

Country Garden Services Holdings Company Limited

碧桂園服務控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 6098



Joint Sponsors



Goldman
Sachs

IMPORTANT

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碧桂園服務控股有限公司

(incorporated in the Cayman Islands with limited liability)

LISTING BY WAY OF INTRODUCTION OF THE ENTIRE ISSUED SHARE CAPITAL OF THE COMPANY ON THE MAIN BOARD OF THE STOCK EXCHANGE OF HONG KONG LIMITED

Stock Code: 6098

Joint Sponsors



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Your attention is drawn to "Risk Factors". Information regarding dealings and settlement of dealings in the Shares following completion of the Spin-off is set out in "CGH Distribution and the Spin-off".

6 June 2018

EXPECTED TIMETABLE¹

Last day of dealings in CGH Shares on a cum entitlement basis	Friday, 8 June 2018
First day of dealings in CGH Shares on an ex entitlement basis	Monday, 11 June 2018
Latest time for lodging transfers of CGH Shares to qualify for entitlement to the CGH Distribution	4:30 p.m. on Tuesday, 12 June 2018
Register of members of CGH closes on	Wednesday, 13 June 2018
Record Date	Wednesday, 13 June 2018
Register of members of CGH re-opens on	Thursday, 14 June 2018
Share certificates for the Shares to be despatched on ⁽²⁾	Friday, 15 June 2018
Dealings in the Shares on the Stock Exchange expected to commence at ²	9:00 a.m. on Tuesday, 19 June 2018

Notes:

- 1 All dates and times refer to Hong Kong dates and times, unless otherwise stated. If there is any change in the expected timetable or if the Listing does not proceed, the Company will make an announcement as soon as practicable thereafter.

- 2 The Share certificates are expected to be despatched to the Qualifying CGH Shareholders on 15 June 2018. If the CGH Distribution does not become unconditional, the Share certificates will not become valid and dealings in the Shares on the Stock Exchange will not commence on 19 June 2018. Any persons who deal in the Shares prior to the receipt of the Share certificates or prior to the Share certificates becoming valid do so entirely at their own risk.

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IMPORTANT NOTICE

We have not authorised anyone to provide you with information that is different from what is contained in this listing document. Any information or representation not contained in this listing document must not be relied on by you as having been authorised by us, CGH, the Joint Sponsors, any of our or their respective directors, officers, employees, agents or representatives or any other person involved in the Spin-off.

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SUMMARY

This summary aims to give you an overview of the information contained in this listing document. As 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 listing document. You should read the whole listing document including the appendices hereto, which constitute an integral part of this listing document.

OVERVIEW

We are a leading residential property management service provider in China, ranking third by China Index Academy in 2018 among the Top 100 Property Management Companies in China in terms of overall strength⁽¹⁾. We have been providing property management services in China for more than 25 years and have a large property management portfolio covering more than 240 cities across 28 provinces, municipalities and autonomous regions in China, with a total contracted GFA of approximately 329.5 million sq.m. as at 31 December 2017. We managed 440 properties in China and provided property management services to approximately one million property units with an aggregate revenue-bearing GFA of approximately 122.8 million sq.m. as at 31 December 2017. Our “Country Garden property management” brand was valued at RMB3.85 billion as at 31 December 2016, according to China Index Academy. In addition to property management services, we also provided a variety of community value-added services to property owners and residents and value-added services to non-property owners, such as consultancy services to property developers and other property management companies.

Headquartered in Shunde, Guangdong province, we conduct our business and manage our internal resources through our three-level structure of “headquarters — regional offices — project companies”. As at the Latest Practicable Date, we had 50 regional offices and more than 650 project companies (including subsidiaries and branch offices) across 29 provinces, municipalities and autonomous regions in China.

Our Listing will constitute a spin-off from the CGH Group and CGH is a close associate of our ultimate controlling shareholder, Ms. Yang Huiyan.

BUSINESS MODEL

We have three main business lines, namely, (i) property management services, (ii) community value-added services, and (iii) value-added services to non-property owners, which form an integrated service offering to our customers and cover the entire value chain of property management.

- **Property management services.** We provide a range of property management services to property owners and residents, as well as property developers, including, amongst others, security, cleaning, greening, gardening and repair and maintenance services, with a focus on residential communities. Our property management portfolio also covers non-residential properties, including commercial properties, office buildings, multi-purpose complexes, government and other public facilities, industrial park, highway service stations, parks and schools. We generally price our property management services based on factors such as the types and locations of the properties and the scope and quality of the services proposed. We charge property management fees for property management services primarily on a lump sum basis, with a very small portion on a commission basis. On a lump sum basis, we generally charge a pre-determined property management fee per sq.m. of revenue-bearing GFA on a monthly basis which represents “all-inclusive” fees for all of the property management services provided by us with respect to the managed property. We bear the costs of managing properties and recognise such costs as our cost of services. If the amount of property management fees we collect during the term of a contract is not sufficient to cover all the expenses incurred, we are not entitled to request property owners and residents or property developers to pay us the shortfall.

⁽¹⁾ According to China Index Academy, the ranking was based on a comprehensive set of criteria, including property management scale, operational performance, service quality, growth potential and social responsibility.

SUMMARY

- **Community value-added services.** We provide property owners and residents of our managed properties with a wide array of community value-added services which mainly include: (i) home living services, such as purchase assistance, housekeeping, greening, gardening, turnkey furnishing and move-in and other bespoke services, (ii) real estate brokerage services and (iii) common area value-added services.
- **Value-added services to non-property owners.** We provide (i) consultancy services to property developers for the management of their pre-sale activities, as well as consultancy services for properties managed by other property management companies and (ii) cleaning, greening, repair and maintenance services to property developers at the pre-delivery stage.

We believe our property management services business serves as the basis for us to generate revenue and expand our business scale, as well as provides an ever increasing customer base for our community value-added services to property owners and residents. Our community value-added services business, by offering a full range of diversified and bespoke services to property owners and residents, helps increase our engagement level with customers and improve their satisfaction and loyalty. Our value-added services to non-property owners help us gain early access to property development projects and establish and cultivate business relationships with the property developers, putting us in a stronger position to secure engagements for property management services. The synergistic combination of our businesses leads to not only a greater market acceptance of our brand and services, but presents new business opportunities for us to diversify revenue streams and enhance the breadth and depth of our services along the value chain of property development and management.

The table below sets out the breakdown of our revenue by business line for the years indicated:

	Year ended 31 December					
	2015		2016		2017	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%
Property management services	1,433,525	85.7	1,956,706	83.0	2,544,665	81.5
Community value-added services	122,322	7.3	194,312	8.2	241,818	7.7
Value-added services to non-property owners	109,517	6.5	199,708	8.5	328,016	10.5
Other services ⁽¹⁾	7,100	0.5	7,723	0.3	7,353	0.3
Total revenue	<u>1,672,464</u>	<u>100.0</u>	<u>2,358,449</u>	<u>100.0</u>	<u>3,121,852</u>	<u>100.0</u>

Note:

- (1) Other services mainly include auxiliary services such as the provision of property access IC cards to the property owners and residents of our managed properties.

The growth in the revenue during the Track Record Period was primarily attributable to a general increase in revenue from our main business lines. In particular, our revenue from property management services increased from RMB1,433.5 million in 2015 to RMB1,956.7 million in 2016 and further increased to RMB2,544.7 million in 2017, which was mainly due to an increase in our total revenue-bearing GFA and an increase in the number of properties managed by us as we expanded our business scale.

SUMMARY

The following tables set out the breakdowns of our cost of services by business line and by nature for the years indicated.

	Year ended 31 December					
	2015		2016		2017	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%
Property management services	1,041,560	89.7	1,363,047	87.5	1,796,762	86.1
Community value-added services	54,947	4.7	85,979	5.5	102,197	4.9
Value-added services to non-property owners	62,878	5.4	108,124	6.9	186,161	8.9
Other services	1,842	0.2	1,085	0.1	1,146	0.1
Total cost of services	<u>1,161,227</u>	<u>100.0</u>	<u>1,558,235</u>	<u>100.0</u>	<u>2,086,266</u>	<u>100.0</u>

	Year ended 31 December					
	2015		2016		2017	
	<i>RMB'000</i>	<i>% of total cost of services</i>	<i>RMB'000</i>	<i>% of total cost of services</i>	<i>RMB'000</i>	<i>% of total cost of services</i>
Staff cost	719,474	62.0	1,007,159	64.6	1,382,855	66.3
Cleaning cost ⁽¹⁾	78,638	6.8	173,339	11.1	266,476	12.8
Maintenance cost ⁽¹⁾	76,200	6.6	91,043	5.8	132,921	6.4
Utilities	79,284	6.8	108,640	7.0	111,539	5.3
Greening and gardening cost ⁽¹⁾	12,852	1.1	22,927	1.5	49,627	2.4
Transportation cost ⁽¹⁾	39,137	3.4	36,240	2.3	37,185	1.8
Office and communication cost	22,777	2.0	21,047	1.4	27,899	1.3
Taxes and surcharges	94,441	8.1	63,173	4.1	19,801	0.9
Employee uniform cost	5,711	0.5	7,945	0.5	16,498	0.8
Depreciation and amortisation charges	10,037	0.9	10,129	0.7	14,694	0.7
Community activities cost	7,126	0.6	7,815	0.5	9,302	0.4
Travelling and entertainment cost	2,326	0.2	1,734	0.1	6,146	0.3
Others	13,224	1.0	7,044	0.4	11,323	0.6
Total cost of services	<u>1,161,227</u>	<u>100.0</u>	<u>1,558,235</u>	<u>100.0</u>	<u>2,086,266</u>	<u>100.0</u>

Note:

- (1) Our cost of cleaning, maintenance, greening and gardening and transportation included sub-contracting cost. For the years ended 31 December 2015, 2016 and 2017, our total sub-contracting cost amounted to RMB128.2 million, RMB240.9 million and RMB342.6 million, respectively, representing 11.0%, 15.5% and 16.4% of our cost of services, respectively.

For the years ended 31 December 2015, 2016 and 2017, our staff cost constituted 62.0%, 64.6% and 66.3% of our total cost of services, respectively. The general increase in staff cost was primarily due to a general increase in the salary of our staff and we hired more staff for our business expansion.

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The following table sets out our gross profit and gross profit margin by business line for the years indicated.

	Year ended 31 December					
	2015		2016		2017	
	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>	%
Property management services	391,965	27.3	593,659	30.3	747,903	29.4
Community value-added services	67,375	55.1	108,333	55.8	139,621	57.7
Value-added services to non-property owners	46,639	42.6	91,584	45.9	141,855	43.2
Other services	5,258	74.1	6,638	86.0	6,207	84.4
Total	<u>511,237</u>	<u>30.6</u>	<u>800,214</u>	<u>33.9</u>	<u>1,035,586</u>	<u>33.2</u>

Our gross profit margin increased from 30.6% in 2015 to 33.9% in 2016, mainly due to an increase in gross profit margin of property management services which was primarily attributable to (i) an increase in the proportion of newly delivered properties managed by us which generally had a higher gross profit margin within our property management portfolio and (ii) a decrease in our business tax and other levies following the gradual implementation of the PRC business tax reform measures which became effective in May 2016. Our gross profit margin between 2016 and 2017 remained stable.

During the Track Record Period, the properties under our management were developed principally by the CGH Group while the rest were developed by independent third-party property developers. The table below sets out the breakdowns of (i) our revenue-bearing GFA, and (ii) our revenue generated from the management of properties developed by the CGH Group and independent third-party property developers, respectively, as at the dates or for the years indicated:

	As at/ Year ended 31 December											
	2015				2016				2017			
	Revenue-bearing GFA		Revenue		Revenue-bearing GFA		Revenue		Revenue-bearing GFA		Revenue	
	<i>('000 sq.m.)</i>	(<i>%</i>)	<i>(RMB'000)</i>	(<i>%</i>)	<i>('000 sq.m.)</i>	(<i>%</i>)	<i>(RMB'000)</i>	(<i>%</i>)	<i>('000 sq.m.)</i>	(<i>%</i>)	<i>(RMB'000)</i>	(<i>%</i>)
Properties developed by the CGH Group ⁽¹⁾	67,652	96.9	1,383,082	96.5	87,344	95.9	1,874,617	95.8	109,427	89.1	2,348,756	92.3
Properties developed by independent third-party property developers	2,147	3.1	50,443	3.5	3,720	4.1	82,089	4.2	13,331	10.9	195,909	7.7
Total	<u>69,799</u>	<u>100.0</u>	<u>1,433,525</u>	<u>100.0</u>	<u>91,064</u>	<u>100.0</u>	<u>1,956,706</u>	<u>100.0</u>	<u>122,758</u>	<u>100.0</u>	<u>2,544,665</u>	<u>100.0</u>

Note:

- (1) "Properties developed by the CGH Group" refers to properties developed, solely or jointly with other parties, by subsidiaries, joint ventures or associates of CGH.

Our tender success rates for managing properties developed by the CGH Group were approximately 100%, 100% and 99.7% for 2015, 2016 and 2017, respectively. Our tender success rates for managing properties developed by independent third-party property developers were approximately 90.9%, 88.2% and 55.8% for 2015, 2016 and 2017, respectively, the decrease of which during the Track Record Period was primarily because we participated in more tender and bidding process in an effort to obtain more engagements for management of properties developed by independent third-party property developers.

Our average property management fee charged for properties developed by the CGH Group, being our total tax-inclusive revenue from management of such properties for the relevant year divided by the total of the

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revenue-bearing GFA of such properties for each month, was approximately RMB2.05 per sq.m. per month for each of 2015, 2016 and 2017. Our average property management fees charged for properties developed by independent third-party property developers, being our total tax-inclusive revenue from management of such properties for the relevant year divided by the total of the revenue-bearing GFA of such properties for each month, were approximately RMB1.94, RMB1.68 and RMB1.79 per sq.m. per month for 2015, 2016 and 2017, respectively. For properties developed by independent third-party property developers, the decrease in our average monthly fee from 2015 to 2016 was mainly because of our expanded coverage in regions such as Southwestern and Northeastern China where we generally charge lower property management fees as compared to managed properties located in Southern China. The increase in our average monthly fee from 2016 to 2017 for these properties was mainly due to the increase in the number of large-scale properties for which we generally charge higher property management fees as compared to properties of smaller scale. During the Track Record Period, our average property management fees charged for properties developed by the CGH Group were higher than for those developed by independent third-party property developers. This was mainly because: (i) to achieve synergies in coordinating our property management efforts within a geographic area, we obtained many of our service engagements in the vicinity of our existing managed properties from small to medium-sized independent third-party property developers under which relatively lower property management fees were charged given the profile, scale and locations of such properties, and (ii) our property management portfolio developed by independent third-party developers included public and government facilities which we generally charged lower property management fees as compared to residential properties due to a lesser scope of property management services provided (for instance, we may only be required to provide cleaning services for management of properties such as highway service stations).

OUR CUSTOMERS AND SUPPLIERS

We have a large, growing and loyal customer base primarily consisting of (i) property owners and residents for our property management and community value-added services and (ii) property developers for our property management services and value-added services to non-property owners. During the Track Record Period, our single largest customer was the CGH Group to whom we provided (i) property management services with respect to unsold property units and sold property units prior to the delivery date agreed in the relevant property sales and purchase agreements, and (ii) value-added services to non-property owners, such as consultancy services and pre-delivery cleaning services. For the years ended 31 December 2015, 2016 and 2017, revenue from the CGH Group amounted to RMB195.8 million, RMB363.3 million and RMB439.6 million, respectively, representing 11.7%, 15.4% and 14.1% of our total revenue, respectively. Our revenue from the CGH Group for the provision of value-added services to non-property owners was RMB104.5 million, RMB162.0 million and RMB228.1 million for the years ended 31 December 2015, 2016 and 2017, respectively, with gross profit from the provision of such services amounting to RMB44.1 million, RMB74.7 million and RMB95.6 million for the respective years. For the years ended 31 December 2015, 2016 and 2017, revenue from our five largest customers, who were mostly property developers, amounted to RMB198.2 million, RMB375.2 million and RMB490.7 million, respectively, representing 11.9%, 15.9% and 15.7% of our total revenue, respectively.

We have a large number of suppliers primarily consisting of (i) sub-contractors providing cleaning, repair and maintenance, greening and gardening services, (ii) vendors of materials needed for our daily operations, and (iii) utility providers. During the Track Record Period, most of our top five suppliers were sub-contractors for our property management services, purchase from our single largest supplier for the Track Record Period accounted for 2.5%, 1.9% and 1.6% of our total cost of services for the years ended 31 December 2015, 2016 and 2017, respectively, and purchase from our five largest suppliers for the Track Record Period accounted for 4.9%, 5.0% and 5.0% of our total cost of services for the respective years.

COMPETITIVE STRENGTHS

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

- A leading residential property management service provider in China with strong brand recognition and a large and extensive property management portfolio

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- Strong leverage on the large project portfolio and landbank of the CGH Group leading to highly visible growth opportunities
- Wide sources of revenue generated from our diversified property management portfolio and service offerings
- A mix of locations across cities of different tiers and substantial focus on large-scale properties in China, contributing to profitability at industry-leading levels
- Strong service platform operation and value creation capabilities in building a community ecosphere with five-star living experience for property owners and residents
- Experienced and professional management team supported by an effective human resources system

BUSINESS STRATEGIES

We intend to implement the following strategies to increase further our market share and recognition:

- Further expand the scale of our property management business through multiple channels
- Achieve optimal operational efficiency and customer satisfaction through service standardisation and differentiation under professional lean management
- Continue to deliver a diverse range of differentiated value-added services to develop the personalised community ecosphere and to enhance customer experience and our value creation capability
- Further enhance our standardised and automated operations with upgraded information technology and smart management to maximise cost efficiency and enhance service standards
- Continue to improve our human resources training and incentive system to support the sustainable growth of our business

SUMMARY

SUMMARY OF FINANCIAL INFORMATION

The following tables set out our summary of financial information for the years indicated and should be read together with the combined financial information in Appendix I to this listing document, including the accompanying notes, and the information set out in the section headed “Financial Information” in this listing document.

Summary of combined statements of comprehensive income information

	Year ended 31 December					
	2015		2016		2017	
	<i>RMB'000</i>	<i>% of total revenue</i>	<i>RMB'000</i>	<i>% of total revenue</i>	<i>RMB'000</i>	<i>% of total revenue</i>
Revenue	1,672,464	100.0	2,358,449	100.0	3,121,852	100.0
Cost of services	(1,161,227)	(69.4)	(1,558,235)	(66.1)	(2,086,266)	(66.8)
Gross profit	511,237	30.6	800,214	33.9	1,035,586	33.2
Selling and marketing expenses	—	0.0	—	0.0	(9,351)	(0.3)
General and administrative expenses	(226,070)	(13.5)	(332,871)	(14.1)	(459,443)	(14.7)
Other income	8,005	0.5	8,008	0.3	13,067	0.4
Other gains-net	120	0.0	1,968	0.1	1,272	0.0
Operating profit	293,292	17.6	477,319	20.2	581,131	18.6
Finance income — net	1,622	0.1	15,913	0.7	34,995	1.1
Share of results of joint ventures	—	0.0	(1,747)	(0.1)	991	0.0
Share of results of associates	(1)	(0.0)	(5,153)	(0.2)	(8,920)	(0.3)
Profit before income tax	294,913	17.7	486,332	20.6	608,197	19.4
Income tax expense	(74,460)	(4.5)	(133,804)	(5.7)	(167,734)	(5.4)
Profit for the year	<u>220,453</u>	<u>13.2</u>	<u>352,528</u>	<u>14.9</u>	<u>440,463</u>	<u>14.0</u>
Profit attributable to:						
Owners of the Company	220,453	13.2	324,181	13.7	401,743	12.9
Non-controlling interests	—	0.0	28,347	1.2	38,720	1.1
	<u>220,453</u>	<u>13.2</u>	<u>352,528</u>	<u>14.9</u>	<u>440,463</u>	<u>14.0</u>

Summary of combined balance sheets information

	As at 31 December			As at
	2015	2016	2017	30 April
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Non-current Assets	47,310	70,084	121,569	126,193
Current Assets	1,386,855	2,397,878	3,355,551	3,394,905
Total Assets	<u>1,434,165</u>	<u>2,467,962</u>	<u>3,477,120</u>	<u>3,521,098</u>
Total Equity	577,310	1,083,343	1,542,106	1,728,647
Non-current Liabilities	—	—	14,456	14,235
Current Liabilities	856,855	1,384,619	1,920,558	1,778,216
Total Equity and Liabilities	<u>1,434,165</u>	<u>2,467,962</u>	<u>3,477,120</u>	<u>3,521,098</u>
Net current assets	<u>530,000</u>	<u>1,013,259</u>	<u>1,434,993</u>	<u>1,616,689</u>

SUMMARY

Summary of combined statements of cash flows information

	Year ended 31 December		
	2015	2016	2017
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Net cash (used in)/generated from operating activities	(12,324)	1,001,383	885,341
Net cash generated from/(used in) investing activities.....	49,682	66,681	(32,487)
Net cash generated from financing activities	—	115,300	7,009
Net increase in cash and cash equivalents	37,358	1,183,364	859,863
Cash and cash equivalents at beginning of the year	553,712	591,070	1,774,434
Cash and cash equivalents at the end of the year	591,070	1,774,434	2,634,297

We had net cash used in operating activities of RMB12.3 million in 2015 and net cash generated from operating activities of RMB1,001.4 million and RMB885.3 million in 2016 and 2017, respectively. Our net cash used in operating activities in 2015 was mainly due to a negative changes in working capital of RMB205.5 million and an income tax payment of RMB113.5 million. Such changes in working capital mainly consisted of a decrease in trade and other payables of RMB522.9 million since we settled a large amount of other payables due to related parties in relation to funds received from the property owners on behalf of the property developers, partially offset by a decrease in trade and other receivables of RMB228.5 million mainly due to our continuous effort to settle the trade receivables with our related parties.

We had net cash from investing activities of RMB49.7 million and RMB66.7 million in 2015 and 2016, respectively, and net cash used in investing activities of RMB32.5 million in 2017. Our net cash used in investing activities in 2017 consisted mainly of (i) payment of RMB54.8 million for purchases of property, plant and equipment primarily in machinery such as equipment and facilities used for our smart carpark management, (ii) payment of RMB6.0 million for investments in Guangdong Fenghuang Youxuan, and (iii) payment of RMB4.7 million for purchases of intangible assets such as software. The cash outflows were partially offset by an increase in cash of RMB35.2 million due to interest received from our bank deposits.

Key Financial Ratios

	As at / Year ended 31 December		
	2015	2016	2017
Current ratio ⁽¹⁾	1.6	1.7	1.7
Quick ratio ⁽²⁾	1.6	1.7	1.7
Return on total assets (%) ⁽³⁾	14.1	18.1	14.8
Return on equity (%) ⁽⁴⁾	47.2	42.5	33.6

Notes:

- (1) Current ratio is calculated by dividing total current assets by total current liabilities as at the date indicated.
- (2) Quick ratio is calculated by dividing total current assets less inventories by total current liabilities as at the date indicated.
- (3) Return on total assets is calculated by dividing net profit for the year by the arithmetic mean of the opening and closing balance of total assets in the relevant period and multiplied by 100%.
- (4) Return on equity is calculated by dividing net profit for the year by the arithmetic mean of the opening and closing balance of total equity in the relevant period and multiplied by 100%.

Our return on total assets in 2015, 2016 and 2017 was 14.1%, 18.1% and 14.8%, respectively. Our return on total assets increased from 14.1% in 2015 to 18.1% in 2016 was primarily attributable to the increase of

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59.9% in our net profit. Our return on total assets decreased from 18.1% in 2016 to 14.8% in 2017 was primarily attributable to a larger percentage increase in our total assets than our net profit, which was primarily due to an increase in current assets especially in cash and cash equivalents.

Our return on equity in 2015, 2016 and 2017 was 47.2%, 42.5% and 33.6%, respectively. The general decrease in return on equity during the Track Record Period was primarily due to the significantly increase in total equity mainly attributable to (i) an increase in retained earnings due to our increase in profit for the year; and (ii) an increase in non-controlling interests by issuing new ordinary shares, capital injection and business combination.

CGH DISTRIBUTION AND SPIN-OFF

On 29 May 2018, the CGH Board declared the CGH Distribution to the Qualifying CGH Shareholders, being registered holders of CGH Shares whose names appear on the register of members of CGH as at the Record Date.

The CGH Distribution will be satisfied wholly by way of a distribution in specie to the Qualifying CGH Shareholders of an aggregate of 2,500,000,000 Shares, representing the entire issued share capital of our Company, in proportion to their shareholdings in CGH as at the Record Date. Pursuant to the CGH Distribution, the Qualifying CGH Shareholders will be entitled to one Share for every 8.7 CGH Shares held as at the Record Date. Fractional entitlements of Qualifying CGH Shareholders to our Shares under the CGH Distribution will be disregarded and will instead be aggregated and sold by CGH on the market and the aggregate proceeds of such sale (net of expenses and taxes) will be retained for the benefit of CGH.

As the CGH Distribution is conditional on the Listing Committee granting approval for the listing by way of introduction of, and permission to deal in, our Shares on the Main Board of the Stock Exchange and such approval not having been revoked prior to 8:00 a.m. (Hong Kong time) on the Listing Date. If this condition is not satisfied, the CGH Distribution will not be made and the Spin-off will not take place.

The Spin-off will be implemented by way of a distribution alone, the Spin-off will not constitute a transaction for CGH under Chapter 14 of the Listing Rules and accordingly, there will be no requirement for CGH to comply with the notification or shareholders' approval requirements under Chapter 14 of the Listing Rules.

Reasons for and Benefits of the Spin-off

CGH considers that the Spin-off is in the interests of the CGH Group and the CGH Shareholders taken as a whole and the Spin-off will position each of the CGH Group and our Group better for growth in their respective businesses and deliver clear benefits to both by the following:

- (a) the Spin-off will allow CGH Shareholders an opportunity to realise the fair value of their investment in the property management business;
- (b) the Spin-off will enable our Group to obtain a separate listing status and an independent fund-raising platform. The Spin-off would allow our Company to gain direct access to the capital markets for equity and/or debt financing to fund its existing operations and future expansion without reliance on CGH, thereby accelerating its expansion and improving its operating and financial performance, which in turn will provide better reward to the shareholders of both our Company and CGH;
- (c) the Spin-off will increase the operational and financial transparency and improve the corporate governance of our Group and provide investors, financial institutions and rating agencies with greater

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clarity on the businesses and financial status of our Group and of the CGH Group, on a stand-alone basis, and such improvement will help to build investor confidence in forming investment decisions based on their assessment of the performance, management, strategy, risks and returns of both our Group and the CGH Group; and

- (d) the Spin-off will enable our Group to enhance our corporate profile, thereby increasing our ability to attract strategic investors, who can produce synergies for our Group, for investment in and forming strategic partnerships directly with our Group.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

Immediately after the CGH Distribution, our Company will cease to be a subsidiary of CGH, and Ms. Yang Huiyan, Concrete Win, Genesis Capital and Golden Value will be the Controlling Shareholders of our Company. We will operate independently from our Controlling Shareholders and their close associates, and our Controlling Shareholders operate separate businesses with our Group which do not overlap with each other.

Given the difference between the principal business operations of our Group and the Remaining CGH Group, our Directors are of the view that there is clear delineation between the business of the Remaining CGH Group and our business, save for otherwise disclosed in this listing document, none of the business of the Remaining CGH Group would compete or is expected to compete, directly or indirectly, with the businesses of our Group. To ensure that competition will not exist in the future, Ms. Yang Huiyan has entered into the Deed of Non-Competition in favour of our Company to the effect that she will not, and will procure each of her respective close associates (except for the Remaining CGH Group) not to, directly or indirectly participate in, or hold any right or interest, or otherwise be involved in any business which may be in competition with our business. As at the Latest Practicable Date, none of our Controlling Shareholders, our Directors and their respective close associates had any interest in any business which competes or is likely to compete, either directly or indirectly, with our Company's business which would require disclosure under Rule 8.10 of the Listing Rules.

Our Group secures a majority of preliminary property management service engagements mainly through a standard tender process regulated by applicable PRC laws and regulations. The CGH Group does not have any decisive influence over the selection (or replacement) of the property management service provider by individual property owners. We believe that we are capable of carrying on our business independently of our Controlling Shareholders as their respective associates (other than our Group) after Listing due to our management, operational and financial independence. For details, see "Relationship with our Controlling Shareholders".

RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE

Subsequent to 31 December 2017 (being the date of our latest audited combined balance sheets as set out in the Accountant's Report in Appendix I to this listing document), we had expanded our property management portfolio to cover more than 260 cities across 28 provinces, municipalities and autonomous regions in China with an aggregate contracted GFA of approximately 365.4 million sq.m. as at 30 April 2018. In particular, we managed a total of 510 properties in more than 190 cities across 26 provinces, municipalities and autonomous regions in China with an aggregate revenue-bearing GFA of approximately 131.0 million sq.m. as at 30 April 2018.

In May 2018, our PRC subsidiary CG Property Services received the certificate of "High and New Technology Enterprise" under which CG Property Services is entitled to a preferential PRC income tax rate of 15% for each of 2017, 2018 and 2019 and such accreditation can be applied for renewal every three years. This preferential income tax treatment obtained subsequent to the reporting period is a non-adjusting event and thus does not affect the income tax provision made for the years ended 31 December 2015, 2016 and 2017.

Our Directors have confirmed that, since 31 December 2017 and up to the date of this listing document, there has been no material adverse change in our financial or trading position or prospects and no event has occurred that would materially and adversely affect the information shown in our combined financial statements set out in the Accountant's Report included in Appendix I to this listing document.

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UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following unaudited pro forma statement of adjusted net tangible assets of the Group prepared in accordance with Rule 4.29 of the Listing Rules is for illustrative purposes only, and is set out below to illustrate the effect of the Listing on our combined net tangible assets attributable to the owners of the Company as at 31 December 2017 as if the Listing had taken place on 31 December 2017.

	Audited combined net tangible assets of the Group attributable to owners of the Company as at 31 December 2017	Pro forma adjustments		Unaudited pro forma adjusted net tangible assets attributable to owners of the Company as at 31 December 2017	Unaudited pro forma adjusted net tangible assets per share	
		Listing expenses borne by the Company	Cash consideration for Reorganisation		(Note 4, 5)	(Note 7)
		(Note 1)	(Note 2)		(Note 3)	RMB
	RMB'000	RMB'000	RMB'000	RMB'000	RMB	HK\$
Based on 2,500,000,000 Shares issued prior to the Listing	1,400,315	(14,922)	(115,200)	1,270,193	0.51	0.62

Notes:

- (1) The audited combined net tangible assets attributable to owners of the Company as of 31 December 2017 is extracted from the Accountant's Report set out in Appendix I to this listing document, which is based on the audited combined net assets of the Group attributable to owners of the Company as of 31 December 2017 of RMB1,421,173,000, with an adjustment for the intangible assets as at 31 December 2017 of RMB20,858,000.
- (2) Listing expenses totalling approximately RMB47,095,000 is expected to be incurred by the completion of the Spin-off and the Listing, of which an estimated amount of approximately RMB32,173,000 will be borne by the CGH Group, and RMB14,922,000 will be charged to our consolidated statement of comprehensive income for the year ending 31 December 2018. The listing expenses mainly include fees and expenses to the Joint Sponsors, the Legal Advisers to the Company, the Legal Advisers to the Joint Sponsors and the Reporting Accountant. During the Track Record Period, the Company did not incur or pay any listing expenses.
- (3) As part of the Reorganisation, pursuant to the equity transfer agreement entered into by CG Management Services and CG Management Consultation with Tibet Shunqi on 24 January 2018, Tibet Shunqi transferred an 8% equity interest of CG Property Services to CG Management Services and CG Management Consultation at a total consideration of RMB115,200,000 which was fully paid in February 2018.
- (4) The unaudited pro forma adjusted net tangible assets per share is arrived at after the adjustments referred to in the preceding paragraphs and on the basis that 2,500,000,000 Shares were issued prior to the Listing, not taking into account any Shares which may be issued upon the exercise of the Pre-Listing Share Option Scheme or Shares which may be issued or repurchased by the Company pursuant to the general mandates granted to the Directors to issue or repurchase Shares.
- (5) The unaudited pro forma statement of adjusted net tangible assets has not taken into account the dividend of RMB93,900,000 which was declared and paid before the Listing by the Company and the dividends of RMB1,695,000 which were declared by other companies comprising the Group to their non-controlling shareholders. Had the dividends been taken into account, the unaudited pro forma adjusted net tangible assets per share would be RMB0.47 (HK\$0.58).
- (6) Save as disclosed above, no adjustment has been made to the unaudited pro forma adjusted net tangible assets to reflect any trading results or other transactions of the Group entered into subsequent to 31 December 2017.
- (7) For the purpose of this unaudited pro forma statement of adjusted net tangible assets, the balance stated in Renminbi was converted into Hong Kong dollars at rate of RMB1.00 to HK\$1.2265. No representation is made that Renminbi amounts have been, could have been or may be converted to Hong Kong dollars, or vice versa, at that rate.

DIVIDENDS AND DIVIDEND POLICY

Subject to the provisions of the Articles of Association and the Cayman Companies Law, we currently target to distribute to our Shareholders approximately 25% of our profit for the year attributable to owners of the

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Company from the year ending 31 December 2018 onwards. Any declaration of dividends, however, is subject to our results of operations, working capital and cash position, future business and earnings, capital requirements, contractual restrictions, if any, as well as any other factors which our Directors may consider relevant. Any future declarations and payments of dividends will be at the discretion of our Directors and may require the approval of our Shareholders. We cannot assure you that we will be able to distribute dividends of this or any other amount, or at all, in any year.

We did not declare any dividends during the Track Record Period. Our Company declared dividends of RMB93.9 million on 5 May 2018, all of which were settled on 16 May 2018. Our dividend distribution record in the past may not be used as a reference or basis to determine the level of dividends that may be declared or paid by our Company in the future. For more information, see “Financial Information — Dividends and dividend policy”.

RISK FACTORS

Our business is subject to certain risks involved in our operations, including but not limited to risks relating to our business and industry, risks relating to conducting business in the PRC and risks relating to the Spin-off and the Listing. We believe that the following are some of the major risks that we face:

- Our future growth may not materialise as planned, and failure to manage any future growth effectively may have a material adverse effect on our business, financial position and results of operations;
- Our ability to maintain or improve our current level of profitability depends on our ability to control operating costs, in particular, labour costs, and our profit margins and results of operations may be materially and adversely affected by the increase in labour or other operating costs;
- We may not procure new property management services contracts as planned or at desirable pace or price;
- We may be subject to losses and our profit margins may decrease if we fail to control our costs in performing our property management services on a lump sum basis; and
- We may not be able to collect property management fees from customers and as a result, may incur impairment losses on receivables.

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

LISTING EXPENSES

During the Track Record Period, we did not incur any listing expenses for the Listing. We expect listing expenses to be approximately RMB47.1 million by the completion of the Spin-off and the Listing, of which an estimated amount of approximately RMB32.2 million will be borne by CGH and RMB14.9 million will be charged to our consolidated statement of comprehensive income for the year ending 31 December 2018.

DEFINITIONS

In this listing document, unless the context otherwise requires, the following terms shall have the meanings set out below. This section also contains explanations of certain terms used in this listing document in connection with our Group and our business. The terms and their meanings may not correspond to standard industry meanings or usage of those terms.

“Articles of Association”	the amended and restated articles of association of our Company conditionally adopted by a special resolution of the sole Shareholder on 25 May 2018 and effective from the Listing Date, as amended from time to time, a summary of which is set out in “Appendix IV — Summary of the Constitution of the Company and Cayman Islands Company Law”
“Baoding CG Xusheng”	Baoding Country Garden Xusheng City Services Company Limited* (保定碧桂園旭晟城市服務有限公司), a limited liability company established in the PRC on 21 May 2018 and our non wholly-owned subsidiary which is owned as to 55% by CG Property Services and 45% by Baoding Xusheng Investment Group Company Limited* (保定旭晟投資集團有限公司), an Independent Third Party
“Beneficial CGH Shareholder”	a beneficial owner of CGH Shares whose CGH Shares are registered in the name of a Registered CGH Shareholder
“Board”	the board of Directors
“Business Day”	any day (other than a Saturday, Sunday or public holiday in Hong Kong) on which banks in Hong Kong are generally open for normal banking business
“BVI”	the British Virgin Islands
“CAGR”	compound annual growth rate
“Cayman Companies Law”	the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
“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, a CCASS Custodian Participant or a CCASS Investor Participant

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“CG Jinyang Property Services”	Country Garden Jinyang Property Services Company Limited* (碧桂園金陽物業服務有限公司) (was formerly known as Chongqing Jinyang Qilong Shanzhuang Property Management Company Limited*, Chongqing Xiexing Property Management Company Limited* (重慶金陽騎龍山莊物業管理有限公司, 重慶協興物業管理有限責任公司)), a limited liability company established in the PRC on 15 December 1998 and our non wholly-owned subsidiary which is owned as to 51% by CG Property Services and 49% by Chongqing Meiyaxuan Commercial Management Company Limited* (重慶美亞軒商業管理有限公司), an Independent Third Party
“CG Property Malaysia”	Country Garden Property Service (Malaysia) SDN. BHD, a company established in Malaysia on 16 May 2017 and our indirect wholly-owned subsidiary, which is in progress of deregistration
“CG Property Services”	Guangdong Country Garden Property Services Co., Ltd.* (廣東碧桂園物業服務股份有限公司), the successor of Guangdong Country Garden Property Services Co., Ltd.* (廣東碧桂園物業服務有限公司) (formerly known as Guangdong Country Garden Property Management Co., Ltd. (廣東碧桂園物業管理有限公司)) a company established under the laws of the PRC and our wholly-owned subsidiary
“CG Property Services HK”	Country Garden Property Services HK Holdings Company Limited, a company incorporated in Hong Kong on 5 February 2018 and our indirect wholly-owned subsidiary
“CGH”	Country Garden Holdings Company Limited (碧桂園控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 2007)
“CGH Board”	the board of directors of CGH
“CGH Distribution”	the conditional special dividend declared by the CGH Board on 29 May 2018 to be satisfied by way of a distribution in specie of an aggregate of 2,500,000,000 Shares to the Qualifying CGH Shareholders on the Record Date, subject to the satisfaction of the conditions described in “CGH Distribution and the Spin-off”
“CGH Group”	CGH and its subsidiaries
“CGH Overseas Shareholder”	a CGH Shareholder whose address, as shown on the register of members of CGH as at the Record Date, is in any jurisdiction other than Hong Kong
“CGH PRC Stock Connect Investor(s)”	the PRC southbound trading investor(s) through Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect who hold CGH Shares through ChinaClear as nominee
“CGH Shareholder”	a holder of CGH Shares

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“CGH Shares”	ordinary shares in the issued share capital of CGH
“CG Management Consultation”	Foshan Country Garden Management Consultation Company Limited* (佛山市碧桂園管理顧問有限公司), a limited liability company established in the PRC on 7 August 2015 and our indirect wholly-owned subsidiary
“CG Management Services”	Foshan Country Garden Management Services Company Limited* (佛山市碧桂園管理服務有限公司), a limited liability company established in the PRC on 7 August 2015 and our indirect wholly-owned subsidiary
“ChinaClear”	China Securities Depository and Clearing Corporation Limited (中國證券登記結算有限公司)
“China Index Academy” or “CIA”	China Index Academy (中國指數研究院), our industry consultant
“Chongqing CG Kunhuang Property Services”	Chongqing Country Garden Kunhuang City Property Services Company Limited* (重慶碧桂園坤煌城市物業服務有限公司), a limited liability company established in the PRC on 5 September 2017 and our non wholly-owned subsidiary which is owned as to 60% by CG Property Services and 40% by Chongqing Kunhuang Industrial Development Company Limited* (重慶坤煌實業發展有限公司), an Independent Third Party
“Chongqing CG Jiuhan”	Chongqing Country Garden Jiuhan Property Services Company Limited* (重慶碧桂園久桓物業服務有限公司), a limited liability company established in the PRC on 24 February 2018 and our non wholly-owned subsidiary which is owned as to 55% by CG Property Services and 45% by Chongqing Fengdu Jiuhan Property Development Company Limited* (重慶豐都縣久桓房地產開發有限公司), an Independent Third Party, and is in the process of deregistration
“Chongqing Rongbi”	Chongqing Rongbi Property Services Company Limited* (重慶融碧物業服務有限公司), a limited liability company established in the PRC on 19 September 2017 and owned as to 50% by CG Property Services and 50% by Chongqing Rongchuang Property Management Company Limited* (重慶融創物業管理有限公司), an Independent Third Party
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Company”	Country Garden Services Holdings Company Limited (碧桂園服務控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability on 24 January 2018
“Concrete Win”	Concrete Win Limited, a limited liability company incorporated in the BVI on 7 April 2006, one of our Controlling Shareholders and is beneficially wholly-owned by Ms. Yang Huiyan

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“Controlling Shareholder(s)”	the controlling shareholders of our Company as at the date of this listing document, being Ms. Yang Huiyan, Concrete Win, Genesis Capital, Golden Value, CGH, Smart World and Wise Fame; the controlling shareholders of our Company immediately after completion of the CGH Distribution, being Ms. Yang Huiyan, Concrete Win, Genesis Capital and Golden Value
“CSRC”	China Securities Regulatory Commission (中國證券監督管理委員會)
“Deed of Non-competition”	the deed of non-competition dated 29 May 2018 entered into by Ms. Yang Huiyan in favour of our Company
“Dongguan CG Property Services”	Dongguan Country Garden Tianyuwan Property Services Company Limited* (東莞市碧桂園天禦灣物業服務有限公司), a limited liability company established in the PRC on 17 October 2017 and our non wholly-owned subsidiary which is owned as to 51% by CG Property Services and 49% by Mr. Lin Wenbin (林文彬), an Independent Third Party
“Director(s)”	director(s) of our Company
“EIT Law”	the PRC Enterprise Income Tax Law (《中華人民共和國企業所得稅法》), which came into effect on 1 January 2008
“Excluded Jurisdiction(s)”	those jurisdictions outside Hong Kong in respect of which the CGH Board and the Board have determined after making relevant enquires and based on legal advice received that it is necessary or expedient not to distribute Shares to the CGH Shareholders or the Beneficial CGH Shareholders located or resident in those jurisdictions pursuant to the CGH Distribution, on account of either the legal restrictions under the applicable laws of such jurisdictions and/or the requirements of the relevant regulatory bodies or stock exchanges in those jurisdictions. By reference to the register of members of CGH as at the Latest Practicable Date, the Excluded Jurisdictions would include Ontario, Canada
“Executive Director(s)”	executive director(s) of our Company
“Fenghuanghui”	Fenghuanghui Information Technology Company Limited* (鳳凰匯信息科技有限公司), a limited liability company established in the PRC on 18 January 2018 and is owned as to 63.5% by CG Property Services, 26.5% by Guangzhou Taixin Tianxing Investment Partnership (Limited Partnership)* (廣州市泰信天興投資合夥企業(有限合夥)), an Independent Third Party and 10% by Guangzhou Zonghe Investment Partnership (Limited Partnership)* (廣州市縱禾投資合夥企業(有限合夥)), an Independent Third Party
“Foshan Biju”	Foshan Biju Real Estate Company Limited* (佛山市碧居房地產有限公司), a limited liability company established in the PRC on 21 April 2017 and our wholly-owned subsidiary

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“Genesis Capital”	Genesis Capital Global Limited, a limited liability company incorporated in the BVI on 28 July 2014, one of our Controlling Shareholders and is beneficially wholly-owned by Ms. Yang Huiyan
“Golden Value”	Golden Value Investments Limited, a limited liability company incorporated in the BVI on 10 August 2012, one of our Controlling Shareholders and is beneficially wholly-owned by Ms. Yang Huiyan
“Group”, “we” or “us”	our Company and, except where the context otherwise requires, all of its subsidiaries or where the context refers to any time prior to its incorporation, the business which its predecessors or the predecessors of its present subsidiaries were engaged in and which were subsequently assumed by it
“Guangdong CG Huimin Property Services”	Guangdong Country Garden Huimin Property Services Company Limited* (廣東碧桂園惠民物業服務有限公司), a limited liability company established in the PRC on 9 January 2017 and our non wholly-owned subsidiary which is owned as to 75% by CG Property Services and 25% by Mr. Liu Yang (劉楊), an Independent Third Party
“Guangdong CG Jumin Services”	Guangdong Country Garden Jumin Services Company Limited* (廣東碧桂園居民服務有限公司), a limited liability company established in the PRC on 30 April 2015 and our wholly-owned subsidiary
“Guangdong Fenghuang Youxuan”	Guangdong Shunde Fenghuang Youxuan Commercial Company Limited* (廣東順德鳳凰優選商業有限公司), a limited liability company established in the PRC on 24 January 2017 and is wholly-owned by an Independent Third Party after the Reorganisation
“Guangzhou CG Ningxin Services”	Guangzhou Country Garden Ningxin City Services Company Limited* (廣州碧桂園寧信城市服務有限公司), a limited liability company established in the PRC on 1 September 2017 and our non wholly-owned subsidiary which is owned as to 51% by CG Property Services and 49% by Guangzhou Ningxin Project Consultancy Company Limited* (廣州寧信工程諮詢有限公司), an Independent Third Party
“Guangzhou Fengding”	Guangzhou Fengding Property Services Company Limited* (廣州市鳳鼎物業服務有限責任公司), a limited liability company established in the PRC on 23 April 2018 and our wholly-owned subsidiary
“Hainan Property Services”	Hainan Sailai Borui Property Services Company Limited* (海南賽萊柏瑞物業服務有限公司) (was formerly known as Hainan Sailai Borui Property Management Company Limited* (海南賽萊柏瑞物業管理有限公司)), a limited liability company established in the PRC on 12 April 2012 and our wholly-owned subsidiary
“Hancheng CG Services”	Hancheng Country Garden City Services Company Limited* (韓城碧桂園城市服務有限公司) (was formerly known as Hancheng Huimin City Services Company Limited* (韓城惠民城市服務有限公

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	司)), a limited liability company established in the PRC on 4 March 2016 and our non wholly-owned subsidiary which is owned as to 60% by CG Property Services and 40% by Hancheng Xincheng Property Company Limited* (韓城市馨誠物業有限責任公司), an Independent Third Party
“Hebei CG Property Services”	Hebei Country Garden Huancheng Property Services Company Limited* (河北碧桂園環城物業服務有限公司), a limited liability company established in the PRC on 18 January 2018 and our non wholly-owned subsidiary which is owned as to 51% by CG Property Services and 49% by Hebei Huancheng International Logistic Company Limited* (河北環城國際物流有限公司), an Independent Third Party
“Hengshui CG Services”	Hengshui Country Garden City Services Company Limited* (衡水碧桂園城市服務有限公司), a limited liability company established in the PRC on 23 March 2017 and our non wholly-owned subsidiary which is owned as to 60% by CG Property Services and 40% by Hengshui Yuhua Property Services Company Limited* (衡水禦樺物業服務有限公司), an Independent Third Party
“Heze CG Kaixing Property Services”	Heze Country Garden Kaixing Property Services Company Limited* (荷澤碧桂園凱興物業服務有限公司), a limited liability company established in the PRC on 2 May 2017 and our non wholly-owned subsidiary which is owned as to 60% by CG Property Services and 40% by Heze Kaixing Real Estate Company Limited* (荷澤凱興置業有限公司), an Independent Third Party
“Hubei CG Baiyang Property”	Hubei Country Garden Baiyang City Property Services Company Limited* (湖北碧桂園百洋城市物業服務有限公司), a limited liability company established in the PRC on 8 February 2018 and our non wholly-owned subsidiary which is owned as to 51% by CG Jinyang Property Services and 49% by Xiangyang Baiyang Mingri City Property Development Company Limited* (襄陽百洋明日城市房地產開發有限公司), an Independent Third Party
“HK\$” and “Hong Kong dollars”	Hong Kong dollars, the lawful currency of Hong Kong
“HKAS”	Hong Kong Accounting Standards
“HKFRS”	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 Limited”	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Branch Share Registrar”	Tricor Investor Services Limited

