an Option may be subject to the achievement of performance target and/or any other conditions to be notified by our Board to each Participant, which our Board may in its absolute discretion determine.

(s) Conditions of Share Option Scheme

The Share Option Scheme is conditional on (i) the passing of a written resolution to adopt the Share Option Scheme by all of our Shareholders in general meeting; and (ii) the Stock Exchange granting approval for the listing of and permission to deal in the Shares which may be issued pursuant to the exercise of Options.

As at the Latest Practicable Date, no Options have been granted or agreed to be granted by our Company under the Share Option Scheme.

Application has been made to the Stock Exchange for the listing of and permission to deal in the Shares which fall to be issued pursuant to the exercise of Options granted under Share Option Scheme.

9. OTHER INFORMATION**A. Tax and other indemnities**

The Controlling Shareholder (the “**Indemnifier**”) has entered into a deed of indemnity with and in favour of our Company (for itself and as trustee for each of its present subsidiaries) (being the material contract referred to in paragraph “5. Further information about our business — A. Summary of our material contracts” in this Appendix) to provide indemnities on a joint and several basis in respect of, among other matters, any taxation (including tax penalty, if any) falling on any member of our Group resulting from or by reference to any income, profits or gains earned, accrued or received (or deemed to be so earned, accrued or received) on or before the date on which the Global Offering becomes unconditional or any event, act or omission occurring or deemed to occur on or before such date whether alone or in conjunction with any other event, act, omission or circumstance whenever occurring and whether or not such taxation is chargeable against or attributable to any other person, firm or company.

Under the Deed of Indemnity, the Indemnifier has also given indemnities to our Group on a joint and several basis in relation to the amount of any and all taxation which might be payable by any member of our Group resulting from or by reference to any income, profits or gains earned, accrued or received on or before the Listing Date or any event or transaction entered into or occurring on or before the Listing Date.

The Deed of Indemnity does not cover any claim and the Indemnifier shall be under no liability under the Deed of Indemnity in respect of any taxation:

- (a) to the extent that provision has been made for such taxation in the consolidated audited accounts of our Company or the audited accounts of the relevant Group members up to 30 June 2017 (the “**Accounts**”);
- (b) the taxation arises or is incurred as a result of a retrospective change in law and/or a retrospective increase of tax rates coming into force after the date on which the Global Offering becomes unconditional;

- (c) such claim for taxation or liability would not have arisen but for any act or omission of, or transaction by any member of our Group voluntarily effected (other than pursuant to a legally binding commitment created on or before the date on which the Global Offering becomes unconditional) without the prior written consent or agreement of the Indemnifiers; or
- (d) provision or reserve made for such taxation in the Accounts is established to be an overprovision or an excessive reserve.

Our Directors have been advised that no material liability for estate duty is likely to fall on our Company or any of our subsidiaries in the Cayman Islands or the BVI or Hong Kong, being jurisdictions in which one or more of the companies comprising our Group were incorporated.

B. Litigation

Save as disclosed in the sub-section headed “Business — Litigation and non-compliance” in this prospectus, as at the Latest Practicable Date, we are not involved in any material litigation, arbitration or administrative proceedings. So far as the Directors are aware, no such material litigation, arbitration or administrative proceedings are pending or threatened against any member of our Group.

C. Sole Sponsor

The Sole Sponsor has made an application on our behalf to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus, including the Offer Shares and any Shares which may fall to be allotted and issued pursuant to the Capitalisation Issue and the exercise of the Over-allotment Option or any options which may be granted under the Share Option Scheme.

The Sole Sponsor satisfies the independence criteria applicable to sponsors as set out in Rule 3A.07 of the Listing Rules.

Our Company agreed to pay the Sole Sponsor an aggregate fee of HK\$3.8 million as the sponsor to our Company for the Global Offering. Such sponsors’ fee relates solely to services provided by the Sole Sponsor in the capacity of sponsor, and not other services which it may provide, such as, but without limitation, book building, pricing and underwriting. Our Company further agrees that (i) our responsibility for the said sponsors’ fee is not contingent on the success or the final size of the Global Offering; and (ii) any termination of the agreement with the Sole Sponsor will not affect any accrued rights or obligations of both parties, including the duty to settle the said sponsors’ fee.

D. Compliance adviser

In accordance with the requirements of the Listing Rules, our Company has appointed China Industrial Securities International Capital Limited as its compliance adviser to provide advisory services to our Company to ensure compliance with the Listing Rules for a 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 its financial results for the first full year commencing after the Listing Date or until the agreement is terminated, whichever is the earlier.

E. Preliminary expenses

Our estimated preliminary expenses are approximately HK\$48,828 and are payable by our Company.

F. Promoters

Our Company has no promoter.