DEFINITIONS

“Huahui Jinfu”	Huahui Jinfu Information Technology (Beijing) Company Limited* (華惠金服信息科技(北京)有限公司), a limited liability company established in the PRC on 14 April 2016 and owned as to 30% by CG Property Services, 45% by Foshan Shunde Huayou Business Management Company Limited* (佛山市順德區華優企業管理有限公司), an Independent Third Party and 25% by Shanghai Aoyi Investment Management Centre (Limited Partnership)* (上海傲屹投資管理中心(有限合夥)), an Independent Third Party
“Hubei Qingneng”	Hubei Qingneng Country Gardent Property Service Company Limited* (湖北清能碧桂園物業服務有限公司), a limited liability company established in the PRC on 17 October 2011 and is owned as to 50% by CG Property Services and 50% by Hubei Qingneng Real Estate Company Limited* (湖北清能置業有限公司), an Independent Third Party
“Huicheng CG Property Management”	Huicheng Country Garden Property Management (Beijing) Company Limited* (慧城碧桂園物業管理(北京)有限公司), a limited liability company established in the PRC on 26 June 2017 and our non wholly-owned subsidiary which is owned as to 51% by CG Property Services and 49% by Huicheng Property Management (Beijing) Company Limited* (慧城物業管理(北京)有限公司), an Independent Third Party
“Independent Non-executive Director(s)”	independent non-executive director(s) of our Company
“Independent Third Party(ies)”	any party who is not connected (within the meaning of the Listing Rules) with any director, chief executive or substantial shareholder of our Company or any of our subsidiaries or an associate of any of them
“Jiayuguan CG Property Management”	Jiayuguan Country Garden City Property Management Company Limited* (嘉峪關碧桂園城市物業管理有限公司), a limited liability company established in the PRC on 22 June 2017 and our non wholly-owned subsidiary which is owned as to 51% by CG Property Services and 49% by Jiayuguan Runye Property Development Company Limited* (嘉峪關潤業房地產開發有限責任公司), an Independent Third Party
“Joint Sponsors”	HSBC Corporate Finance (Hong Kong) Limited and Goldman Sachs (Asia) L.L.C.
“Latest Practicable Date”	28 May 2018, being the latest practicable date for ascertaining certain information in this listing document before its publication
“Listing”	the listing of our Shares on the Board of the Stock Exchange
“Listing Committee”	the listing committee of the Stock Exchange
“Listing Date”	the date on which our Shares are first listed and from which dealings in our Shares first commence on the Main Board of the Stock Exchange, expected to be on 19 June 2018

DEFINITIONS

“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
“Main Board”	the stock 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
“Maoming CG Shengfeng”	Maoming Country Garden Shengfeng Property Services Company Limited* (茂名碧桂園勝豐物業服務有限公司), a limited liability company established in the PRC on 17 May 2018 and our non wholly-owned subsidiary which is owned as to 68% by CG Property Services and 32% by Guangdong Jiansui Investment Real Estate Company Limited* (廣東建穗投資置業有限公司), an Independent Third Party
“Memorandum of Association”	the amended and restated memorandum of association of our Company adopted by a special resolution of the sole Shareholder on 13 March 2018 and effective from the date of such resolution, as amended from time to time, a summary of which is set out in “Appendix IV — Summary of the Constitution of the Company and Cayman Islands Company Law”
“MOFCOM”	the Ministry of Commerce of the People’s Republic of China (中華人民共和國商務部)
“MOHRSS”	the Ministry of Human Resources and Social Security of the People’s Republic of China (中華人民共和國人力資源和社會保障部)
“MOHURD”	the Ministry of Housing and Urban-Rural Development of the PRC (中華人民共和國住房和城鄉建設部) or, as the context may require, its predecessor, the Ministry of Construction of the PRC (中華人民共和國建設部)
“MPS”	the Ministry of Public Security of the People’s Republic of China (中華人民共和國公安部)
“NDRC”	the National Development and Reform Commission (中華人民共和國國家發展和改革委員會)
“Non-executive Director(s)”	non-executive director(s) of our Company
“Non-Qualifying CGH Shareholders”	those CGH Overseas Shareholders with registered addresses in Excluded Jurisdiction, and CGH Shareholders who are otherwise known by CGH to be residents of, or located in jurisdictions outside Hong Kong on the Record Date who will not receive Shares pursuant to the CGH Distribution where the CGH Board and our Board after making relevant enquiries and based on legal advice provided by their legal advisers consider it necessary or expedient to exclude them from receiving Shares on account either of the legal restrictions under the laws of the relevant jurisdictions where they are located or resident and/or the requirements of the relevant regulatory bodies or stock exchanges in those jurisdictions

DEFINITIONS

“Ornate Forest”	Ornate Forest Limited, a limited liability company incorporated in the BVI on 7 July 2017 and our wholly-owned subsidiary
“PBOC”	the People’s Bank of China (中國人民銀行), the central bank of the PRC
“PRC” or “China”	the People’s Republic of China, excluding, for the purpose of this listing document, Hong Kong, Macau and Taiwan
“PRC government”	the central government of the PRC, including all governmental subdivisions (including provincial, municipal and other regional or local government entities) and instrumentalities thereof or, where the context requires, any of them
“PRC Legal Advisers”	DeHeng Law Offices (Shenzhen), the legal advisers to us as to the laws of the PRC
“Qingdao CG Runjin Property Services”	Qingdao Country Garden Runjin Property Services Company Limited* (青島碧桂園潤錦物業服務有限公司), a limited liability company established in the PRC on 22 March 2017 and our non wholly-owned subsidiary which is owned as to 60% by CG Property Services and 40% by Qingdao Runjin Property Development Company Limited* (青島潤錦房地產開發有限公司), an Independent Third Party
“Qingyuan CG Services”	Qingyuan Country Garden City Services Company Limited* (清遠碧桂園城市服務有限公司), a limited liability company established in the PRC on 6 September 2017 and our non wholly-owned subsidiary which is owned as to 55% by CG Property Services and 45% by Mr. Guo Yi (郭藝), an Independent Third Party
“Qualifying CGH Shareholders”	CGH Shareholders whose names appeared on the register of members of CGH as at the Record Date and not being Non-Qualifying CGH Shareholders
“Record Date”	13 June 2018, being the record date for determining the entitlement of the CGH Shareholders to the CGH Distribution
“Registered CGH Shareholder”	in respect of a Beneficial CGH Shareholder, any nominee, trustee, depositary or any other authorised custodian or third-party whose name is entered in the register of members of CGH as the holder of the CGH Shares in which the Beneficial CGH Shareholder is beneficially interested
“Remaining CGH Group”	CGH and its subsidiaries (excluding our Group)
“Reorganisation”	the reorganisation of our Group in preparation for the Listing, details of which are set out in “History, Reorganisation and Corporate Structure — Reorganisation”
“RMB” or “Renminbi”	the lawful currency of the PRC

DEFINITIONS

“SAFE”	the State Administration of Foreign Exchange (國家外匯管理局)
“SAT”	the State Administration of Taxation (國家稅務總局)
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO” or “Securities and Futures Ordinance”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Shares”	ordinary shares with a par value of US\$0.0001 each in the share capital of our Company
“Shareholders”	holders of Shares
“Shenzhen Wangshenghuo”	Shenshen Wangshenghuo Internet Technology Company Limited* (深圳市旺生活互聯網科技有限公司), a limited liability company established in the PRC on 23 September 2015 and owned as to 9.9% by CG Property Services, 65.1% by Foshan Jingde Investment Management Company Limited* (佛山市敬德投資管理有限公司), an Independent Third Party, 19% by Tianjin Wangwuxian Business Management Consultation Partnership (Limited Partnership)*(天津市旺無限企業管理諮詢合夥企業(有限合夥)), an Independent Third Party and 6% by Mr. Zhou Fei (周飛), an Independent Third Party after the Reorganisation
“Shunbi Property”	Foshan Shunde Country Garden Property Development Company Limited* (佛山市順德區碧桂園物業發展有限公司), a limited liability company established in the PRC on 2 April 1997 and an indirect wholly-owned subsidiary of CGH
“Smart World”	Smart World Development Holdings Ltd, a limited liability company incorporated in the BVI on 28 March 2006 and a wholly-owned subsidiary of CGH
“Spin-off”	the proposed spin-off of our Company by way of distribution and the separate listing of our Shares on the Main Board of the Stock Exchange by way of introduction
“sq.m.”	square metre
“State Council”	the State Council of the PRC (中華人民共和國國務院)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tianjin CG Hengxing Property Services”	Tianjin Country Garden Hengxing Property Services Company Limited* (天津碧桂園恒興物業服務有限公司), a limited liability company established in the PRC on 8 August 2017 and our non wholly-owned subsidiary which is owned as to 51% by CG Property Services and 49% by Tianjin Xinghai Real Industrial Co., Ltd.* (天津星海實業有限公司), an Independent Third Party

DEFINITIONS

“Track Record Period”	the period comprising the three years ended 31 December 2017
“United Gain”	United Gain Group Ltd, a limited liability company incorporated in the BVI on 28 March 2006 and our wholly-owned subsidiary
“United States” or “U.S.”	the United States of America, its territories and possessions, and any State of the United States
“US dollars” or “US\$”	United States dollars, the lawful currency of the United States
“U.S. Securities Act”	U.S. Securities Act of 1933, as amended
“Wise Fame”	Wise Fame Group Ltd, a limited liability company incorporated in the BVI on 28 March 2006 and an indirect wholly-owned subsidiary of CGH
“Xizang CG Property Services”	Xizang Country Garden Property City Services Company Limited* (西藏碧桂園物業城市服務有限公司), a limited liability company established in the PRC on 12 December 2017 and our non wholly-owned subsidiary which is owned as to 51% by CG Property Services, 29% by Xizang Chuanshang Investment Company Limited* (西藏川商投資有限公司), an Independent Third Party, and 20% by Ms. Liu Yiling (劉倚伶), an Independent Third Party
“Yidu CG Property Services”	Yidu Country Garden Property City Services Company Limited* (宜都碧桂園物業城市服務有限公司), a limited liability company established in the PRC on 29 June 2017 and our non wholly-owned subsidiary which is owned as to 60% by CG Property Services and 40% by Yidu Guotong Investment Development Company Limited* (宜都市國通投資開發有限責任公司), an Independent Third Party
“Yunnan CG Xingshang Property Services”	Yunnan Country Garden Xingshang Property Services Company Limited* (雲南碧桂園星尚物業服務有限公司) (formerly known as Kunming Xingshang Property Management Company Limited* (昆明星尚物業管理有限公司)), a limited liability company established in the PRC on 4 July 2008 and our wholly-owned subsidiary
“Zunyi CG Property Services”	Zunyi Country Garden Property City Services Company Limited* (遵義碧桂園物業城市服務有限公司), a limited liability company established in the PRC on 19 January 2017 and our non wholly-owned subsidiary which is owned as to 51% by Guangdong CG Huimin Property Services and 49% by Zunyi Xinqu Property Development Company Limited* (遵義市新區房地產開發有限公司), an Independent Third Party

In this listing document, unless the context otherwise requires:

- (a) the terms “**applicable percentage ratio**”, “**associate**”, “**close associate**”, “**connected person**”, “**core connected person**”, “**connected transaction**”, “**controlling shareholder**”, “**subsidiary**” and “**substantial shareholder**” have the meanings given to such terms in the Listing Rules; and
- (b) references to “**2015**”, “**2016**” and “**2017**” refer to the financial year ended 31 December of such year.

DEFINITIONS

The English names of Chinese entities marked with “*” are translations of their Chinese names and are included in this listing document for identification purpose only, and should not be regarded as their official English translation. In the event of any inconsistency, the Chinese name will prevail.

Certain amounts and percentage figures included in this listing document 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.

There may be differences between certain data in this listing document and publicly available information which may be attributable to different methods of calculation, presentation or otherwise.

Unless otherwise specified, certain amounts denominated in HK\$ and US\$ have been translated into RMB at the following exchange rates:

RMB1.00 = HK\$1.2265	(being the prevailing exchange rate on 28 May 2018 as quoted by the People’s Bank of China)
US\$1.00 = RMB6.3962	(being the prevailing exchange rate on 28 May 2018 as quoted by the People’s Bank of China)

The above exchange rates are for illustrative purposes only and such conversions shall not be construed as representations that amounts in HK\$ and US\$ were or could have been or could be converted into RMB at such rates or any other exchange rates.

Unless otherwise specified, all references to any shareholdings in our Company refer to such shareholdings immediately following completion of the Spin-off.

GLOSSARY OF TECHNICAL TERMS

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

“cloud computing”	an Internet computing method that can provide shared computer processing resources and data on demand to computers and other devices
“commission basis”	a revenue generating model for our property management services whereby our fee income from property management services consists only of a specified percentage, or a fixed amount, of the total management fees payable by the property owners or property developers while the remainder of such management fees would be used to cover the expenses incurred in our management of the relevant properties and any excess or shortfall of the property management (after deducting the relevant expenses) belong to or are borne by the property owners
“common area”	common areas in residential properties jointly-owned by the property owners, mainly including parking lots, swimming pools, advertisement bulletin boards, and club houses
“contracted GFA”	GFA managed or to be managed by us under operating property management service contracts, including both delivered and undelivered GFA
“CRM”	customer relationship management
“ERP”	enterprise resource planning
“GFA”	gross floor area
“IC card”	a plastic card containing a microchip which enables the holder to access restricted areas, various services and information, or to perform other operations requiring data stored on the microchip
“IRBA systems”	intelligent remote building automation management systems
“IT”	information technology
“lump sum basis”	a revenue generating model for our property management services whereby we charge a pre-determined property management fee per sq.m. of revenue-bearing GFA which represents the “all-inclusive” fees for all of the property management services provided by our teams and our sub-contractors with respect to the managed properties and we bear the costs and expenses in managing the relevant properties
“overall strength”	<p>China Index Academy ranks the overall strength of property management companies by evaluating the following aspects:</p> <ul style="list-style-type: none">• property management scale, taking into account total assets, number of properties under management, total contracted GFA under management and number of cities where the company operates;

GLOSSARY OF TECHNICAL TERMS

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

“revenue-bearing GFA”

contracted GFA of properties that have been delivered, or are ready to be delivered, for which we have started to provide property management services and are entitled to collect the relevant property management fees as at the relevant date

“Top 100 Property Management Companies”

an annual ranking of China-based property management companies by overall strength published by China Index Academy based on a number of key indicators, including property management scale, operational performance, service quality, growth potential and social responsibility, which comprised 100, 100, 100, 210, 200 and 200 such companies, respectively, for 2012, 2013, 2014, 2015, 2016 and 2017, where the number of companies for each of 2015, 2016 and 2017 exceeded 100 as multiple companies with very close scores were assigned the same ranking

CGH DISTRIBUTION AND THE SPIN-OFF

CGH DISTRIBUTION

Information on the CGH Distribution

On 29 May 2018, the CGH Board declared the CGH Distribution to the Qualifying CGH Shareholders, being registered holders of CGH Shares whose names appear on the register of members of CGH as at the Record Date.

The CGH Distribution will be satisfied wholly by way of a distribution in specie to the Qualifying CGH Shareholders of an aggregate of 2,500,000,000 Shares, representing the entire issued share capital of our Company, in proportion to their shareholdings in CGH as at the Record Date. Pursuant to the CGH Distribution, the Qualifying CGH Shareholders will be entitled to one Share for every 8.7 CGH Shares held as at the Record Date. Fractional entitlements of Qualifying CGH Shareholders to our Shares under the CGH Distribution will be disregarded and will instead be aggregated and sold by CGH on the market and the aggregate proceeds of such sale (net of expenses and taxes) will be retained for the benefit of CGH.

As the Spin-off will be implemented by way of a distribution alone, the Spin-off will not constitute a transaction for CGH under Chapter 14 of the Listing Rules and accordingly, there will be no requirement for CGH to comply with the notification or shareholders' approval requirements under Chapter 14 of the Listing Rules.

Condition to the CGH Distribution

The CGH Distribution is conditional on the Listing Committee granting approval for the listing by way of introduction of, and permission to deal in, our Shares on the Main Board of the Stock Exchange and such approval not having been revoked prior to 8:00 a.m. (Hong Kong time) on the Listing Date. If this condition is not satisfied, the CGH Distribution will not be made and the Spin-off will not take place.

Non-Qualifying CGH Shareholders

The distribution of our Shares under the CGH Distribution to certain CGH Shareholders may be subject to laws of jurisdictions outside Hong Kong. The CGH Shareholders and Beneficial CGH Shareholders whose addresses registered in the register of members of CGH are in/or who are located or residing in jurisdictions other than Hong Kong should inform themselves about and observe all legal and regulatory requirements applicable to them. It is the responsibility of the CGH Shareholders and the Beneficial CGH Shareholders to satisfy themselves as to the full observance of the laws of the relevant jurisdictions applicable to them in connection with CGH Distribution, including obtaining of any governmental, exchange control or other consents which may be required, or compliance with any other necessary formalities and payment of any issue, transfer or other taxes due in such jurisdiction.

The CGH Overseas Shareholders and the Beneficial CGH Shareholders should consult their professional advisers if they are in any doubt as to the potential applicability of, or consequences under, any provision of law or regulation or judicial or regulatory decisions or interpretations in any jurisdiction, territory or locality therein or thereof and, in particular, whether there will be any restriction or prohibition on the receipt, acquisition, retention, disposal or otherwise with respect to our Shares. It is emphasised that none of CGH, our Company, the Joint Sponsors, any of their respective directors, officers, employees, agents or representatives or any other person involved in the Spin-off accepts any responsibility in relation to the above.

The Non-Qualifying CGH Shareholders are those CGH Shareholders with registered addresses in, or the CGH Shareholders or Beneficial CGH Shareholders who are otherwise known by CGH to be residents of or located in, jurisdictions outside Hong Kong as at the Record Date and whom the CGH Board and the Board,

CGH DISTRIBUTION AND THE SPIN-OFF

based on enquiries made on their behalves and the legal advice provided by their legal advisers, consider it necessary or expedient to exclude them from receiving Shares pursuant to the CGH Distribution on account of the legal restrictions under the applicable laws of the relevant jurisdictions where the CGH Shareholders or Beneficial CGH Shareholders are resident or located in and/or the requirements of the relevant regulatory bodies or stock exchanges in those jurisdictions. The relevant Non-Qualifying CGH Shareholders will not receive any Shares.

Our Shares which the Non-Qualifying CGH Shareholders would otherwise receive pursuant to the CGH Distribution will be sold by CGH on their behalf on the market as soon as reasonably practicable following the commencement of dealings in our Shares on the Stock Exchange. The aggregate proceeds of such sale (net of expenses and taxes) will be paid to the relevant Non-Qualifying CGH Shareholders (in proportion to their shareholdings in CGH as at the Record Date) in Hong Kong dollars in full satisfaction of the relevant Shares which they would otherwise receive pursuant to the CGH Distribution, provided that if the amount that a Non-Qualifying CGH Shareholder would be entitled to receive is less than HK\$50, such sum will be retained for the benefit of CGH. Such payment of net proceeds to the Non-Qualifying CGH Shareholders is expected to be made on or around 3 July 2018.

As at the Latest Practicable Date, based on the information provided by CGH, there were 13 CGH Shareholders whose addresses as registered in the register of members of CGH were outside Hong Kong, namely in Australia, the BVI, Macau, Malaysia, New Zealand, the PRC, Taiwan, Canada and the United States.

Based on the legal advice received and, where relevant, taking into account the number of CGH Overseas Shareholders in the relevant jurisdictions as at the Latest Practicable Date and/or the number of CGH Shares they then held and assuming that the relevant legal requirements remain unchanged, the Excluded Jurisdiction is expected to be Ontario, Canada. If, at the Record Date, there are more than 20 Australian CGH Overseas Shareholders, Australia will be classified as an “Excluded Jurisdiction” and the Australian CGH Overseas Shareholders will be Non-Qualifying CGH Shareholders.

If there is any other jurisdiction outside Hong Kong which is not referred to above in which the address of any CGH Shareholder as shown in the register of members of CGH as at the Record Date is located or any CGH Shareholder or Beneficial CGH Shareholder as at the Record Date is otherwise known by CGH to be located or resident, and such CGH Shareholders should, in the view of the CGH Board and our Board having made the relevant enquiries and having considered the circumstances, be excluded from receiving our Shares pursuant to the CGH Distribution on the basis of the legal restrictions under the applicable laws of such jurisdiction or the requirements of the relevant regulatory bodies or stock exchanges in such jurisdiction, our Company will make an announcement.

With respect to any Excluded Jurisdiction, CGH will send a letter to CCASS Participants (other than CCASS Investor Participants) notifying them that, in light of applicable laws and regulations of the Excluded Jurisdictions to the extent they hold any CGH Shares on behalf of any Beneficial CGH Shareholders with an address located in any of the Excluded Jurisdictions they should sell our Shares which they receive pursuant to the CGH Distribution on behalf of the Beneficial CGH Shareholder and pay the net proceeds of such sale to such Beneficial CGH Shareholder.

None of CGH, our Company or the Joint Sponsors take any responsibility for the sale of such Shares or the payment of the net proceeds of the sale of such shares to any such underlying Beneficial CGH Shareholder.

CGH and our Company reserves the right, in its and our absolute discretion, to allow the participation of any CGH Shareholder or Beneficial CGH Shareholder in the CGH Distribution.

CGH DISTRIBUTION AND THE SPIN-OFF

INFORMATION FOR THE CGH OVERSEAS SHAREHOLDERS

CGH PRC Stock Connect Investors

According to the “Stock Connect Shareholding Search” available on the Stock Exchange’s website (www.hkexnews.hk), as at Latest Practicable Date, ChinaClear held 320,823,993 CGH Shares, representing approximately 1.47% of the total issued CGH Shares. ChinaClear is a CCASS Participant with HKSCC Nominees.

The CGH Board and our Board have made the relevant enquiries and have been advised by our PRC Legal Advisers that the CGH PRC Stock Connect Investors may hold our Shares pursuant to the CGH Distribution through ChinaClear. In addition, according to our PRC Legal Advisers, pursuant to the Shenzhen Stock Exchange Measures for the Implementation of Shenzhen-Hong Kong Stock Connect promulgated and effective on 30 September 2016 and the Shanghai Stock Exchange Measures for the Implementation of Shanghai-Hong Kong Stock Connect revised and effective on 30 September 2016, the CGH PRC Stock Connect Investors (or the relevant ChinaClear participants, as the case may be) whose stock accounts in ChinaClear are credited with our Shares may only sell them on the Stock Exchange under the Shanghai Stock Connect and Shenzhen Stock Connect.

CGH PRC Stock Connect Investors should seek advice from their intermediary (including broker, custodian, nominee or ChinaClear participant) and/or other professional advisers for details of the logistical arrangements as required by ChinaClear.

Australian CGH Overseas Shareholders

The ability of the Australian CGH Overseas Shareholders to receive our Shares will depend upon the number of Australian CGH Overseas Shareholders at the Record Date, and/or whether the Australian CGH Overseas Shareholder is a ‘sophisticated’ or ‘professional’ investor under subsections 708(8) or 708(11) of the Corporations Act 2001 (Cth) (“**Corporations Act**”) or persons who otherwise qualify for other exemptions in section 708 of the Act (“**Exempt Australian Shareholders**”). If, at the Record Date, there are more than 20 Australian CGH Overseas Shareholders who are not Exempt Australian Shareholders, Australia will be classified as an “Excluded Jurisdiction” and the Australian CGH Overseas Shareholders will be Non-Qualifying CGH Shareholders.

The information contained in this document is not investment or financial product advice and does not take into account the investment objectives, financial position and particular needs of individual investors. It is important that the Australian CGH Overseas Shareholders read this document carefully and in its entirety, and consider in light of their personal circumstances. If the Australian CGH Overseas Shareholders are unsure or in doubt of any information contained in this document, please seek professional advice from their accountant, tax adviser, stockbroker, lawyer or other professional adviser.

As taxation consequences can vary between individual Australian CGH Overseas Shareholders depending upon the circumstances of each individual Australian CGH Overseas Shareholder and their shareholding, it is solely the responsibility of the Australian CGH Overseas Shareholders to inform themselves of the taxation implications of receiving the CGH Shares under the Distribution. In order to inform themselves, the Australian CGH Overseas Shareholders should seek independent expert taxation advice in respect of their own taxation position, and should not rely solely on any general comments in this document.

Malaysian CGH Overseas Shareholders

This listing document is deemed an information memorandum under Sections 229(3) and 230(3) of the Capital Markets and Services Act 2007 of Malaysia. Accordingly, this listing document will be deposited as an information memorandum with the Securities Commission Malaysia.

CGH DISTRIBUTION AND THE SPIN-OFF

New Zealand CGH Overseas Shareholders

This listing document does not constitute an offer or any part of an offer of shares in our Company to New Zealand CGH Overseas Shareholders for issue or sale for the purposes of Part 3 of the Financial Markets Conduct Act 2013. Accordingly this listing document does not comprise a New Zealand product disclosure statement and has not been registered, filed with or approved by any New Zealand regulatory authority under or in accordance with the Financial Markets Conduct Act 2013.

PRC CGH Overseas Shareholders

This listing document is solely for the purpose of the Spin-off and is not registered with or filed with the CSRC. This listing document shall not be construed as an advertisement or a public offering of Shares in the PRC. Neither this listing document nor the allotted Shares will be delivered to any persons in the PRC except for the PRC CGH Overseas Shareholders whose registered addresses, as shown on the register of members of CGH, are in the PRC as at the Record Date. The delivery of this listing document to such PRC CGH Overseas Shareholders is not and will not be conducted, and shall not be construed to be conducted through advertisement, public inducement or other disguised public manner.

It's the responsibility of each of the PRC CGH Overseas Shareholders who receives our Shares pursuant to the CGH Distribution to satisfy himself/herself/itself as to full compliance with the PRC laws to hold the CGH Shares currently held by him/her/it under PRC laws and as to full compliance with the PRC laws to be allotted Shares pursuant to the Spin-off.

Taiwanese CGH Overseas Shareholders

The distribution of Shares as described in this listing document has not been and will not be registered with the Financial Supervisory Commission of Taiwan pursuant to relevant securities laws and regulations and the Shares are not and may not be offered or sold in Taiwan through a public offering or in circumstances which constitute an offer within the meaning of the Securities and Exchange Act of Taiwan that requires a registration with or approval of the Financial Supervisory Commission of Taiwan. No person or entity in Taiwan has been authorised to offer or sell the Shares in Taiwan.

United States CGH Overseas Shareholders

The Shares have not been registered under the U.S. Securities Act or the laws of any state in the United States, and may not be offered or sold within the United States, absent registration or an exemption from the registration requirements of the U.S. Securities Act and applicable state laws. There will be no public offering of securities in the United States. Neither the U.S. Securities and Exchange Commission nor any other U.S. federal or state securities commission or regulatory authority has approved or disapproved of the Shares or passed an opinion on the adequacy of this listing document. Any representation to the contrary is a criminal offence in the United States.

BVI CGH Overseas Shareholders

No shares in our Company may be offered to any person in the British Virgin Islands for purchase or subscription except under circumstances that will result in compliance with the rules concerning offering of such securities in the British Virgin Islands and with the laws of the British Virgin Islands. Accordingly, the Distribution does not constitute and shall not be construed as an offer to the public in the British Virgin Islands to purchase or subscribe for shares in our Company. The Shares shall not be received for the account or benefit of any person who is a resident of, or who is domiciled in, the British Virgin Islands, other than a BVI Business Company (as defined under the BVI Business Companies Act (as amended)) incorporated in the British Virgin Islands that is not resident in the British Virgin Islands, nor to a custodian, nominee or trustee of any such person.

CGH DISTRIBUTION AND THE SPIN-OFF

Macau CGH Overseas Shareholders

The Macau Commercial Code (the “Code”) prescribes that only the companies which have in Macau its main administration are subject to the provisions contained in the Code. Since CGH doesn’t have any main administration in Macau, none of the corporate regulatory provisions of the laws of Macau are applicable to CGH. CGH does not wish to designate the laws of Macau to govern the CGH Distribution and Macau is not the place more closely connected with the same transaction. There are no legal restrictions under the laws of Macau on the CGH Distribution nor any requirements of the relevant regulatory body in Macau regarding the CGH Distribution to the Macau CGH Overseas Shareholders.

All CGH Overseas Shareholders

This listing document is for the exclusive use by CGH Shareholders solely for the purposes of assessing the CGH Distribution and should not be used other than in connection with such purpose. This listing document does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to acquire, the Shares or to take up any entitlements to the Shares or any solicitation or act in furtherance to a trade in any jurisdiction in which such an offer or solicitation or act is unlawful.

Neither the Shares nor this listing document has been or will be registered under the securities laws of any jurisdiction. Accordingly, unless otherwise disclosed above, the Shares may not be offered, sold, pledged, taken up, resold, renounced, transferred or delivered, directly or indirectly, into or within any such jurisdiction, absent registration or qualification under the respective securities laws of such jurisdictions, or exemption from the registration or qualification requirements under applicable rules of such jurisdictions.

It is the responsibility of any person (including but not limited to any agent, custodian, nominee or trustee) outside Hong Kong wishing to receive or purchase, hold or dispose of, or deal in, the Shares or exercise any rights attaching to the Shares to satisfy himself/herself/itself as to the full observance of the laws and regulations of the relevant territory or jurisdiction, including obtaining any governmental or other consents and to pay any taxes, duties and other amounts required to be paid in such territory or jurisdiction in connection therewith.

CGH Shareholders should note that they will not be required to pay or provide any consideration to CGH or us for any Shares received pursuant to the CGH Distribution. Receipt of our Shares by any person pursuant to the CGH Distribution will be deemed to constitute a representation and warranty from such person to our Company that these local laws and requirements have been fully complied with. For the avoidance of doubt neither Hong Kong Securities Clearing Company Limited for HKSCC Nominees Limited will give, or be subject to, any of the representation and warranty. Such persons should consult their professional advisers if in doubt.

THE SPIN-OFF AND LISTING BY INTRODUCTION

If the Spin-off proceeds, it will be implemented in compliance with the Listing Rules. The Spin-off will be effected through a listing of our Shares by way of introduction and the CGH Distribution whereby the Qualifying CGH Shareholders will receive the relevant Shares. The Spin-off does not involve an offering of our Shares or any other securities of our Company for purchase or subscription and no money will be raised in conjunction with the Spin-off.

Reasons for and Benefits of the Spin-off

CGH considers that the Spin-off is in the interests of the CGH Group and the CGH Shareholders taken as a whole and the Spin-off will position each of the CGH Group and our Group better for growth in their respective businesses and deliver clear benefits to both by the following:

- (a) the Spin-off will allow CGH Shareholders an opportunity to realise the fair value of their investment in the property management business;

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- (b) the Spin-off will enable our Group to obtain a separate listing status and an independent fund-raising platform. The Spin-off would allow our Company to gain direct access to the capital markets for equity and/or debt financing to fund our existing operations and future expansion without reliance on CGH, thereby accelerating our expansion and improving our operating and financial performance, which in turn will provide better reward to the shareholders of both our Company and CGH;
- (c) the Spin-off will increase the operational and financial transparency and improve the corporate governance of our Group and provide investors, financial institutions and rating agencies with greater clarity on the businesses and financial status of our Group and of the CGH Group, on a stand-alone basis, and such improvement will help to build investor confidence in forming investment decisions based on their assessment of the performance, management, strategy, risks and returns of both our Group and the CGH Group; and
- (d) the Spin-off will enable our Group to enhance our corporate profile, thereby increasing our ability to attract strategic investors, who can produce synergies for our Group, for investment in and forming strategic partnerships directly with our Group.

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

Our Company has made an application to the Stock Exchange for the listing of, and permission to deal in, our Shares. No part of the share or loan capital of our Company is listed on or dealt in on any other stock exchange. At present, our Company is not seeking or proposing to seek such listing of, or permission to deal in, the share or loan capital of our Company on any other stock exchange.

NO CHANGE IN BUSINESS

No change in the business of our Company immediately following the Spin-off is contemplated.

HONG KONG BRANCH REGISTER AND STAMP DUTY

Our Company's Hong Kong branch register of members is maintained by the Hong Kong Branch Share Registrar in Hong Kong. Dealing in our Shares on the Stock Exchange will be registered on our Company's Hong Kong branch register of members maintained in Hong Kong. Unless our Company determines otherwise, dividends payable in Hong Kong dollars in respect of our Shares will be paid to our Shareholders listed on our Company's register of members, by way of cheque sent by ordinary post, at our Shareholders' risk, to their registered addresses.

Dealings in our Shares on our Company's Hong Kong branch register of members maintained in Hong Kong will be subject to Hong Kong stamp duty.

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the granting of listing of, and permission to deal in, our Shares on the Stock Exchange and our Company's compliance 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 as determined by HKSCC.

Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second Business Day after any trading day. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements have been made for our Shares to be admitted into CCASS.

CGH DISTRIBUTION AND THE SPIN-OFF

PROFESSIONAL TAX ADVICE RECOMMENDED

You should consult your professional advisers if you are in any doubt as to the tax implications of receiving, purchasing, holding, disposing of and dealing in our Shares. We emphasise that none of us, CGH, the Joint Sponsors, any of our or their respective directors, officers, employees, agents or representatives or any other person involved in the Spin-off accepts responsibility for any tax effects or liabilities resulting from the receipt of, purchase, holding or disposing of, or dealing in, our Shares or your exercise of any rights attaching to our Shares.

COMMENCEMENT OF DEALINGS IN OUR SHARES

Dealings in our Shares on the Stock Exchange are expected to commence on 19 June 2018. Our Shares will be traded in board lots of 1,000 Shares each. The stock code of our Shares is 6098.

The Share certificates are expected to be despatched to the Qualifying CGH Shareholders on 15 June 2018 and will only become valid if the CGH Distribution becomes unconditional. If CGH Distribution does not become unconditional, dealings in our Shares on the Stock Exchange will not commence on 19 June 2018.

In respect of our Shares which the Qualifying CGH Shareholders are entitled to receive, each Qualifying CGH Shareholder will be sent (a) one Share certificate representing Shares that are a whole multiple of a board lot of 1,000 Shares and (b) (if applicable) one Share certificate for the remaining Shares which represent less than a whole multiple of 1,000 Shares (i.e. an odd lot of Shares), except for HKSCC Nominees Limited which may request for Share certificates to be issued in such denominations as it may specify.

ARRANGEMENTS RELATING TO THE SALE OF ODD LOTS OF OUR SHARES

Shareholders who wish to sell their odd lots of Shares received under the CGH Distribution should contact their own broker.

In addition, CGH has appointed The Hongkong and Shanghai Banking Corporation Limited (the “**Odd Lot Trader**”) to provide, on a best efforts basis, a service to match the sale and purchase of odd lots of Shares (the “**Matching Service**”) during the period of 60 days commencing from (and including) the Listing Date (the “**Matching Period**”).

The provision of the Matching Service to any holder of Shares received under the CGH Distribution is subject to satisfactory completion of the Odd Lot Trader’s requisite account opening procedures if such Shareholder does not have an existing equities trading account with the Odd Lot Trader. Any Shareholder wishing to make use of the Matching Service during the Matching Period may contact Mr. Roy Chan of The Hongkong and Shanghai Banking Corporation Limited at Level 18, 1 Queen’s Road Central, Central, Hong Kong ((852) 2822 1643) during such period.

Holders of Shares received under the CGH Distribution should note that the successful matching of odd lots of Shares referred to above is not guaranteed and that in the event of successful matching, the relevant Shareholder will be charged the Odd Lot Trader’s standard brokerage fees. Shareholders are advised to consult their own professional advisers if they are in doubt about any of these arrangements.

RESPONSIBILITY STATEMENT

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS LISTING DOCUMENT

This listing document, for which our Directors collectively and individually accept full responsibility, includes particulars given in compliance with 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 to the public with regard to our Group.

Our Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this listing document 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 in this listing document misleading.

RESTRICTIONS ON THE USE OF THIS LISTING DOCUMENT

This listing document is published solely in connection with the Spin-off. It may not be used for any other purpose and, in particular, no person is authorised to use or reproduce this listing document or any part thereof in connection with any offering of Shares or other securities of our Company. Accordingly, this listing document does not constitute an offer or invitation in any jurisdiction to acquire, subscribe for or purchase any of the Shares or other securities of our Company nor is it calculated to invite any offer or invitation for any of the Shares or other securities of our Company.

We have not authorised anyone to provide any information that is different from what is contained in this listing document or to make any representation not contained in this listing document. Any information or representation not contained in this listing document must not be relied on by you as having been authorised by us, CGH, the Joint Sponsors, any of our or their respective directors, officers, employees, agents or representatives or any other person involved in the Spin-off.

Neither the delivery of this listing document nor the distribution of Shares pursuant to the CGH Distribution should, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in our affairs since the date of this listing document or imply that the information contained in this listing document is correct as at any date subsequent to the date of this listing document.

FORWARD-LOOKING STATEMENTS

This listing document contains forward-looking statements. All statements other than statements of historical fact contained in this listing document, including, without limitation:

- (a) the discussions of our business strategies, objectives and expectations regarding our future operations, sales, margins, profitability, liquidity and capital resources;
- (b) the future development of, and trends and conditions in, the property management industry and the general economy of the countries in which we operate or plan to operate;
- (c) our ability to control costs;
- (d) the nature of, and potential for, the future development of our business; and
- (e) any statements preceded by, followed by or that include words and expressions such as “expect”, “believe”, “plan”, “intend”, “estimate”, “forecast”, “project”, “anticipate”, “seek”, “may”, “will”, “ought to”, “would”, “should” and “could” or similar words or statements, as they relate to the Group or our management, are intended to identify forward-looking statements.

These statements are based on assumptions regarding our present and future business, our business strategies and the environment in which we will operate. These forward-looking statements reflect our current views as to future events and are not a guarantee of our future performance. Forward-looking statements are subject to certain known and unknown risks, uncertainties and assumptions, including the risk factors described in “Risk Factors”, which may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by these forward-looking statements.

Subject to the requirements of applicable laws, rules and regulations, we do not have any obligation, and undertake no obligation, to update or otherwise revise the forward-looking statements in this listing document, whether as a result of new information, future events or developments or otherwise. As a result of these and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this listing document 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 listing document are qualified by reference to the cautionary statements set out in this section.

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

RISK FACTORS

You should carefully consider all of the information in this listing document 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.

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

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

We have been expanding our business in recent years mainly through organic growth. As at 31 December 2015, 2016 and 2017, we were contracted to manage residential communities and non-residential properties with an aggregate contracted GFA of 161.7 million sq.m., 207.1 million sq.m. and 329.5 million sq.m., respectively. We seek to expand continuously through increasing the total contracted GFA and the number of residential communities and non-residential properties that we manage in existing as well as new markets. For details, see “Business — Business Strategies — Further expand the scale of our property management business through multiple channels”. However, our expansion is based upon our forward-looking assessment of market prospect. We cannot guarantee that our assessment will always turn out to be correct or we can grow our business as planned. Our expansion plans may be affected by a number of factors beyond our control. Such factors include changes in the PRC’s economic condition in general and real estate market, in particular, government regulations, changes in supply and demand for our services, as well as availability of suitable and proficient property managers and third-party sub-contractors for our expansion efforts.

To succeed in our business expansion, we will need to recruit and train new managers and other employees, select third-party sub-contractors and other suppliers, continue to build our operations and reputation, and understand the needs and preference of the property owners and residents in the residential communities and non-residential properties we manage, within a relatively short period of time.

We may have limited knowledge of the local property management service markets or have little or no prior business experience in the new markets that we will expand into. In addition, we may face difficulties in adapting to the administrative, regulatory and tax environments in new markets, which could be substantially different from those in our established markets. We may not have the same level of familiarity with local business practices or relationships with local merchants, third-party sub-contractors, other suppliers and other business partners as we do in our established markets. We may have limited ability to leverage our brand name in new markets in the way that we have done so in our established markets, and may face more intense competition from other property management companies or property developers that manage their own properties in those new markets.

Furthermore, our future growth depends on our management’s ability to improve our administrative, technical, operational and financial infrastructure. Our ability to grow also depends on our ability to hire, retain, train, supervise and manage additional officers and employees, replicate our business model, allocate our human resources and manage our relationships with a growing number of customers, suppliers and other business partners. There can be no assurance that our future growth will materialise and that we will be able to manage our future growth effectively, and failure to do so would have a material adverse effect on our business, financial position and results of operations.

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

The property management industry is a labour intensive industry. For the years ended 31 December 2015, 2016 and 2017, labour costs accounted for approximately 62.0%, 64.6% and 66.3%, respectively, of our total

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cost of services. To maintain and improve our profit margins, it is critical for us to control and reduce our labour costs, as well as other operating costs. We face upward pressures of increase in our labour costs from various aspects, including but not limited to:

- increase in minimum wages. Minimum wages across China are set at the regional or district level based largely on standards determined by relevant provincial, municipal and autonomous region governments. The minimum wages in the regions and districts in which we operate have increased substantially in recent years, directly impacting our labour costs; and
- increase in headcount. As we expand our operations, we expect our headcount to continue to increase. In addition to our cost of labour, this increase in headcount also increases other associated costs such as those related to training and quality control measures. We will also need to retain and continuously recruit qualified employees to meet our growing demands for talent, which will further increase our total headcount. The competition for recruiting qualified employees in the PRC property management industry is intense and could require us to pay higher wages in our recruitment and employee retention efforts, resulting in an increase in our labour costs accordingly.

Our ability to maintain and improve our current profitability level depends upon whether we can control and reduce our labour costs and other operating costs as our business expands and we replicate the same cost model across different properties under management. We may not be successful in reducing our reliance on manual labour through our standardisation, automation and smart management strategies and there can be a lapse in time between the commencement of our management services and the implementation of these strategies to reduce labour costs. Before we successfully implement such strategies, our ability to mitigate the impact of labour cost increase is limited. There is no assurance that we will be able to control or reduce our operating costs, improve our cost efficiency or to successfully pass the cost impact to the property management fees charged by us so as to maintain our profitability. If we cannot achieve this, our business, financial condition and results of operations may be materially and adversely affected.

We may not procure new property management service contracts as planned or at desirable pace or price

During the Track Record Period, we generally procured new property management service contracts through a tender process. The selection of a property management company depends on a number of factors, including but not limited to the quality of services provided, the level of pricing and the operating history of the property management company. There is no assurance that we will be able to procure new property management service contracts in the future.

Furthermore, a substantial portion of our property management service contracts during the Track Record Period were related to the management of properties developed by the CGH Group. Any adverse development in the operations of the CGH Group or its ability to develop new properties may affect our ability to procure new property management service contracts. We cannot assure you that the CGH Group will actually engage us as their property management service provider for any property they develop, particularly because the appointment of property management companies is generally subject to a tender process under PRC laws. If we are not able to supplement any shortfall in managing properties developed by the CGH Group with managing properties developed by independent third-party property developers, our results of operations and growth prospects may be materially and adversely affected.

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

During the Track Record Period, we primarily generated revenue from property management services on a lump sum basis, which accounted for 100.0%, 99.98% and 99.98% of our total revenue from property

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management services for the years ended 31 December 2015, 2016 and 2017, respectively. On a lump sum basis, we charge property management fees at a pre-determined fixed lump sum price per sq.m. of revenue-bearing GFA on a monthly basis, representing “all-inclusive” fees for the property management services provided. These management fees are fixed regardless of the actual amount of property management costs we incur. We recognise as revenue the full amount of property management fees we charge to customers, and recognise as our cost of services the actual costs we incur in connection with rendering our services. For further details, see “Business — Revenue Model of Property Management Services”. In the event that the amount of property management fees that we charge is insufficient to cover all the costs for property management service we incur, we are not entitled to collect the shortfall from the relevant property owners or property developers. As a result, we may suffer losses. During the Track Record Period, we incurred losses with respect to a number of properties managed on a lump sum basis which accounted for less than 7% of our total number of properties under management as at the relevant year end. The aggregate revenue generated from such loss-making properties accounted for less than 3% of our total revenue for each of 2015, 2016 and 2017. If we are unable to raise property management fee rates and there is a shortfall in working capital after deducting the property management costs, our profit margins would be adversely affected. In such events, we may seek different measures to cut costs with a view to reducing the shortfall. However, our mitigating measures through cost-saving initiatives such as reducing labour costs and implementing automation and energy-saving measures may not be successful in raising our profit margin, and our cost-saving efforts may negatively affect the quality of our property management services, which in turn would further reduce customers’ willingness to pay us higher property management fees and adversely affect our reputation, business operations and financial position.

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

We may encounter difficulties in collecting property management fees from property owners and residents. Even though we seek to collect overdue property management fees through various collection measures, we cannot guarantee that such measures will be effective. In addition, before accepting new engagements, we may assess the historical collectability of management fees in these properties. However, there is no assurance that such assessment would enable us to accurately predict our future property management fee collection rates. Moreover, although most of the property management fees are paid to us through bank transfers, certain property owners and residents would pay their property management fees and community value-added service fee in cash, which may impose some cash management risk on us.

The balance of our allowance for impairment of trade receivables was RMB17.7 million, RMB21.4 million and RMB23.6 million as at 31 December 2015, 2016 and 2017, respectively. Although our management’s estimation and the related assumptions were made in accordance with information available to us at the time the allowance was determined, such estimation or assumptions may need to be adjusted if new information becomes known. In the event that the actual recoverability is lower than expected, or that our past allowance for impairment of trade receivables becomes insufficient in light of the new information, we may need to make more of such impairment allowance, which may in turn materially and adversely affect our business, financial position and results of operations. For the years ended 31 December 2015, 2016 and 2017, our provision for loss allowance for trade receivables amounted to RMB4.2 million, RMB4.8 million, and RMB2.7 million, respectively. If we are unable to collect property management fees from customers or experience a prolonged delay in receiving such fees, our cash flow position and our ability to meet our working capital requirements may be adversely affected.

We had net operating cash outflow from our operating activities for the year ended 31 December 2015 and our business and financial condition could be materially and adversely affected if we fail to maintain effective cash flow management

We had net cash inflow from operating activities of approximately RMB1,001.4 million and RMB885.3 million for the years ended 31 December 2016 and 2017, respectively. We recorded net cash outflow from

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operating activities of approximately RMB12.3 million for the year ended 31 December 2015. For further details, please see “Financial Information — Liquidity and Capital Resources — Cash Flows from Operating Activities”.

While we have in the past financed our working capital needs primarily with our cash at banks and net cash generated from operating activities, we cannot assure you that we will always be able to generate net cash from operating activities. Net operating cash outflow could impair our ability to make necessary capital expenditures and constrain our operational flexibility as well as adversely affect our ability to meet our liquidity requirements. We cannot assure you that we will not suffer any decline in our future working capital or experience net cash outflow in the future. If we fail to maintain effective working capital and cash flow management, we may face financial difficulties and our business and financial condition could be materially and adversely affected.

Termination or non-renewal of our property management services for a significant number of properties could have a material adverse effect on our business, financial position and results of operations

We generate a substantial part of our revenue from property management services performed under our property management service contracts. For the years ended 31 December 2015, 2016 and 2017, revenue generated from our property management services accounted for 85.7%, 83.0% and 81.5% of our total revenue, respectively. The majority of our preliminary property management service contracts do not have fixed terms. Such contracts can be terminated when the property owners select another property management service provider through the property owners’ general meeting and a replacement property management service contract entered into by the property owners’ association takes effect. The property management service contracts we entered into with property owners’ associations generally have fixed terms which will need to be renewed upon expiry. For details, see “Business — Property Management Service Contracts”. There is no assurance that our services can be provided at a satisfactory level for us to be selected by the relevant property owners to enter into subsequent property management service contracts or the relevant subsequent property management service contracts can be renewed when their terms expire. Termination or non-renewal of a significant number of management service contracts could have a material and negative impact on our revenue from property management services.

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

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

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

We had a small portion of our preliminary property management service contracts as at 31 December 2017 from property developers which did not conduct the tender and bidding process under PRC laws and regulations and the compulsory requirement of relevant local authorities (the “**Relevant Property Management Projects**”). The Relevant Property Management Projects accounted for less than 4% of our total contracted GFA as at 31 December 2017 and less than 5% of our total revenue for the year ended 31 December 2017, respectively. For further details, see “Business — Property Management Services — Growth of our Property Management Services Portfolio”.

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The lack of a tender and bidding process for the selection of property management service providers for the aforementioned preliminary property management service contracts was not caused by us but the relevant property developers. As advised by our PRC Legal Advisers, there are no specific laws and regulations in the PRC which set out administrative penalties upon property management companies for failing to enter into preliminary property management service contracts through a tender and bidding process. However, such preliminary property management service contracts may be determined to be invalid by the local judicial authorities depending on the circumstances of the case. If this occurs, the relevant property developer may need to organise a tender and bidding process to select a property management service provider for their developed projects. In the case that we do not win the tender and bidding, we may not continue our property management services for the relevant projects and, as a result, our revenue and business may be negatively impacted.

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

We delegate certain property management services, including cleaning, gardening, greening and repair and maintenance services, to third-party sub-contractors. For the years ended 31 December 2015, 2016 and 2017, our sub-contracting costs accounted for 11.0%, 15.5% and 16.4% of our total cost of services, respectively. We may not be able to monitor the services of our sub-contractors as directly and effectively as with our own employees. They may take actions contrary to our instructions or requests, or be unable or unwilling to fulfil their obligations. As a result, we may have disputes with our sub-contractors, or may be held responsible for their actions, either of which could lead to damages to our reputation, additional expenses and business disruptions, and potentially expose us to litigation and damage claims. We may be able to recover from a sub-contractor the amounts we are required to pay to customers due to the sub-contractor's failure to perform pursuant to the agreements that we enter into with the sub-contractor, but there is no guarantee that we will be able to do so. Upon the expiration of our agreements with our current sub-contractors, there can be no assurance that we will be able to renew such agreements or find suitable replacements in a timely manner, on terms acceptable to us, or at all. In addition, if our third-party sub-contractors fail to maintain a stable team of qualified labour or have easy access to a stable supply of qualified labour, the work process may be interrupted. Any interruption to the sub-contractors' work process may potentially result in a breach of the contract that we entered into with our customers. Any of such events could materially and adversely affect our service quality, our reputation, as well as our business, financial position and results of operations.

We are subject to the regulatory environment and measures affecting the PRC property management industry

Our operations are affected by the regulatory environment and measures affecting the property management industry in the PRC. In particular, the fees that property management companies may charge in connection with property management services are subject to regulation and supervision by relevant regulatory authorities. For example, for our operations in the PRC, the relevant price administration department and construction administration department of the State Council are jointly responsible for the supervision over and administration of fees charged in relation to property management services for preliminary property management service contracts and such fees may need to follow PRC government guidance prices. Although government-imposed price controls on property management fees may continue to relax over time pursuant to the Circular of the National Development and Reform Commission 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)(發改價格[2014]2755號), which became effective on 17 December 2014, our property management fees would continue to be subject to applicable price controls until local regulations implementing this circular are passed. For more information, please see "Business — Property Management Fees — Pricing of Property Management Fees". Government-imposed limits on fees, coupled with rising labour and other operating costs, could have a negative impact on our earnings. For properties that are managed on a lump sum basis, we may experience a decrease in profit margin. We cannot guarantee that the government regulations on fees and other matters concerning the property management industry will not have an adverse effect on our business, financial condition and results of operations, which may be material.

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We are affected by the PRC government regulations on the PRC real estate industry, which may limit our business growth

Our business performance is primarily dependent on the total contracted and revenue-bearing GFA and the number of properties we manage. As such, our business growth is, and will likely continue to be, affected by the PRC government regulations of our industries. For further information on laws and regulations that are applicable to our business, see “Regulatory Overview — 2. Laws and Regulations relating to Property Management Service and Other Related Services”. The PRC government has continued to introduce various restrictive measures to discourage speculation in the real estate market. The government exerts considerable direct and indirect influence on the development of the PRC real estate industry by imposing industry policies and other economic measures, such as control over the supply of land for property development, control of foreign exchange, property financing, taxation and foreign investment. Through these policies and measures, the PRC government may restrict or reduce property development activities, place limitations on the ability of commercial banks to make loans to property purchasers, impose additional taxes and levies on property sales and affect the delivery schedule and occupancy rates of the properties we service. Any such governmental regulations and measures may affect the PRC real estate industry, thus limiting our business growth and resulting in a material adverse effect on our business, financial position and results of operations. Furthermore, any economic slowdown, recession or other developments in the social, political, economic or legal environment of the PRC could result in fewer new property development projects, or a decline in the purchasing power of residents or tenants living in the properties we manage, resulting in lower demand for our services and lower revenue for us. As such, our business, financial condition and results of operations could be materially and adversely affected.

Our community value-added services business may not grow as planned and our development of relevant service platforms may not be successful

We plan to grow our community value-added services by expanding our service offerings and customer base and improving the integration of our relevant service platforms. For further information on our community value-added services, see “Business — Community Value-added Services”. However, there is no assurance that we could grow such business as planned, and our related costs incurred may not be recovered. We need to recruit qualified employees with relevant experience to grow our community value-added services business. As the market is competitive, there is no assurance that we will be able to recruit sufficient number of qualified employees to support our growth plan. In addition, the development of community value-added services also relies on our ability to tap our existing customer base from our managed properties for community value-added services, as well as our ability to identify suitable products and services to be marketed and sold via our relevant service platforms, in particular through collaboration with various third-party merchants. However, our current planning may be changed or certain community value-added services that we plan to offer may not be realised due to changes in demand from customers and market trends. For instance, we aim to expand the functionality of our online service platform through the further development of our “Phoenix Club” mobile application. The future growth of our mobile application depends on our ability to continue to attract new users as well as to increase the spending and repeat purchase rate of existing users. Changing consumer preferences have historically affected, and will continue to affect, the e-commerce industry. As a result, we must stay abreast of emerging life-style and consumer preferences and anticipate product trends that will appeal to existing and potential users. New products and services, or entrance into new markets, may require substantial time, resources and capital, and profitability targets may not be achieved. We cannot assure you that the residents will use the services and products on our online service platform. If our residents cannot access their desired products or services within our portfolio at attractive prices or at all, our residents may lose interest in our mobile application and thus may use our mobile application less frequently, if at all, which in turn, may adversely affect our business, our results of operations and our financial position.

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

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

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

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

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

System interruption and security risks, including security breaches and identity theft, may result in reduced use by our customers of our relevant service platforms, and expose us to the risk of litigation which could negatively affect our financial and operational results and damage our reputation

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

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

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

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

We had been expanding our business through acquisitions during the Track Record Period and we plan to continue to evaluate opportunities to acquire other property management companies and other businesses that are supplementary to our existing business and integrate their operations into our business. However, there can be no assurance that we will be able to identify suitable opportunities. Acquisitions involve uncertainties and risks, including, without limitation, potential ongoing financial obligations and unforeseen or hidden liabilities, failure to achieve the intended objectives, benefits or revenue-enhancing opportunities, and diversion of resources and management attention. Even if we manage to identify suitable opportunities, we may not be able to complete the acquisitions on terms favourable or acceptable to us, in a timely manner, or at all. 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 acquired operations with our existing business, particularly when integrating the existing workforce of regional property management with companies we may acquire. 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.

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

Work injuries and accidents may occur during the course of our business. We provide repair and maintenance services to our customers and managed properties through our own employees or third-party sub-contractors. Repair and maintenance services such as for elevators and fire control facilities involve the operation of heavy machinery and therefore, are subject to risks of work injuries or accidents. During the Track Record Period and up to the Latest Practicable Date, we did not experience any work injury incident or accident in the course of our operations that resulted in a material and adverse effect on our business, financial position and results of operations. Nevertheless, there can be no assurance that any such incident or accident, which could result in property damage, personal injury or even death to the residents, property owners, our employees or

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sub-contractors, will not occur in the future. In such events, these occurrences could result in damage to, or destruction of, properties of the communities, personal injury or death and legal liability and we may be held liable for the losses. In addition, we are exposed to claims that may arise due to employees' or third-party sub-contractors' negligence or recklessness when performing our services. We may also experience interruptions to our business and may be required to change the manner in which we operate as a result of governmental investigations or the implementation of safety measures upon occurrence of accidents. Any of the foregoing could adversely affect our reputation, business, financial position and results of operations.

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

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

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

We cannot assure you that the PRC policies on preferential tax treatment will not change or that any preferential tax treatment we enjoy or will be entitled to enjoy will not be terminated. According to the applicable PRC tax regulations, the statutory corporate income tax rate in the PRC is 25%. Certain subsidiaries of our Group in the PRC are located in western cities and are subject to a preferential income tax rate of 15% in certain years. In addition, in May 2018 our PRC subsidiary CG Property Services received the certificate of "High and New Technology Enterprise" under which CG Property Services is entitled to a preferential PRC income tax rate of 15% for each of 2017, 2018 and 2019. For details, see "Financial Information — Description of Selected Combined Statement of Profit or Loss Line Items — Income Tax Expense" and note 33(d) of the Accountant's Report in Appendix I.

We cannot assure you that our subsidiaries will continue to enjoy the aforementioned preferential income tax treatment. For instance, under applicable PRC laws and regulations, the preferential income tax treatment for a "High and New Technology Enterprise" is subject to renewal every three years and can be revoked by the relevant local authorities upon a review process on the eligibility of such accreditation. We cannot assure you that CG Property Services will continue to be accredited as a "High and New Technology Enterprise" upon expiration of the relevant certificate, or that such accreditation will not otherwise be revoked by the relevant local authorities. If we fail to renew any preferential tax treatment qualification in time or at all, or if any change or termination of preferential tax treatment occurs, the increase in our tax charge or any other related tax liabilities could materially and adversely affect our results of operations and financial condition.

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

Our continued success is highly dependent upon the efforts of our senior management and other key employees. If either of them or any of our other key employees leaves and we are unable to promptly hire and integrate a qualified replacement, our business, financial position and results of operations may be materially and adversely affected. For further information on our senior management, see "Directors and Senior Management".

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In addition, the future growth of our business will depend in part on our ability to attract and retain qualified personnel in all aspects of our business, including but not limited to corporate management and property management personnel. If we are unable to attract and retain these qualified personnel, our growth may be limited and our business, financial position and operating results could be materially and adversely affected.

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

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

During the Track Record Period, we had been licenced by Shunbi Property to use several of its trademarks for our operation on a royalty free basis. For details, see “Business — Intellectual Property Rights”. If the relevant licensor ceases to authorise such trademarks to us, our business, financial position and results of operations may be materially and adversely affected. We are also exposed to the risk that a third-party may successfully challenge the licensor’s ownership of, or our right to use, the relevant licenced trademarks or if a third-party uses such trademarks without authorisation.

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

We maintain certain insurance coverage primarily including public liability insurance to cover liabilities for damages suffered by third parties arising out of our business operations, personal accident insurance for some of our employees and vehicle insurance. See “Business — Insurance”. We believe our insurance coverage is in line with industry practice for similar property management companies in the PRC. However, we cannot assure that our insurance coverage will be sufficient or available to cover damages, liabilities or losses we may incur in the course of our business. Moreover, there are certain losses for which insurance is not available in the PRC on commercially practicable terms, such as losses suffered due to business interruptions, earthquakes, typhoons, flooding, war or civil disorder. If we are held responsible for any such damages, liabilities or losses due to insufficiency or unavailability of insurance, there could be a material adverse effect on our business, financial position and results of operations.

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

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

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The expansion of our business may expose us to increased risks of non-compliance with rules and regulations issued by a number of governments at provincial and local levels

As we expand our business operations into new geographic regions and broaden the range of services we perform, we are subject to an increasing number of provincial and local rules and regulations. In addition, because the size and scope of our operations had increased during the Track Record Period, the difficulty of ensuring compliance with the various local property management regulations and the potential for loss resulting from non-compliance have increased. If we fail to comply with the related local regulations, we may be subject to penalties by the competent PRC authorities. The laws and regulations applicable to our business, whether national, provincial or local, may also change in ways that materially increase our costs of compliance, and any failure to comply could result in significant financial penalties which could have a material adverse effect on our reputation, business, financial position and results of operations.

We may be exposed to liabilities from disputes involving products and services offered and advertised on our online service platform such as the “Phoenix Club” mobile application

To facilitate the development of our community value-added services, we sell goods (including food) and provide living related services through the “Phoenix Club” mobile application. We also collaborate with third-party merchants and advertise their products and services on our mobile application. We may therefore be subject to product liability arising from reselling or advertising the products or services on the mobile application under the Laws on the Protection and Rights and Interests of Consumers of the PRC, the Tort Law of the PRC, the Advertising Law of the PRC and other relevant PRC laws and regulations. For instance, claims may be brought against us by purchasers, regulatory authorities or other third parties alleging, among other things, that: (i) the quality of the products sold or services provided by or through us via our service platform fail to conform to required product quality; (ii) advertisements made on our service platform with respect to such products or services are false, deceptive, misleading, libellous, injurious to the public welfare or otherwise offensive; (iii) such products or services are defective or injurious and may be harmful to others; and (iv) such marketing, communications or advertising infringe on the proprietary rights of other third parties.

We currently do not carry any product liability insurance coverage. Any product liability claim or governmental regulatory action could be costly and time-consuming. We could be required to pay substantial damages as a result of such claim or action. A material design, manufacturing or quality failure in the products or services offered or advertised on our relevant service platform, safety issues or heightened regulatory scrutiny could each result in a product recall and increased product liability claims. Furthermore, customers may not use the products offered on our service platform in accordance with product usage instructions, possibly resulting in customer injury. All of these events could materially harm our brand and reputation and marketability of such products or services, cause us to lose our existing mobile application users with lower user engagement, divert our management’s attention and have a material adverse effect on our business, financial position and results of operations.

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

During the Track Record Period, we did not register for and/or fully contribute to the social insurance and housing provident funds for certain employees. As our Directors considered the total amount of such contributions as at 31 December 2017 was immaterial, we did not make provision thereto during the Track Record Period and up to the Latest Practicable Date. As advised by our PRC Legal Advisers, the relevant PRC authorities may demand that we pay the outstanding social insurance contributions by a stipulated deadline and we may be liable to a late payment fee equal to 0.05% of the outstanding amount for each day of delay; if we fail to make such payments, we may be liable to a fine of one to three times the amount of the outstanding contributions. Our PRC Legal Advisers have also advised us that, under the relevant PRC laws and regulations, we may be ordered to pay the outstanding housing provident fund contributions within a prescribed time period,

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and if we fail to make such payments, application may be made to a people's court in the PRC for compulsory enforcement. Save as disclosed in "Business — Social Insurance and Housing Provident Fund Contributions", we were not aware of any complaints or demands for payment of these contributions from any employee or relevant local authorities as at the Latest Practicable Date. We cannot assure you that the relevant PRC authorities would not notify and require us in the future to complete registration and/or pay the outstanding contributions by a stipulated deadline. In the case we fail to pay the outstanding contributions, or to complete the housing fund registration in accordance with PRC laws and as required by the relevant PRC authorities, we may be subject to a penalty fine and/or an order from the relevant people's court to enforce such payment. For details, see "Business — Social Insurance and Housing Provident Fund Contributions".

We occupy certain management offices in the PRC which are not those that are required to be provided to us by property developers under PRC laws, some landlords may not have provided to us relevant title certificates with respect to some of our leased properties in the PRC and some of our lease agreements were not registered with the relevant government authorities

Under PRC laws and regulations, property developers are required to plan and provide property management office space for property management companies to use for free. As at 31 December 2017, we occupied property management offices for more than 400 residential communities with an aggregate GFA of approximately 241,000 sq.m. as at the Latest Practicable Date. As at the Latest Practicable Date, we did not occupy management offices that are required to be provided to us by property developers for less than half of these residential communities. For details, see "Business — Properties". As advised by our PRC Legal Advisers, we are subject to the risk of relocation of the property management offices if demanded by the relevant property owner or the local authorities. If such events occur, we may incur additional relocation costs and our property management services to the relevant residential communities may be disrupted.

As at 30 April 2018, some of our landlords failed to provide valid title certificates with respect to some of our leased properties in the PRC. For details, see "Business — Properties". If our landlords are not the owner or not authorised by the real owner to lease the properties to us, we might need to seek alternative properties and incur additional costs relating to such relocation. Any dispute or claim in relation to the rights to use or lease of the properties occupied by us, including any litigation involved allegations of illegal or unauthorised use of these properties, may require us to relocate our business premises. If any of our leases were terminated as a result of any challenge by third-parties or any failures of our landlords to renew the leases or obtain their legal titles or the requisite government approval or consent to lease the relevant properties, we may need to seek alternatives premises and incur additional costs for relocation.

As at 30 April 2018, some of the lease agreements entered into by us were not registered with the relevant government authorities, for details, see "Business — Properties". We may be subject to fines for the failure to register the lease agreements, which could disrupt our financial conditions and results of operations.

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

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

Although we have established procedures to monitor the quality of our services and maintained communication channels through which customers may provide feedbacks and complaints, there is no assurance that all property owners' and residents' expectations and demands can be addressed in a timely and effective manner. There is no guarantee that certain individual property owners and residents and/or groups of property

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owners and residents of a property under our management will not have specific demands or expectations which are beyond what we can provide within our normal course of operations. Furthermore, there is no guarantee that, in order to compel us to meet these demands, such property owners and residents will not attempt to exert pressure on our Group by means beyond our control, such as by way of lodging or making frivolous or vexatious complaints directly to us or through various media sources. Any of such events or any negative publicity thereof, regardless of veracity, may distract our management's attention and may have an adverse effect on our business, our reputation and the trading price of our Shares.

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

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

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

RISKS RELATING TO CONDUCTING BUSINESS IN THE PRC

Changes in the economic, political and social conditions and government policies in China may have an adverse effect on our business

During the Track Record Period, our business operations were conducted in China and all our revenue was derived from the PRC market. As a result, we are susceptible to changes in the economic, political and social conditions in China. The economy of China differs from the economies of most developed countries in many respects, including the degree of government involvement, degree of development, growth rate, control of foreign exchange and import and allocation of resources. In the past, the PRC government has implemented measures emphasising the utilisation of market forces for economic reform. However, the PRC government continues to play a significant role in regulating industrial development and the allocation, production, pricing and management of resources. We may not in all cases be able to capitalise on the economic reform measures adopted by the PRC government. In addition, the implementation of PRC laws and regulations involves a degree of uncertainty. We cannot predict the future development of the PRC legal system, including any promulgation of new laws, change to existing laws or the interpretation or enforcement thereof, or the pre-emption of local regulations by national laws, and the effect it may have on us. Changes in the economic, political and social conditions or the relevant policies of the PRC government, such as changes in laws and regulations (or the interpretation thereof) and fiscal or financial measures, could have an adverse effect on the overall economic growth of China, which could subsequently hinder our business, growth strategies, financial condition and results of operations.

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

The PRC government imposes controls on the convertibility of Renminbi into foreign currencies and, in certain cases, the remittance of currency out of China. See "Regulatory Overview — 5. Laws and Regulations

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relating to Foreign Exchange Control in the PRC". We receive substantially all our revenue in Renminbi. Under our current structure, our income is primarily derived from dividend payments from our PRC subsidiaries. Shortages in the availability of foreign currency may restrict the ability of our PRC subsidiaries to remit sufficient foreign currency to pay dividends or other payments to us, or otherwise satisfy their foreign currency denominated obligations, if any. If the foreign exchange control system prevents us from obtaining sufficient foreign currency to satisfy our currency demands, we may not be able to pay dividends in foreign currencies to our shareholders.

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

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

Interest rate increases by the PBOC or market disruptions may increase our cost of borrowing or adversely affect our ability to access sources of liquidity upon which we may rely to finance our operations and satisfy our obligations as they become due. We intend to continue to make investments to support our business growth and may require additional funds to respond to business challenges. There can be no assurance that the anticipated cash flow from our operations will be sufficient to meet all of our cash requirements, or that we will be able to secure external financing at competitive rates, or at all. Any such failure may adversely affect our ability to finance our operations, meet our obligations or implement our growth strategy.

We may be considered a "resident enterprise" under the EIT Law and income tax on the dividends that we receive from our PRC operating subsidiaries may increase

Our Company was incorporated in the Cayman Islands. We conduct our business through operating subsidiaries in the PRC. Under the EIT Law, enterprises established under the laws of foreign countries or regions and whose "de facto management bodies" are located within the PRC are considered "resident enterprises" and thus will generally be subject to enterprise income tax at the rate of 25% on their global income. On 6 December 2007, the State Council adopted the Regulation on the Implementation of EIT Law, effective as at 1 January 2008, which 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". Currently, our management is primarily based in the PRC, and may continue to be based in the PRC in the future.

If we were considered a PRC resident enterprise, we would be subject to enterprise income tax at the rate of 25% on our global income, and any dividend or gain on the sale of our Shares received by our non-resident enterprise shareholders may be subject to a withholding tax at a rate of up to 10%. In addition, although the EIT Law provides that dividend payments between qualified PRC resident enterprises are exempted from enterprise income tax, it remains unclear as to the detailed qualification requirements for this exemption and whether dividend payments by our PRC operating subsidiaries to us would meet such qualification requirements if we were considered a PRC resident enterprise for this purpose. If our global income were to be taxed under the EIT Law, our financial position and results of operations would be materially and adversely affected.

Under the EIT Law and its implementing rules, dividend payments from PRC subsidiaries to their foreign shareholders, if the foreign shareholder is not deemed as a PRC tax resident enterprise under the EIT Law, are subject to a withholding tax at the rate of 10%, unless the jurisdiction of such foreign shareholders has a tax

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treaty or similar arrangement with China and the foreign shareholder obtains approval from competent local tax authorities for application of such tax treaty or similar arrangement. We invest in our PRC operating subsidiaries through our subsidiary incorporated in Hong Kong. Pursuant to the Arrangement between Mainland China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and Prevention of Fiscal Evasion with respect to Taxes on Income (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》) (the “**Hong Kong Tax Treaty**”), our Hong Kong subsidiary will be subject to a withholding tax at a rate of 5% on dividends received from our PRC operating subsidiaries. However, the SAT promulgated a circular on 27 October 2009 (“**Circular 601**”), which provides that tax treaty benefits will be denied to “conduit” or shell companies without business substance, and a beneficial ownership analysis will be adopted based on a “substance over form” analysis to determine whether or not to grant tax treaty benefits to a “conduit” company. It is unclear whether Circular 601 applies to dividends from our PRC operating subsidiaries paid to us through our Hong Kong subsidiary. It is possible, however, that under Circular 601, our Hong Kong subsidiary would not be considered the “beneficial owner” of any such dividends, and that such dividends would as a result be subject to income tax withholding at the rate of 10% rather than the favourable 5% rate applicable under the Hong Kong Tax Treaty. In that case, our financial position and results of operations would be materially and adversely affected.

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

The income and expenses of our PRC subsidiaries have been and are expected to continue to be primarily denominated in Renminbi and it is exposed to the risks associated with the fluctuation in the currency exchange rate of Renminbi. The value of the Renminbi against the US dollar, Hong Kong dollar and other currencies may be affected by changes in the PRC’s policies and international economic and political developments. Under the current policy, the RMB is pegged against a basket of currencies, as determined by the PBOC, against which it can rise or fall within stipulated ranges each day. As a result of the historical and any future changes in currency policy, the exchange rate may become volatile, the Renminbi may be revalued further against the US dollar or other currencies or the Renminbi may be permitted to enter into a full or limited free float, which may result in an appreciation or depreciation in the value of the Renminbi against the US dollar or other currencies. Fluctuations in exchange rates may adversely affect the value, translated or converted into US dollars or Hong Kong dollars (which are pegged to the US dollar), of our cash flows, revenues, earnings and financial position, and the value of, and any dividends payable to us by our PRC subsidiaries. For example, an appreciation of the Renminbi against the US dollar or the Hong Kong dollar would make any new Renminbi-denominated investments or expenditures more costly to us, to the extent that we need to convert US dollars or Hong Kong dollars into Renminbi for such purposes.

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

Our operations and assets in the PRC are governed by the PRC laws and regulations. The PRC legal system is based on written statutes, and prior court decisions can only be cited as reference. Since 1979, the PRC government has promulgated laws and regulations in relation to economic matters such as foreign investment, corporate organisation and governance, commerce, taxation, finance, foreign exchange and trade, with a view to developing a comprehensive system of commercial law. However, China has not developed a fully integrated legal system and recently enacted laws and regulations may not sufficiently cover all aspects of economic activities in China, or may be unclear or inconsistent. In particular, since the property management service industry is in its developmental stage in the PRC, the laws and regulations relating to this industry are unspecific and may be incomprehensive. Because of the limited volume of published decisions and their non-binding nature, the interpretation and enforcement of PRC laws and regulations involve uncertainties and can be inconsistent. Even where adequate laws exist in China, the enforcement of existing laws or contracts based on existing laws may be uncertain or sporadic, and it may be difficult to obtain swift and equitable enforcement of a judgement by a PRC court. In addition, the PRC legal system is based in part on government policies and internal rules (some of which are not published on a timely basis or at all) that may have a retroactive effect. As a result, we may not be aware of our violation of these policies and rules until sometime after such violation. Finally, any litigation in

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China may be protracted and result in substantial costs and the diversion of resources and management's attention. The materialisation of all or any of these uncertainties could have a material adverse effect on our financial position and results of operations.

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

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

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

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

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

RISKS RELATING TO THE SPIN-OFF AND THE LISTING

Our Shareholders' interests in our Company's share capital may be diluted in the future

In order to expand our business, we may consider offering and issuing Shares or equity-linked securities in the future, which may result in dilution in our net tangible asset value or earnings per Share. Subject to the Listing becoming unconditional, general mandates have been granted to our Directors to allot and issue Shares and to repurchase Shares, the details of which are set out in "Appendix VI — General Information — A. Further Information about our Company". If we issue Shares in the future at a price which is lower than the net tangible asset value per Share prior to the issuance of such Shares, our shareholders may experience dilution in our net tangible asset value per Share of their investments.

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

Prior to the Listing, there was no public market for, and no established price for, our Shares. Our Company has made an application for the listing of, and permission to deal in, our Shares on the Stock Exchange. The Listing, however, does not guarantee that an active trading market for our Shares will develop or, if it does

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develop, that it will be sustained following the Listing or that the market price of our Shares will not fluctuate following completion of the Listing. If an active and liquid trading market does not develop, you may have difficulty in selling any of our Shares that you purchase. Furthermore, the price and trading volume of our Shares may be volatile. Factors such as the following may significantly affect the trading volume and the price at which our Shares will trade:

- actual or anticipated fluctuations in our results of operations;
- news regarding recruitment or loss of key personnel by us or our competitors;
- announcements of competitive developments, acquisitions or strategic alliances in our industry;
- changes in earnings estimates or recommendations by financial analysts;
- potential litigation or regulatory investigations;
- general economic, market or regulatory conditions or other developments affecting us or our industry;
- the operating and stock price performance of other companies, other industries and other events or factors beyond our control; and
- release of any lock-up or other transfer restrictions on the outstanding Shares or sales of perceived sales of additional Shares by our Company or other Shareholders.

You should note that the securities market has from time to time experienced significant price and volume fluctuations that have affected the market prices for the securities of companies listed on the Stock Exchange. Such wide market fluctuations may not be related or disproportionate to the operating performance of particular companies and may adversely affect the market price of our Shares. As a result, investors in our Shares may experience volatility in the market price of their Shares and a decrease in the value of Shares regardless of our operating performance or prospects.

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

Future sales or perceived sales of a substantial amount of our Shares or other securities relating to our Shares in the public market may negatively impact the market price of our Shares, or adversely affect our ability to raise capital in the future at a time and at a price which we deem appropriate. The Shares held by our ultimate controlling shareholder, Ms. Yang Huiyan, is subject to certain lock-up undertakings. For details, see “General Information — E. Undertaking by Ms. Yang Huiyan to the Stock Exchange pursuant to the Listing Rules”. There is no assurance that any of our Shareholders will not dispose of any Shares they now own or may own in the future, following the Spin-off or the expiration of any relevant lock-up periods. Future issues of our Shares by our Company or the disposal of our Shares by any of our Shareholders or the perception that such issues or sale may occur, may negatively affect the prevailing market price of our Shares.

In addition, we may raise additional funds by issuing new equity securities in the future to finance expansion of the existing business or develop new businesses. If the new equity securities are not issued to the existing Shareholders on a pro-rata basis, the ownership percentages of the existing Shareholders may be reduced.

RISK FACTORS

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

Following the Listing, our Controlling Shareholders will continue to have substantial control over our Company. Subject to the Articles of Association, the Memorandum of Association and the Listing Rules, our Controlling Shareholders by virtue of their controlling beneficial ownership of the share capital of our Company, will be able to exercise significant control and exert significant influence over our business or otherwise on matters of significance to us and other Shareholders, including but not limited to mergers, consolidations and the sale of all, or substantially all, of our assets, election of Directors and other significant corporate actions, by voting at the general meeting of our Shareholders and at Board meetings. Our Controlling Shareholders' interests may differ from the interests of other Shareholders, and our Controlling Shareholders are free to exercise vote according to their own interests. To the extent that the interests of our Controlling Shareholders conflict with the interests of other Shareholders, or if our Controlling Shareholders choose to cause our business to pursue strategic objectives that conflict with the interests of our other Shareholders, those Shareholders could be disadvantaged and harmed by the actions of our Controlling Shareholders.

The laws of the Cayman Islands relating to the protection of the interests of minority shareholders may differ from the laws of Hong Kong and other jurisdictions

Our corporate affairs are governed by, among other things, our Memorandum of Association and Articles of Association, the Cayman Companies Law, and the common law of the Cayman Islands. The rights of our Shareholders to take action against our Directors, the rights of minority shareholders to instigate actions and the fiduciary responsibilities of our Directors to us under Cayman Islands law are to a large extent governed by the common law of the Cayman Islands. The common law of the Cayman Islands is derived in part from comparatively limited judicial precedent in the Cayman Islands as well as from English common law, which has persuasive, but not binding, authority on a court in the Cayman Islands. The rights of our Shareholders and the fiduciary responsibilities of our Directors under Cayman Islands law may not be the same as they would be under statutes or judicial precedent in Hong Kong or other jurisdictions. In particular, the Cayman Islands have different securities laws as compared to Hong Kong and may not provide the same protection to investors. Furthermore, shareholders of Cayman Islands companies may not have standing to initiate a shareholder derivative action in a Hong Kong court.

We may not declare dividends on our Shares in the future

We did not declare any dividends during the Track Record Period. Our Company declared dividends of RMB93.9 million on 5 May 2018, all of which were settled on 16 May 2018. Although we are currently targeting to distribute to our Shareholders approximately 25% of our profit for the year attributable to owners of the Company from the year ending 31 December 2018 onwards, the amount of dividends actually distributed to our Shareholders will depend upon our earnings and financial position, operating requirements, capital requirements and any other conditions that our Directors may deem relevant and will be subject to the approval of our Shareholders. There is no assurance that dividends of any amount will be declared or distributed in any year in the future.

Facts and statistics in this listing document should not be unduly relied upon

Certain facts and other statistics in this listing document that do not relate directly to our operations, including those relating to the PRC, the PRC economy and the PRC property management industry have been derived from various official government publications, and data from China Index Academy and publicly available sources. However, we cannot guarantee the quality or reliability of these sources. They have not been prepared or independently verified by our Company, the Joint Sponsors, or any of their respective directors, officers, affiliates, advisors or representatives, or any other parties involved in the Spin-off, and such information may not be consistent with other publicly available information.

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Our Company, the Joint Sponsors, or any of their respective directors, officers, affiliates, advisors or representatives, or any other parties involved in the Spin-off make no representation as to the completeness or accuracy of such facts and statistics. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice and other problems, the facts and statistics herein may be inaccurate or may not be comparable to facts and statistics produced with respect to other economies. Further, we cannot assure you that they are stated or compiled on the same basis or with the same degree of accuracy (as the case may be) in other publications or jurisdictions. Therefore, you should not rely unduly upon such facts and statistics contained in this listing document.

The entire listing document should be read carefully and any information contained in press articles, media and/or research reports regarding our Group, our business, our industry or the Spin-off not contained in this listing document should not be relied upon

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

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

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

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

DIRECTORS AND PARTIES INVOLVED IN THE SPIN-OFF

DIRECTORS INVOLVED IN THE SPIN-OFF

The members of our Board are:

Name	Address	Nationality
<i>Chairman and Non-executive Director</i>		
Yang Huiyan (楊惠妍)	No. 9, King's Park Hill King's Park Hill Road Kowloon Hong Kong	Chinese Hong Kong
<i>Non-executive Directors</i>		
Yang Zhicheng (楊志成)	No. 9, Country Garden Second Middle Road Beijiao Town Shunde District, Foshan Guangdong Province PRC	Chinese Hong Kong
Wu Bijun (伍碧君)	No. 611, Block 3, Yincheng Court Qinghui Road, Daliang Street Shunde District, Foshan Guangdong Province PRC	Chinese
<i>Executive Directors</i>		
Li Changjiang (李長江)	1702, Block 7, 7th Street, Fan Cui Court Country Garden Xiyuan Beijiao Town Shunde District, Foshan Guangdong Province PRC	Chinese
Xiao Hua (肖華)	10-301 Hemingyuan 3rd Street Country Garden Haoyuan Shitan Town Zengcheng District, Guangzhou Guangdong Province PRC	Chinese
Guo Zhanjun (郭戰軍)	1-402, Tianji Midea Yuhai Dongjun Garden Gaoli Community Jumin Committee Waihuan Road Ronggui Street Office Shunde District, Foshan Guangdong Province PRC	Chinese
<i>Independent Non-executive Directors</i>		
Mei Wenjue (梅文珏)	401, No. 55, Ouzhuang Cun Yuxiu District, Guangzhou Guangdong Province PRC	Chinese
Rui Meng (芮萌)	Room 2102, No. 1, Lane 39, Yinxiao Road, Pudong District, Shanghai PRC	Chinese Hong Kong

DIRECTORS AND PARTIES INVOLVED IN THE SPIN-OFF

Chen Weiru (陳威如)	Room 802, Unit 2, Block 2, Golden Coast Court No. 6 Fuchun Road Shangcheng District, Hangzhou Zhejiang Province PRC	Singaporean
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For further details of each member of our Board, please refer to the section entitled “Directors and Senior Management” of this listing document.

PARTIES INVOLVED IN THE SPIN-OFF

Joint Sponsors

HSBC Corporate Finance (Hong Kong) Limited
1 Queen’s Road Central
Hong Kong

Goldman Sachs (Asia) L.L.C.
68th Floor, Cheung Kong Center
2 Queen’s Road Central
Hong Kong

Legal Advisers to the Company

As to Hong Kong and U.S. laws:
Sidley Austin
39th Floor, Two International Finance Centre
8 Finance Street
Central
Hong Kong

As to PRC laws:
DeHeng Law Offices (Shenzhen)
11/F, Section B, Anlian Plaza
No. 4018 Jintian Road, Futian District
Shenzhen, PRC

As to Cayman Islands laws:
Conyers Dill & Pearman
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Legal Advisers to the Joint Sponsors

As to Hong Kong and U.S. laws:
Norton Rose Fulbright Hong Kong
38/F, Jardine House
1 Connaught Place
Central
Hong Kong

As to PRC laws:
Jingtian & Gongcheng
34th Floor, Tower 3
China Central Place
77 Jianguo Road
Beijing 100025
PRC

DIRECTORS AND PARTIES INVOLVED IN THE SPIN-OFF

Auditor and Reporting Accountant

PricewaterhouseCoopers
Certified Public Accountants
22nd Floor, Prince's Building
Central
Hong Kong

Industry Consultant

China Index Academy
Building 5, Zone E
Hanwei International Plaza
Fengmao South Road
Fengtai District
Beijing, PRC

CORPORATE INFORMATION

Registered Office	Cricket Square, Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
Headquarters and Registered Office in the PRC	West Building of Country Garden Office Beijiao Town Shunde District, Foshan Guangdong Province PRC
Principal Place of Business in Hong Kong	25th Floor, Jardine House 1 Connaught Place, Central Hong Kong
Company's Website	www.bgyfw.com <i>(the contents of this website do not form part of this listing document)</i>
Compliance Adviser	Somerley Capital Limited 20/F, China Building 29 Queen's Road Central Hong Kong
Joint Company Secretaries	Huang Peng (黃鵬) 801, No. 235 Huangpu Road West Tianhe District, Guangzhou Guangdong Province PRC Leung Chong Shun (梁創順) (Solicitor in Hong Kong) 26th Floor, Jardine House 1 Connaught Place, Central Hong Kong
Authorised Representatives	Li Changjiang (李長江) 1702, Block 7, 7th Street, Fan Cui Court Country Garden Xiyuan Beijiao Town Shunde District, Foshan Guangdong Province PRC Huang Peng (黃鵬) 801, No. 235 Huangpu Road West Tianhe District, Guangzhou Guangdong Province PRC
Audit Committee	Mr. Rui Meng (<i>Chairman</i>) Mr. Mei Wenjue Mr. Chen Weiru

CORPORATE INFORMATION

Remuneration Committee	Mr. Chen Weiru (<i>Chairman</i>) Ms. Yang Huiyan Mr. Mei Wenjue
Nomination Committee	Ms. Yang Huiyan (<i>Chairman</i>) Mr. Rui Meng Mr. Chen Weiru
Principal Share Registrar and Transfer Office in the Cayman Islands	Conyers Trust Company (Cayman) Limited Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
Hong Kong Branch Share Registrar and Transfer Office	Tricor Investor Services Limited Level 22, Hopewell Centre 183 Queen's Road East Hong Kong
Principal Bankers	Shunde Sub-branch of Foshan Branch of China Merchants Bank 1F, No. 266, Dongle Road Daliang, Shunde District, Foshan Guangdong Province PRC Shunde Country Garden Branch of China Construction Bank The Side of Country Garden International Club Beijiao Town Shunde District, Foshan Guangdong Province PRC Shunde Beijiao Branch of Bank of China B2, 1st Floor, Yingfeng Business Center No. 8 Yixing Road Beijiao Town Shunde District, Foshan Guangdong Province PRC

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

HISTORY AND DEVELOPMENT

Our history can be traced back to 1992 when the predecessor of the CGH Group commenced providing property management services to residential properties in the PRC. In 2004, our principal operating subsidiary, CG Property Services, was established and the property management business of the CGH Group was consolidated under CG Property Services to streamline its property management functions in 2006. According to China Index Academy, our Group was one of the first property management services providers to bring the “five-star hotel service” standards and philosophy from the hospitality industry into the property management industry in the PRC. Our service standard was recognised when we obtained the property management qualification certificate (level one) from MOHURD (“**Level One Property Management Qualification**”) in 2005. At the initial stage of our development, we mainly provided our services in Guangdong province and eventually, in around 2003, our business expanded to other provinces in the PRC. We have since then grown our presence in other parts of China with our contracted GFA covering more than 240 cities across 28 provinces, municipalities and autonomous regions in China as at 31 December 2017.

Our Group’s property management services extended to community value-added services to property owners and residents in 2011, and value-added services to non-property owners in 2014. We also took the initiative to enhance our property management services in 2013 through the introduction of the “Phoenix Butler” service model to provide comprehensive, personalised and sophisticated on-site services to property owners and residents of residential properties managed by us. We are dedicated to the enhancement of our services to materialise our customer-driven corporate value for development of our property management business and provision of value-added services.

Business Development Milestones

The following table sets out various milestones in the history of our business development:

Year	Milestones
1992	<ul style="list-style-type: none">• The predecessor of the CGH Group commenced providing property management services in the PRC.
2005	<ul style="list-style-type: none">• We obtained the Level One Property Management Qualification in China.• We became one of the first property management service providers to bring the “five-star hotel service” standards and philosophy from the hospitality industry into the property management industry in China, according to China Index Academy.
2011	<ul style="list-style-type: none">• We commenced to provide community value-added services to property owners and residents.
2013	<ul style="list-style-type: none">• We commenced to adopt the “Phoenix Butler” service model in our managed residential communities.• We commenced to provide property management services to properties developed by independent third-party property developers.
2014	<ul style="list-style-type: none">• We commenced to provide value-added services to non-property owners.• Our first community service centre was established to provide real estate brokerage services.
2015	<ul style="list-style-type: none">• We were ranked ninth by China Index Academy among the Top 100 Property Management Companies in China in terms of overall strength.• We were named as a leading Top 100 enterprise in terms of overall strength by China Property Management Industry Association.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Year	Milestones
2016	<ul style="list-style-type: none">• We were ranked fifth by China Index Academy among the Top 100 Property Management Companies in China in terms of overall strength.• We were named by China Index Academy as a leading property management company in China in terms of professional operation.• Our “Country Garden property management” brand was valued at RMB3.85 billion as at 31 December 2016 by China Index Academy.• We obtained the ISO9001, ISO14001 and BS-OHSAS18001 certifications from the British Standards Institution.
2017	<ul style="list-style-type: none">• We were ranked third by China Index Academy among the Top 100 Property Management Companies in China in terms of overall strength.• We were ranked fourth by China Index Academy among the Top 100 Property Management Companies in China in terms of property management scale.• We were named by China Index Academy as a Leading Top 100 Property Management Company in China in terms of service quality and satisfaction rate.
2018	<ul style="list-style-type: none">• We were ranked third by China Index Academy among the Top 100 Property Management Companies in China in terms of overall strength.• We were ranked fourth by China Index Academy among the Top 100 Property Management Companies in China in terms of property management scale.• We were named by China Index Academy as a Leading Top 100 Property Management Company in terms of service quality and satisfaction rate.

OUR PRINCIPAL SUBSIDIARY

The details of our principal operating subsidiary for business operation and development in the PRC during the Track Record Period are set out below:

CG Property Services

CG Property Services was established in the PRC on 19 April 2004 as a limited liability company with an initial registered capital of RMB10,000,000 and was owned as to 52% by Ms. Yang Yanchi (楊艷池), 12% by Ms. Zhou Baodan (周寶淡), 12% by Ms. Li Xingmei (黎杏梅), 12% by Ms. Xin Shaozhen (辛少珍) and 12% by Ms. Lu Rulan (盧如蘭). Ms. Yang Yanchi is the mother of Ms. Yang Huiyan, our non-executive Director and our ultimate controlling shareholder. Ms. Zhou Baodan, Ms. Li Xingmei, Ms. Lu Rulan and Ms. Xin Shaozhen are the spouse of Mr. Yang Erzhu (楊貳珠), Mr. Su Rubo (蘇汝波), Mr. Ou Xueming (區學銘) and Mr. Zhang Yaoyuan (張耀垣), respectively. Mr. Yang Erzhu (楊貳珠), Mr. Su Rubo (蘇汝波), Mr. Ou Xueming (區學銘) and Mr. Zhang Yaoyuan (張耀垣) are the founders of the CGH Group.

Subsequent to a number of transfers of equity interests in April 2006, CG Property Services was owned as to 70% by Ms. Yang Huiyan, 12% by Mr. Yang Erzhu (楊貳珠), 6% by Mr. Su Rubo (蘇汝波), 6% by Mr. Zhang Yaoyuan (張耀垣) and 6% by Mr. Ou Xueming (區學銘). In June 2006, United Gain, at the time held by the then shareholders of CG Property Services as to the same shareholding ratios, acquired all the equity interest in CG Property Services from the then shareholders of CG Property Services for a total consideration of RMB9,280,000, which was determined with reference to the net asset value of CG Property Services as at 30 September 2005, based on the valuation report prepared by Guangdong Dezheng Certified Public Accountants

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Ltd.* (廣東德正有限責任會計師事務所). In March 2007, after the completion of the offshore restructuring of CGH Group, CG Property Services became a wholly-owned subsidiary of CGH and operated under the management of the CGH Group principally for providing property management services to the property projects developed by the CGH Group and independent third-party developers.

In order to streamline our property management business, CG Property Services passed a board resolution approving the merger of five property management companies (the “**Merging Companies**”) in July 2006. A merger agreement was entered into between CG Property Services and the Merging Companies, pursuant to which the registered capital of the Merging Companies was injected into CG Property Services and the registered capital of CG Property Services was increased to RMB12,100,000 and such amount was fully paid by Ms. Yang Huiyan (楊惠妍), Mr. Yang Erzhu (楊貳珠), Mr. Su Rubo (蘇汝波), Mr. Ou Xueming (區學銘) and Mr. Zhang Yaoyuan (張耀垣). Upon completion, CG Property Services was owned as to 82.65% by United Gain, 12.15% by Ms. Yang Huiyan (楊惠妍), 2.08% by Mr. Yang Erzhu (楊貳珠), 1.04% by Mr. Su Rubo (蘇汝波), 1.04% by Mr. Ou Xueming (區學銘) and 1.04% by Mr. Zhang Yaoyuan (張耀垣).

On 6 November 2006, each of Ms. Yang Huiyan (楊惠妍), Mr. Yang Erzhu (楊貳珠), Mr. Su Rubo (蘇汝波), Mr. Ou Xueming (區學銘) and Mr. Zhang Yaoyuan (張耀垣) entered an equity transfer agreement with United Gain and pursuant to which Ms. Yang Huiyan (楊惠妍), Mr. Yang Erzhu (楊貳珠), Mr. Su Rubo (蘇汝波), Mr. Ou Xueming (區學銘) and Mr. Zhang Yaoyuan (張耀垣), being the then shareholders of CG Property Services transferred their equity interest in CG Property Services to United Gain at a consideration of RMB1,470,000, RMB252,000, RMB126,000, RMB126,000 and RMB126,000, respectively. The consideration was determined by arm’s length negotiation and with reference to the then registered capital of CG Property Services. Upon completion of such transfers above, CG Property Services was wholly owned by United Gain.

In August 2015, United Gain passed a shareholder’s resolution approving the increase of registered capital of CG Management Consultation and CG Management Services, both being wholly-owned subsidiaries of United Gain, via injecting 50% of the equity interest in CG Property Services into CG Management Consultation and the remaining 50% into CG Management Services. Upon the completion of the increase of registered capital of CG Management Consultation and CG Management Services, CG Property Services was owned as to 50% by CG Management Consultation and 50% by CG Management Services.

On 14 October 2015, CG Property Services passed a shareholder’s resolution approving, among other matters, the conversion of CG Property Services from a limited liability company into a joint stock company with limited liability. On 15 October 2015, CG Property Services passed a shareholder’s resolution approving the adoption of articles of association and the appointment of the relevant directors. Upon the completion of the conversion on 27 October 2015, the share capital of CG Property Services became RMB200,000,000 divided into 200,000,000 shares with a nominal value of RMB1.00 each, of which CG Management Consultation held 100,000,000 shares, representing 50% of the share capital of CG Property Services and CG Management Services held 100,000,000 shares, representing the remaining 50% of the share capital of CG Property Services.

In February 2016, the registered capital of CG Property Services was increased from RMB200,000,000 to RMB331,200,000. CG Management Consultation and CG Management Services agreed to subscribe for 65,600,000 shares and 65,600,000 shares, respectively, by way of capital injection in CG Property Services and undistributed profit of CG Property Services as at 31 December 2015, respectively. The amount of such capital injections was paid up on 31 March 2016. Following the increase of registered capital, CG Property Services remained owned as to 50% by CG Management Consultation and 50% by CG Management Services.