G. Qualification of experts

The qualifications of the experts, as defined under the Listing Rules, who have given reports, letters or opinions (as the case may be) in this prospectus are as follows:

Name	Qualifications
China Industrial Securities International Capital Limited	Licensed corporation under the SFO permitted to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities
Ernst & Young	Certified Public Accountants
Grandall Law Firm (Shanghai)	PRC Legal Advisers
Conyers Dill & Pearman	Cayman Islands attorneys-at-law
China Index Academy	Independent industry consultant

H. Consents of experts

Each of China Industrial Securities International Capital Limited, Ernst & Young, Grandall Law Firm (Shanghai), Conyers Dill & Pearman and China Index Academy has given and has not withdrawn their respective written consents to the issue of this prospectus with the inclusion of their reports, letters, opinions or summaries of opinions (as the case may be) and the references to their names included in this prospectus the form and context in which they respectively appear.

I. Binding effect

This prospectus shall have the effect, if an application is made in pursuant 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.

J. Miscellaneous

- (a) Save as disclosed in this prospectus, within the two years preceding the date of this prospectus:
 - (i) no share or loan capital of our Company or any of our subsidiaries has been issued or agreed to be issued fully or partly paid either for cash or for a consideration other than cash; and
 - (ii) no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any capital of our Company or any of our subsidiaries;
- (b) No share or loan capital of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;
- (c) No founder, management or deferred shares of our Company or any of our subsidiaries have been issued or agreed to be issued;
- (d) Our Directors confirm that there has been no material adverse change in the financial or trading position or prospects of our Group since 30 June 2017 (being the date to which the latest audited consolidated financial statements of our Group were made up) and up to the date of this prospectus;
- (e) There has not been any interruption in the business of our Group which has had a material adverse effect on the financial position of our Group in the 12 months preceding the date of this prospectus;
- (f) None of China Industrial Securities International Capital Limited, Ernst & Young, Grandall Law Firm (Shanghai), Conyers Dill & Pearman and China Index Academy:
 - (i) is interested beneficially or non-beneficially in any shares in any member of our Group; or
 - (ii) has any right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any shares in any member of our Group;
- (g) No company within our Group is presently listed on any stock exchange or traded on any trading system;
- (h) Our Company has no outstanding convertible debt securities; and
- (i) All necessary arrangements have been made to enable the Shares to be admitted into CCASS for clearing and settlement.

K. Related party transactions

Our Group entered into the related party transactions within the two years immediately preceding the date of this prospectus as mentioned in note 31 of the “Accountants’ Report” in Appendix I to this prospectus.

L. Bilingual prospectus

Pursuant to Rule 19.36(5) of the Listing Rules and section 4 of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong), the English language and Chinese language versions of this prospectus are being published separately but are available to the public at the same time at each place where this prospectus is distributed by or on behalf of our Company.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to the copy of this prospectus and delivered to the Registrar of Companies in Hong Kong for registration were:

- (a) copies of **WHITE**, **YELLOW** and **GREEN** Application Forms;
- (b) the written consents referred to in the paragraph headed “Statutory and general information — 9. Other Information — H. Consents of experts” in Appendix IV to this prospectus; and
- (c) copies of the material contracts referred to in the paragraph headed “Statutory and general information — 5. Further information about our business — A. Summary of our material contracts” in Appendix IV to this prospectus.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the offices of Anthony Siu & Co., Solicitors and Notaries at Units 1102–3, 11th Floor, Nine Queen’s Road Central, Central, Hong Kong during normal business hours up to and including the date which is 14 days from the date of this prospectus:

- (a) the Memorandum and Articles of Association;
- (b) the Accountants’ Report prepared by Ernst & Young, the text of which is set out in Appendix I to this prospectus;
- (c) the audited consolidated financial statements of our Group for the three years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2017;
- (d) the report on unaudited pro forma financial information of our Group prepared by Ernst & Young, the texts of which are set out in Appendix II to this prospectus;
- (e) the letter prepared by Conyers Dill & Pearman, our legal advisers as to Cayman Islands Law, summarising certain aspects of the Companies Law referred to in Appendix III to this prospectus;
- (f) the PRC legal opinion prepared by Grandall Law Firm (Shanghai), our PRC Legal Advisers, in relation to the general matters and property interests of our Group;
- (g) the Companies Law;
- (h) the service contracts and letters of appointments referred to in the paragraph headed “Statutory and general information — 6. Further information about our Directors, senior management and staff — A. Directors — (b) Particulars of service contracts and letters of appointments” in Appendix IV to this prospectus;

**APPENDIX V DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES
IN HONG KONG AND AVAILABLE FOR INSPECTION**

- (i) the material contracts referred to in the paragraph headed “Statutory and general information — 5. Further information about our business — A. Summary of our material contracts” in Appendix IV to this prospectus;
- (j) the market research report prepared by China Index Academy;
- (k) the written consents referred to in the paragraph headed “Statutory and general information — 9. Other Information — H. Consents of experts” in Appendix IV in this prospectus; and
- (l) the Share Option Scheme.



Riverine China Holdings Limited
浦江中國控股有限公司