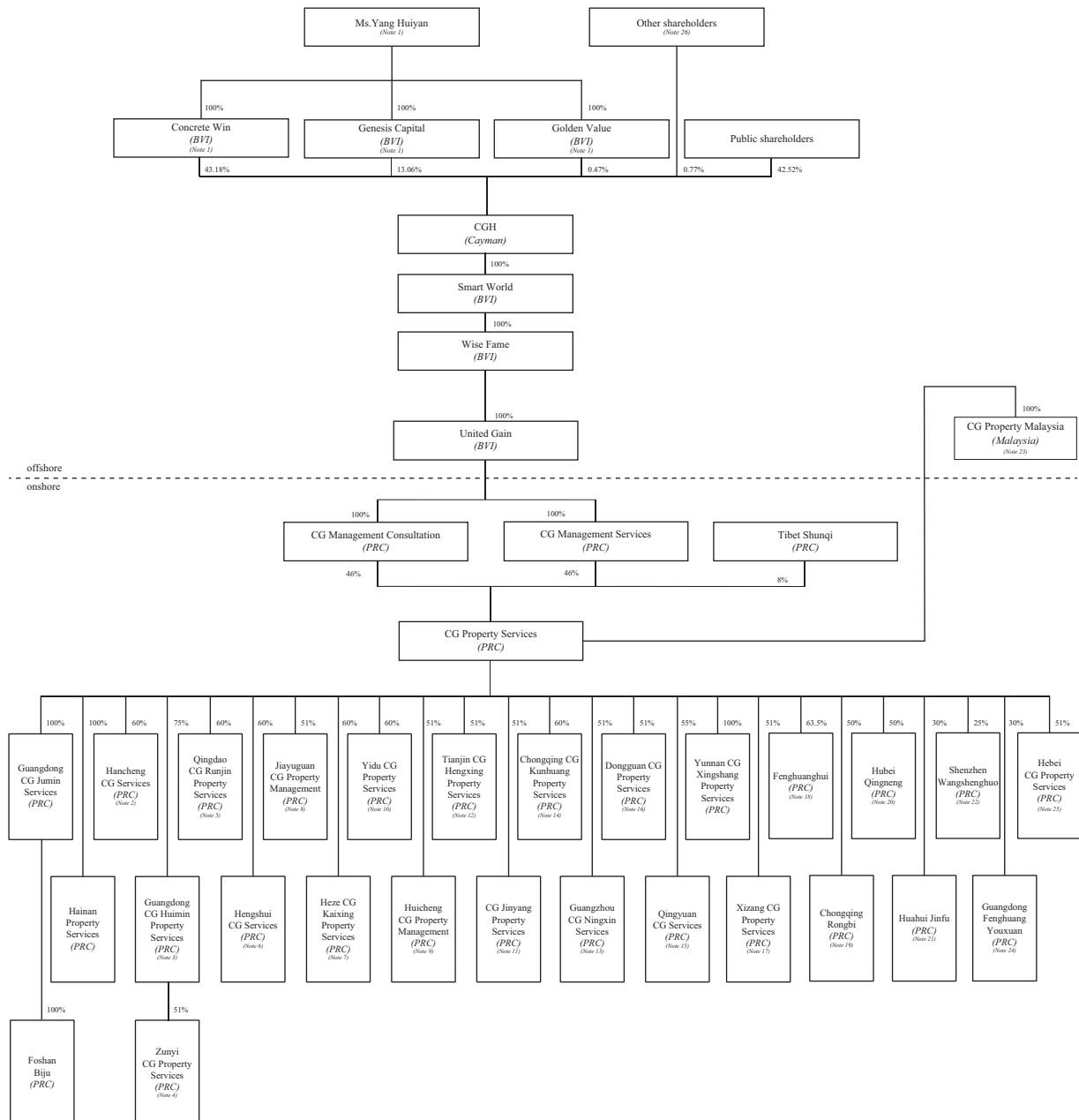
In March 2016, the registered capital of CG Property Services was further increased to RMB360,000,000 and Tibet Shunqi Investment Centre (Limited Partnership) (“**Tibet Shunqi**”) agreed to subscribe for 28,800,000 shares by way of capital injection in CG Property Services of RMB115,200,000, which was determined with reference to the valuation report prepared by ZhongMing (Bei Jing) Assets Appraisal International Co., Ltd. (中銘國際資產評估(北京)有限責任公司), paid in cash. Tibet Shunqi was established on 7 December 2015 as a

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

management incentive scheme of CG Property Services. Foshan Zhuoyou Investment Company Limited* (佛山市卓優投資有限公司) was the general partner of Tibet Shunqi whereas four directors of CG Property Services at the time of the relevant registered capital increase, namely Mr. Xiao Hua (肖華), Mr. Xie Shutai (謝樹太), Mr. Li Changjiang (李長江) and Mr. Zhao Shanwei (趙善偉) and five previous and current senior management members of CG Property Services, namely Ms. Xia Xiaonan (夏曉楠), Ms. Wang Cuiqin (王翠勤), Mr. Yu Xiangdong (余向東), Mr. Fan Xuanping (范宣平) and Mr. Chen Yuhui (陳宇輝), are the limited partners. The amount of such capital injection was paid up on 31 March 2016. Upon the completion of the increase of registered capital, CG Property Services was owned as to 46% by CG Management Consultation, 46% by CG Management Services and 8% by Tibet Shunqi.

REORGANISATION

The following diagram illustrates our shareholding structure before the Reorganisation:



HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Notes:

1. Concrete Win, Genesis Capital and Golden Value are beneficially wholly-owned by Ms. Yang Huiyan.
2. The remaining equity interest is held as to 40% by Hancheng Xincheng Property Company Limited* (韓城市馨誠物業有限責任公司), an Independent Third Party.
3. The remaining equity interest is held as to 25% by Mr. Liu Yang (劉楊), an Independent Third Party.
4. The remaining equity interest is held as to 49% by Zunyi Xinqu Property Development Company Limited* (遵義市新區房地產開發有限公司), an Independent Third Party.
5. The remaining equity interest is held as to 40% by Qingdao Runjin Property Development Company Limited* (青島潤錦房地產開發有限公司), an Independent Third Party.
6. The remaining equity interest is held as to 40% by Hengshui Yuhua Property Services Company Limited* (衡水禦樺物業服務有限公司), an Independent Third Party.
7. The remaining equity interest is held as to 40% by Heze Kaixing Real Estate Company Limited* (菏澤凱興置業有限公司), an Independent Third Party.
8. The remaining equity interest is held as to 49% by Jiayuguan Runye Property Development Company Limited* (嘉峪關潤業房地產開發有限責任公司), an Independent Third Party.
9. The remaining equity interest is held as to 49% by Huicheng Property Management (Beijing) Company Limited* (慧城物業管理(北京)有限公司), an Independent Third Party.
10. The remaining equity interest is held as to 40% by Yidu Guotong Investment Development Company Limited* (宜都市國通投資開發有限責任公司), an Independent Third Party.
11. The remaining equity interest is held as to 49% by Chongqing Meiyaxuan Commercial Management Company Limited* (重慶美亞軒商業管理有限公司), an Independent Third Party.
12. The remaining equity interest is held as to 49% by Tianjin Xinghai Real Industrial Co., Ltd.* (天津星海實業有限公司), an Independent Third Party.
13. The remaining equity interest is held as to 49% by Guangzhou Ningxin Project Consultancy Company Limited* (廣州寧信工程諮詢有限公司), an Independent Third Party.
14. The remaining equity interest is held as to 40% by Chongqing Kunhuang Industrial Development Company Limited* (重慶坤煌實業發展有限公司), an Independent Third Party.
15. The remaining equity interest is held as to 45% by Mr. Guo Yi (郭藝), an Independent Third Party.
16. The remaining equity interest is held as to 49% by Mr. Lin Wenbin (林文彬), an Independent Third Party.
17. The remaining equity interest is held as to 29% by Xizang Chuanshang Investment Company Limited* (西藏川商投資有限公司) and 20% by Ms. Liu Yiling (劉倚伶), both are Independent Third Parties.
18. The remaining equity interest is held as to 26.5% by Guangzhou Taixin Tianxing Investment Partnership (Limited Partnership)* (廣州市泰信天興投資合夥企業(有限合夥)) and 10% by Guangzhou Zonghe Investment Partnership (Limited Partnership)* (廣州市縱禾投資合夥企業(有限合夥)), both are Independent Third Parties.
19. The remaining 50% equity interest is held by Chongqing Rongchuang Property Management Company Limited* (重慶融創物業管理有限公司), an Independent Third Party.
20. The remaining 50% equity interest is held by Hubei Qingneng Real Estate Company Limited* (湖北清能置業有限公司), an Independent Third Party.
21. The remaining equity interest is held as to 45% by Foshan Shunde Huayou Business Management Company Limited* (佛山市順德區華優企業管理有限公司) and 25% by Shanghai Aoyi Investment Management Centre (Limited Partnership)* (上海傲屹投資管理中心(有限合夥)), both are Independent Third Parties.
22. The remaining equity interest is held as to 50% by Foshan Jingde Investment Management Company Limited* (佛山市敬德投資管理有限公司), 19% by Tianjin Wangwuxian Business Management Consultation Partnership (Limited Partnership)* (天津市旺無限企業管理諮詢合夥企業(有限合夥)) and 6% by Mr. Zhou Fei (周飛), all are Independent Third Parties.
23. CG Property Malaysia is in the process of deregistration and has not conducted any business since incorporation.
24. The remaining equity interest is held as to 60% by Foshan Shunde Shengwei Business Management Company Limited* (佛山市順德區盛唯企業管理有限公司), 10% by Ms. Wang Jianping (王建平), both are Independent Third Parties.
25. The remaining equity interest is held as to 49% by Hebei Huancheng International Logistic Company Limited* (河北環城國際物流有限公司), an Independent Third Party.
26. (a) Power Great Enterprises Limited, an indirect wholly-owned subsidiary of CGH, is holding approximately 0.50% of CGH Shares, for the purpose of setting up the employee incentive scheme of CGH.
(b) Kenpac Investments Limited, which is owned as to 90% by Mr. Yeung Kwok Keung (楊國強), the executive Director and chairman of CGH, and 10% by Ms. Yang Huiyan, is holding approximately 0.25% of CGH Shares.
(c) Shiny Dragon Assets Limited, which is jointly owned by Ms. Yang Ziyang (楊子瑩), the sister of Ms. Yang Huiyan, and her spouse Mr. Zhou Hongru (周鴻儒), is holding approximately 0.03% of CGH Shares.

In preparation for the Listing, the following steps are being implemented to establish our Group:

1. Incorporation of our Company

On 24 January 2018, our Company was incorporated in the Cayman Islands under the Cayman Companies Law as an exempted company with limited liability. As at the date of incorporation, the authorised share capital

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

of our Company was HK\$380,000 divided into 3,800,000 ordinary shares of HK\$0.10 each, among which one nil-paid share was issued to an Independent Third Party at par value and transferred to Wise Fame on the same day.

2. Transfer of 8% equity interest of CG Property Services by Tibet Shunqi

On 24 January 2018, each of CG Management Services and CG Management Consultation entered into an equity transfer agreement with Tibet Shunqi, pursuant to which Tibet Shunqi transferred 4% and 4% equity interest of CG Property Services to CG Management Services and CG Management Consultation at a consideration of RMB57,600,000 and RMB57,600,000, respectively. The consideration was determined by arm's length negotiation and with reference to the net asset value of CG Property Services as of 31 December 2017, based on the valuation report prepared by Guangdong Guande Assets Evaluation Company Limited* (廣東冠德資產評估有限公司) and was fully paid on 7 February 2018. Upon the completion of such transfer, CG Property Services was owned as to 50% by CG Management Services and 50% by CG Management Consultation.

3. Incorporation of CG Property Services HK

On 5 February 2018, CG Property Services HK was incorporated in Hong Kong. The initial issued and paid-up share capital of the CG Property Services HK is one share at HK\$1.00. Upon its incorporation, United Gain applied for one share at HK\$1.00 as the founding member of CG Property Services HK.

4. Acquisition of United Gain by our Company

On 6 March 2018, our Company acquired 100% of the issued shares of United Gain from Wise Fame, at a consideration of US\$200, which was determined with reference to the total nominal value of the issued shares of United Gain as at the date of such acquisition. The consideration was satisfied by (i) crediting as fully paid at par the nil-paid share held by Wise Fame in our Company and (ii) allotting and issuing one new share, credited as fully paid at par, of our Company to Wise Fame.

5. Acquisition of CG Management Services and CG Management Consultation by CG Property Services HK

On 7 March 2018, CG Property Services HK acquired 100% of the equity interest in CG Management Services and CG Management Consultation from United Gain, at a consideration of RMB6,150,000 and RMB6,150,000, respectively, which was determined with reference to the then registered capital of CG Management Services and CG Management Consultation. The consideration was satisfied by the allotment and issue of a total of two shares of CG Property Services HK to United Gain on 13 March 2018.

6. Acquisition of Ornate Forest by our Company

Ornate Forest and its subsidiaries (the "Ornate Forest Group") were incorporated in late 2017 in Malaysia, HK, Cayman Islands and BVI. In order to save the time for establishment of an offshore investment platform to tap into the overseas projects coverage of the CGH Group mainly in Southeast Asia, on 1 March 2018, our Company entered into a share transfer agreement with Ms. Wu Zhiqi (吳芷琪), a businesswoman and an Independent Third Party. Pursuant to the share transfer agreement, Ms. Wu Zhiqi transferred 100% of issued shares of Ornate Forest to our Company at a consideration of US\$18,000, which was determined after arm's length negotiations between the parties and with reference to the administrative costs of incorporation of the Ornate Forest Group. All members of Ornate Forest Group were recently incorporated and have no business operation, revenue or any historical financial information. The consideration was fully paid on 12 March 2018. Upon completion of such transfer, Ornate Forest Group became our wholly-owned subsidiaries.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

7. Increase of authorised share capital of our Company, allotment and re-purchase of Shares

A written shareholder resolution was passed by our Company on 13 March 2018, approving (i) the application for 76 shares of HK\$0.10 each, issued as fully paid at par, from Wise Fame; (ii) the increase of our authorised share capital to US\$1,000,000 divided into 10,000,000,000 shares of a par value of US\$0.0001 each (the “**Increase of the Authorised Share Capital**”); (iii) the allotment of 10,000 Shares of US\$0.0001 each, issued as fully paid at par, to Wise Fame (the “**Allotment of US Shares**”), which was the funding for the Repurchase (as defined below); (iv) our Company repurchased the 78 fully paid shares of a par value of HK\$0.10 each (the “**HK Shares**”) in the share capital of our Company in issue immediately prior to the Increase of the Authorised Share Capital at a price of HK\$0.10 per HK Share which was paid out of the proceeds of the Allotment of US Shares mentioned above (the “**Repurchase**”) and the HK Shares were cancelled; and (v) upon completion of the Repurchase, all authorised but unissued shares of HK\$0.10 each of our Company was diminished by the cancellation of all the 3,800,000 unissued shares of a par value of HK\$0.10 each in the share capital of our Company.

8. Capitalisation issue of Our Company

A written shareholder resolution was passed on 13 March 2018, approving our Company allotting and issuing a total of 2,499,990,000 Shares credited as fully paid at a par value of US\$0.0001 each to Wise Fame by way of capitalisation. Upon completion of the capitalisation, the total issued capital of our Company is 2,500,000,000 Shares.

9. Disposal of Guangdong Fenghuang Youxuan by CG Property Services

Guangdong Fenghuang Youxuan was established in the PRC as a limited liability company on 24 January 2017 with an initial registered capital of RMB1,000,000. Guangdong Fenghuang Youxuan was established for the purpose of engaging in the business of operating convenience stores at the properties managed by our Group and was owned as to 60% by Foshan Shunde Shengwei Business Management Company Limited* (佛山市順德區盛唯企業管理有限公司), 30% by CG Property Services and 10% by Ms. Wang Jianping (王建平). Foshan Shunde Shengwei Business Management Company Limited* (佛山市順德區盛唯企業管理有限公司) and Ms. Wang Jianping (王建平) are both Independent Third Parties and CG Property Services was not involved in the daily operation of Guangdong Fenghuang Youxuan.

With a view to focusing our resources on our core business, on 26 February 2018, CG Property Services entered into an equity transfer agreement pursuant to which CG Property Services transferred its 30% equity interest in Guangdong Fenghuang Youxuan to Shenzhen Wanyu Business Management Consulting Company Limited* (深圳萬昱企業管理諮詢有限公司), a subsidiary of CGH, at a consideration of RMB6,000,000, which was determined after arm’s length negotiations between the parties and with reference to the then registered capital of Guangdong Fenghuang Youxuan and taking into account its financial performance and our capital investment. The consideration was fully paid on 8 March 2018. Upon completion of such disposal, we held no interest in Guangdong Fenghuang Youxuan.

10. Disposal of 15.1% equity interest of Shenzhen Wangshenghuo by CG Property Services

Shenzhen Wangshenghuo was established in the PRC as a limited liability company on 23 September 2015 with an initial registered capital of RMB50,000,000. Shenzhen Wangshenghuo was principally engaged in providing lifestyle community online-to-offline service platform to the homeowners of the properties managed by our Group and was owned as to 54% by Foshan Jingde Investment Management Company Limited* (佛山市敬德投資管理有限公司)(“**Foshan Jingde**”), 25% by CG Property Services, 15% by Foshan Guangju Internet Technology Company Limited* (佛山市廣居互聯網科技有限公司) and 6% by Mr. Zhou Fei (周飛) when establishment. Foshan Jingde, Foshan Guangju Internet Technology Company Limited* (佛山市廣居互聯網科技

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

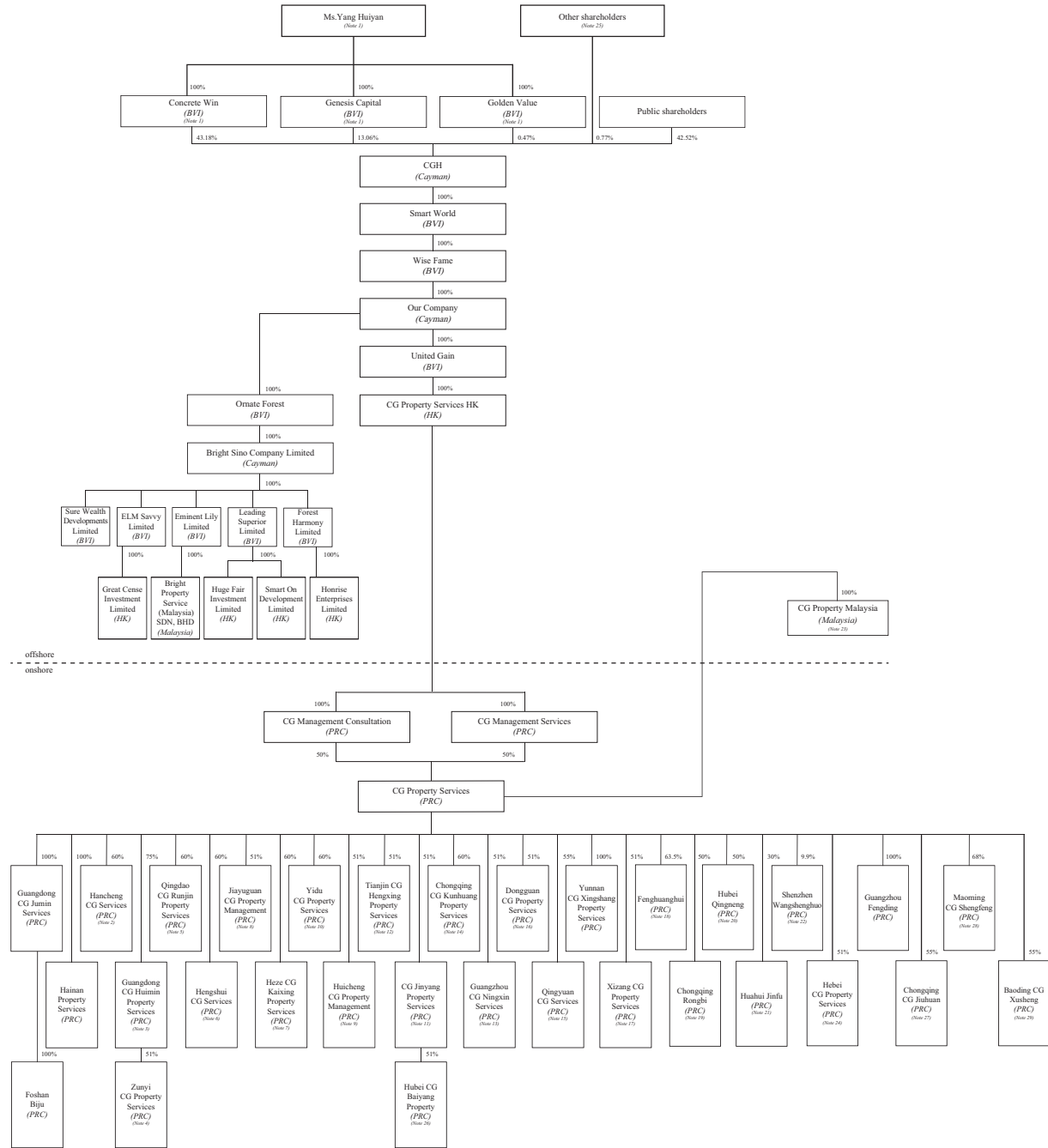
有限公司) and Mr. Zhou Fei (周飛) are all Independent Third Parties and CG Property Services was not involved in the daily operation of Shenzhen Wangshenghuo. Due to commercial reasons, in October 2015, we acquired 11% and 15% equity interest in Shenzhen Wangshenghuo with a consideration of RMB5.5 million and RMB37.5 million, respectively, and we subsequently disposed of such 11% and 15% equity interest in Shenzhen Wangshenghuo with the same considerations in March 2016.

In order to focus our resources on our property management business, on 1 March 2018, CG Property Services transferred its 15.1% equity interest in Shenzhen Wangshenghuo to Foshan Jingde at a consideration of RMB7,550,000, which was determined after arm's length negotiations between the parties and with reference to the then registered capital of Shenzhen Wangshenghuo. The consideration was fully paid on 8 March 2018. Upon completion of such transfer, Shenzhen Wangshenghuo is owned as to 9.9% by CG Property Services and 90.1% by Independent Third Parties.

Our PRC Legal Advisers has confirmed that all the required consents, approvals, authorizations or filings have been made or obtained for the completion of our Group's onshore reorganisation mentioned above and such onshore reorganisation complies with the PRC Laws.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

The following chart illustrates our simplified shareholding structure immediately following completion of the above steps:



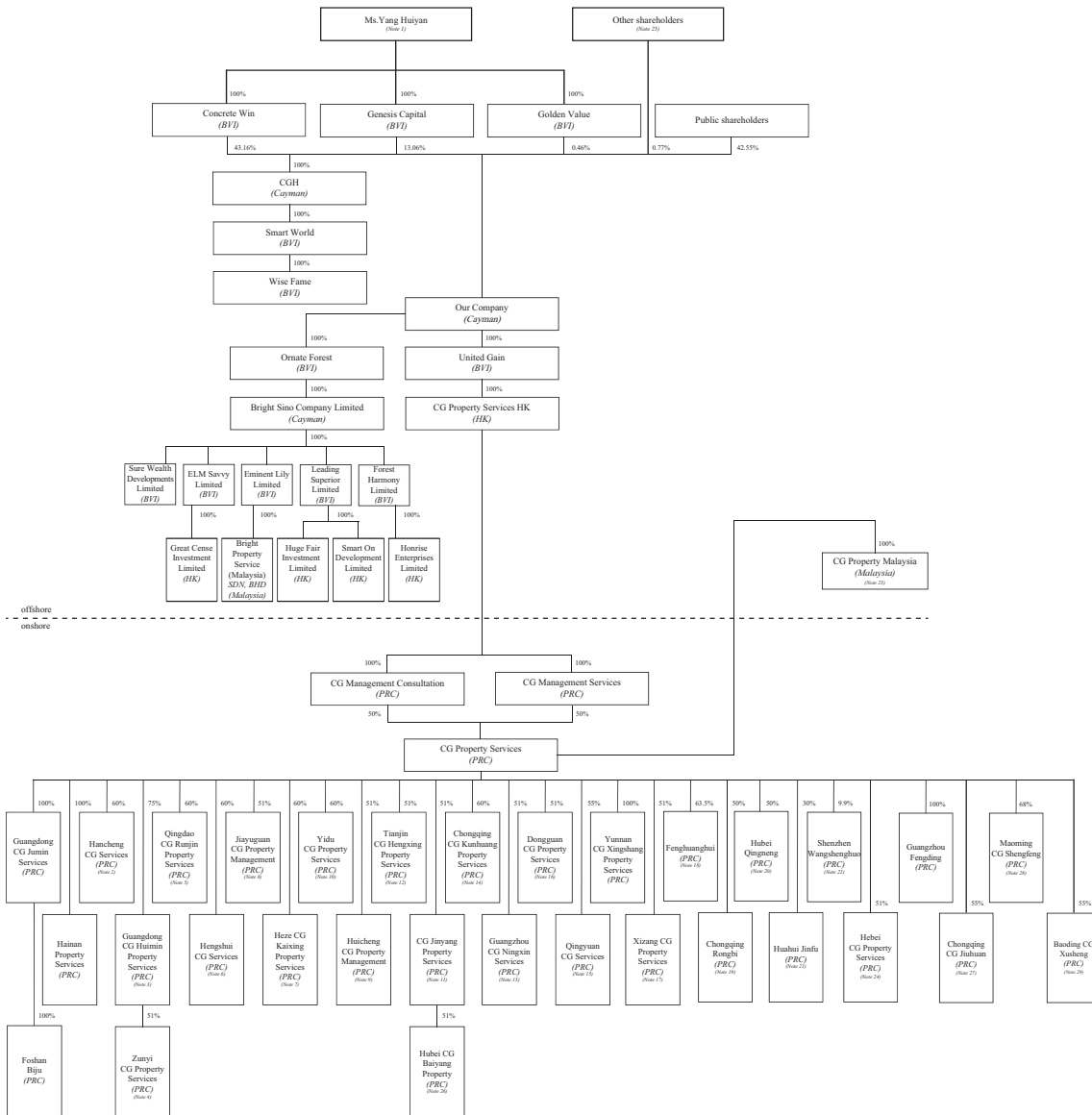
HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Notes:

1. Concrete Win, Genesis Capital and Golden Value is beneficially wholly-owned by Ms. Yang Huiyan.
2. The remaining equity interest is held as to 40% by Hancheng Xincheng Property Company Limited* (韓城市馨誠物業有限責任公司), an Independent Third Party.
3. The remaining equity interest is held as to 25% by Mr. Liu Yang (劉楊), an Independent Third Party.
4. The remaining equity interest is held as to 49% by Zunyi Xinqu Property Development Company Limited* (遵義市新區房地產開發有限公司), an Independent Third Party.
5. The remaining equity interest is held as to 40% by Qingdao Runjin Property Development Company Limited* (青島潤錦房地產開發有限公司), an Independent Third Party.
6. The remaining equity interest is held as to 40% by Hengshui Yuhua Property Services Company Limited* (衡水禦樺物業服務有限公司), an Independent Third Party.
7. The remaining equity interest is held as to 40% by Heze Kaixing Real Estate Company Limited* (荷澤凱興置業有限公司), an Independent Third Party.
8. The remaining equity interest is held as to 49% by Jiayuguan Runye Property Development Company Limited* (嘉峪關潤業房地產開發有限責任公司), an Independent Third Party.
9. The remaining equity interest is held as to 49% by Huicheng Property Management (Beijing) Company Limited* (慧城物業管理(北京)有限公司), an Independent Third Party.
10. The remaining equity interest is held as to 40% by Yidu Guotong Investment Development Company Limited* (宜都市國通投資開發有限責任公司), an Independent Third Party.
11. The remaining equity interest is held as to 49% by Chongqing Meiyaxuan Commercial Management Company Limited* (重慶美亞軒商業管理有限公司), an Independent Third Party.
12. The remaining equity interest is held as to 49% by Tianjin Xinghai Real Industrial Co., Ltd.* (天津星海實業有限公司), an Independent Third Party.
13. The remaining equity interest is held as to 49% by Guangzhou Ningxin Project Consultancy Company Limited* (廣州寧信工程諮詢有限公司), an Independent Third Party.
14. The remaining equity interest is held as to 40% by Chongqing Kunhuang Industrial Development Company Limited* (重慶坤煌實業發展有限公司), an Independent Third Party.
15. The remaining equity interest is held as to 45% by Mr. Guo Yi (郭藝), an Independent Third Party.
16. The remaining equity interest is held as to 49% by Mr. Lin Wenbin (林文彬), an Independent Third Party.
17. The remaining equity interest is held as to 29% by Xizang Chuanshang Investment Company Limited* (西藏川商投資有限公司) and 20% by Ms. Liu Yiling (劉倚伶), both are Independent Third Parties.
18. The remaining equity interest is held as to 26.5% by Guangzhou Taixin Tianxing Investment Partnership (Limited Partnership)* (廣州市泰信天興投資合夥企業(有限合夥)) and 10% by Guangzhou Zonghe Investment Partnership (Limited Partnership)* (廣州市縱禾投資合夥企業(有限合夥)), both are Independent Third Parties.
19. The remaining 50% equity interest is held by Chongqing Rongchuang Property Management Company Limited* (重慶融創物業管理有限公司), an Independent Third Party.
20. The remaining 50% equity interest is held by Hubei Qingneng Real Estate Company Limited* (湖北清能置業有限公司), an Independent Third Party.
21. The remaining equity interest is held as to 45% by Foshan Shunde Huayou Business Management Company Limited* (佛山市順德區華優企業管理有限公司) and 25% by Shanghai Aoyi Investment Management Centre (Limited Partnership)* (上海傲屹投資管理中心(有限合夥)), both are Independent Third Parties.
22. The remaining equity interest is held as to 65.1% by Foshan Jingde Investment Management Company Limited* (佛山市敬德投資管理有限公司), 19% by Tianjin Wangwuxian Business Management Consultation Partnership (Limited Partnership)* (天津市旺無限企業管理諮詢合夥企業(有限合夥)) and 6% by Mr. Zhou Fei (周飛), all are Independent Third Parties.
23. CG Property Malaysia is in the process of deregistration and has not conducted any business since incorporation.
24. The remaining equity interest is held as to 49% by Hebei Huancheng International Logistic Company Limited* (河北環城國際物流有限公司), an Independent Third Party.
 - (a) Power Great Enterprises Limited, an indirect wholly-owned subsidiary of CGH, is holding approximately 0.50% of CGH Shares, for the purpose of setting up the employee incentive scheme of CGH.
 - (b) Kenpac Investments Limited, which is owned as to 90% by Mr. Yeung Kwok Keung (楊國強), the executive Director and chairman of CGH, and 10% by Ms. Yang Huiyan, is holding approximately 0.25% of CGH Shares.
 - (c) Shiny Dragon Assets Limited, which is jointly owned by Ms. Yang Ziying (楊子瑩), the sister of Ms. Yang Huiyan, and her spouse Mr. Zhou Hongru (周鴻儒), is holding approximately 0.03% of CGH Shares.
26. The remaining equity interest is held as to 49% by Xiangyang Baiyang Mingri City Property Development Company Limited* (襄陽百洋明日城市房地產有限公司), an Independent Third Party.
27. The remaining equity interest is held as to 45% by Chongqing Fengdu Jiuhuan Property Development Company Limited* (重慶豐都縣久桓房地產開發有限公司), an Independent Third Party. Chongqing CG Jiuhuan is in the process of deregistration.
28. The remaining equity interest is held as to 32% by Guangdong Jiansui Investment Real Estate Company Limited* (廣東建穗投資置業有限公司), an Independent Third Party.
29. The remaining equity interest is held as to 45% by Baoding Xusheng Investment Group Company Limited* (保定旭晟投資集團有限公司), an Independent Third Party.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

The following diagram illustrates our shareholding structure following the completion of the Spin-off:



HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Notes:

1. Concrete Win, Genesis Capital and Golden Value are beneficially wholly-owned by Ms. Yang Huiyan.
2. The remaining equity interest is held as to 40% by Hancheng Xincheng Property Company Limited* (韓城市馨誠物業有限責任公司), an Independent Third Party.
3. The remaining equity interest is held as to 25% by Mr. Liu Yang (劉楊), an Independent Third Party.
4. The remaining equity interest is held as to 49% by Zunyi Xinqu Property Development Company Limited* (遵義市新區房地產開發有限公司), an Independent Third Party.
5. The remaining equity interest is held as to 40% by Qingdao Runjin Property Development Company Limited* (青島潤錦房地產開發有限公司), an Independent Third Party.
6. The remaining equity interest is held as to 40% by Hengshui Yuhua Property Services Company Limited* (衡水禦樺物業服務有限公司), an Independent Third Party.
7. The remaining equity interest is held as to 40% by Heze Kaixing Real Estate Company Limited* (荷澤凱興置業有限公司), an Independent Third Party.
8. The remaining equity interest is held as to 49% by Jiayuguan Runye Property Development Company Limited* (嘉峪關潤業房地產開發有限責任公司), an Independent Third Party.
9. The remaining equity interest is held as to 49% by Huicheng Property Management (Beijing) Company Limited* (慧城物業管理(北京)有限公司), an Independent Third Party.
10. The remaining equity interest is held as to 40% by Yidu Guotong Investment Development Company Limited* (宜都市國通投資開發有限責任公司), an Independent Third Party.
11. The remaining equity interest is held as to 49% by Chongqing Meiyaxuan Commercial Management Company Limited* (重慶美亞軒商業管理有限公司), an Independent Third Party.
12. The remaining equity interest is held as to 49% by Tianjin Xinghai Real Industrial Co., Ltd.* (天津星海實業有限公司), an Independent Third Party.
13. The remaining equity interest is held as to 49% by Guangzhou Ningxin Project Consultancy Company Limited* (廣州寧信工程諮詢有限公司), an Independent Third Party.
14. The remaining equity interest is held as to 40% by Chongqing Kunhuang Industrial Development Company Limited* (重慶坤煌實業發展有限公司), an Independent Third Party.
15. The remaining equity interest is held as to 45% by Mr. Guo Yi (郭藝), an Independent Third Party.
16. The remaining equity interest is held as to 49% by Mr. Lin Wenbin (林文彬), an Independent Third Party.
17. The remaining equity interest is held as to 29% by Xizang Chuanshang Investment Company Limited* (西藏川商投資有限公司) and 20% by Ms. Liu Yiling (劉倚伶), both are Independent Third Parties.
18. The remaining equity interest is held as to 26.5% by Guangzhou Taixin Tianxing Investment Partnership (Limited Partnership)* (廣州市泰信天興投資合夥企業(有限合夥)) and 10% by Guangzhou Zonghe Investment Partnership (Limited Partnership)* (廣州市縱禾投資合夥企業(有限合夥)), both are Independent Third Parties.
19. The remaining 50% equity interest is held by Chongqing Rongchuang Property Management Company Limited* (重慶融創物業管理有限公司), an Independent Third Party.
20. The remaining 50% equity interest is held by Hubei Qingneng Real Estate Company Limited* (湖北清能置業有限公司), an Independent Third Party.
21. The remaining equity interest is held as to 45% by Foshan Shunde Huayou Business Management Company Limited* (佛山市順德區華優企業管理有限公司) and 25% by Shanghai Aoyi Investment Management Centre (Limited Partnership)* (上海傲屹投資管理中心(有限合夥)), both are Independent Third Parties.
22. The remaining equity interest is held as to 65.1% by Foshan Jingde Investment Management Company Limited* (佛山市敬德投資管理有限公司), 19% by Tianjin Wangwuxian Business Management Consultation Partnership (Limited Partnership)* (天津市旺無限企業管理諮詢合夥企業(有限合夥)) and 6% by Mr. Zhou Fei (周飛), all are Independent Third Parties.
23. CG Property Malaysia is in the process of deregistration and has not conducted any business since incorporation.
24. The remaining equity interest is held as to 49% by Hebei Huancheng International Logistic Company Limited* (河北環城國際物流有限公司), an Independent Third Party.
25. (a) Power Great Enterprises Limited, an indirect wholly-owned subsidiary of CGH, is holding approximately 0.50% of CGH Shares, for the purpose of setting up the employee incentive scheme of CGH.
(b) Kenpac Investments Limited, which is owned as to 90% by Mr. Yeung Kwok Keung (楊國強), the executive Director and the chairman of CGH, and 10% by Ms. Yang Huiyan, is holding approximately 0.25% of our Shares and CGH Shares.
(c) Shiny Dragon Assets Limited, which is jointly owned by Ms. Yang Ziying (楊子瑩), the sister of Ms. Yang Huiyan, and her spouse Mr. Zhou Hongru (周鴻儒), is holding approximately 0.03% of our Shares and CGH Shares.
26. The remaining equity interest is held as to 49% by Xiangyang Baiyang Mingri City Property Development Company Limited* (襄陽百洋明日城市房地產有限公司), an Independent Third Party.
27. The remaining equity interest is held as to 45% by Chongqing Fengdu Jiuhuan Property Development Company Limited* (重慶豐都縣久桓房地產開發有限公司), an Independent Third Party. Chongqing CG Jiuhuan is in the process of deregistration.
28. The remaining equity interest is held as to 32% by Guangdong Jiansui Investment Real Estate Company Limited* (廣東建穗投資置業有限公司), an Independent Third Party.
29. The remaining equity interest is held as to 45% by Baoding Xusheng Investment Group Company Limited* (保定旭晟投資集團有限公司), an Independent Third Party.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

PRE-LISTING SHARE OPTION SCHEME

Our Company has conditionally adopted the Pre-Listing Share Option Scheme, the major terms of which are set out in the entitled “Appendix VI — General Information — D. Pre-Listing Share Option Scheme” of this listing document.

WITHDRAWAL OF THE LISTING APPLICATION FOR THE SHANGHAI STOCK EXCHANGE IN 2016

CG Property Services submitted an application for listing on the Shanghai Stock Exchange (the “**A-Share Application**”) on 31 August 2016. There were several rounds of written comments, informal enquiries and discussions between CG Property Services and the CSRC between May 2017 and December 2017. In reviewing the A-Share Application, the CSRC’s major comment was regarding the CGH Group being the main source of property projects for our Group’s property management business in the past, and whether our Group could operate independently of the CGH Group in this regard. In this connection, CG Property Services discussed the independence issue with the CSRC on numerous occasions and made appropriate submissions to address its concern. The A-share Application was withdrawn by CG Property Services in December 2017 and the CSRC approved the withdrawal on 27 December 2017.

The A-Share Application was progressing normally at the time of its voluntary withdrawal by CG Property Services. The decision to withdraw the A-Share Application was driven by commercial considerations including the A-Share Application has taken longer than the management of CG Property Services has originally anticipated and changes to the strategic direction of our business and shareholding structure including our Controlling Shareholders’ intention to pursue the listing of our Group by way of introduction instead of an offering, which is not a viable option on the Shanghai Stock Exchange.

Our Company does not consider the issues raised in the comments of the CSRC would affect its suitability for the proposed listing on the Stock Exchange. Based on the information provided by our Company and its PRC Legal Advisers, and the due diligence conducted by the Joint Sponsors, the Joint Sponsors are not aware of any matters which will affect the suitability of our Company for our proposed listing on the Main Board of Stock Exchange.

INDUSTRY OVERVIEW

This industry overview section contains information and statistics that are derived from government publications, data we purchased from CIA and publicly available data.

We believe that the sources of the information presented here are appropriate, including forward-looking information for future periods as identified, and we have taken reasonable care in extracting and reproducing such information. The information and data derived from CIA are not commissioned by us, our connected persons or associates or the Joint Sponsors and CIA's information and data can be accessed by all its subscribers. 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. The information extracted from the official government publications, the data purchased from CIA and the data extracted from publicly available sources have not been independently verified by us, the Joint Sponsors, any of our or their respective directors, officers, employees, agents or representatives or any other person (other than CIA) involved in the Spin-off. The information may not be consistent with other information available from other sources within or outside the PRC. None of us, the Joint Sponsors, any of our or their respective directors, officers, employees, agents or representatives or any other person involved in the Spin-off, make any representation as to the accuracy, completeness or fairness of such information and, accordingly, you should not unduly rely on such information.

RESEARCH BACKGROUND AND METHODOLOGIES

We purchased the right to use and quote various data from publications by CIA at a total cost of RMB800,000 and supplemented these with data obtained from public sources where applicable. CIA is an independent research institute co-founded by experts with over 500 professional analysts, predominantly out of real estate research institutes in the PRC. CIA has extensive experience in researching and tracking the property management industry in the PRC, and has conducted research on the Top 100 Property Management Companies since 2008. In its research, CIA considers primarily property management companies that have managed at least ten properties or an aggregate GFA of 500,000 sq.m. or above for the previous three years. CIA uses research parameters and assumptions and gathers data from a multitude of primary and secondary sources, including data from property management companies (including data from reported statistics, websites and marketing materials), surveys it has conducted, data gathered from the China Real Estate Index System, the China Real Estate Statistics Yearbooks, public data from governmental authorities and data gathered for prior reports it has published. CIA derives its rankings of overall strength of property management companies primarily by evaluating each property management company's property management scale, operational performance, service quality, growth potential and social responsibility. CIA assesses the growth potential of a property management company primarily in terms of revenue growth rate, growth rate of total revenue-bearing GFA, growth rate of total contracted GFA, total number of employees and composition of employees. In this section, the data analysis is primarily based on the Top 100 Property Management Companies in China.

THE PROPERTY MANAGEMENT INDUSTRY IN THE PRC

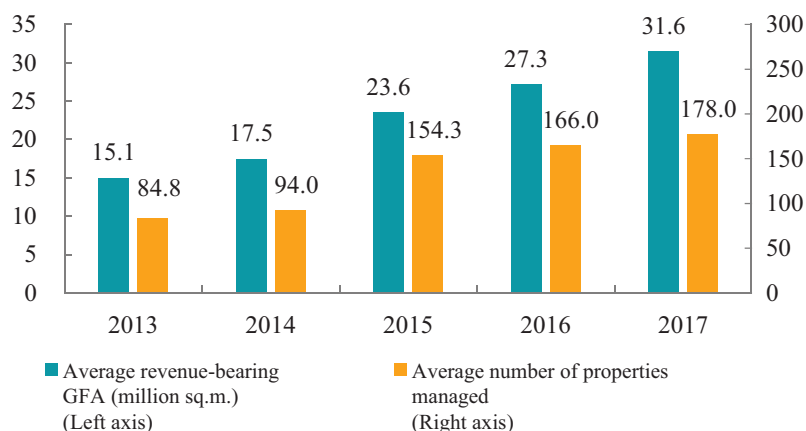
Overview

The property management industry emerged in 1981 in the PRC, when the first domestic property management company was founded in the Shenzhen Special Economic Zone. Since then, Shenzhen's property management industry subsequently became a model for other regions of the PRC and led to a rapid growth of the industry. Followed by the official promulgation of the *Provisions on Property Management* (《物業管理條例》) in 2003, the regulatory framework for the property management industry gradually took shape and matured, and an open and fair market system for the industry was established, which encouraged significant growth of the PRC property management industry. The PRC property management industry now services a wide range of properties, including residential properties, commercial properties, offices, public properties, industrial parks, schools, hospitals and other properties.

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In the PRC, property management fees may be charged either on a lump sum basis or commission basis. The “lump sum” model for property management fees is the dominant revenue model in the property management industry in the PRC, especially for residential properties, as it can bring efficiency by dispensing with certain collective decision making procedures for large expenditures by property owners and residents and incentivise property management service providers to optimise their operations to enhance profitability. On the other hand, the commission model is increasingly adopted in non-residential properties to make property owners more deeply involved in the management of their properties with closer supervision over the performance of the property management service providers.

In recent years, the revenue-bearing GFA and number of properties managed by the Top 100 Property Management Companies have increased rapidly as a result of swift urbanisation and continual growth in per capita disposable income in China. According to CIA, the average revenue-bearing GFA managed by the Top 100 Property Management Companies increased to 31.6 million sq.m. in 2017 from 15.1 million sq.m. in 2013, representing a CAGR of 20.3%. Meanwhile, the average number of properties managed by the Top 100 Property Management Companies increased to 178 in 2017 from 84.8 in 2013, representing a CAGR of 20.4%. The following chart sets out the average revenue-bearing GFA and the average number of properties managed by the Top 100 Property Management Companies for the years indicated:



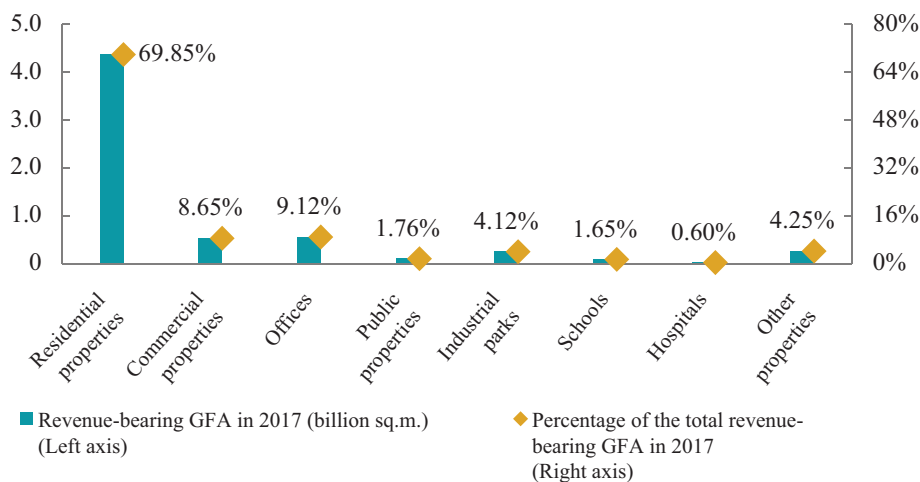
Source: CIA

According to CIA, the geographical coverage of the Top 100 Property Management Companies has also been expanding in recent years with the average number of cities in which the Top 100 Property Management Companies had operations increased to 28 in 2017 from 22 in 2013.

Corresponding to the significant growth in revenue-bearing GFA and the number of properties managed, as well as geographical coverage, the average revenue of the Top 100 Property Management Companies soared to approximately RMB742.1 million in 2017 from approximately RMB293.9 million in 2013, representing a CAGR of 26.1%.

INDUSTRY OVERVIEW

Residential properties account for the majority of the total revenue-bearing GFA of the Top 100 Property Management Companies, while such companies have also sought to diversify the types of properties they manage. The following chart sets out the revenue-bearing GFA of the Top 100 Property Management Companies by property type in 2017:



Source: CIA

According to CIA, a majority of the top 30 of the Top 100 Property Management Companies in China have their parent companies or controlling shareholders engaging in property development business. Out of the 200 companies comprising the Top 100 Property Management Companies for 2017⁽¹⁾, more than 140 of them manage properties developed by property developers which were their related parties, and the revenue-bearing GFA of such properties accounted for a majority of such property management companies' total revenue-bearing GFA in 2017, according to CIA.

Industry Growth Drivers

According to CIA, growth of the property management industry in the PRC depends on the following key drivers:

Rapid urbanisation and increasing per capita disposable income

The levels of urbanisation and per capita disposable income in the PRC have increased significantly in recent years and have facilitated the growth of the property management industry. According to CIA, the urbanisation rate (being the projected average rate of change of the size of the urban population over the given period of time) in China increased from 31.9% as at 31 December 1997 to 58.5% as at 31 December 2017. The PRC property management industry is expected to continue to grow in tandem with such rising level of urbanisation. Moreover, according to CIA, China's rapid economic growth has spurred continuous growth in the per capita disposable income for urban population which increased to RMB36,396 in 2017, representing a CAGR of 9.8% since 2009. Chinese consumers increasingly demand better living conditions and high-quality property management services, which is another underlying driver for the growth of the PRC property management industry.

Development of commodity housing

Following the rapid urbanisation and continuous growth in per capita disposable income, the supply of commodity residential properties (being residential properties developed for sale) also surged in China.

⁽¹⁾ The annual ranking of China-based property management companies by overall strength published by CIA for 2016 comprised 200 such companies as multiple companies with very close scores were assigned the same ranking.

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According to CIA, the total GFA of commodity residential properties sold in China increased from 984.7 million sq.m. in 2012 to 1.45 billion sq.m. in 2017 at a CAGR of 8.0%. During the same period, the GFA of commodity residential properties under construction increased from 4.3 billion sq.m. in 2012 to 5.4 billion sq.m. in 2017 at a CAGR of 4.6%, according to CIA.

Favourable policies

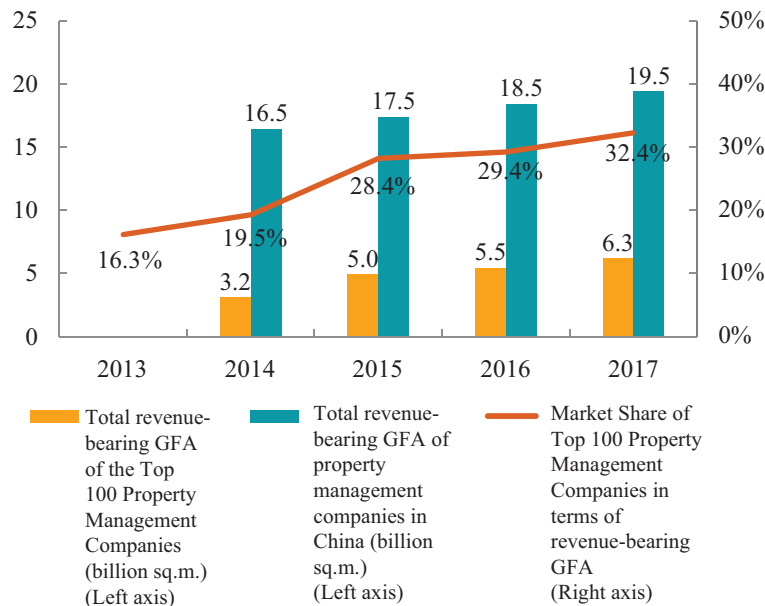
The promulgation of the *Provisions on Property Management* (《物業管理條例》) in June 2003 by the State Council marked as a milestone for the regulatory framework for the property management industry. Subsequently, a series of favourable policies supporting the development of the property management industry have come into effect, including but not limited to the *Circular of the NDRC on the Opinions of Relaxing Price Controls in Certain Services* (《國家發展改革委關於放開部分服務價格意見的通知》), which requires provincial-level price administration authorities to abolish all price control or guidance policies on non-government-supported properties other than government-supported housing, housing reform properties, properties in old residential areas and preliminary property management service, and the Guiding Opinions of the General Office of the State Council on Accelerating the Development of the Resident Service Industry to Promote the Upgrading of Consumption Structure (《國務院辦公廳關於加快發展生活性服務業促進消費結構升級的指導意見》), which aims to promote, among others, the standardisation of the provision of property management services as part of the industrial upgrading of the resident service sectors. These laws and policies jointly create and will continue to improve a supportive and orderly environment and accelerate the development of the industry and property management companies in the PRC. For further details, see “Regulatory Overview — 2. Laws and Regulations relating to Property Management Service and Other Related Services”.

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Market Trends

Key market trends of the property management industry in the PRC include:

- Increasing market concentration.* The property management industry in the PRC is fragmented and competitive. Large-scale property management companies actively accelerate their expansion by means of both organic growth and mergers and acquisitions of small-and medium-sized property management companies, in order to expand the scale of properties under management and realise economies of scale to improve their market position. Subsequently, the market continues to become more concentrated. According to CIA, the revenue-bearing GFA concentration rate of the Top 100 Property Management Companies among property management companies in China increased from 16.3% in 2013 to 32.4% in 2017. According to CIA, benefiting from the increasing market concentration, the average net profit of the top ten of the Top 100 Property Management Companies increased at a higher CAGR from 2014 to 2016 as compared to the industry average of the Top 100 Property Management Companies. The following chart sets out the total revenue-bearing GFA of property management companies in China and the aggregate market share of the Top 100 Property Management Companies in terms of the total revenue-bearing GFA for the years indicated:



Source: CIA

- Diversified managed property types and services.* In response to evolving customer needs and facing increasing operational pressure driven by rising cost, property management companies have become increasingly willing to explore different business models and opportunities. Property management companies are increasingly diversifying the types of managed non-residential properties as management of such properties generally has a higher profit margin as compared to residential properties. Property management companies are also increasingly diversifying their revenue streams by offering various value-added services for higher profitability. These mainly include consultancy services to property developers and other property management companies and community value-added service to property owners and residents, such as home living services, ecommerce services, property value management services and other various bespoke professional services.
- Emergence of smart residential communities.* With the prevalent adoption of the Internet, mobile applications, cloud computing and other related technologies, as well as encouragement from the

INDUSTRY OVERVIEW

PRC government, property management companies are increasingly developing intelligent and smart management of residential communities which aims to achieve digitalisation, automation, modernisation and synergy of resident services through the integration of online-to-offline information and resources and provides a platform for one-stop services to property owners and residents.

- *Increasing standardisation, adoption of information technology and professionalised staff.* To enhance service quality and reduce labour costs, most of the Top 100 Property Management Companies have set up their own internal standardised operating procedures and are increasingly adopting information technologies. They are also increasingly outsourcing labour-intensive aspects of their operations to sub-contractors while placing greater emphasis on recruiting and training professionalised and skilled employees to facilitate the implementation of smart management and information technologies and promote innovations to maintain their leading market positions.

COMPETITION

Competitive Landscape

The property management industry is fragmented and competitive in the PRC with more than 100,000 property management companies operating in the industry in 2015, according to CIA.

As a reputable player with large and extensive property management portfolio, our property management services primarily compete against large national and regional property management companies in the PRC. Our value-added services compete against other property management companies as well as relevant industry participants providing similar services.

We are a leading property management service provider in China with rapidly improved industry ranking by CIA in terms of overall strength. In 2015, 2016, 2017 and 2018, we were ranked ninth, fifth, third and third by CIA among the Top 100 Property Management Companies in China in terms of overall strength, respectively. In 2018, we were ranked fourth by CIA among the Top 100 Property Management Companies in terms of property management scale. In 2017, we were ranked second by CIA among the Top 100 Property Management Companies in terms of the number of cities in China covered by total contracted GFA as at 31 December 2016. Our revenue-bearing GFA increased at a CAGR of approximately 32.6% from 31 December 2015 to 31 December 2017, which was higher than the industry average of the Top 100 Property Management Companies, according to CIA. The property management industry in China is highly fragmented and our revenue-bearing GFA as at 31 December 2017 accounted for approximately 0.6% of the market share of property management companies in China in terms of revenue-bearing GFA in 2017, according to CIA.

In addition, our average revenue-bearing GFA per managed property was approximately 278,995 sq.m. as at 31 December 2017, which was considerably higher than the industry average of only 177,900 sq.m. for the Top 100 Property Management Companies.

Moreover, we maintain a relatively high profitability level for property management services and achieved the highest total net profit per sq.m. of revenue-bearing GFA in 2016 among the top ten of the Top 100 Property Management Companies, according to CIA.

Entry Barriers

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

- *Brand.* Brand reputation has been built up among top property management companies in the PRC, including ourselves, through decades of services and operations. In contrast, newer entrants, without an established brand and cultivated business relationships with industry participants, face increasing difficulty in penetrating into the market.

INDUSTRY OVERVIEW

- *Specialisation of operations and management.* In order to better control costs and maintain service quality, standardised and automated operation models are required by properties management companies to improve their capacity to manage more properties. Large-scale property management companies have more resources to invest in standardisation, automation and smart management of their operations than new entrants.
- *Talent specialisation.* With the prevalent adoption of the Internet and other technologies, qualified employees in the property management industry are increasingly sought after. Both recruiting and retaining high-quality professional employees are considered as a main hurdle for new entrants.

DIRECTORS' CONFIRMATION

The Directors confirm that, after due enquiry, there is no material adverse change in the market information since the issue date of the abovementioned sources which may qualify, contradict or adversely impact on the information contained in this section.

OVERVIEW

We are a leading residential property management service provider in China, ranking third by China Index Academy in 2018 among the Top 100 Property Management Companies in China in terms of overall strength. We have a large property management portfolio covering more than 240 cities across 28 provinces, municipalities and autonomous regions in China, with a total contracted GFA reaching approximately 329.5 million sq.m. as at 31 December 2017. We managed 440 properties in China and provided property management services to approximately one million property units with an aggregate revenue-bearing GFA of approximately 122.8 million sq.m. as at 31 December 2017. Our “Country Garden property management” brand was valued at RMB3.85 billion as at 31 December 2016, according to China Index Academy.

In addition to property management services, we also provided a variety of community value-added services during the Track Record Period to property owners and residents of the properties under our management. We also provided during the Track Record Period value-added services to non-property owners, such as consultancy services to property developers and other property management companies.

Our three main business lines, namely, (i) property management services, (ii) community value-added services, and (iii) value-added services to non-property owners, form an integrated service offering to our customers and cover the entire value chain of property management.

- **Property management services.** We provide a range of property management services to property owners and residents, as well as property developers, including, among others, security, cleaning, greening, gardening and repair and maintenance services, with a focus on residential communities. Our property management portfolio also covers non-residential properties, including commercial properties, office buildings, multi-purpose complexes, government and other public facilities, industrial park, highway service stations, parks and schools. We charge property management fees for property management services primarily on a lump sum basis, with a small portion charged on a commission basis.
- **Community value-added services.** We provide property owners and residents of our managed properties with a wide array of community value-added services, which mainly include: (i) home living services, such as purchase assistance, housekeeping, greening, gardening, turnkey furnishing and move-in and other bespoke services, (ii) real estate brokerage services, and (iii) common area value-added services.
- **Value-added services to non-property owners.** We provide (i) consultancy services to property developers for the management of their pre-sale activities, as well as consultancy services for properties managed by other property management companies, and (ii) cleaning, greening, repair and maintenance services to property developers at the pre-delivery stage.

We believe our property management services business serves as the basis for us to generate revenue and expand business scale, as well as providing an ever increasing customer base for our community value-added services to property owners and residents. Our value-added services to non-property owners help us gain early access to property development projects and establish and cultivate business relationships with the property developers, putting us in a stronger position to secure engagements for property management services. Our community value-added services business, by offering a full range of diversified and bespoke services to property owners and residents, helps increase our engagement level with customers and improve their satisfaction and loyalty. The synergistic combination of our businesses leads to not only a greater market acceptance of our brand and services, but presents newer business opportunities for us to diversify revenue streams and enhance the width and depth of our services along the value chain of property development and management.

BUSINESS

The table below sets out the breakdown of our revenue by business line for the years indicated:

	Year ended 31 December					
	2015		2016		2017	
	<i>RMB '000</i>	%	<i>RMB '000</i>	%	<i>RMB '000</i>	%
Property management services	1,433,525	85.7	1,956,706	83.0	2,544,665	81.5
Community value-added services	122,322	7.3	194,312	8.2	241,818	7.7
Value-added services to non-property owners	109,517	6.5	199,708	8.5	328,016	10.5
Other services ⁽¹⁾	7,100	0.5	7,723	0.3	7,353	0.3
Total revenue	<u>1,672,464</u>	<u>100.0</u>	<u>2,358,449</u>	<u>100.0</u>	<u>3,121,852</u>	<u>100.0</u>

Note:

- (1) Other services mainly include auxiliary services such as provision of property access IC cards to the property owners and residents of our managed properties.

We experienced significant growth during the Track Record Period. Our revenue increased from RMB1.7 billion in 2015 to RMB2.4 billion in 2016 and further to RMB3.1 billion in 2017, representing a CAGR of 36.6% from 2015 to 2017.

We are headquartered in Shunde, Guangdong province. We have established a three-level “headquarters — regional offices — project companies” structure to conduct our business and manage our internal resources. As at the Latest Practicable Date, we had 50 regional offices and more than 650 project companies (including subsidiaries and branch offices) across 29 provinces, municipalities and autonomous regions in China. We believe such structure helps facilitate our geographic expansion, ensure consistent service quality across different regions and different properties under our management, as well as enables us to better capitalise on economies of scale for future expansion.

COMPETITIVE STRENGTHS

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

A leading residential property management service provider in China with strong brand recognition and a large and extensive property management portfolio

We are a leading residential property management service provider in China with a consistently strong market position established over the years. In 2018, we were ranked third by China Index Academy among the Top 100 Property Management Companies in China in terms of overall strength. We have been ranked by China Index Academy within the top five since 2016 among the Top 100 Property Management Companies in China in terms of overall strength.

We have been providing property management services in China for more than 25 years. In 2005, we obtained the Level One Property Management Qualification in China. We pride ourselves as one of the first property management service providers to bring the “five-star hotel service” standards and philosophy from the hospitality industry into the property management industry in China, according to China Index Academy. As a result of our dedication to providing industry-leading and high-quality services over the years, our “Country Garden property management” brand and the service slogan “Country Garden, a Five-Star Home for You” (“碧桂園·給您一個五星級的家”) have gained market acceptance and industry recognition widely among our customers. According to China Index Academy, our “Country Garden property management” brand was valued at RMB3.85 billion as at 31 December 2016. We have received various awards and accolades over the years in recognition of our industry-leading brand and competitiveness. For details, see “— Awards and Recognitions”.

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We believe that our brand appeal has helped and would continue to help us maintain a high renewal rate for property management service contracts and bring upon new engagement opportunities from customers as well as more business opportunities with industry participants.

We are also a leading property management service provider in China in terms of property management portfolio size and geographic coverage. We were ranked fourth by China Index Academy in 2018 among the Top 100 Property Management Companies in China in terms of property management scale, and we were ranked second by China Index Academy in 2017 among the Top 100 Property Management Companies in terms of the number of cities in China covered by total contracted GFA as at 31 December 2016. As at 31 December 2017, our total contracted GFA reached approximately 329.5 million sq.m., covering more than 240 cities across 28 provinces, municipalities and autonomous regions in China. In particular, as at 31 December 2017, we provided property management services to 420 residential communities and 20 non-residential properties and managed approximately one million property units with revenue-bearing GFA covering more than 170 cities across 26 provinces, municipalities and autonomous regions in China. Our revenue-bearing GFA increased at a CAGR of 32.6% from 31 December 2015 to 31 December 2017, which was higher than the industry average of the Top 100 Property Management Companies, according to China Index Academy. We believe our extensive property management business coverage has served and would continue to serve as a strong basis for us to solidify our existing industry position against general or regional market fluctuations. It would also provide a large customer base for our community value-added services for better business synergies.

Strong leverage on the large project portfolio and landbank of the CGH Group leading to highly visible growth opportunities

Our proven track record of business cooperation with the CGH Group, a leading property developer in China, has helped us solidify our position as a reputable and experienced property management service provider. According to China Index Academy, the CGH Group was the largest property developer in China in 2017 in terms of contracted sales, which amounted to approximately RMB550.8 billion. As at 31 December 2017, the landbank in China of the CGH Group (including its joint ventures and associates) was approximately 281.8 million sq.m., ranking second among property developers in China. The CGH Group was ranked first by China Index Academy in 2017 among property developers in China in terms of newly acquired landbank through bid invitation, auction or listing. As at 31 December 2017, the CGH Group had more than 1,400 property development projects across 30 provinces, municipalities and autonomous regions in China.

During the Track Record Period, substantially all of the residential communities developed by the CGH Group were managed by us. In addition, we also provided value-added services to non-property owners, such as pre-sale consultancy services and pre-delivery cleaning services, to the CGH Group during the Track Record Period. The CGH Group obtained substantially all of these value-added services to non-property owners from us during the Track Record Period for its residential property development projects. We believe that our long-term and stable business relationship with the CGH Group will position us well to continue to benefit from its extensive and large project reserve, providing clear drivers for the continuing growth of our property management portfolio and further development of our value-added services to non-property owners business.

Wide sources of revenue generated from our diversified property management portfolio and service offerings

We have historically focused on the provision of property management services to residential communities in China by leveraging our business relationship with the CGH Group. In recent years, we have been successful in exploring market opportunities to diversify our property management portfolio and service offerings with wider sources of revenue:

- **Increased engagements from independent third-party property developers.** We achieved significant growth during the Track Record Period with respect to property management

BUSINESS

engagements from independent third-party property developers in China, which was mainly attributable to the competitiveness of our brand and services, as well as the exemplary effect of our existing managed properties for obtaining property management engagements from communities in the vicinity. Our total contracted GFA for property management services to independent third-party property developers increased from 7.7 million sq.m. as at 31 December 2015 to 46.8 million sq.m. as at 31 December 2017 at a CAGR of 147.4%. Contribution of contracted GFA from independent third-party property developers to our total contracted GFA increased from approximately 4.7% as at 31 December 2015 to approximately 14.2% as at 31 December 2017. In particular, contracted GFA from independent third-party property developers accounted for approximately 21.6% of our newly contracted GFA for 2017.

- **Diversified types of managed properties.** In addition to residential communities, we have endeavoured to diversify our property management portfolio by extending our services to an increasing variety of non-residential properties, including commercial properties, office buildings, multi-purpose complexes, government buildings, public facilities, industrial park, highway service stations, parks and schools. Our total contracted GFA for property management of non-residential properties increased from 0.3 million sq.m. as at 31 December 2015 to 10.3 million sq.m. as at 31 December 2017 and our revenue-bearing GFA for property management of non-residential properties increased from 0.06 million sq.m. as at 31 December 2015 to 5.7 million sq.m. as at 31 December 2017. The diversification of our managed property types has enriched our service dimensions and operating revenue streams with business opportunities emerging from newer markets.
- **Broadened service offerings.** Apart from traditional property management services, we have developed and established other service types, namely community value-added services provided to property owners and residents and value-added services to non-property owners, such as property developers and other property management companies. Aggregate revenue contribution from our community value-added services and value-added services to non-property owners increased from 13.8% of our total revenue in 2015 to 18.2% of our total revenue in 2017 and they generally had a higher gross profit margin than our property management services business during the Track Record Period. In addition, we were ranked seventh by China Index Academy in 2017 among the Top 100 Property Management Companies in China in terms of revenue from value-added services.

A mix of locations across cities of different tiers and substantial focus on large-scale properties in China, contributing to profitability at industry-leading levels

We maintain a relatively high profitability level for property management services and achieved the highest total net profit per sq.m. of revenue-bearing GFA in 2016 among the top ten of the Top 100 Property Management Companies in China, according to China Index Academy.

Our relatively high profitability was partly attributable to a well-balanced geographic footprint of our managed properties across cities of different tiers in China. On one hand, we are able to charge relatively high property management fees for properties located in first- and second-tier cities in light of their higher population density and per capita disposable income levels. On the other hand, we have an extensive coverage in other cities in China which enabled us to benefit from the relatively low operating costs needed for managing properties as compared to first- and second-tier cities in China.

Our market-leading position in large-scale property management in China has also contributed to our relatively high profitability level. As at 31 December 2017, we managed 47 properties each having a revenue-bearing GFA of between 500,000 and 1,000,000 sq.m. and 24 properties each having a revenue-bearing GFA exceeding 1,000,000 sq.m. These properties together accounted for approximately 53.9% of our property management portfolio in terms of revenue-bearing GFA as at 31 December 2017. According to China Index

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Academy, we ranked third among Top 100 Property Management Companies in terms of total revenue-bearing GFA of managed properties each of which had a revenue-bearing GFA exceeding 500,000 sq.m. as at 31 December 2016. Our average revenue-bearing GFA per managed property was approximately 278,995 sq.m. as at 31 December 2017, which was considerably higher than the industry average of only 177,900 sq.m. for the Top 100 Property Management Companies, according to China Index Academy. Due to our market-leading position in large-scale property management, we believe we will likely continue to benefit from the economies of scale created by our large-scale properties through optimising the cost structure and tapping the abundant customer resources for synergistic development of our community value-added services.

Strong service platform operation and value creation capabilities in building a community ecosphere with five-star living experience for property owners and residents

To enhance our customer experience, satisfaction and loyalty, we have been dedicated to developing a personalised community ecosphere through our one-stop comprehensive and professional services which mainly comprise (i) our “Phoenix Butlers” service model, (ii) upgrade on information and smart management systems, and (iii) diversified services and community activities, underlined by our service platform operation and value creation capabilities.

We have adopted a butler-style service model with a total of over 1,500 professionally-trained “Phoenix Butlers” (鳳凰管家) stationed at substantially all of our managed residential communities as at 31 December 2017. As the main point of contact for property owners and residents, our butlers serve customers with timely, personalised, professional and effective solutions. We believe the property owners and residents have become increasingly accustomed to, and reliant on, seeking assistance from our butlers to address their daily needs and requests as a result of the close-knit and cordial customer relationship we have built through the butler-style service model.

We are enhancing the property owners and residents’ living experience by upgrading our information and smart management systems to develop smart residential communities. In collaboration with leading data management and cloud computing services providers, we have implemented our CRM and ERP systems to manage customer profiles and data for more personalised and timely services, as well as conducting big data analysis on the overall operational status of our managed properties to identify customer needs and behavioural pattern for better formulating our future service procedures and business strategies. In addition, our “Phoenix Club” mobile application serves as a service platform for registered customers to access and utilise our services both online and offline. Moreover, we have self-developed IRBA systems for the smart management of equipment and facilities in our managed communities which included, amongst others, our upgrades of smart carpark management systems implemented starting from 2017. All of these have provided a convenient and smart service interface to our customers, facilitated our provision of property management services and improved the satisfaction of our customers. As at the Latest Practicable Date, we had registered in the PRC 35 software copyrights and two patents and owned five high technology products which were primarily related to our efforts in developing smart residential communities. For further details, see “— Standardisation, Automation, Smart Management and Upgrades of IT systems”.

We are able to provide a suite of diversified services to our property owners and residents based on their actual needs through our various communication channels. Besides our standard property management services, we have demonstrated our capability in service innovation and value creation and new business model exploration by providing a series of community value-added services in areas such as real estate brokerage, retailing and vehicle-sharing through our own resources and cooperation with different industry-renowned third-party merchants. In addition, we endeavour to build a cohesive community culture by regularly organising diversified community cultural activities, sports and photography competition and holiday festivals which have strengthened our relationships with customers and have created a healthy and harmonious atmosphere among the communities we managed.

Through our unremitting efforts in providing a five-star living experience to property owners and residents, we have developed a personalised community ecosphere which covers the basic necessities of life, entertainment

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and other needs in our managed residential communities. According to China Index Academy, we were recognised in 2018 as a Leading Top 100 Property Management Company in China in terms of both service quality and satisfaction rate.

Experienced and professional management team supported by an effective human resources system

Our professional management team and employees are crucial to our success. Our executive Directors and senior management team have on average more than ten years of experience in the property management and related services industries. Our executive Director and general manager, Mr. Li Changjiang, has more than 20 years of experience in the property management industry in China. In addition, our general managers at our subsidiaries and branch offices have on average over 15 years of experience in the property management industry and approximately eight years of experience with us.

We have adopted a human resources system featuring differentiated employee cultivation, performance assessment and incentive schemes which tailor to the needs of different positions from entry-level staff to senior management with varying skill sets and career pursuits. We simulate real-life service scenarios to train our on-site staff better. We have designed competitive compensation packages and performance review and internal rating systems to incentivise our employees and boost productivity. We set up talent cultivation plans for eligible employees with sufficient professional qualifications and satisfactory work performance to be promoted to regional or project managers within a three to five-year fast track. We provide optional and personalised career paths to qualified butlers with managerial positions or senior butler promotions based on their individual capabilities and pursuits. We believe our results-driven and value-sharing culture and well-developed talent selection, cultivation and evaluation initiatives have enabled us to identify employees who share our fundamental values and who are highly motivated to serve our customers with professionalism, dedication and outstanding services that differentiate us from our competitors.

BUSINESS STRATEGIES

Further expand the scale of our property management business through multiple channels

We intend to expand our business scope and increase our market share in the industry by expanding the total contracted and revenue-bearing GFA and number of properties under management. We seek to achieve business expansion mainly through organic growth by leveraging our existing business relationship and coverage with the CGH Group, as well as by proactively obtaining new engagements from independent third-party property developers capitalising our brand value and business opportunities from provision of value-added services to non-property owners. To increase our market share, we aim to evaluate opportunities selectively in areas around our existing locations where we have a presence with a view to maximising our economies of scale, as well as maintaining a reasonable balance of our geographic coverage and level of profitability for property management services. To diversify our property management portfolio and revenue streams, we also intend to provide comprehensive property management services to an increasing number of non-residential properties, such as commercial properties, industrial parks, science parks, educational institutions, highway service stations, feature towns, apartments for long-term rent as well as government and public facilities, through strengthened strategic cooperation with various business partners.

When suitable opportunities arise, we may explore selective strategic investments in, alliances with or acquisitions of other property management companies in China. We may focus on companies that are consistent with our brand image and market positioning and with complementary business profile and know-how, such as companies with integrated facility management capabilities, that can increase the depth and breadth of our service offerings and our managed property portfolio. Moreover, we intend to gain a footing in overseas markets by tapping into the overseas project coverage of the CGH Group mainly in Southeast Asia.

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Achieve optimal operational efficiency and customer satisfaction through service standardisation and differentiation under professional lean management

To improve customer experience and business replicability, we aim to standardise our services by centering on customer touchpoints and classifying our managed properties into different levels, based on factors such as their locations, total revenue-bearing GFA, property management fee level and customer profiles of property owners and residents, and replicate such practice in part or in whole across all our managed properties with necessary adjustments. We also intend to improve operational efficiency and our brand image by designing differentiated service packages targeting the diverse needs of customers. We believe these professional measures would help systematically improve our service efficiency and quality through incremental changes and iterations.

Continue to deliver a diverse range of differentiated value-added services to develop the personalised community ecosphere and to enhance customer experience and our value creation capability

We intend to continue to develop our value-added services business to improve customer living experience and satisfaction, as well as enhancing our service innovation and value creation capability in building a personalised community ecosphere.

In view of this, we intend to tailor to the needs of the property owners and residents and enhance our capabilities in providing highly professional community value-added services, such as our real estate brokerage and vehicle insurance agency services. We seek to maintain and explore more cooperation with industry-renowned merchants in order to provide selected products and services to our property owners and residents, as well as to replicate any successful cooperation model from one residential community to another. We also seek to improve the integration of our butler-style services with our community value-added services, as well as enhancing the functionality of the “Phoenix Club” mobile application to increase accessibility of our services and improve customer experience.

We intend to leverage our existing experience and further extend our offerings of value-added services to non-property owners to tailor to their needs better throughout the value chain of property development. For instance, leveraging the extensive customer base of our community value-added services and our experience in real estate brokerage services with respect to secondary sales of properties during the Track Record Period, we aim to provide sales assistance services selectively to property developers by sourcing potential property purchasers with respect to primary sales of properties. In addition, we may also leverage our knowhow and experience in automation, smart management and information technologies and provide relevant consultancy services to other property management companies to facilitate their development of IT system infrastructure to enhance their business scalability.

Further enhance our standardised and automated operations with upgraded information technology and smart management to maximise cost efficiency and enhance service standards

We aim to continue to provide high-quality services to our customers through standardisation, automation, smart management and upgrades of IT systems to enable us to strengthen our operating efficiency and control our costs effectively. For instance, we intend to extend the coverage of our various automation and smart management measures to all of our managed residential communities within the next few years. These measures include the upgrades of IRBA systems for the management of equipment and facilities such as face recognition systems for smart guest access and carpark management systems. We also plan to upgrade our internal IT systems for property management such as an ERP system for big data analysis and a CRM system for customer relationship management with more standardised modular management functions covering a full range of service contact points with customers to facilitate our day-to-day operations and ensuring a more focused quality control and straightforward internal management from our headquarters all the way to each of our managed properties. These upgraded property management systems will be designed to enhance the gathering and consolidation of first-hand customer data and service record from our managed properties for us to analyse customer needs and behavioural patterns when formulating customer-oriented business procedures and strategies.

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Continue to improve our human resources training and incentive system to support the sustainable growth of our business

We will continue to devote resources to recruit, develop and retain qualified talent in various positions and functions. We will seek to further improve our comprehensive internal and external staff training systems through which we provide periodic presentation, lecture and courses targeted at different levels of our employees from on-site staff to mid-level managerial positions, as well as at induction, promotion and transfer to new positions. We also intend to increase our collaboration with specialised institutions and vocational schools for the cultivation and recruitment of qualified graduates. We expect to continue to offer wider and long-term career development opportunities and create promotions through our internal transfers to cultivate and retain key employees. We plan to further implement various employee recognition initiatives and to ensure rewards are tied to performance to motivate employees and optimise employee remuneration.

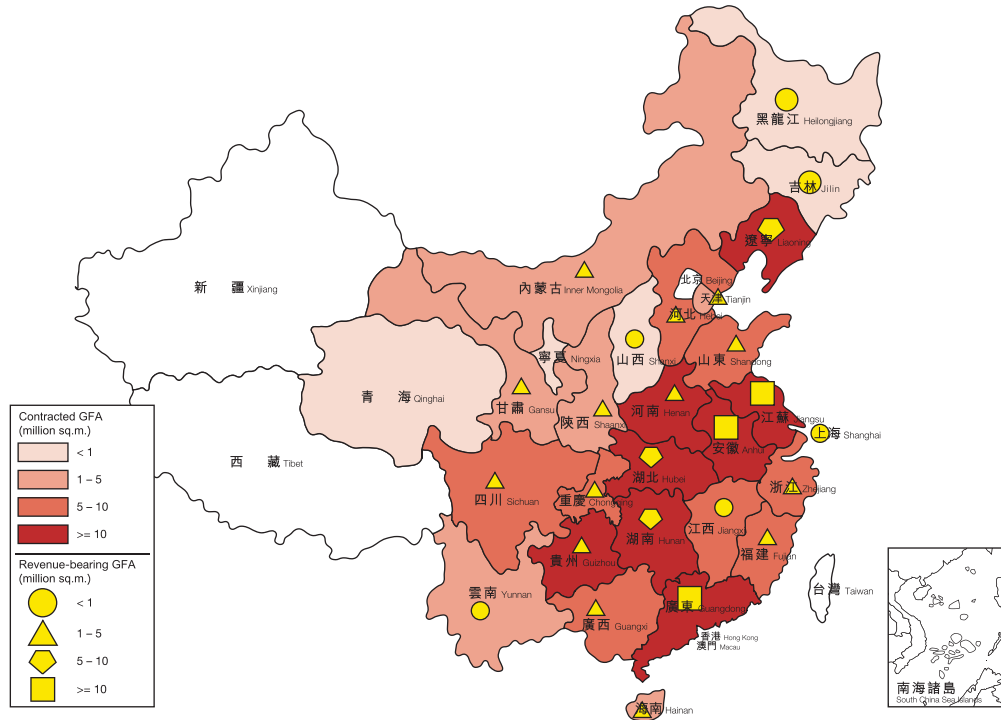
PROPERTY MANAGEMENT SERVICES

Our history can be traced back to 1992 when the predecessor of the CGH Group began providing property management services in China. Over the years, we have grown our presence with contracted GFA covering more than 240 cities across 28 provinces, municipalities and autonomous regions in China as at 31 December 2017. In particular, we managed approximately one million property units in 420 residential communities and 20 non-residential properties in more than 170 cities across 26 provinces, municipalities and autonomous regions in China with a total revenue-bearing GFA of approximately 122.8 million sq.m. as at 31 December 2017. The table below sets out our (i) contracted GFA, (ii) revenue-bearing GFA, and (iii) number of properties managed for revenue-bearing GFA, as at the dates indicated:

	As at 31 December		
	2015	2016	2017
	GFA	GFA	GFA
	('000 sq.m.)	('000 sq.m.)	('000 sq.m.)
Contracted GFA.....	161,685	207,132	329,465
Revenue-bearing GFA	69,799	91,064	122,758
	Number	Number	Number
Number of properties managed with revenue-bearing GFA	194	284	440

Geographic Coverage

The map below illustrates the geographic coverage of the properties under our management as at 31 December 2017 in terms of (i) contracted GFA and (ii) revenue-bearing GFA, respectively:



The table below sets out the top five cities in China where our managed properties were located in terms of contracted GFA for each relevant region as at 31 December 2017:

Southern China⁽¹⁾

- Foshan (佛山)
- Guangzhou (廣州)
- Huizhou (惠州)
- Dongguan (東莞)
- Shaoguan (韶關)

Northeastern China⁽⁴⁾

- Shenyang (瀋陽)
- Dalian (大連)
- Haicheng (海城)
- Suihua (綏化)
- Harbin (哈爾濱)

Eastern China⁽²⁾

- Zhenjiang (鎮江)
- Chuzhou (滁州)
- Suzhou (蘇州)
- Jingjiang (靖江)
- Wuhu (蕪湖)

Northern China⁽⁵⁾

- Handan (邯鄲)
- Tianjin (天津)
- Hancheng (韓城)
- Tangshan (唐山)
- Ulanhot (烏蘭浩特)

Central China⁽³⁾

- Changsha (長沙)
- Zhengzhou (鄭州)
- Wuhan (武漢)
- Hengyang (衡陽)
- Xianning (咸寧)

Other Regions⁽⁶⁾

- Zunyi (遵義)
- Chongqing (重慶)
- Tongren (銅仁)
- Luzhou (瀘州)
- Nanchong (南充)

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The table below sets out the breakdowns of our (i) revenue from property management services and (ii) revenue-bearing GFA by geographic region, for the years or as at the dates indicated:

	Year ended/As at 31 December											
	2015				2016				2017			
	Revenue		Revenue-bearing GFA		Revenue		Revenue-bearing GFA		Revenue		Revenue-bearing GFA	
	<i>(RMB'000)</i>	(<i>%</i>)	<i>('000 sq.m.)</i>	(<i>%</i>)	<i>(RMB'000)</i>	(<i>%</i>)	<i>('000 sq.m.)</i>	(<i>%</i>)	<i>(RMB'000)</i>	(<i>%</i>)	<i>('000 sq.m.)</i>	(<i>%</i>)
Southern China ⁽¹⁾	970,429	67.7	41,190	59.0	1,148,822	58.7	48,045	52.8	1,373,791	54.0	57,721	47.0
Eastern China ⁽²⁾	193,480	13.5	12,729	11.4	354,282	18.1	20,520	22.5	485,224	19.1	28,702	23.4
Central China ⁽³⁾	145,344	10.1	7,961	18.2	210,817	10.8	10,434	11.5	284,866	11.2	13,927	11.4
Northeastern China ⁽⁴⁾	69,833	4.9	4,296	6.2	118,988	6.1	5,531	6.1	145,533	5.7	6,157	5.0
Northern China ⁽⁵⁾	32,060	2.2	1,894	2.7	54,424	2.8	2,841	3.1	102,428	4.0	6,019	4.9
Other Regions ⁽⁶⁾	22,379	1.6	1,729	2.5	69,373	3.5	3,693	4.0	152,823	6.0	10,232	8.3
Total	1,433,525	100.0	69,799	100.0	1,956,706	100.0	91,064	100.0	2,544,665	100.0	122,758	100.0

Notes:

- (1) “Southern China” refers to Guangdong province, Fujian province, Hainan province and Guangxi autonomous region.
- (2) “Eastern China” refers to Jiangsu province, Shanghai, Zhejiang province, Shandong province, Anhui province and Jiangxi province.
- (3) “Central China” refers to Hubei province, Hunan province and Henan province.
- (4) “Northeastern China” refers to Liaoning province, Heilongjiang province and Jilin province.
- (5) “Northern China” refers to Beijing, Tianjin, Hebei province, Shanxi province, Shaanxi province and Inner Mongolia autonomous region.
- (6) “Other Regions” refers to all other provinces, municipalities and autonomous regions in China covered by our revenue-bearing GFA.

Types of Properties Managed

We manage a diverse portfolio of properties covering (i) residential communities, and (ii) non-residential properties, including commercial properties, office buildings, multi-purpose complexes, government and other public facilities, industrial park, highway service stations, parks and schools.

The table below sets out the breakdowns of our (i) revenue from property management services and (ii) revenue-bearing GFA by property type, for the years or as at the dates indicated:

	Year ended/As at 31 December											
	2015				2016				2017			
	Revenue		Revenue-bearing GFA		Revenue		Revenue-bearing GFA		Revenue		Revenue-bearing GFA	
	<i>(RMB'000)</i>	(<i>%</i>)	<i>('000 sq.m.)</i>	(<i>%</i>)	<i>(RMB'000)</i>	(<i>%</i>)	<i>('000 sq.m.)</i>	(<i>%</i>)	<i>(RMB'000)</i>	(<i>%</i>)	<i>('000 sq.m.)</i>	(<i>%</i>)
Residential communities...	1,433,211	99.98	69,737	99.9	1,949,015	99.6	90,912	99.8	2,512,568	98.7	117,098	95.4
Non-residential properties.....	314	0.02	62	0.1	7,691	0.4	152	0.2	32,097	1.3	5,660	4.6
Total	1,433,525	100.0	69,799	100.0	1,956,706	100.0	91,064	100.0	2,544,665	100.0	122,758	100.0

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Nature of the Property Developers

During the Track Record Period, the properties under our management were developed principally by the CGH Group while the rest were developed by independent third-party property developers. For information concerning the business delineation between the CGH Group and us, see “Relationship with Our Controlling Shareholders — Delineation of Business”. The table below sets out the breakdowns of (i) our revenue-bearing GFA, and (ii) our revenue generated from the management of properties developed by the CGH Group and independent third-party property developers, respectively, as at the dates or for the years indicated:

	As at/ Year ended 31 December											
	2015				2016				2017			
	Revenue-bearing GFA		Revenue		Revenue-bearing GFA		Revenue		Revenue-bearing GFA		Revenue	
	('000 sq.m.)	(%)	(RMB'000)	(%)	('000 sq.m.)	(%)	(RMB'000)	(%)	('000 sq.m.)	(%)	(RMB'000)	(%)
Properties developed by the CGH Group ⁽¹⁾	67,652	96.9	1,383,082	96.5	87,344	95.9	1,874,617	95.8	109,427	89.1	2,348,756	92.3
Properties developed by independent third-party property developers.....	2,147	3.1	50,443	3.5	3,720	4.1	82,089	4.2	13,331	10.9	195,909	7.7
Total	69,799	100.0	1,433,525	100.0	91,064	100.0	1,956,706	100.0	122,758	100.0	2,544,665	100.0

Note:

- (1) “Properties developed by the CGH Group” refers to properties developed, solely or jointly with other parties, by subsidiaries, joint ventures or associates of CGH.

General Scope of Property Management Services

The basic property management services we provide can be grouped into the following categories:

- **Security services.** The security services that we provide primarily include patrolling, electronic access control, manned guard stations, video surveillance, carpark security, visitor management and emergency response. We generally staff our security services with our own employees. We also seek to enhance the quality of our security services through equipment upgrades.
- **Cleaning, greening and gardening services.** We provide general cleaning, pest control, greening and gardening services through both of our staff and sub-contractors.
- **Repair and maintenance services.** The scope of our property repair and maintenance services typically covers (i) common area equipment and facilities, such as elevators, escalators and central air conditioning systems, (ii) fire and safety facilities, such as fire extinguishers and fire alarm systems, (iii) IRBA systems, (iv) utility facilities, such as power supply and distribution systems and water supply and drainage systems, and (v) other buildings and ancillary facilities and equipment. We outsource substantially all of the specialised property repair and maintenance services to sub-contractors. For details, see “— Our Suppliers — Sub-contracting”. Our in-house technicians perform routine management and inspections of certain systems and equipment and they also take charge of planning equipment maintenance and maintaining ledgers to ensure the normal operation of the equipment in the serviced areas.

Revenue Model of Property Management Services

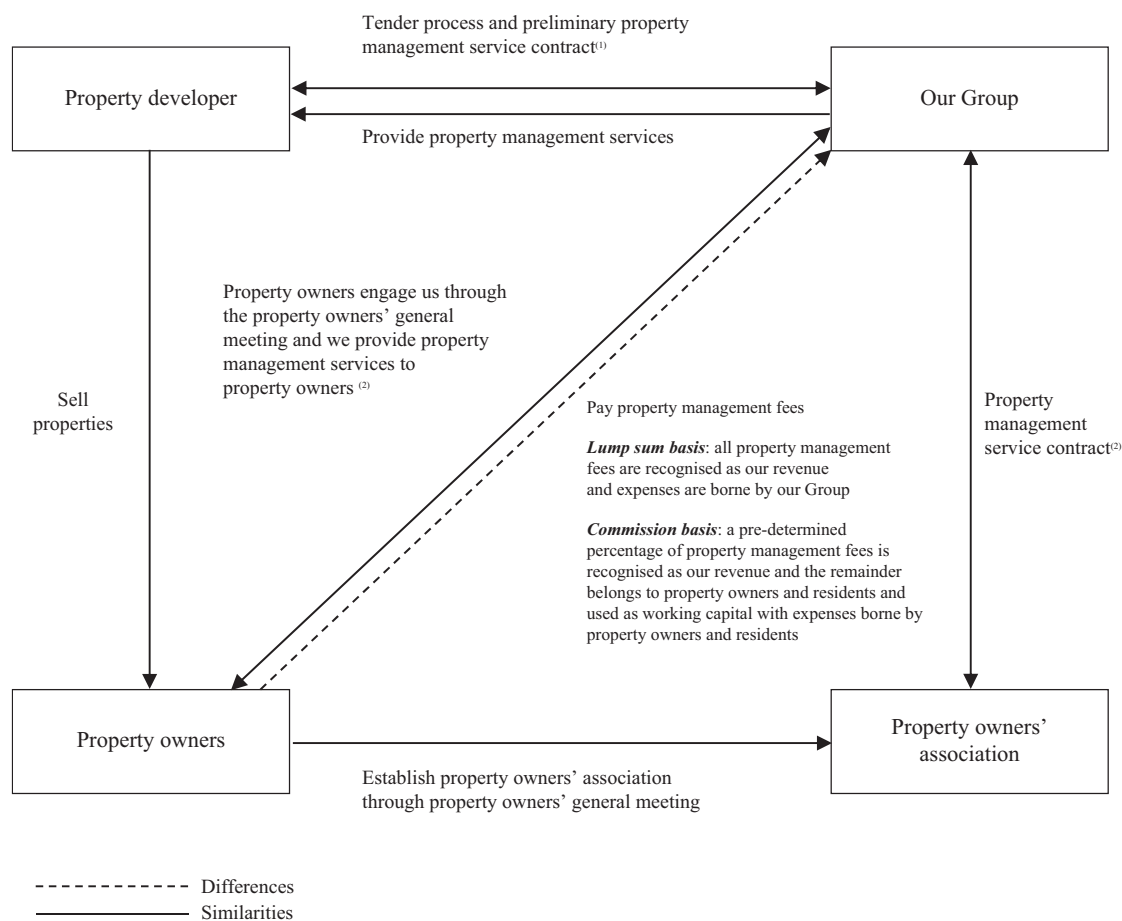
During the Track Record Period, we charged property management fees primarily on a lump sum basis, with a limited amount of our revenue from property management services generated on a commission basis. Our property management revenue generated from services charged on a lump sum basis accounted for approximately 100.0%, 99.98% and 99.98%, respectively, of our total revenue from property management

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services for the years ended 31 December 2015, 2016 and 2017. The table below sets out the breakdowns of our (i) revenue from property management services and (ii) revenue-bearing GFA by revenue model for the years or as at the dates indicated:

	Year ended/As at 31 December											
	2015				2016				2017			
	Revenue		Revenue-bearing GFA		Revenue		Revenue-bearing GFA		Revenue		Revenue-bearing GFA	
	(RMB '000)	(%)	('000 sq.m.)	(%)	(RMB '000)	(%)	('000 sq.m.)	(%)	(RMB '000)	(%)	('000 sq.m.)	(%)
Lump sum basis	1,433,525	100.0	69,799	100.0	1,956,220	99.98	91,027	99.96	2,544,159	99.98	122,373	99.69
Commission basis	—	—	—	—	486	0.02	37	0.04	506	0.02	385	0.31
Total	<u>1,433,525</u>	<u>100.0</u>	<u>69,799</u>	<u>100.0</u>	<u>1,956,706</u>	<u>100.0</u>	<u>91,064</u>	<u>100.0</u>	<u>2,544,665</u>	<u>100.0</u>	<u>122,758</u>	<u>100.0</u>

The following diagram illustrates the major differences between managing properties under the two revenue models:



Notes:

- (1) The property developer can enter into a preliminary property management service contract with us and such contract is legally binding on the property owners.
- (2) The property owners can select to engage us through the property owners' general meeting. Once we are selected, the property owners' general meeting can authorise the property owners' association to enter into a property management service contract with us on behalf of the property owners and such contract is legally binding on all the property owners.

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The differences between lump sum basis and commission basis are explained in more details below:

- ***Property management fees charged on a lump sum basis***

On a lump sum basis, we generally charge a pre-determined property management fee per sq.m. of revenue-bearing GFA on a monthly basis which represents “all-inclusive” fees for all of the property management services provided by us with respect to the managed property. We are entitled to retain the full amount of property management fees received from property owners and residents and property developers.

On a lump sum basis, we bear the costs of managing properties, and recognise such costs as our cost of services, which include expenses associated with our staff directly providing property management services, as well as our sub-contracting costs for third-party services. As a result, reducing the costs incurred in the provision of management services to a property has a direct impact on our profitability. If the amount of property management fees we collect during the term of a contract is not sufficient to cover all the expenses incurred, we are not entitled to request property owners and residents or property developers to pay us the shortfall. During the Track Record Period, we incurred losses with respect to a number of properties managed on a lump sum basis which accounted for less than 7% of our total number of properties under management as at the relevant year end. The losses incurred with respect to such properties were primarily due to the relatively large costs incurred at the early stage of our management of such properties coupled with a relatively low level of property management fee collection rate. The aggregate revenue generated from such loss-making properties accounted for less than 3% of our total revenue for each of 2015, 2016 and 2017. For details, see “Risk Factors — Risks relating to our Business and Industry — We may be subject to losses and our profit margins may decrease if we fail to control our costs in performing our property management services on a lump sum basis”.

- ***Property management fees charged on a commission basis***

During the Track Record Period, we derived revenue from a limited number of property management service contracts on a commission basis, amounting to nil, RMB0.5 million and RMB0.5 million for the years ended 31 December 2015, 2016 and 2017, respectively. On a commission basis, we recognise as revenue a pre-determined property management commission fee generally representing a fixed percentage of the property management fees payable by property owners and residents and property developers, or expenses incurred in connection with providing such services, while the remainder of such management fees are used as working capital to cover the property management expenses we incur.

When we are contracted to manage communities on a commission basis, we essentially act as an agent of the property owners where transactions related to the management offices of these communities are settled through our treasury function. On a commission basis, we are not entitled to any excess of the property management fees paid by property owners and residents and property developers (after deducting the fees receivable by us as the property manager) over the costs and expenses associated with the provision of services to the property. Therefore, we do not recognise any direct cost under property management service contracts charged on a commission basis in general. Such costs are borne by the property owners and residents and property developers, as the case maybe.

Property Management Fees

Pricing of Property Management Fees

We generally price our property management services based on a number of factors, including (i) the types and locations of the properties, (ii) the scope and quality of the services proposed, (iii) our budgeted expenses, (iv) our target profit margins, (v) profiles of the property owners and residents, (vi) the local government’s guidance price on property management fees (where applicable), and (vii) the pricing of comparable properties. In addition, we consider the potential cost savings we can realise via automation and other equipment upgrades, which allow us to lower our proposed property management fees to customers.

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In the PRC, the fees that property management companies may charge in connection with property management services for properties, such as residential communities, are regulated and supervised by the relevant PRC authorities. The relevant price administration department and construction administration department of the State Council are jointly responsible for the supervision over and administration of fees charged in relation to property management services for preliminary property management service contracts and such fees may need to follow PRC government guidance prices. See “Regulatory Overview — Fees Charged by Property Management Enterprises”.

Our average property management fee charged for properties developed by the CGH Group, being our total tax-inclusive revenue from management of such properties for the relevant year divided by the total of the revenue-bearing GFA of such properties for each month, was approximately RMB2.05 per sq.m. per month for each of 2015, 2016 and 2017. Our average property management fees charged for properties developed by independent third-party property developers, being our total tax-inclusive revenue from management of such properties for the relevant year divided by the total of the revenue-bearing GFA of such properties for each month, were approximately RMB1.94, RMB1.68 and RMB1.79 per sq.m. per month for 2015, 2016 and 2017, respectively. For properties developed by independent third-party property developers, the decrease in our average monthly fee from 2015 to 2016 was mainly because of our expanded coverage in regions such as Southwestern and Northeastern China where we generally charge lower property management fees as compared to managed properties located in Southern China. The increase in our average monthly fee from 2016 to 2017 for these properties was mainly due to the increase in the number of large-scale properties for which we generally charge higher property management fees as compared to properties of smaller scale. During the Track Record Period, our average property management fees charged for properties developed by the CGH Group were higher than for those developed by independent third-party property developers. This was mainly because: (i) to achieve synergies in coordinating our property management efforts within a geographic area, we obtained many of our service engagements in the vicinity of our existing managed properties from small to medium-sized independent third-party property developers under which relatively lower property management fees were charged given the profile, scale and locations of such properties, and (ii) our property management portfolio developed by independent third-party developers included public and government facilities which we generally charged lower property management fees as compared to residential properties due to a lesser scope of property management services provided (for instance, we may only be required to provide cleaning services for management of properties such as highway service stations).

Under our property management service contracts, we can negotiate with property owners and residents to raise the property management fees upon contract renewal or through obtaining approval from the requisite number of property owners under applicable PRC laws and regulations. In practice, as it takes time to communicate with the property owners and to go through the necessary procedures to obtain their requisite approval, we would evaluate the situation on a case-by-case basis and generally would propose to adjust the property management fees when we consider it necessary in conducting our business, such as when an extended scope of services is required by property owners and residents or we need to improve the profitability of any potentially loss-making managed property, and there is no assurance that we would succeed in achieving such fee increases whenever needed. For further details, see “Risk Factors — Risks relating to Our Business and Industry — We may be subject to losses and our profit margins may decrease if we fail to control our costs in performing our property management services on a lump sum basis”.

Taking into account our property management fees charged on the lump sum basis and the time and procedures it takes to adjust such fees from time to time, we have undertaken various internal measures to reduce cost and maintain profitability for our property management services. For instance, our approach to obtain property management engagements in the vicinity of existing projects helps us achieve synergy and optimise our workforce and other resources within a geographic area at both regional office and managed property levels. In addition, to reduce our operational costs, we have outsourced certain labour-intensive services such as cleaning, as well as specialised services such as repair and maintenance of elevator systems, to third-party subcontractors. Moreover, we also focus on implementing standardisation, automation and smart management measures to reduce our reliance on manual labour. For details, see “— Standardisation, Automation, Smart Management and Upgrades of IT Systems”.

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Collection and Payment of Property Management Fees

When the properties to be managed by us have reached the delivery stage, we begin receiving property management fees from owners of the sold property units which are generally calculated based on the size of the unit.

We generally charge property management fees on a monthly basis. Property management fees are due for payment by property owners and residents upon the issuance of a demand note. For property management fees charged for a relevant month, we generally issue such demand note to the property owner or resident in the same month or within the next month. For further details on our trade receivables, see “Financial Information — Trade Receivables”.

We generally enter into a fee payment arrangement with the property owner and relevant bank upon delivery of the property under which property management fees are paid to us on a monthly basis by bank transfers as designated by the property owner. In addition, payment of property management fees can be made to us in cash, by credit or debit card. Payment can also be made via third-party online payment platforms which are linked to our “Phoenix Club” application.

During the Track Record Period, we also received property management fees from property developers for unsold property units and sold property units prior to the delivery date agreed in the relevant property sales and purchase agreements. Property management fees for certain of these property units were charged by us during the Track Record Period at a discount pursuant to market practice. We ceased to provide such discount to property developers in 2018. In 2015, 2016 and 2017, our revenue from property management services for the aforementioned property units amounted to RMB92.9 million, RMB218.5 million and RMB237.6 million, respectively, accounting for 5.6%, 9.3% and 7.6% of our total revenue for the respective years.

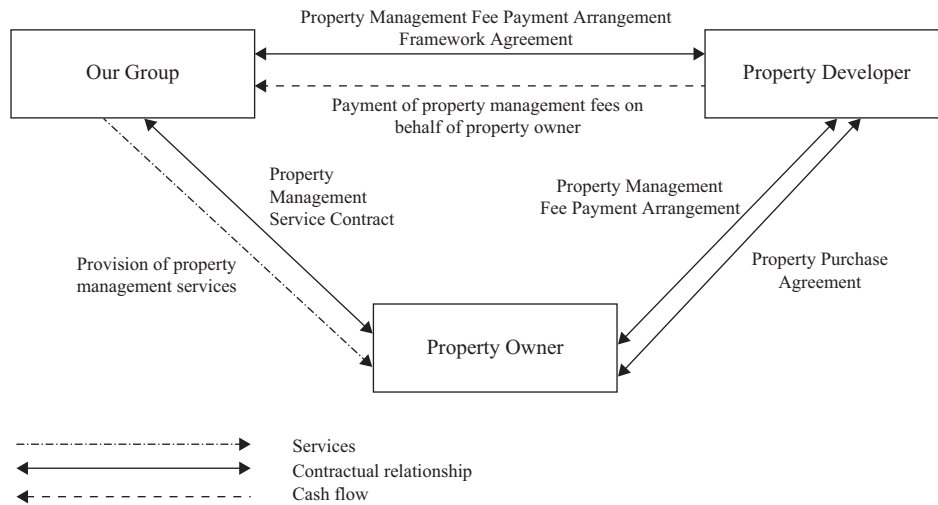
We have undertaken various measures to enhance the timeliness of the collection of property management fees. When the property management fees become overdue, we will send overdue payment notices to the property owners or residents by phone or messages, or deliver in person or to the mailboxes of the relevant residents and follow up with frequent payment reminders. In the event of significant payment delays after repeatedly failed collection attempts, we may initiate legal proceedings to collect the fees.

Our collection rates of property management fees from property owners and residents, calculated as a percentage of the property management fees cumulatively collected by the end of the relevant year of the corresponding total property management fees receivable for the same year, were 95.6%, 95.1% and 94.5%, in 2015, 2016 and 2017, respectively. In addition to the fees collected as represented by the aforementioned fee collection rate for a given year, we would also proactively attempt to collect fees with respect to the fees receivable from the previous years. As such, our Directors believe we had maintained a good property management fee collection level during the Track Record Period.

During the Track Record Period, certain property management fees were agreed to be paid to us by property developers on behalf of property owners for properties sold to them pursuant to certain sales promotion practices implemented by property developers from time to time. As part of such sales promotion, property developers agreed to pay us designated amounts of property management fees on behalf of the property owners and we, by entering into written framework agreements with the property developers, agreed to accept such arrangement and receive such fees from the property developers for property management services provided to the property owners (the “**Property Management Fee Payment Arrangement**”). The agreed amounts under the Property Management Fee Payment Arrangement for each of the property owners involved vary. When the payment obligations of the property developers under the Property Management Fee Payment Arrangement have been fully discharged, the property owners will pay the subsequent property management fees directly to us pursuant to the property management service contracts entered into with us. Under the Property Management Fee Payment Arrangement, our customers are still the property owners to whom we provide property management

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services as governed by the property management service contracts. The diagram below illustrates our relationships with the property developer and the property owner under the Property Management Fee Payment Arrangement:



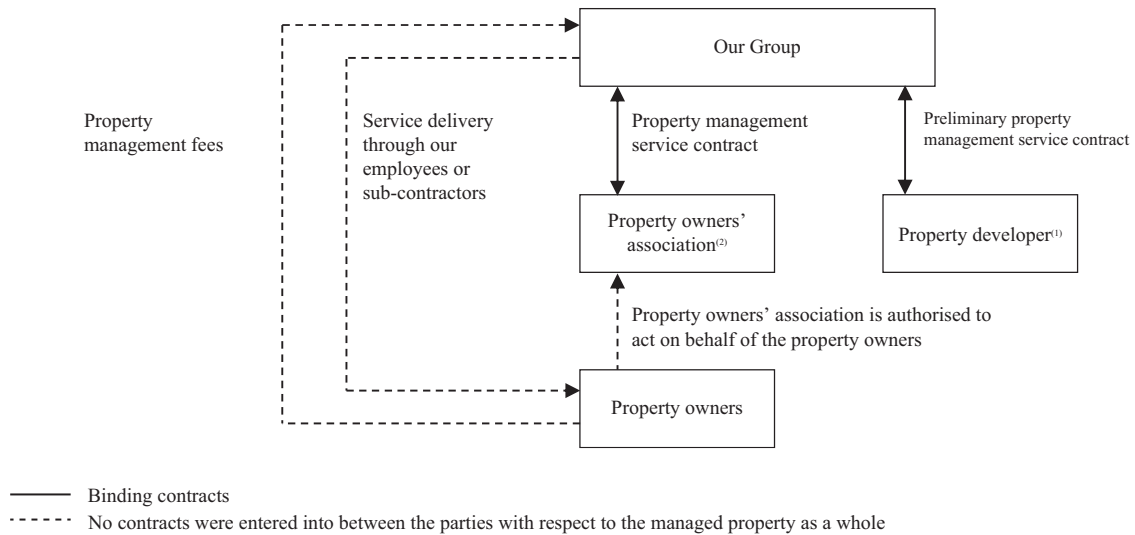
During the Track Record Period, the property developers with which we had entered into the aforementioned framework agreements under the Property Management Fee Payment Arrangement were primarily subsidiaries, associates and joint ventures of the CGH Group. Our revenue generated under the Property Management Fee Payment Arrangement with the CGH Group (including its associates and joint ventures) amounted to RMB414.1 million, RMB442.2 million and RMB562.2 million, respectively, accounting for 24.8%, 18.8% and 18.0% of our total revenue for the years ended 31 December 2015, 2016 and 2017, respectively. The balances of our trade receivables from related parties were RMB16.5 million and RMB22.6 million as at 31 December 2017 and 30 April 2018, respectively, the majority of which were related to property management fee receivables from the CGH Group (including its associates and joint ventures) pursuant to the Property Management Fee Payment Arrangement.

Property Management Service Contracts

For the provision of our property management services, we generally enter into (i) preliminary property management service contracts with property developers or (ii) property management service contracts with property owners' associations (on behalf of the property owners). During the Track Record Period, substantially all of our revenue from property management services was generated from preliminary property management service contracts entered into with property developers.

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The diagram below illustrates our relationships with various contracting parties under our property management service contracts:



Notes:

- (1) Property developer enters into preliminary property management service contract with us. Such contracts are legally binding on future property owners in accordance with PRC laws.
- (2) Property owners' association enters into property management service contract on behalf of property owners with us and such contracts are legally binding on all property owners in accordance with PRC laws.

Property developers typically engage and are able to contract directly with property management service providers before newly developed properties are sold to property owners. Upon engagement by the property developers, property management companies will generally need to make registration of the preliminary property management service contracts (together with the proposed property management fees) with the local PRC authorities. Such filing, as required by the local PRC authorities, generally has to be made prior to the approval of property pre-sale permits for the property developers by the local PRC authorities.

Our PRC Legal Advisers have advised us that although neither the property owners' associations nor property owners are parties to the preliminary property management service contracts, these contracts are nonetheless legally binding on the future property owners under PRC law as the property sale and purchase agreements that property owners enter into with property developers shall include the content of the preliminary property management service contracts. Accordingly, property owners are obligated to pay property management fees directly to us under these contracts. Under PRC laws, property owners may engage a property management company through the property owners' general meeting. Generally, the property owners' association is formed to handle the daily communication with the property management company on behalf of the property owners. The property owners' association will need to be authorised by the property owners to enter into a property management service contract on behalf of the property owners.

The key terms and arrangements of our preliminary property management service contracts and property management service contracts are substantially identical and typically include the following:

- *Scope of services.* We provide standard property management services including security, cleaning, greening, gardening, repair and maintenance of the common areas and related equipment and facilities. We may also be responsible for collecting utility fees of the common areas on behalf of the property owners and residents and providing other auxiliary property management services.

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- *Performance standards.* The contract sets out the quality standards required for providing the property management services, as well as the requirement for regular examination and maintenance of equipment and facilities in the common areas.
- *Property developer's obligations.* The property developer is primarily responsible for, among other things, (i) obtaining an undertaking from every property purchaser that it will comply with the preliminary property management service contract which is usually attached to the property sales and purchase agreements, (ii) providing a readily available office space for us to use as our on-site property management office, (iii) ensuring the quality of the common area equipment and facilities delivered to a property, and (iv) providing us with blueprints and other construction design documents and completion inspection documents.
- *Property management fees.* The contract sets out the property management fee rates to be collected per sq.m. which generally begin to accrue upon delivery of the purchased property. The property developer is generally responsible for paying the property management fees for unsold property units and sold property units prior to the delivery date agreed in the relevant property sales and purchase agreements. We may also impose late fees on overdue property management fees and have the right to initiate legal proceedings against the property owners or property developers to collect the fees.
- *Sub-contracting.* We are allowed to outsource individual components of the property management services to specialised third-party sub-contractors. For example, we may choose to outsource security, cleaning, gardening, repair and maintenance services to third-party sub-contractors and only conduct the overall coordination and planning ourselves. For arrangements with our third-party sub-contractors, see “— Sub-contracting”.
- *Term of service.* The majority of our preliminary property management service contracts entered into with property developers do not have a fixed term and can be terminated when the property owners select another property management service provider through the property owners' general meeting and a replacing property management service contract entered into by the property owners' association takes effect. Property owners' associations are generally authorised by the property owners to enter into property management service contracts with us on behalf of the property owners which typically have fixed terms ranging from one to five years.

The table below sets out the expiration schedule of our property management service contracts as at 31 December 2017:

	Contracted GFA		Number of contracts	
	('000 sq.m.)	(%)		(%)
Property management service contracts without fixed term	277,092	84.1	946	80.1
Property management service contracts under which we provided services beyond contract expiration⁽¹⁾	15,074	4.6	58	4.9
Property management service contracts with fixed terms expiring in				
Year ending 31 December 2018	7,059	2.1	24	2.0
Year ending 31 December 2019	8,384	2.6	35	3.0
Year ending 31 December 2020 and beyond	21,856	6.6	118	10.0
Subtotal	<u>37,299</u>	<u>11.3</u>	<u>177</u>	<u>15.0</u>
Total	<u>329,465</u>	<u>100.0</u>	<u>1,181</u>	<u>100.0</u>

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Note:

- (1) We continued to provide services under these property management service contracts despite of their expired contract terms as at 31 December 2017. This was mainly because the relevant property owners' general meetings of such properties are yet to be convened to renew our property management service contracts or to select a replacement property management service provider. As advised by our PRC Legal Advisers, we are entitled to receive the property management fees for the continued services we provide for such property management service contracts beyond contract expiration.

For the years ended 31 December 2015, 2016 and 2017, our property management service contracts renewal rates (being the number of property management service contracts effective as at the relevant year-end divided by the number of property management service contracts existing for any period during the same year) were 99.0%, 97.9% and 99.3%, respectively. Under PRC laws, the property owners' general meeting of a residential community has the right to change property management companies pursuant to certain procedures. In the event of termination or non-renewal of property management service contracts, we may be adversely affected. See "Risk Factors — Risks relating to our Business and Industry — Termination or non-renewal of our property management services for a significant number of properties could have a material adverse effect on our business, financial position and results of operations".

Among the property management service contracts of our revenue-bearing GFA as at 31 December 2017, our average number of years of servicing the relevant properties for contracts that commenced prior to the Track Record Period were more than seven years and, as at 31 December 2017, we were still managing substantially all of the projects under our property management service contracts which commenced during the Track Record Period.

Growth of our Property Management Services Portfolio

We had been expanding our property management services business during the Track Record Period primarily through obtaining new service engagements from property developers or property owners' associations. In the future, we also plan to expand our coverage by acquiring more regional property management companies with complementary business profile and industry experience. For details, see "— Business Strategies — Further expand the scale of our property management business through multiple channels". The table below indicates the movement of our (i) contracted GFA and (ii) revenue-bearing GFA during the Track Record Period:

	As at 31 December					
	2015		2016		2017	
	Contracted GFA	Revenue-bearing GFA	Contracted GFA	Revenue-bearing GFA	Contracted GFA	Revenue-bearing GFA
	('000 sq.m.)	('000 sq.m.)	('000 sq.m.)	('000 sq.m.)	('000 sq.m.)	('000 sq.m.)
As at beginning of the period	138,591	51,249	161,685	69,798	207,131	91,064
New engagements ⁽¹⁾	23,405	18,791	45,991	21,808	120,297	29,949
Acquisitions ⁽²⁾	—	—	—	—	2,183	1,862
Terminations ⁽³⁾	(311)	(242)	(544)	(542)	(146)	(117)
As at end of the period	<u>161,685</u>	<u>69,798</u>	<u>207,132</u>	<u>91,064</u>	<u>329,465</u>	<u>122,758</u>

Notes:

- (1) In relation to residential communities we manage, new engagements primarily include service engagements for new property developments constructed by property developers and to a much lesser extent, service engagements for residential communities replacing their previous property management companies.
- (2) These refer to new engagements obtained through our acquisitions of certain regional property management companies during the Track Record Period.
- (3) These terminations mainly included our voluntary non-renewal of certain property management service contracts as we reallocated our resources to more profitable engagements to optimise our property management portfolio.

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Our market development department performs our market research and business development functions. For organic growth, we select our customers based on their property portfolio, background and development timetable of the target properties. We conduct feasibility analyses and financial projections before taking on a new engagement, taking into account a variety of factors, such as the profile and size of the property, estimated costs of managing the property, historical property management fee collection rate, projected profitability, competitive landscape of the local market, any applicable regulatory requirement and potential synergy with our other business, such as value-added services.

Under PRC laws, property developers are typically required to select property management service providers and enter into preliminary property management service contracts for residential properties through a tender and bidding process. In circumstances where there are not enough bidders or the size of the managed property is small, property developers are permitted under PRC laws to select property management service providers without conducting any tender and bidding process, subject to approval by the competent PRC property administration authorities.

A typical tender and bidding process primarily involves the following stages:

- *Invitation.* The property developer may publish an announcement to invite potential bidders or issue private invitations to at least three qualified bidders setting out the specifications and requirements for the tendered property management project. Tender invitation related documents and governmental approvals in relation to the property project are required to be submitted and filed with the competent local real estate administration department in the PRC in advance.
- *Tender submission.* Bidders submit tender documents to the property developer which generally contain proposed pricing, proposal and plan for property management and other information as specified by the tender invitation. Bidders may be required to provide pre-qualification documents for vetting before the formal tender documents are submitted.
- *Evaluation.* The property developer will establish a tender evaluation committee to review and rank the submitted tenders. The tender evaluation process and the composition of the tender evaluation committee must comply with the requirements of relevant PRC laws and regulations. The tender evaluation committee generally takes into account factors such as credentials, service quality, availability of capital and proposed fee levels when it evaluates the proposals.
- *Selection.* Based on its evaluation, the tender evaluation committee recommends to the property developer and rank the top three bidders. The property developer will generally confirm the top one bidder as the winner and proceed to arrange for necessary notification.
- *Award and contract signing.* The property developer must file the result of the tender with the relevant local authorities within 15 days upon confirmation of the award. The property management contract so awarded to the winner is expected to be signed within 30 days upon issuing the notification of the award.

A public tender process may also be required under PRC laws and regulations for PRC government, public institutions and bodies with public fiscal funds to engage property management service providers for properties, such as government buildings and public facilities.

Our tender success rates for managing properties developed by the CGH Group were approximately 100%, 100% and 99.7% for 2015, 2016 and 2017, respectively. Our tender success rates for managing properties developed by independent third-party property developers were approximately 90.9%, 88.2% and 55.8% for 2015, 2016 and 2017, respectively, the decrease of which during the Track Record Period was primarily because we participated in more tender and bidding process in an effort to obtain more engagements for management of properties developed by independent third-party property developers.

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During the Track Record Period, we procured our property management service contracts as at 31 December 2017 from property developers mainly through (i) tender and bidding procedures regulated by applicable PRC laws or (ii) commercial negotiation pursuant to approvals obtained from relevant local authorities or otherwise not compulsorily required by the relevant local authorities. Apart from these, we had a small portion of our preliminary property management service contracts as at 31 December 2017 from property developers which did not conduct the tender and bidding process under PRC laws and regulations and the compulsory requirement of relevant local authorities (the “**Relevant Property Management Projects**”). The Relevant Property Management Projects accounted for less than 4% of our total contracted GFA as at 31 December 2017 and less than 5% of our total revenue for the year ended 31 December 2017, respectively.

As confirmed by our Directors, the lack of a tender and bidding process for the selection of property management service providers for the Relevant Property Management Projects was not caused by us but the relevant property developers. As advised by our PRC Legal Advisers, there are no specific laws and regulations in the PRC which set out administrative penalties upon property management companies for failing to entering into preliminary property management service contracts through a tender and bidding process. As further advised by our PRC Legal Advisers, the lack of tender and bidding process for entering into the preliminary property management service contracts of the Relevant Property Management Projects shall not affect the validity of these contracts as stipulated under the PRC Contract Law. Our Directors also confirm that, based on the opinion given by our PRC Legal Advisers and the relatively low contracted GFA and revenue contribution of the relevant projects, the fact that the Relevant Property Management Projects did not go through the required tender and bidding process will not have any material and adverse impact on our business, financial position or results of operations. See “Risk Factors — Risks relating to our Business and Industry — Our property management service contracts may have been obtained without going through the required tender and bidding process”.

As at the Latest Practicable Date, we were not aware of any administrative penalties or any notice of potential administrative penalties from the relevant competent authorities on the relevant property developers in relation to any required tender and bidding process for our preliminary property management service contracts.

The preliminary property management service contracts we obtained through commercial negotiation accounted for approximately 37.9% of our total contracted GFA as at 31 December 2017 and approximately 46.6% of our total revenue for the year ended 31 December 2017, respectively.

Butler-style Services

We adopt a butler-style service model under which we assign employees to our managed residential communities as “Phoenix Butlers” (鳳凰管家) to provide comprehensive, personalised and sophisticated on-site services to property owners and residents in addition to our standard property management services. As at 31 December 2017, we deployed more than 1,500 butlers in substantially all of our managed residential communities.

Our “Phoenix Butlers” maintain frequent communications with property owners and residents through social media, emails, telephone calls and paying visits to gather basic customer background information, listen to and understand their problems and needs so as to better anticipate and timely respond to their requests from time to time and to build trusting and cordial customer relationships. The property owners and residents seek assistance from our butlers whenever needed and almost all of the property management-related issues in our managed residential communities are reported to the butlers who would in turn assess the situation and allocate and coordinate appropriate on-site resources to respond to customer requests and address such issues. As assistants to our project managers at each managed property, our butlers are also in charge of monitoring the quality of property management services provided by our other employees or third-party service providers. They also play an instrumental role in promoting and facilitating the provision of our community value-added services.

We endeavour to hire and retain high-quality employees to provide butler services, which is key to the successful implementation of our strategy and critical to improving client satisfaction, which may in turn drive

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our profitability. We have in place regular training sessions for our butlers on various aspects of the butler services followed by competency assessments which are tied to the butlers' remuneration package. We provide opportunities of promotion to managerial positions to eligible butlers who have demonstrated a track record of proficient performance. For butlers with outstanding performance who wish to remain in front-line positions, we would offer them similar rewards and remunerations to optimise their motivation and productivity. We believe these initiatives help us recruit and retain qualified butlers with professional skills and dedication to materialising our customer-driven corporate value for business development.

Standardisation, Automation, Smart Management and Upgrades of IT systems

To strengthen our competitiveness and reduce our reliance on manual labour, we focus on implementing standardisation, automation, smart management and upgrades of IT systems for our business. We evaluate our property management services and formulate processes to render such services in a manner that is intended to demonstrate consistent high-quality and to alleviate the pressure of increasing labour cost.

- **Standardisation**

We have streamlined and standardised our property management services, focusing particularly on standardising key elements of our services such as environmental management, occupational health and safety management, quality management and other services which involve significant customer interaction based on the ISO9001, ISO14001 and BS-OHSAS18001 standards.

- *Formulation of standards.* We have established our internal service guidelines and policies and formulated a series of rules laying out detailed guidance on key standards and procedures for providing star-rated property management services covering a full spectrum of property types. Our quality control staff have also formulated written operating manuals to facilitate the implementation of such service standards. Our headquarters also standardise certain commercial documents such as tender invitations, contracts and agreements by formulating templates for our daily operational use.
- *Implementation.* We provide systematic trainings to our property management staff as well as sub-contractors to help them understand and follow our service standards and procedures. For more details about our training system, see “ — Employees”.

By leveraging our standardised procedures, we can achieve centralised management at our headquarters where we plan, command, supervise and evaluate service process and quality. Standardisation helps us strengthen our brand and reputation by ensuring consistency in our service process and quality, as well as minimising human error.

- **Automation and Smart Management**

We have developed our own IRBA systems for smart management of equipment and facilities, covering carpark management systems, entrance video intercom systems, face recognition systems for smart access, landscape maintenance management systems, video surveillance cameras, as well as mechanised cleaning and patrolling equipment to reduce dependency on manual labour and lower operational costs. For example, our smart carpark management system has been utilised in an increasing number of our residential communities under management and is uniformly controlled through a cloud computing system. In addition, through the smart transformation of elevators, common area lamps and pumps, we are able to reduce energy consumption, increase equipment service life, and provide more energy-saving, environmental friendly and safe services to property owners and residents. We continue to improve the management level of common areas by formulating various

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automation and smart management measures such as upgrading the IRBA systems and enhancing face recognition systems.

- Upgrades of IT systems

We have been developing and upgrading our IT systems for business management. We have developed a CRM system for management of customer relationship based on the characteristics of the PRC property management industry with a leading cloud computing service provider. Through our CRM system, we are able to provide more customised services to our customers in a timely manner. We have developed an ERP property management system with a leading PRC big data and cloud computing service provider to realise remote monitoring and examination of each property management project, regularly obtain and summarise the overall operational status on all properties we manage in real time and to provide guidance or make appropriate decisions for follow-up management. We continue to upgrade our property management system to achieve unified supervision of business and standardised management, and use the data collected by the information platform to conduct big data analysis so as to identify the needs of property owners or residents, which will facilitate our provision of property management services and improve customer satisfaction. We have also upgraded the information technology used in the communities such as promoting the use of community Wi-Fi systems, cloud computing systems, smart visitor system and smart energy-saving system to enhance the property owners and residents' living experience, as well as introducing the "Phoenix Club" mobile application which is our service platform for registered customers to access and utilise our services both online and offline.

We believe the aforementioned measures enable us to efficiently scale up and consistently replicate our operations without compromising our service quality. They also provide our on-site teams with technical and other support from our headquarters' resources and enable our headquarters to closely monitor and track work status as well as conduct evaluations, which we believe would further improve our operational efficiency and ensure the delivery of consistent and high-quality services. As at the Latest Practicable Date, we registered in the PRC 35 software copyrights and two patents and owned five high technology products which were related to the development and implementation of our automation, smart management and upgrades of IT systems efforts.

COMMUNITY VALUE-ADDED SERVICES

As an extension of our property management services business, we provide community value-added services to property owners and residents of our managed properties mainly to address their lifestyle and daily needs, enhance customer experience, satisfaction and royalty, and to create a healthier and more convenient living community for property owners and residents. These services are provided primarily through our daily contact and interaction with our customers during the process of providing traditional property management services, as well as through our online service platform such as the "Phoenix Club" mobile application.

Our community value-added services mainly include: (i) home living services, such as purchase assistance, housekeeping, greening, gardening, turnkey furnishing and move-in and other bespoke services, (ii) real estate brokerage services, and (iii) common area value-added services, such as common area rental assistance.

For the years ended 31 December 2015, 2016 and 2017, revenue generated from our community value-added services amounted to RMB122.3 million, RMB194.3 million and RMB241.8 million, respectively, representing 7.3%, 8.2% and 7.7% of our total revenue for the same years.

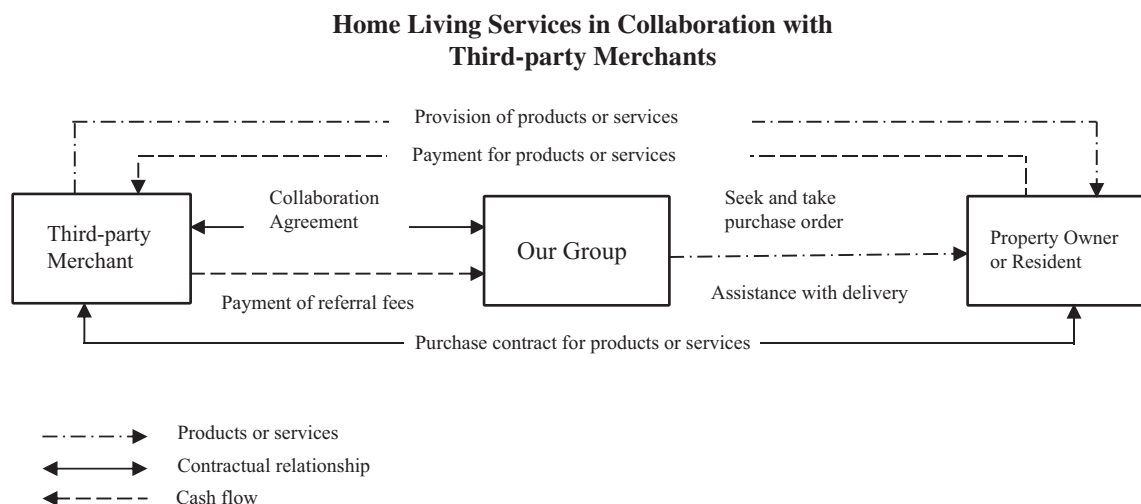
Home Living Services

Leveraging our long-term experience and professional teams for property management services, we provide home living services to property owners and residents for their property units, such as (i) housekeeping and cleaning services, (ii) greening and gardening services, and (iii) repair and maintenance services of home

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appliances, electric equipment and permanent fixtures. We provide these services either by ourselves or through qualified third-party sub-contractors engaged for our property management services. We charge a fee for such services at a pre-negotiated fixed amount on a per-transaction basis.

We also collaborate with third-party merchants to provide other home living services to property owners and residents, including: (i) purchase assistance for groceries and seasonal products, (ii) group purchase assistance for home appliances and furniture, (iii) decoration, turnkey furnishing and move-in, vehicle-sharing, as well as other bespoke services. We enter into collaboration agreements with third-party merchants and make their products or service information available to property owners and residents primarily through our daily interaction in providing property management services. The residents may place orders through our property management offices. Based on the orders we receive from the residents, the merchants will make deliveries or render the services to the residents. Payments for the products or services are normally settled upon delivery between the merchants and residents. We may offer delivery assistance to the residents' property units for certain of the products delivered by the merchants to the communities. Pursuant to the collaboration agreements, we either receive from the merchants a fixed fee or a percentage of the sales price as referral fees. The diagram below illustrates our relationship with relevant parties for providing home living services in collaboration with third-party merchants:



We screen and select suitable merchants based on a number of factors including price competitiveness, quality of products or services and responsiveness to demands of customers. We may select one third-party merchant to provide certain products or services to managed communities within the same region, considering the nature of the product or service in question and the operating scale and capability of the merchant to cater to the different needs and preferences of the residents in such communities. We typically enter into written collaboration agreements with merchants, setting forth, among other things, referral fee rates, settlement mechanisms, logistics for deliveries of products and services. We may replace a third-party merchant in the event of substandard performances.

Real Estate Brokerage Services

We provide real estate brokerage services to property owners and residents for secondary sales or rental transactions of properties. Through the community service centres located in our managed properties, we provide real estate brokerage services which primarily include property listing, advertising of property listings at our managed properties and assistance in the negotiations and documentation of leases and sales agreements. Upon the closing of a successful secondary sale, we charge a commission equal to a pre-determined percentage of the purchase price, which is typically borne by both the purchaser and seller. Upon the closing of a successful rental transaction, we typically charge a commission from either the landlord or the tenant of an amount equal to 100%

of the monthly rent. As at 31 December 2017, we had completed the registration of real estate brokerage qualification with the relevant local authorities and provided real estate brokerage services through 48 community service centres located nationwide, of which venues for a majority of these community service centres were leased from Independent Third Parties and the rest were leased from the CGH Group. For further details, see “Connected Transactions — 2. Master Property Lease Agreement” and “— Properties”.

Common Area Value-added Services

Common areas are the property of all property owners as a whole. Generally, we are authorised under the property management service contracts or under property owners’ consents of a certain scale as required by the PRC laws to lease out the common areas on behalf of the property owners. For instance, we provide rental assistance to property owners to lease out common area advertising spaces and receive a commission in return. We also organise community events utilising outdoor open spaces in our managed communities and charge corporate sponsor fees. Our income generated from such services is shared between us and the property owners in the proportion as agreed in the property management service contracts or otherwise consented by the property owners. We believe that these services can increase our engagement level with the residents and expand our access to consumer activities of the residents at the same time.

“Phoenix Club” Mobile Application

As a part of our community value-added services, we utilise our mobile application “Phoenix Club” (鳳凰會) as the online gateway to a variety of our community products and services to enhance customer experience, satisfaction and royalty of property owners and residents. The “Phoenix Club” mobile application was first adopted for our community value-added services in 2017 when it was at the time operated by a related party. In April 2018, we completed the transfer of the relevant proprietary and operational rights of the “Phoenix Club” mobile application from the related party to our subsidiary Fenghuanghui, as well as the required business filings and registration under applicable PRC laws and regulations for our operation of the mobile application.

The “Phoenix Club” mobile application can be used on both Android and iOS based mobile devices. Registered users for “Phoenix Club” are primarily property owners and residents of our managed properties. To register user accounts, property owners and residents must provide genuine identity information, including names, addresses and telephone numbers, and we will corroborate the information submitted against our records. Only verified registration applications will be granted user accounts. As at the Latest Practicable Date, the “Phoenix Club” mobile application covered more than 80% of our managed residential communities and attracted a total number of more than 1.5 million registered users.

Registered users can access our services through the “Phoenix Club” mobile application, primarily including: (i) reporting repair requests and arranging repair logistics, (ii) contacting our “Phoenix Butlers” for assistance, (iii) paying property management fees, reviewing and tracking monthly fee statements and receiving payment reminders from us, (iv) placing orders on home living products and services offered by us on the mobile application and making payments to us through third-party online payment platforms linked to our mobile application, and (v) browsing third-party merchants’ products and services information advertised on our mobile application and being directed to online stores operated by such merchants via our mobile application.

We operate the “Phoenix Club” mobile application through our PRC subsidiary, Fenghuanghui. According to the Administrative Measures on Internet Information Services (互聯網信息服務管理辦法), which was issued by the State Council with effect from 25 September 2000 and revised on 8 January 2011, Internet information services refer to the provision of information to web users through the Internet, which can be divided into commercial Internet information services and non-commercial Internet services. Commercial Internet information services refer to paid services of providing information to or creating web pages for web users through the Internet. Non-commercial Internet services refer to free services of providing public, commonly-shared information to web users through the Internet. Whether a certain Internet information service is regarded

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as commercial or non-commercial, depends on whether the provision of Internet information is free or to be charged. For details, see “Regulatory Overview — 2. Laws and Regulations relating to Property Management Service and Other Related Services — (vi) Regulations on the Internet Information Services”.

As advised by our PRC Legal Advisers, (i) the business conducted by Fenghuanghui is regarded as “non-commercial Internet information services”. This is because we sell goods (including food) and provide living related services through the mobile application, the revenue generated from which is the result of sale of goods and services instead of providing paid Internet information services. Besides, we also provide free community social networking services through our mobile application, such as free advertisement of products and services of third-party merchants. As such services are free of charge, they do not fall under the category of commercial Internet information services; (ii) necessary filings and registrations in respect of such business have been obtained and completed by Fenghuanghui, including, a filing of non-commercial Internet information services, a food sales licence and a filing of self-built food trading website of food traders; (iii) non-commercial Internet information services do not belong to the category of basic telecommunication services or value-added telecommunication services and, as a result, a licence for value-added telecommunication services is not necessary for us to conduct our current business through the “Phoenix Club” mobile application; and (iv) Fenghuanghui’s business is not subject to foreign ownership restrictions under relevant PRC laws and regulations.

VALUE-ADDED SERVICES TO NON-PROPERTY OWNERS

Leveraging our property management expertise and capitalising on our brand equity, we offer value-added services to non-property owners, such as property developers and other property management companies, to address their various needs arising throughout various stages of property development and management, including:

- *Consultancy services.* During the Track Record Period, we provided consultancy services to property developers by deploying on-site consultants to property developers’ display units and property sales venues to assist with their pre-sale activities. We assist property developers with the establishment and training of their pre-sale customer service team at display units and property sales venues, with respect to services such as visitor reception, customer enquiries, catering, logistics coordination, cleaning, repair and maintenance, as well as knowledge on property management etiquette and laws and regulations. We would set up training camps for up to a month to conduct specialised and targeted trainings of these employees. Our on-site consultants also advise property developers on the overall planning and coordination of their relevant pre-sale activities, including formulation of management systems, operating procedures and shift plans, as well as providing on-site instructions to the property developers’ pre-sale customer service team at display units and property sales venues;

During the Track Record Period, we had selectively entered into consultancy services contracts to provide consultation and advice to properties managed primarily by other property management companies leveraging our experience and platform to improve their operation standard and control their operational costs.

- *Pre-delivery cleaning and other services.* We deploy our staff or sub-contractors on-site to provide cleaning, greening, repair and maintenance services to property units to be delivered.

We commenced to provide value-added services to non-property owners in 2014. For the years ended 31 December 2015, 2016 and 2017, our revenue from value-added services to non-property owners amounted to RMB109.5 million, RMB199.7 million and RMB328.0 million, respectively, accounting for 6.5%, 8.5% and 10.5% of our total revenue for the respective years.

We charge a pre-determined fee for the provision of value-added services to non-property owners on a per-transaction basis. We determine the fee amount generally based on our estimates of the expenses that we

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expect to incur in performing such services by taking into account the headcount and positions of the staff we deploy and the size, location and positioning of the properties developed by our customers. The term of our contracts for value-added services to non-property owners is generally set to expire when the property developers notify us that our services are no longer required based on the progress of their property development projects. We usually grant our customers a credit term of up to 60 days for value-added services to non-property owners.

During the Track Record Period, we generated the vast majority of our revenue of value-added services to non-property owners from the CGH Group, demonstrating an enhanced synergy between our business and the property development business of the CGH Group. For the years ended 31 December 2015, 2016 and 2017, our revenue from the CGH Group for value-added services to non-property owners amounted to RMB104.5 million, RMB162.0 million and RMB228.1 million, respectively, accounting for 6.3%, 6.9% and 7.3% of our total revenue for the respective years. Our gross profit from the provision of such services to the CGH Group amounted to RMB44.1 million, RMB74.7 million and RMB95.6 million for the years ended 31 December 2015, 2016 and 2017, respectively.

As we further promoted our brand and industry presence over the years with a view to diversifying our customer base for this business, we also began to serve an increasing number of independent third-party property developers for our value-added services to non-property owners during the Track Record Period. We believe the provision of such services to independent third-party property developers would cultivate our relationship with these customers at an early stage of property development so as to enable us to obtain subsequent property management engagements from them.

OUR SUPPLIERS

During the Track Record Period, our suppliers primarily included (i) sub-contractors providing cleaning, repair and maintenance, greening and gardening services, (ii) vendors of materials needed for our daily operations and (iii) utility providers.

During the Track Record Period, we procured certain services from the CGH Group and other related parties, which mainly included community shuttle-bus services, water supply services, repair and maintenance, greening and hotel services. For further details, see “Financial Information — Related Party Transactions and Balances” and “Connected Transactions”. During the Track Record Period and up to the Latest Practicable Date, save as otherwise disclosed in this listing document, all of our suppliers were Independent Third Parties and we did not experience any material delay, supply shortages or disruptions in our operations relating to our suppliers, or any material product claims attributable to our suppliers.

Our suppliers generally grant us credit terms of up to 90 days and payment to our suppliers are typically settled by bank transfers.

Selection of Suppliers

To ensure the overall quality of services provided to our customers, we have maintained a list of qualified suppliers, the selection of which is primarily based on their product or service quality, necessary industry and regulatory licences and professional qualifications, past performance and customer feedback, as well as price competitiveness. Our list of qualified suppliers is subject to periodical review in order to ensure consistently high-quality services provided to our customers.

We typically engage our suppliers through competitive biddings, which are administered by internal committees comprising members of relevant business department and purchase department, as well as quality control and finance personnel. We first select a number of competent suppliers (generally three for selection of sub-contractors) from the list of qualified suppliers and invited them to submit a fee quote and other bidding

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documents. The internal committees then assess the submitted bids and consider a wide range of factors, such as the bidders' price competitiveness, product or service quality, professional qualifications, industry reputation and financial strength, in selecting the bid awardee. We may also procure materials in relatively small amounts through the requests for fee quotes from and commercial negotiation with shortlisted vendors.

Once a selected supplier commences to provide products or services, we periodically monitor and evaluate its performance in accordance with the signed contracts. Evaluations generally focus on the suppliers' product or service quality, cooperation with our staff, results of problem rectification and handling of customer complaints. In the event of repeated sub-standard performances or other failures, the suppliers will be terminated and removed from our list of qualified suppliers.

Sub-contracting

To utilise our own workforce more efficiently, we delegate certain services to qualified sub-contractors, mainly including (i) labour-intensive services such as cleaning, and (ii) specialised services such as greening services, repair and maintenance of elevator and fire systems. For the years ended 31 December 2015, 2016 and 2017, our sub-contracting costs amounted to RMB128.2 million, RMB240.9 million and RMB342.6 million, accounting for 11.0%, 15.5% and 16.4% of our total cost of services, respectively. All of our sub-contractors for the Track Record Period were located in China.

We believe such sub-contracting arrangements allow us to leverage the human resources and technical expertise of the sub-contractors, reduce our operational costs, improve service quality, contribute more resources to our core businesses and enhance the overall profitability of our operations. To ensure that the sub-contractors meet our requirements and standards of services, we implement a point-base system to monitor and evaluate their performance from time to time. We aim to create and maintain a quality-oriented, effective and comprehensive system for sub-contractor management. Based on our experience in the property management industry in the PRC, we believe that there are readily available alternative sub-contractors that could replace any of our existing sub-contractors if necessary. Therefore, we do not consider our business operations to be reliant on the services provided by any of our sub-contractors.

Key terms of sub-contracting agreements

We enter into sub-contracting agreements with sub-contractors on normal commercial terms. The key terms of our typical sub-contracting agreements are as follows:

- *Term of service.* Our sub-contracting agreement typically has a term ranging from one to three years and may be renewed upon mutual consent.
- *Our responsibilities.* We are typically responsible for providing on-site sub-contractors with necessary working spaces, facilities and utilities.
- *Obligations of sub-contractors.* The sub-contractors are responsible for providing services in accordance with the scope and standards prescribed in the sub-contracting agreement 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 shall have the right to unilaterally terminate the sub-contracting agreements.
- *Risk allocation.* The sub-contractors are responsible for indemnifying us for any damages to property or personal injury caused by the fault or gross negligence of the sub-contractors in the course of providing the sub-contracting services.

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- *Sub-contracting fees.* Sub-contracting fees are typically payable monthly or quarterly and are generally determined with reference to the costs incurred in connection with the management, labour costs, procurement of raw materials and other miscellaneous costs incurred by the sub-contractors. We may conduct monthly evaluations with respect to the quality of services provided by our sub-contractors and adjust the sub-contracting fees based on the results of the evaluations.
- *No assignment.* Sub-contractors are not allowed to assign or sub-contract their obligations under the sub-contracting agreements to any other party unless with our prior consent.

Procurement of Materials and Utilities

During the Track Record Period, we procured materials, mainly including food ingredients for staff canteens and tools and materials for providing repairs and maintenance services, from vendors primarily in China. We also procured for the common areas of our managed properties utilities, such as water, electricity and heating, from utility providers in China during the Track Record Period. We typically enter into supply contracts with various terms for the procurement of materials which may be renewed upon the expiry of such term. The supply contracts typically provide for the unit price of the materials and generally do not set forth any requirement or binding commitment on the supply quantities.

Major Suppliers

During the Track Record Period, most of our top five suppliers were sub-contractors for our property management services business. For the years ended 31 December 2015, 2016 and 2017, purchase from our single largest supplier for the Track Record Period, which was a subsidiary of CGH providing community shuttle-bus services for 2015 and 2016 and an Independent Third Party cleaning and gardening services provider for 2017, amounted to RMB28.7 million, RMB29.4 million and RMB34.2 million, respectively, representing 2.5%, 1.9% and 1.6% of our total cost of services, respectively. For the years ended 31 December 2015, 2016 and 2017, purchase from our five largest suppliers for the Track Record Period amounted to in aggregate RMB57.1 million, RMB77.9 million and RMB104.2 million, respectively, representing 4.9%, 5.0% and 5.0% of our total cost of services, respectively. In addition to the aforementioned single largest suppliers for the Track Record Period, one of our five largest suppliers, a water supplier in Guangdong province, is also a related party. We have maintained business relationship with our five largest suppliers for the Track Record Period for approximately four years on average. We typically enter into supply agreements with our five largest suppliers for the Track Record Period which generally have a term ranging from one to two years.

As at the Latest Practicable Date, we were not aware of any information or arrangements which would lead to cessation or termination of our relationships with any of our five largest suppliers for the Track Record Period. As at the Latest Practicable Date, save for otherwise disclosed in this listing document, none of our Directors, their close associates or any Shareholders which, to the knowledge of our Directors, owns more than 5% of the number of issued shares of the Company, had any interest in any of our five largest suppliers for the Track Record Period.

OUR CUSTOMERS

We have a large, growing and loyal customer base primarily consisting of (i) property owners and residents for our property management and community value-added services, and (ii) property developers for our property management services and value-added services to non-property owners. During the Track Record Period and up to the Latest Practicable Date, all of our customers were Independent Third Parties except for the CGH Group and certain other related parties. For details, see “Financial Information — Related Party Transactions and Balances” and “Connected Transactions”.

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Major Customers

Our single largest customer during the Track Record Period was the CGH Group. During the Track Record Period, we provided value-added services to non-property owners, as well as property management services to the CGH Group. For further details, see “Connected Transactions — 1. Master CGH Property Management Services Agreement” and “Connected Transactions — 2. Master Consultancy and Other Services Agreement”. For the years ended 31 December 2015, 2016 and 2017, revenue from our single largest customer amounted to RMB195.8 million, RMB363.3 million and RMB439.6 million, respectively, representing 11.7%, 15.4% and 14.1% of our total revenue, respectively. For the years ended 31 December 2015, 2016 and 2017, revenue from our five largest customers, who were mostly property developers, amounted to RMB198.2 million, RMB375.2 million and RMB490.7 million, respectively, representing 11.9%, 15.9% and 15.7% of our total revenue, respectively. Amongst our five largest customers for the Track Record Period other than the CGH Group, two property developers are joint ventures of CGH and one other property developer is a related party. We have established on-going business relationships and co-operations with our top five customers for the Track Record Period for more than three years on average. We entered into property management service contracts with some of our five largest customers who were property developers, the typical terms of which were described in “ — Property Management Service Contracts”. We also entered into service contracts with certain of our five largest customers for the Track Record Period who were primarily government entities for the management of non-residential properties with contract terms of generally three years.

As at the Latest Practicable Date, we were not aware of any information or arrangements which would lead to cessation or termination of our relationships with any of our five largest customers for the Track Record Period. As at the Latest Practicable Date, save for otherwise disclosed in this listing document, none of our Directors, their close associates or any Shareholders which, to the knowledge of our Directors, owns more than 5% of the number of issued shares of the Company, had any interest in any of our five largest customers during the Track Record Period.

Customer Relationship Management

Our customer relationship management aims to build and maintain sustainable customer relationships by focusing on delivering superior customer value and satisfaction, which we believe are critical to the long-term success of our businesses. We have taken a wide range of measures to actively build long-term relationships with our customers, primarily including:

- *Building community culture.* We endeavour to build a cohesive community culture by promoting our “5H” service concept, namely “Health” by providing a pleasant living environment, “Heart” by organising community cultural activities, “High Technology” by merging advanced technologies into community lives, “Hope” by initiating participation in public charity activities and “Home” by promoting a warm and harmonious neighbourhood. In order to implement our service concepts, we have regularly organised community cultural activities, public charity activities, sports and photography competition and holiday festivals to strengthen our relationships with our customers and to create a healthy and harmonious atmosphere among the communities we manage.
- *Enhancing customer satisfaction and communications.* We regularly conduct surveys of the satisfaction level among the property owners and residents of our managed properties to proactively identify issues through telephone inquiries. We prepare annual and quarterly property management work reports, which are accessible to all property owners of the communities we manage. We have developed multiple customer communication channels to better access and address customers’ needs and requests and to maximise customer experience and loyalty, including our “Phoenix Butlers”, any information service platform, as well as toll-free customer service hotline serving property owners and residents on a 24-hour basis.

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Market Development

Our management is responsible for, amongst others, planning and developing our overall market expansion plan, marketing strategies and coordinating our market development activities to acquire new customers for us to maintain and strengthen relationships with existing customers, as well as to explore and develop further business opportunities. We have taken various marketing measures that are tailored to the characteristics of different customers and business partners.

In addition to maintaining a long-term and stable business relationship with the CGH Group, we will endeavour to expand our cooperation with independent third-party property developers by providing customised, diversified and quality services. We have implemented various incentive measures to encourage our employees to obtain property management contracts developed by third-party developers through investigation and analysis of and communication with target customers in the real estate industry and taking advantage of our resources, including our brands, capital and expertise. In addition, we utilise our various customer communication channels, such as our “Phoenix Butlers”, service hotline and “Phoenix Club” mobile application, to seek feedback and suggestions from customers which help us have a better understanding of customer needs and explore more opportunities to provide a wider range of community value-added services. We also continually seek business cooperation opportunities from third-party merchants to enhance the width and depth of our community value-added services.

COMPETITION

The property management industry in the PRC is highly competitive and fragmented with numerous market participants. As a reputable player with a large and extensive property management portfolio, our property management services primarily compete against large national and regional property management companies in the PRC. Our value-added services compete against other property management companies as well as relevant industry participants providing similar services. For instance, our community value-added services to property owners and residents may compete with vendors and e-commerce business that provide similar products and services, and our value-added services to non-property owners, such as real estate brokerage service, may compete with property agents for selling and leasing services. In 2018, we were ranked third and fourth by China Index Academy among the Top 100 Property Management Companies in China in terms of overall strength and property management scale, respectively. We believe that the principal competitive factors include, among others, operation scale, price and quality of services, brand recognition and financial resources. For more details about the industry and markets that we operate in, see “Industry Overview”.

QUALITY CONTROL

We have a proven track record in prioritising quality in our services, and we believe quality control is crucial to the long-term success of our business. As at 31 December 2017, we had a dedicated quality control team consisting of 141 members, who primarily focused on, among other things, maintaining service standards, standardising service procedures, participating in the selection of suppliers and supervising quality of our and suppliers’ services at the corporate level.

Quality Control for Property Management Services

We have obtained ISO9001 certification in recognition of our service quality from the British Standards Institution. We adopt strict quality monitoring measures to ensure that our quality standards are achieved. We have set up a multilevel inspection system conducted on three levels: headquarters, regional offices and onsite property management offices. Quality control staff at the headquarters level would conduct unannounced inspections on randomly-selected managed properties for the implementation of our quality control standards and specific operating procedures. Internal quality review is conducted regularly at headquarters and regional office levels on key projects with random sampling of other projects. Management office for each of our managed properties conducts self-review on a daily, weekly and monthly basis.

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We require our employees and suppliers to strictly observe our quality standards. We value and seek to proactively address customer complaints on service quality. Our on-site staff, in particular our “Phoenix Butlers”, actively solicit feedback from property owners and residents and conduct thorough inspection of our managed properties to identify potential issues. We have routine meetings to organise and implement rectifying measures for any issue identified. We regularly conduct surveys, such as through a “mystery customer” programme, to assess customer needs and satisfaction level.

Due to the nature of our business, we receive customer suggestions, appraises and complaints from time to time during the ordinary course of our business. We record, analyse and evaluate such customer feedback by creating logs on our internal systems and each level of our management tracks the progress in addressing the underlying customer concerns and problems. During the Track Record Period and up to the Latest Practicable Date, we did not receive any complaints that may have a material adverse impact on our operations or business reputation from our customers.

Quality Control of Third-party Sub-contractors

We typically include in the agreements with sub-contractors detailed quality standards for the services to be provided. We regularly monitor and evaluate the performance of the sub-contractors and may require the sub-contractors to take necessary rectification measures when their services do not meet the agreed standards. We may also conduct surveys among property owners and residents regarding the quality of services provided by our sub-contractors. We have the contractual right to adjust the sub-contracting fees and to terminate the agreements depending on the outcomes of our evaluation. If the sub-contractors do not meet our standards or the property owners’ satisfaction, or fail annual performance review conducted by us, they will be excluded from our selected list of qualified sub-contractors.

EMPLOYEES

We employed 23,961 full-time employees as at 31 December 2017. The table below sets out the breakdown of our employees by function as at 31 December 2017:

Function	Number of employees
Property management services	20,230
Management	882
Human resources and administration	684
Finance and audit	662
Value added services	632
Quality control	141
Operations management	94
IT and smart management	18
Selling and marketing	14
Others ⁽¹⁾	604
Total	<u>23,961</u>

Note:

(1) Others primarily include catering staff and inventory management staff

We endeavour to hire the best available employees in the market by offering competitive wages and benefits, systematic training opportunities and internal upward mobility. We have established a series of policies and measures to acquire talents suitable for our Company.

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We enter into individual employment contracts with all of our full-time employees. We will renew the employment contracts with our employees from time to time subject to their annual performance reviews. All of our employees are paid a fixed salary and may be granted other allowances, based on their positions. In addition, discretionary bonuses may also be awarded to our employees based on their annual performance reviews.

We have maintained good working relationships with our employees. During the Track Record Period and up to the Latest Practicable Date, our employees did not negotiate their terms of employment through any labour union or by way of collective bargaining agreements nor did we experience any material labour disputes or shortages that may have a material adverse effect on our business, financial position and results of operations.

We regularly host comprehensive internal staff training programmes for our staff to improve and enhance their technical and service skills, as well as to provide them with the knowledge of industry quality standards and work place safety standards. We provide orientation training to new hires, introducing them to our corporate culture, procuring them to adapt to teamwork and showing them videos to visually demonstrate our service standards and procedures. We also assign our experienced managers to serve as mentors to newly hired fresh graduates. The mentors provide the fresh graduates with tailored coaching and guidance. We provide online training courses and regular seminars on various aspects of our business operations, such as quality control and customer relationship management, to our employees.

Social Insurance and Housing Provident Fund Contributions

Pursuant to applicable PRC laws and regulations, employers are required to make contributions to, and employees are required to participate in, a number of social insurance funds, including pension fund, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance, and the housing provident fund. For details, see “Regulatory Overview — 6. Laws and Regulations relating to Labour protection in the PRC”.

During the Track Record Period, we did not register for and/or make full contributions to the social insurance and housing provident funds for certain employees, which were mainly related to (i) retired employees re-employed by us, (ii) rural household employees who have already made contributions under their rural accounts, (iii) employees who have made relevant contributions from their previous employment, and (iv) inconsistent implementation or interpretation of the relevant regulations by local authorities in connection with the applicable contribution base of social insurance and housing provident funds in the PRC. As our Directors considered the total amount of such contributions as at 31 December 2017 was immaterial, we did not make provision thereto during the Track Record Period and up to the Latest Practicable Date.

As advised by our PRC Legal Advisers, the relevant PRC authorities may demand that we pay the outstanding social insurance contributions within a stipulated deadline and we may be liable to a late payment fee equal to 0.05% of the outstanding amount for each day of delay; if we fail to make such payments, we may be liable to a fine of one to three times the amount of the outstanding contributions. Our PRC Legal Advisers have also advised us that, under the relevant PRC laws and regulations, we may be ordered to pay the outstanding housing provident fund contributions within a prescribed time period, and if we fail to make such payments, application may be made to a people’s court in the PRC for compulsory enforcement. In 2015, we fully paid an overdue amount of RMB5,715 ordered by the local authority for the housing provident funds contribution of one of our then employees. In 2017, another of our employees made complaint to the relevant local authority with respect to our insufficient payment for housing provident fund contribution in the amount of RMB845 and we were going through the internal process to make payment with respect to such overdue amount as at the Latest Practicable Date. Save as disclosed above, we had not received any complaint from our employees for insufficient contributions by us to any social insurance or housing provident fund nor had we received any order or notice from the regulatory authorities requesting contributions to any social insurance or housing provident fund.

As at the Latest Practicable Date, a vast majority of our relevant PRC project companies had obtained written confirmation from the competent local authorities of social insurance and housing provident funds or had

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consulted with them which had indicated that we would not be subject to penalties, fines and/or orders to enforce such outstanding payments for social insurance and housing provident fund contributions for relevant employees unless they receive verified complaint from relevant employees for any such insufficient contributions by us or they find us in material infringement of relevant laws based on inspection performed. In addition, we have implemented relevant internal controls to ensure that we make full contributions in relation to the social insurance and housing provident funds, including reviewing the calculation result of social insurance and housing provident funds for all eligible employees and actively communicate with local human resources, social security bureau and housing fund management centre on a regular basis, to ensure we acquire the most updated information about the relevant laws and regulations. Moreover, our ultimate controlling shareholder, Ms. Yang Huiyan, has undertaken to indemnify us upon the Listing against all of such obligations, losses and liabilities in the event that we are required to pay any of the abovementioned outstanding contributions, or any overdue charges or penalties imposed by the relevant regulators. In view of the above, our PRC Legal Advisers are of the view that our aforementioned failure to register for and/or make full contributions to the social insurance and housing provident funds for our employees does not constitute a material non-compliance with PRC laws and regulations to have a material adverse effect on our business operations and nor will such events constitute a material legal obstacle for the Spin-off and the Listing. For further details, see “Risk Factors — Risks relating to our Business and Industry — We may be subject to fines for our failure to register for and/or contribute to social insurance and housing provident funds on behalf of some of our employees”.

INTELLECTUAL PROPERTY RIGHTS

Our intellectual property is a key component to our strong brand recognition, and is an integral part of our business. As at the Latest Practicable Date, we had registered 29 trademarks, two patents and 35 software copyrights in the PRC. During the Track Record Period, we had been licenced by Shunbi Property to use several of its trademarks for our operation pursuant to a trademark licence agreement, under which we were entitled to use such trademarks on a royalty free basis for the valid period stipulated in the agreement. For further details, see “Connected Transactions — 1. Trademark Licencing Arrangement”.

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. For further details of our intellectual property rights, see “General Information — B. Further Information about the business of our company — 2. Intellectual Property Rights of our Group”.

AWARDS AND RECOGNITIONS

Over the years, we have received various awards from various entities in the PRC in recognition of, among other things, our overall strength and reputation, business scale, service quality and customer satisfaction in the PRC property management industry. The table below sets out our major industry and business awards and recognitions during the Track Record Period and up to the Latest Practicable Date:

Year	Honour / Award	Awarding Entity
2017, 2018	Top 100 Property Management Companies in China in terms of overall strength (中國物業服務百強企業) (Ranking Third)	China Index Academy (中國指數研究院)
2017, 2018	Top 100 Property Management Companies in China in terms of property management scale (中國物業服務百強企業服務規模) (Ranking Fourth)	China Index Academy (中國指數研究院)
2017, 2018	Leading Top 100 Property Management Companies in China in terms of Service Quality (中國物業服務百強服務質量領先企業)	China Index Academy (中國指數研究院)

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Year	Honour / Award	Awarding Entity
2017, 2018	Leading Top 100 Property Management Companies in China in terms of Satisfaction Rate (中國物業服務百強滿意度領先企業)	China Index Academy (中國指數研究院)
2016	Integrity Model Company for the years of 2014-2016 in the Guangdong property management industry (廣東省物業管理行業 2014 年-2016 年誠信標杆企業)	Guangdong Property Management Industry Association (廣東省物業管理行業協會)
2016	Leading Property Management Companies in China in terms of professional operation (中國物業服務專業化運營領先品牌企業)	China Index Academy (中國指數研究院)
2016	Top 100 Property Management Companies in China in terms of overall strength (中國物業服務百強企業) (Ranking fifth)	China Index Academy (中國指數研究院)
2016	Top 100 Property Management Companies in China in terms of property management scale (中國物業服務百強企業服務規模) (Ranking Fourth)	China Index Academy (中國指數研究院)
2016	Leading Top 100 Property Management Companies in China in terms of Satisfaction Rate (中國物業服務百強滿意度領先企業)	China Index Academy (中國指數研究院)
2015	Leading Top 100 Enterprises in terms of overall strength (綜合實力 TOP100 企業)	China Property Management Industry Association (中國物業管理行業協會)
2015	Top 100 Property Management Companies in China (中國物業服務百強企業)	China Index Academy (中國指數研究院)

INSURANCE

We maintain certain insurance coverage primarily including public liability insurance to cover liabilities for damages suffered by third parties arising out of our business operations, personal accident insurance for some of our employees and vehicle insurance. We require our sub-contractors to purchase accident insurance for their employees who provide services to our Group, and in accordance with our agreements with sub-contractors, the sub-contractors are responsible for all workplace injuries to their employees, except for the injuries directly attributable to us. We believe our insurance coverage is in line with industry practise for similar property management companies in the PRC. However, our insurance coverage may not adequately protect us against certain operating risks and other hazards, which may result in adverse effects on our business. For more details, see “Risk Factors — Risks relating to our Business and Industry — Our insurance may not sufficiently cover, or may not cover at all, losses and liabilities we may encounter”.

SOCIAL HEALTH, SAFETY AND ENVIRONMENTAL MATTERS

We are subject to PRC laws and regulations in relation to labour, safety and environment protection matters. In addition, we have established occupational safety and sanitation systems, implemented the ISO14001 and BS-OHSAS18001 standards certified by the British Standards Institution, and provided employees with workplace safety trainings on a regular basis to increase their awareness of work safety issues.

BUSINESS

As advised by our PRC Legal Advisers, during the Track Record Period and up to the Latest Practicable Date, we had complied with PRC laws in relation to workplace safety in all material respects and have not had any incidents which have materially and adversely affected our operations.

We consider the protection of the environment to be important and have implemented measures in the operation of our businesses to ensure our compliance with all applicable requirements. Given the nature of our operations, we do not believe we are subject to material environmental liability risk or compliance costs.

During the Track Record Period, administrative penalties amounted to approximately RMB210,000 were imposed on CG Property Services and one of our branch offices for discharge of domestic wastewater over the permitted amount with respect to residential community club houses and other properties managed by us. Save for disclosed above, during the Track Record Period and up to the Latest Practicable Date, no fines or penalties for non-compliance of PRC environmental laws had been imposed on us. Our PRC Legal Advisers are of the view that we are not subject to any material administrative penalties due to any violation of environmental laws in the PRC.

LICENCES, PERMITS AND CERTIFICATES

A number of our entities have made relevant registration with local PRC authorities for the real estate brokerage qualification to carry out our real estate brokerage services. In 2016, we also obtained concurrent-business insurance agency licence with respect to vehicle insurance, property insurance, short-term personal accident injury insurance agency services from Guangdong Supervision and Management Bureau of China Insurance Regulatory Commission.

Our PRC Legal Advisers have confirmed that, during the Track Record Period and up to the Latest Practicable Date, we had obtained all the material licences, approvals and permits from relevant PRC authorities for our operations as at 31 December 2017 in the PRC and all of them are valid and in force.

PROPERTIES

As at the Latest Practicable Date, we did not own any property.

As at 31 December 2017, we occupied property management offices for more than 400 residential communities with an aggregate GFA of approximately 241,000 sq.m. as at the Latest Practicable Date. According to PRC laws and regulations, property developers are required to plan and provide property management office space for property management companies to use for free. As at the Latest Practicable Date, we did not occupy management offices that are required to be provided by property developers for less than half of these residential communities. This was primarily because (i) the originally planned and provided property management office is too distant from the property we manage which caused inconvenience for us to provide services, and (ii) the property developer did not deploy a property management office for us to use. As advised by our PRC Legal Advisers, we are subject to the risk of relocation of the property management offices if demanded by the relevant property owner or the local authorities. Our Directors are of the view that the aforementioned matter will not have a material adverse effect on our business or financial condition taken as a whole because: (i) the likelihood of relocation is limited in practice and we had not been demanded by any such property owner or local authority to relocate from the relevant management offices during the Track Record Period and up to the Latest Practicable Date, and (ii) replacement premises are readily available in the vicinity. In any event, our ultimate controlling shareholder, Ms. Yang Huiyan, has undertaken to indemnify us upon the Listing against all of the financial losses in relation to the above in the event that we are required to relocate by the relevant property owners or local authorities relating to the aforementioned matter. Further, our PRC Legal Advisers have advised us that, although we are subject to the risk of relocation of our property management offices if demanded by the relevant property owner or the local authorities, such risk will not constitute a material non-compliance with PRC laws to have a material adverse effect on our business operations and nor will it constitute a material legal obstacle for the Spin-off and the Listing.

BUSINESS

As at 30 April 2018, we leased 207 properties with a total GFA of approximately 35,092 sq.m. primarily for staff dormitories, community service centres for real estate brokerage services and offices in the PRC. None of these properties is individually material to our operations.

As at 30 April 2018, the lessors of approximately 64 leased properties in the PRC with an aggregate GFA of approximately 20,137 sq.m. had not obtained or provided us with the relevant building title certificates. As advised by our PRC Legal Advisers, we are unable to ascertain whether the lessors have the legal right or requisite authority to lease such properties to us, whether such properties are subject to mortgages or third-party rights, or whether such leases are subject to challenge by third parties. Our Directors are of the views that, as the leased properties without building title certificates are mainly used for our community service centres for real estate brokerage services, offices and staff dormitories, and replacement premises are readily available, such defects will not have a material adverse effect on our business or financial condition taken as a whole.

As at 30 April 2018, we had not filed the lease agreements for 104 of our leased properties with the local housing administration authorities as required under PRC law, primarily due to non-cooperation of the relevant landlords and the lack of title certificates. Our PRC Legal Advisers have advised us that we might be ordered to rectify this non-filing by competent authorities and if we fail to rectify within a prescribed period, a penalty of RMB1,000 to RMB10,000 per agreement may be imposed on us as a result of such non-filing. The estimated total amount of penalty for our failure to file these lease agreements is approximately RMB104,000 to RMB1,040,000. As at the Latest Practicable Date, we had not received any notice from any regulatory authority with respect to potential administrative penalties or enforcement actions as a result of our failure to file the lease agreements described above. Our PRC Legal Advisers have also advised us that the failure to file the lease agreements would not affect the validity of the lease agreements nor would such non-filing have a material adverse effect on our business operations or constitute a material legal obstacle for the Spin-off and the Listing.

For further details, see “Risk Factors — Risks relating to our Business and Industry — We occupy certain management offices in the PRC which are not those that are required to be provided to us by property developers under PRC laws, some landlords may not have provided to us relevant title certificates with respect to some of our leased properties in the PRC and some of our lease agreements were not registered with the relevant government authorities”.

According to section 6(2) of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong), this listing document is exempted from compliance with the requirements of section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to paragraph 34(2) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance which requires a valuation report with respect to all of our Group’s interests in land or buildings, for the reason that, as at 31 December 2017, none of the properties interests has a carrying amount of 15% or more of our total assets. Pursuant to Chapter 5 of the Listing Rules, this listing document is not required to include valuations of our properties.

INTERNAL CONTROL AND RISK MANAGEMENT

In preparation for the Listing, we had engaged in January 2018 an independent internal control adviser to perform an internal control long form report review (the “**IC Review**”) of our internal control system based on agreed scope. During the course of the IC Review, the internal control adviser identified a number of findings in relation to our internal control policies and procedures, pursuant to which we have taken the internal control enhancement measures recommended by the internal control adviser. The internal control adviser performed a follow-up review on the enhancement measures taken by us in response to the findings and enhancement recommendations from the internal control adviser. After considering the implementation of the enhancement measures and the result of such follow-up review, our Directors are satisfied that our internal control system is adequate and effective for our current operational environment.

BUSINESS

We have implemented various risk management policies and measures to identify, assess and manage risks arising from our operations. Details on risk categories identified by our management, internal and external reporting mechanism, remedial measures and contingency management have been codified in our policies. For details of the major risks identified by our management, see “Risk Factors — Risks Relating to Our Business and Industry”. In addition, we face various financial risks, including credit and liquidity risks that arise during our ordinary course of business. See “Financial Information — Quantitative and Qualitative Disclosures about Market Risk” for a discussion of these financial risks.

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

- the establishment of an audit committee responsible for overseeing our financial records, internal control procedures and risk management systems. See “Directors and Senior Management — Board Committees — Audit Committee” for the qualifications and experience of these committee members as well as a detailed description of the responsibility of our audit committee;
- the appointment of Mr. Huang Peng as our chief financial officer and joint company secretary and Mr. Leung Chong Shun as our other joint company secretary to ensure the compliance of our operation with relevant laws and regulations. For their biographical details, see “Directors and Senior Management”;
- the appointment of Somerley Capital Limited as our compliance advisor upon the Listing to advise us on compliance with the Listing Rules; and
- the engagement of external legal advisers to advise us on compliance with the Listing Rules and to ensure our compliance with relevant regulatory requirements and applicable laws, where necessary.

LEGAL PROCEEDINGS AND COMPLIANCE

As advised by our PRC Legal Advisers, during the Track Record Period and up to the Latest Practicable Date, we had obtained all material approvals, permits, licences and certificates for our operations as at 31 December 2017 from the relevant government authorities, all of which are valid and current, and we had been in compliance in all material respects with the applicable PRC laws and regulations.

As advised by our PRC Legal Advisers, we had not been subject to significant fines or legal action involving non-compliance with any PRC laws or regulations relating to our business during the Track Record Period and up to the Latest Practicable Date.

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

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You should read the following discussion of our financial condition and results of operations in conjunction with our combined financial statements and related notes set out in the Accountant's Report included in Appendix I to this listing document. The Accountant's Report contains our audited combined financial statements as at and for the years ended 31 December 2015, 2016 and 2017. Our combined financial statements have been prepared in accordance with HKFRS, which may differ in material respects from generally accepted accounting principles in other jurisdictions. This discussion contains forward-looking statements that involve risks and uncertainties. Our future results could differ materially from those anticipated in these forward-looking statements as a result of various factors, including those described in the section headed "Risk Factors" and elsewhere in this listing document.

OVERVIEW

We are a leading residential property management service provider in China, ranking third by China Index Academy in 2018 among the Top 100 Property Management Companies in China in terms of overall strength. We have a large property management portfolio covering more than 240 cities across 28 provinces, municipalities and autonomous regions in China, with a total contracted GFA reaching approximately 329.5 million sq.m. as at 31 December 2017. We managed 440 properties in China and provided property management services to approximately one million property units with an aggregate revenue-bearing GFA of approximately 122.8 million sq.m. as at 31 December 2017. Our "Country Garden property management" brand was valued at RMB3.85 billion as at 31 December 2016, according to China Index Academy.

In addition to property management services, we also provided a variety of community value-added services during the Track Record Period to property owners and residents of the properties under our management. We also provided during the Track Record Period value-added services to non-property owners such as consultancy services to property developers and other property management companies.

BASIS OF PRESENTATION

Our Company was incorporated in the Cayman Islands on 24 January 2018. We underwent a reorganisation in anticipation of the Spin-off, pursuant to which our Company became the holding company of the companies now comprising our Group. Immediately prior to and after the Reorganisation, our business is held by United Gain and is mainly conducted through its subsidiary, CG Property Services. Pursuant to the Reorganisation, our business was transferred to and held by the Company. The Company had not been involved in any other business prior to the Reorganisation and does not meet the definition of a business. The Reorganisation is merely a reorganisation of our business with no change in the management of such business and the ultimate Controlling Shareholder of our business remains the same. Accordingly, the Group resulting from the Reorganisation is regarded as a continuation of our business conducted under United Gain and the combined financial information of our Group has been prepared and presented using the carrying amounts of the assets and liabilities of the consolidated financial statements of United Gain for all periods presented.

FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our financial condition and results of operations are affected by a number of factors, including those factors set out in the section headed "Risk Factors" in this listing document and those set out below:

Our Revenue-Bearing GFA

Our financial position and results of operations are affected by the amount of revenue-bearing GFA. During the Track Record Period, we generated a majority of our revenue from our property management services, which amounted to RMB1,433.5 million, RMB1,956.7 million and RMB2,544.7 million, accounting for 85.7%, 83.0% and 81.5% of our total revenue for the years ended 31 December 2015, 2016 and 2017,

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respectively. Accordingly, our revenue growth depends on our ability to maintain and grow our revenue-bearing GFA, which in turn is affected by our ability to renew existing service contracts and secure new service contracts. During the Track Record Period, we experienced a continual growth in our revenue-bearing GFA, which was 69.8 million sq.m., 91.1 million sq.m. and 122.8 million sq.m., respectively, as at 31 December 2015, 2016 and 2017. Of our total revenue-bearing GFA, properties developed by the CGH Group accounted for 96.9%, 95.9% and 89.1% as at 31 December 2015, 2016 and 2017, respectively. We have been spending efforts to expand our provision of property management services to properties developed by independent third-party property developers, in order to gain additional revenue sources and diversify our property management portfolio. We have been experiencing a steady growth in our revenue-bearing GFA from properties developed by independent third-party property developers during the Track Record Period, which accounted for 3.1%, 4.1% and 10.9% of our total revenue-bearing GFA as at 31 December 2015, 2016 and 2017, respectively. Our ability to manage an increasing number of properties developed by independent third-party property developers will complement our services provided to properties developed by the CGH Group and drive the continuing growth of our revenue and profits.

Business Mix

Our business and results of operations are affected by our business mix. Our profit margins vary across different business lines, namely property management services, community value-added services, value-added services to non-property owner and other services. Any change in the structure of revenue contribution from our four business lines or change in profit margin of any business lines may have a corresponding impact on our overall profit margin. The following table sets out the revenue contribution and gross profit margin by each business line during the Track Record Period.

	Year ended 31 December								
	2015			2016			2017		
	Revenue	% of total revenue	Gross profit margin	Revenue	% of total revenue	Gross profit margin	Revenue	% of total revenue	Gross profit margin
	<i>RMB'000</i>	%	%	<i>RMB'000</i>	%	%	<i>RMB'000</i>	%	%
Property management services	1,433,525	85.7	27.3	1,956,706	83.0	30.3	2,544,665	81.5	29.4
Community value-added services	122,322	7.3	55.1	194,312	8.2	55.8	241,818	7.7	57.7
Value-added services to non-property owners	109,517	6.5	42.6	199,708	8.5	45.9	328,016	10.5	43.2
Other services ⁽¹⁾	7,100	0.5	74.1	7,723	0.3	86.0	7,353	0.3	84.4
Total revenue	<u>1,672,464</u>	<u>100.0</u>	<u>30.6</u>	<u>2,358,449</u>	<u>100.0</u>	<u>33.9</u>	<u>3,121,852</u>	<u>100.0</u>	<u>33.2</u>

Note:

- (1) Other services mainly include auxiliary services such as the provision of property access IC cards to the property owners and residents of our managed properties.

In general, gross profit margins for our community value-added services, value-added services to non-property owners and other services are significantly higher than the gross profit margin for our property management services which are more labour-intensive than the other three business lines. While the majority of our revenue was and will likely continue to be derived from our property management services during the Track Record Period, we strive to maintain or improve our overall gross profit margin in the long term as (i) we continue to expand our community value-added services and value-added services to non-property owners and (ii) we seek to decrease our cost of services through our efforts in standardisation, automation and smart management and upgrade of our IT systems to reduce labour costs. For more details regarding the fluctuation in our gross margins during the Track Record Period, please see “— Description of selected combined statement of profit or loss line items — Gross Profit and Gross Profit Margin”.

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Branding Positioning and Pricing of Services

Our financial condition and results of operations are affected by our ability to maintain or increase the fee rates we charge for our services, which is, in part, affected by our brand recognition and industry leadership position. We have leveraged on our brand for market recognition during the Track Record Period. According to China Index Academy, we are a leading property management service provider in the PRC. We primarily focus on the provision of property management services for residential communities and we generally price our services by taking into account a number of factors, including (i) the types and locations of the properties; (ii) the scope and quality of the services proposed; (iii) our budgeted expenses; (iv) our targeted profit margins; (v) profiles of property owners and residents; (vi) local government's guidance price on property management fees (where applicable); and (vii) the pricing of comparable properties. The balance between pricing our services sufficiently and competitively while ensuring our service quality and an attractive profit margin is key to our financial conditions and results of operations.

For illustration purposes only, we set out below a sensitivity analysis of our profit for the year with reference to the fluctuation of average property management fees during the Track Record Period. The following table demonstrates the impact of the hypothetical decrease in average property management fees on our profit, while all other factors remain unchanged:

	Year ended 31 December		
	2015	2016	2017
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Total profit for the year	220,453	352,528	440,463
Assuming 5% decrease in our average property management fees			
Impact on revenue from our property management business	(71,676)	(97,835)	(127,233)
Impact on profit for the year	(53,757)	(73,376)	(95,425)
Assuming 10% decrease in our average property management fees			
Impact on revenue from our property management business	(143,353)	(195,671)	(254,467)
Impact on profit for the year	(107,514)	(146,753)	(190,850)

We strive to maintain or raise our property management fee rates when renewing the expiring property management agreements to maintain or improve our profit margin in response to the enhancements to the standard or scope of our property management services and increases in our costs. Our ability to raise our fee rates will be impacted by our ability to uphold and enhance our brand recognition.

Ability to Manage Staff Costs

Our results of operations are affected by our ability to manage our staff costs. During the Track Record Period, staff costs are the largest component of our cost of services and amounted to RMB719.5 million, RMB1,007.2 million and RMB1,382.9 million, respectively, representing 62.0%, 64.6% and 66.3% of our cost of services for the years ended 31 December 2015, 2016, and 2017, respectively. Staff costs included under cost of services consist primarily of salaries and other benefits for our employees who provide property management services, community value-added services and value-added services to non-property owners. Staff salaries and benefits are also the largest component of our administrative expenses during the Track Record Period, which amounted to RMB184.3 million, RMB268.2 million and RMB369.5 million, respectively, representing 81.5%, 80.6% and 80.4% of our administrative expenses for the years ended 31 December 2015, 2016, and 2017, respectively. Staff salaries and benefits included under administrative expenses consist primarily of salaries and other benefits for our management, human resources and administrative, finance and quality control staff. The general increase in staff costs was mainly attributable to our expansion of business and increases in minimum wages and the market price for labour.

We have also outsourced certain property management services such as cleaning and greening and gardening services to independent service providers. For the years ended 31 December 2015, 2016 and 2017, our

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sub-contracting costs amounted to RMB128.2 million, RMB240.9 million and RMB342.6 million, accounting for 11.0%, 15.5% and 16.4% of our total cost of services, respectively. The increases in sub-contracting costs during the Track Record Period were mainly attributable to the increase in our revenue-bearing GFA. To cope with the rising labour cost, we have implemented a number of cost-saving measures, including standardisation of procedures, automation and smart management to reduce our reliance on manual labour and manage our staff costs while ensuring consistent service quality. For more details about our cost-saving measures, please see “Business — Property Management Services — Standardisation, Automation, Smart Management and Upgrades of IT systems”.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

We have identified certain accounting policies that are significant to the preparation of our combined financial statements. Some of our accounting policies involve subjective assumptions and estimates, as well as complex judgements relating to accounting items. In each case, the determination of these items requires management to make subjective and complex judgements based on information and financial data that may change in future periods. When reviewing our combined financial statements, you should consider (i) our significant accounting policies, (ii) the judgements and other uncertainties affecting the application of such policies, and (iii) the sensitivity of reported results to changes in conditions and assumptions. We set out below those accounting policies that we believe are of critical importance to us or involve the most significant estimates and judgements used in the preparation of our financial statements. Our significant accounting policies, judgements and estimates, which are important for an understanding of our financial condition and results of operations, are set out in further details in Notes 2 and 4 to our combined financial statements in the Accountant’s Report in Appendix I to this listing document.

Revenue Recognition

Revenue from property management services (including property management services under commission basis or lump sum basis), community value-added services, value-added services to non-property owners and other services is recognised when the services are rendered.

For property management services, we bill a fixed amount for services provided on a monthly basis and recognise as revenue in the amount to which we have a right to invoice, and that corresponds directly with the value of performance completed. For property management services income from properties managed on a lump sum basis, we recognise the fee received or receivable from property owners as revenue.

For value-added services to non-property owners, we agree to the price for each service with the customers upfront and issue the monthly bill to the customers which varies based on the actual level of service completed in that month.

For community value-added services, revenue is recognised when the related community value-added services are rendered.

Trade and other receivables

Trade receivables are amounts due from customers for services provided in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle if longer), they are classified as current assets. If not, they are presented as non-current assets. Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment.

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Allowance on doubtful receivables

The Group assesses on a forward looking basis the expected credit losses associated with receivables. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Details of the impairment methodology are set out in Note 3.1.1 of the Accountant's Report in Appendix I to this listing document.

Current and deferred income tax

We are subject to income taxes in the PRC. The tax expense for the period comprised current and deferred tax.

The current income tax charge is calculated on the basis of the tax laws enacted or substantially enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the combined financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets and liabilities are determined using tax rates that are expected to apply when the related deferred income tax assets are realised or the deferred income tax liabilities are settled. The expected applicable tax rate is determined based on the enacted tax laws and regulations and the actual situation of our Group. The management of the Group will revise the expectation where the intending tax rate is different from the original expectation.

Judgement is required in determining the provision for income taxes. There are some transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. We recognise liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and provisions in the period in which such determination is made.

Early Application of HKFRS 9 and HKFRS 15

HKFRS 9, 'Financial instruments' and HKFRS 15, 'Revenue from contracts with customers' are effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted. The Group has elected to apply early HKFRS 9 and HKFRS 15 which have been applied consistently in the Track Record Period.

We have assessed the effects of early adoption of HKFRS 9 and HKFRS 15 on our financial statements and identified the following areas that have been affected:

- Classification of financial assets in the balance sheet. HKFRS 9 addresses the classification of financial assets. Equity interest in an unlisted company of RMB174,000 was classified as 'Financial

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assets at fair value through other comprehensive income' as at 31 December 2017, while it should have been classified as 'Available-for-sale assets' should HKAS 39 have been applied throughout the Track Record Period.

- Adoption of new impairment model. HKFRS 9 requires the recognition of impairment provisions of financial assets measured at amortised cost based on expected credit losses. The Group assessed that the adoption of the new impairment methodology would not result in significant difference on bad debt provision.
- Presentation of contract liabilities in the balance sheet. HKFRS 15 requires separate presentation of contract liabilities in the balance sheet. This has resulted in some reclassification in relation to our unsatisfied performance obligations. As of 31 December 2015, 2016 and 2017, contract liabilities of RMB202,047,000, RMB396,759,000 and RMB556,880,000, respectively, should have been presented as 'Advances from customers' should HKAS 18 be applied throughout the Track Record Period.

Based on our above assessment, we consider that the early adoption of HKFRS 9 and HKFRS 15 did not have significant impact on our financial position and performance during the Track Record Period.

DESCRIPTION OF SELECTED COMBINED STATEMENT OF PROFIT OR LOSS LINE ITEMS

Revenue

During the Track Record Period, we derived our revenue from the following four business lines:

- (i) Property management services, which primarily included property management fees for providing security, cleaning, greening, gardening and repair and maintenance services and contributed 85.7%, 83.0% and 81.5%, respectively, of our total revenue for the years ended 31 December 2015, 2016 and 2017;
- (ii) Community value-added services, which included home living services, real estate brokerage services and common area value-added services and contributed 7.3%, 8.2% and 7.7%, respectively, of our total revenue for the years ended 31 December 2015, 2016 and 2017;
- (iii) Value-added services to non-property owners, which primarily included consultancy services and pre-delivery cleaning services and contributed 6.5%, 8.5% and 10.5%, respectively, of our total revenue for the years ended 31 December 2015, 2016 and 2017; and
- (iv) Other services, which primarily included provision of property access IC cards to property owners and residents of our managed properties and contributed 0.5%, 0.3% and 0.3%, respectively, of our total revenue for the years ended 31 December 2015, 2016 and 2017.

The following table sets out a breakdown of our total revenue by business line for the years indicated.

	Year ended 31 December					
	2015		2016		2017	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%
Property management services	1,433,525	85.7	1,956,706	83.0	2,544,665	81.5
Community value-added services	122,322	7.3	194,312	8.2	241,818	7.7
Value-added services to non-property owners	109,517	6.5	199,708	8.5	328,016	10.5
Other services	7,100	0.5	7,723	0.3	7,353	0.3
Total revenue	<u>1,672,464</u>	<u>100.0</u>	<u>2,358,449</u>	<u>100.0</u>	<u>3,121,852</u>	<u>100.0</u>

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Revenue from property management services

Revenue from property management services generally increased during the Track Record Period, primarily driven by the increase in the total revenue-bearing GFA as a result of our business expansion. Our total revenue-bearing GFA as at 31 December 2015, 2016 and 2017 was approximately 69.8 million sq.m., 91.1 million sq.m. and 122.8 million sq.m., respectively. During the Track Record Period, we charged property management fees primarily on a lump sum basis, with a limited amount of our revenue from property management services generated on a commission basis. The following table sets out our revenue from property management services and revenue-bearing GFA by fee model for the years indicated.

	Year ended/ As at 31 December											
	2015				2016				2017			
	Revenue		Revenue-bearing GFA		Revenue		Revenue-bearing GFA		Revenue		Revenue-bearing GFA	
	(RMB'000)	(%)	('000 sq.m.)	(%)	(RMB'000)	(%)	('000 sq.m.)	(%)	(RMB'000)	(%)	('000 sq.m.)	(%)
Lump sum basis	1,433,525	100.0	69,799	100.0	1,956,220	99.98	91,027	99.96	2,544,159	99.98	122,373	99.69
Commission basis	—	—	—	—	486	0.02	37	0.04	506	0.02	385	0.31
Total	1,433,525	100.0	69,799	100.0	1,956,706	100.0	91,064	100.0	2,544,665	100.0	122,758	100.0

During the Track Record Period, a majority of our revenue from property management services was derived from residential communities, which accounted for 99.98%, 99.6% and 98.7%, respectively, of our revenue from property management services as at 31 December 2015, 2016 and 2017. The general decrease in percentage of revenue from residential communities' property management services to the total revenue from our property management services during the Track Record Period primarily reflected our continuous efforts to diversify the types of properties we managed and expand our management portfolio to cover non-residential properties such as commercial properties, office buildings, multi-purpose complexes, government and other public facilities, industrial park, highway service stations, parks and schools. The following table sets out a breakdown of our revenue from property management services and revenue-bearing GFA by property type for the years or as at the dates indicated.

	Year ended/ As at 31 December											
	2015				2016				2017			
	Revenue		Revenue-bearing GFA		Revenue		Revenue-bearing GFA		Revenue		Revenue-bearing GFA	
	(RMB'000)	(%)	('000 sq.m.)	(%)	(RMB'000)	(%)	('000 sq.m.)	(%)	(RMB'000)	(%)	('000 sq.m.)	(%)
Residential communities	1,433,211	99.98	69,737	99.9	1,949,015	99.6	90,912	99.8	2,512,568	98.7	117,098	95.4
Non-residential properties	314	0.02	62	0.1	7,691	0.4	152	0.2	32,097	1.3	5,660	4.6
Total	1,433,525	100.0	69,799	100.0	1,956,706	100.0	91,064	100.0	2,544,665	100.0	122,758	100.0

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To facilitate management of our property management network, we divide our geographic coverage into six major regions in China, namely Southern China, Eastern China, Central China, Northeastern China, Northern China and other regions. The following table sets out a breakdown of our revenue from property management services and revenue-bearing GFA by geographic region for the years or as at the dates indicated.

	Year ended/ As at 31 December											
	2015				2016				2017			
	Revenue		Revenue-bearing GFA		Revenue		Revenue-bearing GFA		Revenue		Revenue-bearing GFA	
	(RMB'000)	(%)	('000 sq.m.)	(%)	(RMB'000)	(%)	('000 sq.m.)	(%)	(RMB'000)	(%)	('000 sq.m.)	(%)
Southern China ⁽¹⁾	970,429	67.7	41,190	59.0	1,148,822	58.7	48,045	52.8	1,373,791	54.0	57,721	47.0
Eastern China ⁽²⁾	193,480	13.5	12,729	11.4	354,282	18.1	20,520	22.5	485,224	19.1	28,702	23.4
Central China ⁽³⁾	145,344	10.1	7,961	18.2	210,817	10.8	10,434	11.5	284,866	11.2	13,927	11.4
Northeastern China ⁽⁴⁾ ...	69,833	4.9	4,296	6.2	118,988	6.1	5,531	6.1	145,533	5.7	6,157	5.0
Northern China ⁽⁵⁾	32,060	2.2	1,894	2.7	54,424	2.8	2,841	3.1	102,428	4.0	6,019	4.9
Other Regions ⁽⁶⁾	22,379	1.6	1,729	2.5	69,373	3.5	3,693	4.0	152,823	6.0	10,232	8.3
Total	1,433,525	100.0	69,799	100.0	1,956,706	100.0	91,064	100.0	2,544,665	100.0	122,758	100.0

Notes:

- (1) "Southern China" refers to Guangdong province, Fujian province, Hainan province and Guangxi autonomous region.
- (2) "Eastern China" refers to Jiangsu province, Shanghai, Zhejiang province, Shandong province, Anhui province and Jiangxi province.
- (3) "Central China" refers to Hubei province, Hunan province and Henan province.
- (4) "Northeastern China" refers to Liaoning province, Heilongjiang province and Jilin province.
- (5) "Northern China" refers to Beijing, Tianjin, Hebei province, Shanxi province, Shaanxi province and Inner Mongolia autonomous region.
- (6) "Other Regions" refers to all other provinces, municipalities and autonomous regions in China covered by our revenue-bearing GFA.

Revenue from community value-added services

We provide community value-added services to property owners and residents of our managed properties to address their life-style and daily needs which mainly include: (i) home living services, such as purchase assistance, housekeeping, greening, gardening, turnkey furnishing and move-in and other bespoke services, (ii) real estate brokerage services, and (iii) common area value-added services, such as common area rental assistance. The following table sets out a breakdown of our revenue from community value-added services by services type for the years indicated.

	Year ended 31 December					
	2015		2016		2017	
	RMB'000	%	RMB'000	%	RMB'000	%
Home living services	76,560	62.6	104,084	53.6	124,540	51.5
Real estate brokerage services	29,493	24.1	69,273	35.7	82,832	34.3
Common area value-added services	16,269	13.3	20,955	10.7	34,446	14.2
Total	122,322	100.0	194,312	100.0	241,818	100.0

Revenue from value-added services to non-property owners

We provide value-added services to non-property owners (mainly property developers), primarily consisting of (i) consultancy services including consultancy services to property developers of which trainings and advices will be provided by our on-site consultants to property developers' display units and property sales

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venues and property management consultancy services to other property management companies; and (ii) pre-delivery cleaning and other services which include cleaning, greening, repair and maintenance services by our staff or sub-contractors to property units to be delivered. The following table sets out a breakdown of our revenue from value-added services to non-property owners for the years indicated.

	Year ended 31 December					
	2015		2016		2017	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%
Consultancy services	94,701	86.5	134,080	67.1	233,649	71.2
Pre-delivery cleaning and other services	14,816	13.5	65,628	32.9	94,367	28.8
Total	<u>109,517</u>	<u>100.0</u>	<u>199,708</u>	<u>100.0</u>	<u>328,016</u>	<u>100.0</u>

Cost of Services

Our cost of services represents costs and expenses directly attributable to the provision of our services and comprises (i) staff cost, (ii) cleaning cost, (iii) maintenance cost, (iv) utilities, (v) greening and gardening cost, (vi) transportation cost, (vii) office and communication cost, (viii) taxes and surcharges, (ix) employee uniform cost, (x) depreciation and amortisation charges, (xi) community activities cost, (xii) travelling and entertainment cost and (xiii) others. The following table sets out the breakdown of cost of services in terms of absolute amount and as a percentage of total cost of services for the years indicated.

	Year ended 31 December					
	2015		2016		2017	
	<i>RMB'000</i>	<i>% of total cost of services</i>	<i>RMB'000</i>	<i>% of total cost of services</i>	<i>RMB'000</i>	<i>% of total cost of services</i>
Staff cost	719,474	62.0	1,007,159	64.6	1,382,855	66.3
Cleaning cost ⁽¹⁾	78,638	6.8	173,339	11.1	266,476	12.8
Maintenance cost ⁽¹⁾	76,200	6.6	91,043	5.8	132,921	6.4
Utilities	79,284	6.8	108,640	7.0	111,539	5.3
Greening and gardening cost ⁽¹⁾	12,852	1.1	22,927	1.5	49,627	2.4
Transportation cost ⁽¹⁾	39,137	3.4	36,240	2.3	37,185	1.8
Office and communication cost	22,777	2.0	21,047	1.4	27,899	1.3
Taxes and surcharges ⁽²⁾	94,441	8.1	63,173	4.1	19,801	0.9
Employee uniform cost	5,711	0.5	7,945	0.5	16,498	0.8
Depreciation and amortisation charges	10,037	0.9	10,129	0.7	14,694	0.7
Community activities cost	7,126	0.6	7,815	0.5	9,302	0.4
Travelling and entertainment cost	2,326	0.2	1,734	0.1	6,146	0.3
Others	13,224	1.0	7,044	0.4	11,323	0.6
Total cost of services	<u>1,161,227</u>	<u>100.0</u>	<u>1,558,235</u>	<u>100.0</u>	<u>2,086,266</u>	<u>100.0</u>

Note:

- (1) Our cost of cleaning, maintenance, greening and gardening and transportation included sub-contracting cost. For the years ended 31 December 2015, 2016 and 2017, our total sub-contracting cost amounted to RMB128.2 million, RMB240.9 million and RMB342.6 million, respectively, representing 11.0%, 15.5% and 16.4% of our cost of services, respectively.
- (2) Our taxes and surcharges under cost of services decreased significantly during the Track Record Period primarily because the service sectors in the PRC underwent a tax reform in mid-2016 pursuant to which our business taxes included in cost of services were replaced by value added taxes which were not included in our cost of services. For more information, see “Regulatory Overview — 4. Laws and Regulations relating to Taxes — (iii) Value-added Tax” and “Taxation — A. Overview of Tax Implications in the PRC — 2. Value-added Tax”.

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The following table sets out a breakdown of our cost of services by business line for the years indicated.

	Year ended 31 December					
	2015		2016		2017	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%
Property management services	1,041,560	89.7	1,363,047	87.5	1,796,762	86.1
Community value-added services	54,947	4.7	85,979	5.5	102,197	4.9
Value-added services to non-property owners	62,878	5.4	108,124	6.9	186,161	8.9
Other services	1,842	0.2	1,085	0.1	1,146	0.1
Total cost of services	<u>1,161,227</u>	<u>100.0</u>	<u>1,558,235</u>	<u>100.0</u>	<u>2,086,266</u>	<u>100.0</u>

Gross Profit and Gross Profit Margin

Our overall gross profit margins are affected by our business mix, the average property management fee we charge for our property management services, our revenue-bearing GFA and cost of services. The following table sets out our gross profit and gross profit margin by business line for the years indicated.

	Year ended 31 December					
	2015		2016		2017	
	Gross profit <i>RMB'000</i>	Gross profit margin %	Gross profit <i>RMB'000</i>	Gross profit margin %	Gross profit <i>RMB'000</i>	Gross profit margin %
Property management services	391,965	27.3	593,659	30.3	747,903	29.4
Community value-added services	67,375	55.1	108,333	55.8	139,621	57.7
Value-added services to non-property owners	46,639	42.6	91,584	45.9	141,855	43.2
Other services	5,258	74.1	6,638	86.0	6,207	84.4
Total	<u>511,237</u>	<u>30.6</u>	<u>800,214</u>	<u>33.9</u>	<u>1,035,586</u>	<u>33.2</u>

Selling and Marketing Expenses

Selling and marketing expenses include mainly (i) salaries and benefits of our selling and marketing staff for our market development, (ii) promotion and marketing expenses, (iii) travelling and entertainment expenses incurred by our selling and marketing staff, (iv) transportation expenses related to our selling and marketing activities, (v) office and communication expenses for our selling and marketing team and (vi) others. We did not separately record any selling and marketing expenses for the years ended 31 December 2015 and 2016 since we did not have a selling and marketing team and such expenses were included in the general and administrative expenses. We have undergone an organisational restructure in 2017 and set up our selling and marketing team. The following table sets out the breakdown of selling and marketing expenses for the years indicated:

	Year ended 31 December		
	2015	2016	2017
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Staff salaries and benefits	—	—	7,213
Promotion and marketing expenses	—	—	1,098
Travelling and entertainment expenses	—	—	481
Transportation expenses	—	—	255
Office and communication expenses	—	—	38
Others	—	—	266
	<u>—</u>	<u>—</u>	<u>9,351</u>

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General and Administrative Expenses

General and administrative expenses include (i) salaries and benefits of our staff such as management, human resources and administrative, quality control and finance staff, (ii) travelling and entertainment expenses, (iii) transportation expenses, (iv) professional fees including professional service fees and auditor's remuneration, (v) office and communication expenses, (vi) bank charges, (vii) utilities, (viii) depreciation and amortisation charges, (ix) provision for impairment of receivables and (x) other miscellaneous administrative expenses. The following table sets out the breakdown of general and administrative expenses for the years indicated:

	Year ended 31 December		
	2015	2016	2017
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Staff salaries and benefits	184,276	268,161	369,488
Travelling and entertainment expenses	8,051	12,470	23,583
Transportation expenses	4,999	6,460	10,979
Professional fees	3,083	12,552	10,768
Office and communication expenses	6,834	7,033	10,633
Bank charges	6,764	7,318	10,270
Utilities	2,537	5,992	9,297
Depreciation and amortisation charges.....	3,445	4,071	4,362
Provision for impairment of receivables.....	4,062	5,026	4,171
Others	2,019	3,788	5,892
	<u>226,070</u>	<u>332,871</u>	<u>459,443</u>

Our administrative expenses accounted for 13.5%, 14.1% and 14.7% of our total revenue for the years ended 31 December 2015, 2016 and 2017, respectively. We incurred increasing administrative expenses during the Track Record Period, especially in staff salaries and benefits, which was primarily due to the addition of quality control, finance and administrative personnel for our growth in business scale and a general increase in the salary of the staff. For the year ended 31 December 2016, we have incurred more staff salaries and benefits due to a share-based compensation expenses amounted to RMB38.2 million. Such share-based compensation expenses were due to the difference between the fair value of the shares issued and consideration received by CG Property Services in relation to the capital injection from Tibet Shunqi, a company set up by certain directors, supervisors and senior management of CG Property Services.

Other Income

Other income includes mainly (i) late fee income from outstanding property management fees and (ii) government grants, which consist mainly of financial support granted by the local governments for share transformation, promotion of employment and tax return. The following table sets out the breakdown of other income for the years indicated:

	Year ended 31 December		
	2015	2016	2017
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Late fee income	6,219	6,949	8,189
Government grants	1,786	1,059	4,878
	<u>8,005</u>	<u>8,008</u>	<u>13,067</u>

Net Other Gains

Other gains primarily include non-recurring items such as fair value gains of financial assets at fair value through profit or loss and losses or gains on disposal of property, plant and equipment. During the Track Record

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Period, we recorded net other gains of RMB0.1 million, RMB2.0 million and RMB1.3 million for the years ended 31 December 2015, 2016 and 2017, respectively.

Fair value gains of financial assets at fair value through profit or loss represented our investment gains from certain principal protected wealth management products purchased from a commercial bank in the PRC during the Track Record Period. Such wealth management products were described as having low risks in the product description manuals published by the issuing bank. After the Listing, we will consider to invest in such wealth management products when we have surplus cash that is not required for any of our working capital purposes so as to gain reasonably higher investment returns on our excess cash than regular bank deposits. We will adhere to our investment and treasury policies and take a prudent approach in selecting such investment products issued by reputable PRC banks with low-risk and principal-protected features and annualised interest rate above the bank deposit interest rate. We will take internal control measures to review and monitor such investment decisions in terms of investment limit, risk assessment and management, as well as internal procedures for maintaining and monitoring relevant accounting record.

Net Finance Income

Finance income mainly represented the interest income derived from bank deposits, of which some were under deposit arrangement with commercial banks. Such income is partially offset by finance cost. During the Track Record Period, finance costs represented interest expenses in relation to the short-term bank loan carried over from the acquisition of CG Jinyang Property Services (“Jinyang”) which amounted to RMB2.9 million and had been fully repaid as at 31 December 2017.

Share of Results of Joint Ventures

Share of results of joint ventures represents the profits or loss from our investment in three joint ventures during the Track Record Period, namely, (i) Huahui Jinfu, a company engaged in community financial services, (ii) Hubei Qingneng, a company engaged in property management, and (iii) Chongqing Rongbi, a company engaged in property management. We held a 30% equity interest in Huahui Jinfu as at 31 December 2016 and 2017, respectively. We held a 50% equity interest in Hubei Qingneng as at 31 December 2016 and 2017, respectively. We held a 50% equity interest in Chongqing Rongbi as at 31 December 2017. These joint ventures are not significant to us in terms of profit contribution and we have no significant contingent liabilities or commitments relating to our interest in these joint ventures as at 31 December 2016 and 2017.

Share of Results of Associates

Share of results of associates represents the loss from our investment in two associates during the Track Record Period, namely, (i) Shenzhen Wangshenghuo, a company engaged in providing lifestyle community online-to-offline service platform to the homeowners of the properties managed by our Group, and (ii) Guangdong Fenghuang Youxuan, a company engaged in the business of operating convenience stores at the properties managed by our Group. We held a 25% equity interest in Shenzhen Wangshenghuo as at 31 December 2015, 2016 and 2017. We have disposed of a 15.1% equity interest in Shenzhen Wangshenghuo in March 2018 and held 9.9% equity interest in it as at the Latest Practicable Date. We held a 30% equity interest in Guangdong Fenghuang Youxuan as at 31 December 2017 and disposed of a 30% equity interest in it in March 2018. We did not hold any equity interest in Guangdong Fenghuang Youxuan as at the Latest Practicable Date. For details of the disposal, please see “History, reorganisation and corporate structure — Reorganisation”.

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Income Tax Expense

Income tax expense consists of current and deferred income taxes payable in the PRC by our Company and our subsidiaries. The following table sets out the breakdown of income tax expense for the years indicated:

	Year ended 31 December		
	2015	2016	2017
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Current income tax — PRC	75,476	133,357	154,147
Deferred income tax			
— Corporate income tax	(1,016)	447	1,987
— Withholding income tax on profits to be distributed in future	—	—	11,600
	<u>74,460</u>	<u>133,804</u>	<u>167,734</u>

According to the applicable PRC tax regulations, the general corporate income tax rate in PRC is 25%. Certain subsidiaries of our Group in the PRC are located in western cities and are subject to a preferential income tax rate of 15% in certain years. For the years ended 31 December 2015, 2016 and 2017, our effective income tax rates were 25.2%, 27.5% and 27.6%, respectively, which were slightly higher than the general corporate income tax rate of 25%, primarily due to certain expenses that were not tax deductible such as share-based compensation expenses and entertainment expenses, and the accrual of withholding income tax on profits to be distributed in future. In May 2018, our PRC subsidiary CG Property Services received the certificate of “High and New Technology Enterprise” under which CG Property Services is entitled to a preferential PRC income tax rate of 15% for each of 2017, 2018 and 2019 and such accreditation can be applied for renewal every three years.

RESULTS OF OPERATIONS

The following table sets out our selected combined statements of comprehensive income for the years indicated:

	Year ended 31 December					
	2015		2016		2017	
	<i>RMB'000</i>	<i>% of total revenue</i>	<i>RMB'000</i>	<i>% of total revenue</i>	<i>RMB'000</i>	<i>% of total revenue</i>
Revenue	1,672,464	100.0	2,358,449	100.0	3,121,852	100.0
Cost of services	(1,161,227)	(69.4)	(1,558,235)	(66.1)	(2,086,266)	(66.8)
Gross profit	511,237	30.6	800,214	33.9	1,035,586	33.2
Selling and marketing expenses	—	0.0	—	0.0	(9,351)	(0.3)
General and administrative expenses	(226,070)	(13.5)	(332,871)	(14.1)	(459,443)	(14.7)
Other income	8,005	0.5	8,008	0.3	13,067	0.4
Other gains-net	120	0.0	1,968	0.1	1,272	0.0
Operating profit	293,292	17.6	477,319	20.2	581,131	18.6
Finance income — net	1,622	0.1	15,913	0.7	34,995	1.1
Share of results of joint ventures	—	0.0	(1,747)	(0.1)	991	0.0
Share of results of associates	(1)	(0.0)	(5,153)	(0.2)	(8,920)	(0.3)
Profit before income tax	294,913	17.7	486,332	20.6	608,197	19.4
Income tax expense	(74,460)	(4.5)	(133,804)	(5.7)	(167,734)	(5.4)
Profit for the year	<u>220,453</u>	<u>13.2</u>	<u>352,528</u>	<u>14.9</u>	<u>440,463</u>	<u>14.0</u>
Profit attributable to:						
Owners of the Company	220,453	13.2	324,181	13.7	401,743	12.9
Non-controlling interests	—	0.0	28,347	1.2	38,720	1.1
	<u>220,453</u>	<u>13.2</u>	<u>352,528</u>	<u>14.9</u>	<u>440,463</u>	<u>14.0</u>

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Year Ended 31 December 2017 Compared to Year Ended 31 December 2016

Revenue

Revenue increased by 32.4% to RMB3,121.9 million in 2017 from RMB2,358.4 million in 2016. This increase was mainly attributable to a general increase in the revenue of our property management services, community value-added services and value-added services for non-property owners which was in line with our business growth.

Property Management Services. Revenue from property management services increased by 30.0% to RMB2,544.7 million in 2017 from RMB1,956.7 million in 2016. This increase was mainly attributable to an increase in our revenue-bearing GFA, which increased by 34.8% to approximately 122.8 million sq.m. in 2017 from approximately 91.1 million sq.m. in 2016 as we expanded our business.

Community Value-added Services. Revenue from community value-added services increased by 24.4% to RMB241.8 million in 2017 from RMB194.3 million in 2016. This increase was primarily due to (i) an increase in types of community value-added services provided by us and (ii) an increase in the number of communities managed and residents served by us as we expanded our business scale.

Value-added services for non-property owners. Revenue from value-added services for non-property owners increased by 64.2% to RMB328.0 million in 2017 from RMB199.7 million in 2016. This increase was primarily due to an increase in the number of projects relating to consultancy services carried out in 2017 as a result of increasing property sales activities held by property developers.

Other services. Revenue from other services mainly consists of provision of property access IC cards to the property owners and residents and slightly decreased by 4.8% to RMB7.4 million in 2017 from RMB7.7 million in 2016.

Cost of services

Cost of services increased by 33.9% to RMB2,086.3 million in 2017 from RMB1,558.2 million in 2016. This increase was mainly attributable to an increase of 37.3% in our staff costs from RMB1,007.2 million in 2016 to RMB1,382.9 million in 2017 as a result of an increase in our number of staff for our business expansion and enhancement of service quality together with a general increase in the salary of our staff.

Gross profit and gross profit margin

As a result of the foregoing, gross profit increased by 29.4% to RMB1,035.6 million in 2017 from RMB800.2 million in 2016. Gross profit margin remained relatively stable at 33.2% in 2017 compared with 33.9% in 2016, which was primarily due to the slight decrease in gross profit margin of property management services, partially offset by the increase in gross profit margin of community value-added services.

Property management services. Gross profit margin for property management services slightly decreased to 29.4% in 2017 from 30.3% in 2016, primarily due to an increase in staff costs as we hired more staff in 2017 to serve our increasing number of communities managed and to enhance our service quality as well as a general increase in the salary of our staff.

Community value-added services. Gross profit margin for community value-added services increased to 57.7% in 2017 from 55.8% in 2016, primarily due to economies of scale.

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Value-added services to non-property owners. Gross profit margin for value-added services to non-property owners decreased to 43.2% in 2017 from 45.9% in 2016, primarily due to an increase in staff cost as we have replaced certain on-site consultants with more senior personnel to improve our service quality in 2017.

Other services. Gross profit margin for other services remained stable between 2016 and 2017.

Selling and marketing expenses

Selling and marketing expenses were RMB9.4 million in 2017 and we did not separately record our selling and marketing expenses in 2016 as the amount of such expenses were not significant and were included in general and administrative expenses in 2016. We underwent an organisational restructuring in 2017 and set up a selling and marketing team for our market development. The selling and marketing expenses in 2017 were primarily due to our efforts to expand our property management services to properties developed by independent third-party property developers and expand our property management portfolio.

General and administrative expenses

General and administrative expenses increased by 38.0% to RMB459.4 million in 2017 from RMB332.9 million in 2016. This increase was mainly attributable to (i) an increase of RMB101.3 million in staff salaries and benefits primarily due to our recruitment of more quality control, finance and administrative staff to manage and support our business expansion and (ii) an increase of RMB11.1 million in travelling and entertainment expenses as we have more staff for the increasing number of properties managed by us and our regional management paid more frequent visits to the properties managed by us in order to enhance our service quality.

Other income

Other income increased by 63.2% to RMB13.1 million in 2017 from RMB8.0 million in 2016. This increase was primarily attributable to (i) an increase of RMB3.8 million in government grants mainly consisting of an one-off subsidy provided by the government authority in Shunde District in relation to a share transformation carried out in 2015 and (ii) an increase of RMB1.2 million in late fee income in relation to late payment of property management fees from property owners or residents as the number of properties managed by us increased.

Net other gains

Net other gains decreased by 35.4% to RMB1.3 million in 2017 from RMB2.0 million in 2016. This decrease was primarily due to a decrease in the fair value gains of financial assets at fair value through profit or loss as we did not invest in any wealth management products in 2017.

Net finance income

Net finance income increased by 119.9% to RMB35.0 million in 2017 from RMB15.9 million in 2016. This increase was mainly attributable to an increase of RMB19.3 million in interest income derived from our increased bank deposits in turn due to our increase in cash and cash equivalents, partially offset by an interest expenses of RMB0.2 million for a short-term bank loan carried over from the acquisition of Jinyang.

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Share of results of joint ventures

Share of results of joint ventures increased to a gain of RMB1.0 million in 2017 from a loss of RMB1.7 million in 2016. This increase was mainly attributable to a profit and total comprehensive income recorded by Hubei Qingneng and a decrease in loss recorded by Huahui Jinfu which had recorded a greater loss in 2016.

Share of results of associates

Share of results of associates increased by 73.1% from a loss of RMB5.2 million in 2016 to a loss of RMB8.9 million in 2017. This increase in loss was mainly attributable to a loss recorded by Guangdong Fenghuang Youxuan.

Income tax expense

Income tax expense increased by 25.4% to RMB167.7 million in 2017 from RMB133.8 million in 2016. This increase was primarily attributable to an increase in current income tax primarily as a result of the higher profit before tax in 2017. Our effective tax rate remained stable at 27.5% and 27.6% for 2016 and 2017, respectively.

Profit for the year

As a result of the foregoing, profit for the year increased by 24.9% to RMB440.5 million in 2017 from RMB352.5 million in 2016. Net profit margin slightly decreased to 14.0% in 2017, compared to 14.9% in 2016, primarily as a result of the increase in staff costs under both cost of services and general and administrative expenses. For the year ended 31 December 2017, profits attributable to non-controlling interests amounted to RMB38.7 million and such non-controlling interests primarily composed of the 8% equity interest held by Tibet Shunqi in CG Property Services. As part of the Reorganisation, Tibet Shunqi transferred its 8% equity interest in CG Property Services to CG Management Services and CG Management Consultation for a total consideration of RMB115.2 million in January 2018.

Year Ended 31 December 2016 Compared to Year Ended 31 December 2015

Revenue

Revenue increased by 41.0% to RMB2,358.4 million in 2016 from RMB1,672.5 million in 2015. This increase was mainly attributable to a general increase in the revenue of all of our business lines, especially property management services, which is in line with our business growth.

Property Management Services. Revenue from property management services increased by 36.5% to RMB1,956.7 million in 2016 from RMB1,433.5 million in 2015. This increase was mainly attributable to an increase in our revenue-bearing GFA, which increased by 30.5% to approximately 91.1 million sq.m. in 2016 from approximately 69.8 million sq.m. as we expand our business.

Community Value-added Services. Revenue from community value-added services increased by 58.9% to RMB194.3 million in 2016 from RMB122.3 million in 2015. This increase was primarily due to (i) an increase in revenue derived from real estate brokerage services since the number of our community service centres increased with the increasing market demand of properties in 2016; and (ii) an increase in the types of home living services we offered such as group purchase of seasonal products and home appliances.

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Value-added services for non-property owners. Revenue from value-added services for non-property owners increased by 82.4% to RMB199.7 million in 2016 from RMB109.5 million in 2015. This increase was primarily due to an increase in the number of projects relating to consultancy services carried out by us in 2016 as a result of increasing property sales activities held by property developers.

Other services. Revenue from other services mainly consists of provision of property access IC cards to the property owners and residents and increased by 8.8% to RMB7.7 million in 2016 from RMB7.1 million.

Cost of services

Cost of services increased by 34.2% to RMB1,558.2 million in 2016 from RMB1,161.2 million in 2015. This increase was mainly attributable to (i) an increase of 40.0% in our staff costs from RMB719.5 million in 2015 to RMB1,007.2 million in 2016 as a result of our business expansion and an increase in social insurance and housing provident fund contributions for our staff and (ii) an increase in cleaning, maintenance and greening and gardening cost since our revenue-bearing GFA and the number of properties managed by us increased.

Gross profit and gross profit margin

As a result of the foregoing, gross profit increased by 56.5% to RMB800.2 million in 2016 from RMB511.2 million in 2015. Gross profit margin increased to 33.9% in 2016 from 30.6% in 2015, which was primarily due to an increase in gross profit margin of all of our business lines.

Property management services. Gross profit margin for property management services increased to 30.3% in 2016 from 27.3% in 2015, primarily due to (i) an increase in the proportion of newly delivered properties managed by us which generally had a higher gross profit margin within our property management portfolio and (ii) a decrease in our business tax and other levies following the gradual implementation of the PRC business tax reform measures which became effective in May 2016.

Community value-added services. Gross profit margin for community value-added services increased to 55.8% in 2016 from 55.1% in 2015, primarily due to economies of scale and effect of the PRC business tax reform measures.

Value-added services to non-property owners. Gross profit margin for value-added services to non-property owners increased to 45.9% in 2016 from 42.6% in 2015, primarily due to the increase in operational efficiency and effect of the PRC business tax reform measures.

Other services. Gross profit margin for other services increased to 86.0% in 2016 from 74.1% in 2015, primarily due to a decrease in its cost of services as affected by the PRC business tax reform measures.

Selling and marketing expenses

We did not separately record our selling and marketing expenses in 2016 and 2015 as the amount of such expenses were not significant and were included in our general and administrative expenses for the relevant years.

General and administrative expenses

General and administrative expenses increased by 47.2% to RMB332.9 million in 2016 from RMB226.1 million in 2015. This increase was mainly attributable to an increase of RMB83.9 million in staff salaries and benefits primarily due to (i) our recruitment of more quality control, finance and administrative staff to manage and support our business expansion and (ii) share-based compensation expenses of RMB38.2 million.

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Other income

Other income remained stable at RMB8.0 million in 2015 and 2016. This was primarily attributable to a slight increase of RMB0.7 million in late fee income mainly consisting of late payment of property management fees from property owners or residents, partially offset by a slight decrease of RMB0.7 million in government grants obtained in 2016.

Net other gains

Net other gains increased from RMB0.1 million in 2015 to RMB2.0 million in 2016. This increase was primarily due to an increase in the fair value gains of financial assets at fair value through profit or loss resulting from wealth management products.

Net finance income

Net finance income increased to RMB15.9 million in 2016 from RMB1.6 million in 2015. This increase was mainly attributable to an increase of RMB14.3 million in interest income derived from our increased bank deposits.

Share of results of joint ventures

We did not have any investment in joint ventures in 2015. Share of results of joint ventures was a loss of RMB1.7 million in 2016, primarily due to a share of loss recorded by Huahui Jinfu in the amount of RMB3.0 million, partially offset by a share of profit and total comprehensive income recorded by Hubei Qingneng in the amount of RMB1.3 million.

Share of results of associates

Share of results of associates increased to a loss of RMB5.2 million in 2016 from a loss of RMB1,000 in 2015. This increase in loss was mainly attributable to a loss recorded by Shenzhen Wangshenghuo.

Income tax expense

Income tax expense increased by 79.7% to RMB133.8 million in 2016 from RMB74.5 million in 2015. This increase was primarily attributable to an increase in current income tax primarily as a result of the higher profit before tax in 2016. Our effective tax rate increased to 27.5% in 2016 from 25.2% in 2015 primarily due to an incurrence of share-based compensation expenses in 2016 which was not tax deductible.

Profit for the year

As a result of the foregoing, profit for the year increased by 59.9% to RMB352.5 million in 2016 from RMB220.5 million in 2015. Net profit margin increased to 14.9% in 2016 from 13.2% in 2015.

LIQUIDITY AND CAPITAL RESOURCES

Our principal cash requirements are to pay for working capital needs and capital expenditures for the expansion and procurement of property, plant and equipment. We meet these cash requirements by relying on our cash at banks and net cash flows from operating activities as our principal source of funding. Following the completion of the Spin-off and the Listing, we intend to continue to fund our cash requirements through our net cash flows from operating activities.

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The following table sets out our selected combined cash flow data for the years indicated.

	Year ended 31 December		
	2015	2016	2017
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Net cash (used in)/generated from operating activities	(12,324)	1,001,383	885,341
Net cash generated from/(used in) investing activities.....	49,682	66,681	(32,487)
Net cash generated from financing activities	—	115,300	7,009
Net increase in cash and cash equivalents	37,358	1,183,364	859,863
Cash and cash equivalents at beginning of the year	553,712	591,070	1,774,434
Cash and cash equivalents at the end of the year	<u>591,070</u>	<u>1,774,434</u>	<u>2,634,297</u>

Cash Flows from Operating Activities

Cash flows from operating activities consist of profit before tax adjusted for (i) certain non-cash or non-operating activities related items, including mainly depreciation of property, plant and equipment, share-based compensation expenses, share of results of joint ventures and associates and net finance income; (ii) the effect of changes in working capital and (iii) income tax payment.

Net cash from operating activities in 2017 was RMB885.3 million, which primarily reflected our profit before tax of RMB608.2 million as negatively adjusted for finance income of RMB35.0 million, positively adjusted for changes in working capital of RMB435.6 million and negatively adjusted for income tax payment of RMB150.5 million. Such changes in working capital mainly consisted of (i) an increase of trade and other payables of RMB357.6 million due to an increase of procurement of materials and utilities as well as purchases from sub-contractors for provision of property management services which was in line with our business expansion and (ii) an increase of contract liability of RMB154.7 million primarily due to an increase in receipt of advances for property management services, partially offset by an increase in trade and other receivables of RMB74.3 million primarily due to an increase in our revenue-bearing GFA for property management services provided to properties developed by independent third-party property developers.

Net cash from operating activities in 2016 was RMB1,001.4 million, which primarily reflected our profit before tax of RMB486.3 million as positively adjusted for share-based compensation expenses of RMB38.2 million and depreciation of property, plant and equipment of RMB13.6 million and changes in working capital of RMB591.2 million, partially offset by income tax payment of RMB117.1 million. Such changes in working capital mainly consisted of (i) an increase of trade and other payables of RMB316.8 million due to increase of procurement of materials and utilities as well as purchases from sub-contractors for provision of property management services which was in line with our business expansion, (ii) an increase of contract liability of RMB194.7 million primarily due to an increase in receipt of advances for property management service fees as our total revenue-bearing GFA increased, and (iii) an decrease of trade and other receivables of RMB79.4 million due to our continuous effort to collect the trade receivables from our related parties.

Net cash used in operating activities in 2015 was RMB12.3 million, which primarily reflected our profit before tax of RMB294.9 million as positively adjusted for depreciation of property, plant and equipment of RMB13.1 million and negatively adjusted for changes in working capital of RMB205.5 million and income tax payment of RMB113.5 million. Such changes in working capital mainly consisted of a decrease in trade and other payables of RMB522.9 million since we have settled a large amount of other payables due to related parties in relation to funds received from the property owners on behalf of the property developers, partially offset by a decrease in trade and other receivables of RMB228.5 million mainly due to our continuous effort to settle the trade receivables with our related parties.

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Cash Flows from Investing Activities

Net cash used in investing activities in 2017 was RMB32.5 million. This consisted mainly of (i) payment of RMB54.8 million for purchases of property, plant and equipment primarily in machinery such as equipment and facilities used for our smart carpark management, (ii) payment for investments in associates of RMB6.0 million as a result of investments in Guangdong Fenghuang Youxuan, and (iii) payment of RMB4.7 million for purchases of intangible assets such as software. The cash outflows were partially offset by an increase in cash of RMB35.2 million due to interest received from our bank deposits.

Net cash from investing activities in 2016 was RMB66.7 million. This consisted mainly of (i) repayment of RMB55.2 million by a subsidiary of CGH, to our Group in relation to the cash deposited in the bank account in the name of CGH's subsidiary under the intra-group treasury management system monitored by CGH (the "Cash Pool") and (ii) proceeds from disposal of investments of RMB37.5 million in relation to disposal of a 15% equity interest in an associate, namely Shenzhen Wangshenghuo. The cash inflows were partially offset by payment of RMB20.8 million for purchase of property, plant and equipment primarily including transportation equipment and electronic equipment for our business expansion and payment of RMB14.1 million for investments in joint ventures, namely Huahui Jinfu, a company engaged in community financial services and Hubei Qingneng, a property management company. For the year ended 31 December 2016, our payments for financial assets at fair value through profit or loss amounted to RMB755.0 million and our proceeds from disposal of financial assets at fair value through profit or loss amounted to RMB757.3 million, which were generally wealth management products. The carrying amount of such financial assets was nil as at 31 December 2016.

Net cash from investing activities in 2015 was RMB49.7 million. This consisted mainly of a net off repayment of RMB95.5 million by a subsidiary of CGH, in relation to the cash deposited in the Cash Pool by our Group, partially offset by payments of RMB42.9 million for investments in an associate, namely Shenzhen Wangshenghuo, in relation to the initial investment for a 25% equity interest and subsequent acquisition of a 15% equity interest in Shenzhen Wangshenghuo. For the year ended 31 December 2015, our payments for financial assets at fair value through profit or loss amounted to RMB520.0 million and our proceeds from disposal of financial assets at fair value through profit or loss amounted to RMB520.2 million, which were generally wealth management products. The carrying amount of such financial assets was nil as at 31 December 2015.

Cash Flows from Financing Activities

Net cash from financing activities in 2017 was RMB7.0 million. This consisted of capital injection of RMB10.1 million from a number of non-controlling shareholders, partially offset by repayments of borrowings for the short-term loan carried over from the acquisition of Jinyang amounting to RMB2.9 million and interest payment of RMB0.2 million for such short-term loan.

Net cash from financing activities in 2016 was RMB115.3 million. This consisted of capital injection of RMB0.1 million from a non-controlling shareholder and consideration of RMB115.2 million received from Tibet Shunqi, for obtaining an 8% equity interest in our subsidiary, CG Property Services.

We do not have any cash flows from financing activities in 2015.

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Net Current Assets

The following table sets out our current assets, current liabilities and net current assets as at the dates indicated:

	As at 31 December			As at
	2015	2016	2017	30 April 2018
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> <i>(unaudited)</i>
Current Assets				
Inventories	5,647	5,411	6,123	6,601
Trade and other receivables	789,084	616,976	712,334	650,842
Restricted bank deposits	1,054	1,057	2,797	2,380
Cash and cash equivalents	591,070	1,774,434	2,634,297	2,735,082
	<u>1,386,855</u>	<u>2,397,878</u>	<u>3,355,551</u>	<u>3,394,905</u>
Current liabilities				
Contract liabilities	202,047	396,759	556,880	595,672
Trade and other payables	625,922	942,703	1,314,905	1,182,239
Current income tax liabilities	28,886	45,157	48,773	305
	<u>856,855</u>	<u>1,384,619</u>	<u>1,920,558</u>	<u>1,778,216</u>
Net current assets	<u>530,000</u>	<u>1,013,259</u>	<u>1,434,993</u>	<u>1,616,689</u>

We had net current assets as at each of 31 December 2015, 2016 and 2017 and 30 April 2018. Our net current assets position as at each of these dates was mainly attributable to our trade and other receivables and cash and cash equivalents, partially offset by our contract liabilities, trade and other payables and current income tax liabilities. Our net current assets increased from RMB1,435.0 million as at 31 December 2017 to RMB1,616.7 million as at 30 April 2018 primarily due to a decrease in our trade and other payables and current income tax liabilities since our PRC subsidiary, CG Property Services, received the certificate of “High and New Technology Enterprise” in May 2018 under which it is entitled to a preferential PRC income tax rate of 15% from 1 January 2017 to 31 December 2019 and therefore the excess income tax paid for the year ended 31 December 2017 was treated as prepaid income tax which offset the majority of our income tax liabilities as at 30 April 2018. Our net current assets increased from RMB1,013.3 million as at 31 December 2016 to RMB1,435.0 million as at 31 December 2017 primarily due to an increase in our cash and cash equivalents as we expand our business, which was partially offset by an increase in trade and other payables due to our increase in purchase from sub-contractors. Our net current assets increased from RMB530.0 million as at 31 December 2015 to RMB1,013.3 million as at 31 December 2016 primarily due to an increase in cash and cash equivalents, partially offset by an increase in trade and other payables as well as contract liabilities. For details of the increase in our cash and cash equivalents, please see “— Liquidity and capital resources — Cash flows from operating activities”.

Working Capital

We had net cash inflows from operating activities for the years ended 31 December 2016 and 2017 and net current assets as at each of 31 December 2015, 2016 and 2017 and 30 April 2018. Our Directors have confirmed that we have sufficient working capital for our requirements for at least the next 12 months from the date of this listing document, taking into account the financial resources available to the Group.

NO INDEBTEDNESS

We did not have any outstanding indebtedness as at 31 December 2015, 2016 and 2017. As at the Latest Practicable Date, we did not have any banking facilities, any unutilised banking facilities or any outstanding or

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authorised but unissued debt securities, term loans, other borrowings or indebtedness in the nature of borrowing, acceptance credits, hire purchase commitments, mortgages and charges, contingent liabilities or guarantees outstanding.

DESCRIPTION OF SELECTED COMBINED STATEMENT OF FINANCIAL POSITION ITEMS

Property, Plant and Equipment

Property, plant and equipment comprise machinery, transportation equipment, electronic equipment and office equipment.

During the Track Record Period, property, plant and equipment increased from RMB36.9 million as at 31 December 2015 to RMB43.1 million as at 31 December 2016, and further increased to RMB78.6 million as at 31 December 2017. The increase in property, plant and equipment between 31 December 2015 and 2016 was mainly attributable to acquisition of transportation equipment amounting to RMB9.7 million which primarily include electric cars, sprinklers and garbage trucks as well as electronic equipment amounting to RMB6.7 million, partially offset by depreciation in our property, plant and equipment. The increase in property, plant and equipment between 31 December 2016 and 2017 was mainly attributable to acquisition of machinery amounting to RMB26.6 million which primarily include machinery relating to our transforming parking fee system. The general increase in property, plant and equipment during the Track Record Period was primarily due to our expansion of business and implementation of cost effective and quality control measures such as standardisation, automation and smart management.

Trade and Other Receivables

The following table sets out the composition of our trade and other receivables as of the dates indicated.

	As at 31 December		
	2015	2016	2017
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables	401,213	303,258	371,609
Other receivables	366,634	296,958	322,625
Prepayments	21,237	16,760	18,100
	<u>789,084</u>	<u>616,976</u>	<u>712,334</u>

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Trade Receivables

Trade receivables mainly arise from property management services income under lump sum basis and value-added services to non-property owners. Property management services income under lump sum basis is received in accordance with the terms of the relevant property service agreements. We generally issue a demand note to the property owners or residents for the property management services provided and such service income from property management services is due for payment upon the issuance of the demand note. We generally issue a monthly demand note to non-property owners for value-added services and payment is due upon issuance of such demand note. The table below sets out a breakdown of the trade receivables as of the dates indicated.

	As at 31 December		
	2015	2016	2017
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables			
— Related parties	231,584	37,095	16,474
— Third parties	187,306	287,545	378,685
Total	418,890	324,640	395,159
Less: allowance for impairment of trade receivables	(17,677)	(21,382)	(23,550)
	<u>401,213</u>	<u>303,258</u>	<u>371,609</u>

Before allowance for impairment of trade receivables, our trade receivables increased from RMB324.6 million as at 31 December 2016 to RMB395.2 million as at 31 December 2017, which was primarily due to an increase in trade receivables from third parties as we increased our revenue-bearing GFA which was in line with our business growth, partially offset by a decrease in trade receivables from related parties as we collected trade receivables in time. The decrease in trade receivables from RMB418.9 million as at 31 December 2015 to RMB324.6 million as at 31 December 2016 was primarily due to a significant decrease in trade receivables from related parties as we spent more efforts in 2016 in collecting trade receivables accrued in 2015.

We seek to maintain strict control over our outstanding receivables. Overdue balances are reviewed regularly by senior management. The following table sets out an aging analysis of our trade receivables, based on the invoice date, as at the dates indicated and our average trade receivables turnover days for the years indicated:

	As at / Year ended 31 December		
	2015	2016	2017
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
0-180 days	305,289	176,353	190,479
181-365 days	44,514	60,626	95,038
1 to 2 years	33,200	48,068	67,379
2 to 3 years	15,894	16,931	23,365
Over 3 years	19,993	22,662	18,898
	<u>418,890</u>	<u>324,640</u>	<u>395,159</u>
Average trade receivables turnover days ⁽¹⁾	102.4	54.5	39.5

Note:

- (1) Average trade receivables turnover days for a certain period is derived by dividing the arithmetic mean of the opening and closing balances of trade receivables by revenue for the relevant period and then multiplied by the number of days in the relevant period.

Average trade receivables turnover days indicates the average time required for us to collect cash payments from provision of services. The general decrease in average trade receivables turnover days during the Track Record Period was primarily due to our enhanced collection efforts. As at 31 December 2015, 2016 and 2017,

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our trade receivables that were long outstanding for more than 180 days amounted to RMB113.6 million, RMB148.3 million and RMB204.7 million, respectively. The general increase in long outstanding trade receivables for more than 180 days during the Track Record Period was primarily due to the increase in late payment of property management fees from property owners or residents as the number of properties managed by us increased.

As at 31 December 2015, 2016 and 2017, we have made a provision of RMB17.7 million, RMB21.4 million and RMB23.6 million, respectively, against the gross amount of trade receivables. The following table sets out the movements in our allowance for impairment of trade receivables as of the dates indicated.

	As at 31 December		
	2015	2016	2017
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At the beginning of the year	13,452	17,677	21,382
Provision for loss allowance recognised in profit or loss	4,225	4,789	2,720
Receivables written off as uncollectable	—	(1,084)	(552)
At the end of the year	<u>17,677</u>	<u>21,382</u>	<u>23,550</u>

We generally do not have a specific credit term for trade receivables from property owners and residents and we generally have a credit term up to 60 days for other customers. We consider the probability of default upon initial recognition of receivables and assess whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period based on available reasonable and supportive forward-looking information and various indicators. In determining the recoverability of our trade receivables, we estimate the recoverable amount by taking into account a number of factors including subsequent settlement status, historical write-off experience and management fee collection rate of the residents in estimating the future cash flows from the receivables.

We have formulated and implemented various measures to expedite the recovery of our trade receivables, such as (i) recording and monitoring the progress of trade receivables collection through our ERP system; (ii) communicating with property owners or residents for any late payment through our butlers by phone and messages or physical visits; (iii) sending overdue payment notice to the property owners or residents and following up with frequent payment reminders; (iv) imposing late payment fee for any late payment of property management fee; and (v) initiating legal proceedings for any prolonged late payments.

In determining the loss provision for trade receivables, we consider whether there is a significant increase in credit risk of the receivables. To assess whether there is a significant increase in credit risk, we compare the risk of default occurring on the receivables as at the reporting date with the risk of default as at the date of initial recognition. As at 31 December 2015, 2016 and 2017, we assessed that the expected loss rate for trade receivables from related parties was immaterial. Therefore, no loss allowance provision was recognised for such trade receivables.

For trade receivables from third parties, we generally record an impairment allowance of 50% of the receivables that are due for more than three years, 20% of the receivables that are due for a period between two to three years, 10% of the receivables that are due for a period between one to two years and 1% of the receivables from the date of initial recognition up to one year. During the Track Record Period, we did not experience any significant difficulty in collecting trade receivables from both related parties and third parties.

Our gross trade receivables as at 31 December 2017 amounted to RMB395.2 million, of which RMB293.0 million, or 74.2%, had been settled as at 30 April 2018.

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Other receivables

Other receivables during the Track Record Period primarily consist of (i) receivables due from related parties in relation to cash deposited in the bank account in the name of CGH's subsidiary under the Cash Pool arrangement (see Note 31(e) to the Accountant's Report in Appendix I for the detailed description of the other receivables due from related parties), and (ii) other receivables from third parties, which primarily include (a) payments on behalf of property owners mainly in relation to utilities fees and (b) receivables from sales of equity interest in an associate, namely Shenzhen Wangshenghuo. Others primarily include the social insurance and housing provident fund contributions paid on behalf of our employees. The following table sets out our other receivables as at the dates indicated.

	As at 31 December		
	2015	2016	2017
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Other receivables			
— Related parties	291,039	233,803	233,489
— Payments on behalf of property owners	23,543	43,922	59,493
— Receivables from sale of equity interest in an associate	37,500	—	—
— Others	15,489	20,407	32,268
Total	367,571	298,132	325,250
Less: allowance for impairment of other receivables	(937)	(1,174)	(2,625)
	<u>366,634</u>	<u>296,958</u>	<u>322,625</u>

Before allowance for impairment of other receivables, our other receivables increased from RMB298.1 million as at 31 December 2016 to RMB325.3 million as at 31 December 2017, primarily due to an increase in payments on behalf of property owners attributable to (i) an increase in the number of properties managed by us and the general utilities fees and (ii) an increase in others such as contributions to social insurance and housing provident fund on behalf of our employees. Our other receivables from related parties remained stable between 2016 and 2017 and have been fully repaid in February 2018. Our Directors confirm that we will not participate in the Cash Pool upon the Spin-off and the Listing. Our other receivables decreased from RMB367.6 million as at 31 December 2015 to RMB298.1 million as at 31 December 2016 primarily due to a decrease in other receivables from related parties and a decrease in receivables from sale of equity interest in an associate as we subsequently disposed of a 15% equity interest in Shenzhen Wangshenghuo on 18 December 2015.

Prepayments

Prepayments mainly represent prepayments to suppliers for our insurance and utilities and prepayment for tax such as business tax and value-added tax. Our prepayments decreased by 21.1% from RMB21.2 million as at 31 December 2015 to RMB16.8 million as at 31 December 2016, primarily due to (i) a decrease in prepayment to third-party suppliers as we have obtained the invoices for utilities in a more timely manner in 2016 and (ii) a decrease in prepayment for tax in connection with the effect of the PRC business tax reform measures. Our prepayment increased by 8.0% from RMB16.8 million as at 31 December 2016 to RMB18.1 million as at 31 December 2017, primarily due to an increase of RMB4.9 million in prepayment to third-party suppliers for property liability insurance, partially offset by a decrease of RMB3.5 million in prepayment for tax in connection with the continuous effect resulting from the PRC business tax reform measures.

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Trade and Other Payables

The following table sets out the composition of our trade and other payables as of the dates indicated.

	As at 31 December		
	2015	2016	2017
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade payables	100,266	175,170	239,000
Other payables	336,480	467,651	654,057
Payroll payables	187,369	284,171	402,234
Other taxes payables	1,807	15,711	19,614
	<u>625,922</u>	<u>942,703</u>	<u>1,314,905</u>

Trade Payables

Trade payables primarily represent our obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers, including purchase of materials and utilities as well as purchase from sub-contractors. We are generally granted credit terms of up to 90 days. The following table sets out our trade payables as at the dates indicated.

	As at 31 December		
	2015	2016	2017
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade payables			
— Related parties	5,052	14,300	18,468
— Third parties	95,214	160,870	220,532
	<u>100,266</u>	<u>175,170</u>	<u>239,000</u>

The increase in trade payables from RMB175.2 million as at 31 December 2016 to RMB239.0 million as at 31 December 2017 was primarily due to an increase in purchase of sub-contracting services from independent third-party service providers as our revenue-bearing GFA and the number of properties managed by us has increased. The increase in trade payables from RMB100.3 million as at 31 December 2015 to RMB175.2 million as at 31 December 2016 was primarily due to an increase in procurement of materials and utilities and purchase of sub-contracting services from independent third-party service providers for our expanding business.

The following table sets out an aging analysis of our trade payables, based on the invoice date, as at the dates indicated and our average trade payables turnover days for the years indicated:

	As at / Year ended 31 December		
	2015	2016	2017
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Up to 1 year	91,539	162,196	228,629
1 to 2 years	4,660	7,258	5,080
2 to 3 years	1,837	2,752	1,479
Over 3 years	2,230	2,964	3,812
	<u>100,266</u>	<u>175,170</u>	<u>239,000</u>
Average trade payables turnover days ⁽¹⁾	25.6	32.3	36.2

Note:

- (1) Average trade payables turnover days for a certain period is derived by dividing the arithmetic mean of the opening and closing balances of trade payables by cost of services for the relevant period and then multiplied by the number of days in the relevant period.

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Our trade payables as at 31 December 2017 amounted to RMB239.0 million, of which RMB174.9 million, or 73.2%, had been settled as at 30 April 2018.

Average trade payables turnover days indicates the average time we take to make cash payments to suppliers. The general increase in average trade payables turnover days during the Track Record Period was primarily attributable to our purchases from more new suppliers who grant us with longer credit terms as well as our increasing bargaining power in terms of payment schedule.

Other Payables

Other payables mainly represent (i) advances due to our related parties, (ii) deposits from property owners in relation to interior decorations, (iii) temporary receipts from properties owners mainly consisting of utilities fees collected from properties owners and income generated from common area value-added services that belongs to properties owners and (iv) accruals and others mainly in relation to withholding funds for utilities and reimbursement. The following table sets out our other payables as at the dates indicated.

	As at 31 December		
	2015	2016	2017
	RMB'000	RMB'000	RMB'000
Other payables			
— Related parties	234	439	439
— Deposits	154,311	207,574	274,249
— Temporary receipts from properties owners	152,572	220,217	314,763
— Accruals and others	29,363	39,421	64,606
	<u>336,480</u>	<u>467,651</u>	<u>654,057</u>

Our other payables increased from RMB467.7 million as at 31 December 2016 to RMB654.1 million as at 31 December 2017 primarily due to an increase in temporary receipt from properties owners as there is an increase in income generated from common area value-added services that belongs to properties owners. Our other payables increased from RMB336.5 million as at 31 December 2015 to RMB467.7 million as at 31 December 2016 primarily due to (i) an increase in temporary receipt from properties owners as the income generated from common area value-added services that belongs to properties owners as well as utilities fees collected from property owners have increased due to an increase in our revenue-bearing GFA and (ii) an increase in deposits for the increasing amount of interior decorations required by property owners, both of which were in line with the increase in number of properties managed by us.

Contract Liabilities

Contract liabilities represent our obligations to provide the contracted services. Our contract liabilities mainly arise from the advance payments made by customers while the underlying services such as property management services and community value-added services, are yet to be provided. During the Track Record Period, our contract liabilities increased from RMB202.0 million as at 31 December 2015 to RMB396.8 million as at 31 December 2016 and further increased to RMB556.9 million as at 31 December 2017 and RMB595.7 million as at 30 April 2018 primarily as a result of the growth of our business.

CAPITAL EXPENDITURES

During the Track Record Period, we incurred capital expenditures mainly for (i) acquisition of subsidiaries namely Jinyang and Xingshang; (ii) investment in joint ventures namely Huahui Jinfu, Hubei Qingneng and Chongqing Rongbi; (iii) investment in associates namely Shenzhen Wangshenghuo and Guangdong Fenghuang Youxuan; (iv) procuring property, plant and equipment such as machinery, transportation equipment, electronic

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equipment and office equipment; and (v) purchase of intangible assets such as software. The following table sets out our capital expenditures for the years indicated:

	Year ended 31 December		
	2015	2016	2017
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Acquisition of subsidiaries	646	—	4,091
Investments in joint ventures	—	14,090	500
Investments in associates	42,900	7,100	6,000
Additions of property, plant and equipment	4,288	20,765	54,753
Additions of intangible assets	—	3,417	4,729
	<u>47,834</u>	<u>45,372</u>	<u>70,073</u>

We entered into equity transfer agreements with Independent Third Parties to acquire a 51% equity interest in Jinyang and an 100% equity interest in Xingshang, and paid RMB5.0 million as partial settlement of the consideration for acquisition of Jinyang and full settlement of the consideration for acquisition of Xingshang, which was partially offset by a cash and cash equivalents acquired from the acquisitions amounting to RMB0.9 million during the year ended 31 December 2017. Jinyang and Xingshang are both property management companies engaged in providing property management services in the PRC that we believe will assist us to expand our total contracted GFA as well as revenue-bearing GFA in the PRC. We entered into equity transfer agreements with an Independent Third Party to acquire an 100% equity interest in Hainan Property Services during the year ended 31 December 2014, and the remaining consideration of RMB0.6 million was paid during the year ended 31 December 2015. Hainan Property Services is a property service company engaged in providing property management and related services in the PRC.

We invested in Huahui Jinfu to obtain a 30% equity interest and entered into equity transfer agreements with an Independent Third Party to acquire a 50% equity interest in Hubei Qingneng, for a total investments of RMB14.1 million during the year ended 31 December 2016. We established Chongqing Rongbi with Independent Third Parties, with a total investments of RMB0.5 million during the year ended 31 December 2017 and own a 50% equity interest in Chongqing Rongbi. As at 31 December 2016 and 2017, the carrying amount of these joint ventures in the combined financial statements was RMB12.3 million and RMB13.8 million, respectively.

We invested a total of RMB12.5 million in Shenzhen Wangshenghuo to obtain a 25% equity interest, of which RMB5.4 million and RMB7.1 million was settled in 2015 and 2016, respectively. We entered into an equity transfer agreement with an Independent Third Party to acquire a 15% equity interest in Shenzhen Wangshenghuo, for a consideration of RMB37.5 million, which was settled in 2015. We obtained a 30% equity interest of Guangdong Fenghuang Youxuan, for a total investments of RMB6.0 million in the year ended 31 December 2017. As at 31 December 2015, 2016 and 2017, the carrying amount of these associates in the combined financial statements was RMB5.4 million, RMB7.3 million and RMB4.4 million, respectively.

As at 31 December 2015, 2016 and 2017, the carrying amount of our property, plant and equipment was RMB36.9 million, RMB43.1 million and RMB78.6 million, respectively, which consisted mainly of machinery relating to cleaning services, transportation equipment such as electric cars and bicycles, electronic equipment such as air-conditioners and computers and office equipment such as attendance record machines and mobile hard drives for our business expansion and implementation of our cost effective and quality control measures.

As at 31 December 2015, 2016 and 2017, the carrying amount of our intangible assets was RMB0.3 million, RMB2.0 million and RMB20.9 million, respectively, which consisted mainly of software for the years ended 31 December 2015 and 2016 and property management contract and goodwill for the year ended 31 December 2017 in relation to the acquisition of Jinyang.

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For more information on the uses of our capital expenditures during the Track Record Period, see “— Liquidity and Capital Resources — Cash Flows from Investing Activities”.

We currently expect our capital expenditures for the year ending 31 December 2018 to be RMB55.7 million, which will be used mainly for improvement of elevator energy-saving and water systems and additions of property, plant and equipment such as transportation, electronic and office equipment.

CONTRACTUAL OBLIGATIONS AND COMMITMENTS

The following table sets out our contractual obligations and their payment schedule as at 31 December 2017:

	Payment schedule		Total
	No later than 1 year	Later than 1 year and no later than 5 years	
	RMB'000	RMB'000	RMB'000
Minimum lease payments under non-cancellable operating leases	3,306	2,138	5,444

As at 31 December 2017, we leased from both related parties and Independent Third Parties our office premises, community service centres and staff dormitories under non-cancellable operating lease agreements. The lease term for these premises ranges from one to five years. The minimum lease payments which we had contracted for under non-cancellable operating leases as at 31 December 2017 were RMB5.4 million. For details of our related parties, please see “— Related party transactions and balances”.

CONTINGENT LIABILITIES

As at the Latest Practicable Date, we did not have any significant contingent liabilities or outstanding guarantees in respect of payment obligations of any third parties.

RELATED PARTY TRANSACTIONS AND BALANCES

Related party transactions

During the Track Record Period, we had certain related party transactions in our normal course of business, including (i) provision of services; (ii) purchase of goods and services; (iii) rental expenses; (iv) use of trademark licence; and (v) provision of salaries, other short-term employee benefits and share-based compensation expenses to our key management.

Provision of services

For the years ended 31 December 2015, 2016 and 2017, we had provided services to related parties amounting to RMB198.0 million, RMB387.9 million and RMB496.9 million, respectively. These are primarily related to property management services and value-added services provided by us to the CGH Group and its joint ventures and associates.

Purchase of goods and services

For the years ended 31 December 2015, 2016 and 2017, we had purchased goods and services amounting to RMB44.5 million, RMB45.0 million and RMB37.8 million, respectively. These are primarily shuttle-bus services, water supply services, repair and maintenance services and hotel accommodation services provided by the CGH Group and entities controlled by relatives of Ms. Yang Huiyan.

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Rental expenses

For the years ended 31 December 2015, 2016 and 2017, we had leased our office premises and community service centres from the CGH Group and its associates, amounted to RMB0.2 million, RMB0.6 million and RMB0.6 million, respectively.

Trademark licence agreement

During the Track Record Period, we had entered into a trademark licence agreement with Shunbi Property in respect of certain trademarks which had been registered by the name of Shunbi Property. Pursuant to the contract, Shunbi Property agreed to licence such trademarks for our Group to use in connection with our operations on an exclusive and royalty-free basis until termination agreed by both parties.

Key management compensation

For the years ended 31 December 2015, 2016 and 2017, we had provided compensations for our key management, executive directors and independent non-executive directors which include fees, salaries, bonus, other short-term employee benefits, housing allowances and contributions to a retirement benefit scheme and share-based compensation expenses, in aggregate amounted to RMB8.6 million, RMB17.0 million and RMB16.1 million, respectively.

Balances with related parties

	As at 31 December		
	2015	2016	2017
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Receivables from related parties			
— Trade receivables.....	231,584	37,095	16,474
— Other receivables.....	291,039	233,803	233,489
— Prepayments to suppliers.....	2	—	—
	<u>522,625</u>	<u>270,898</u>	<u>249,963</u>
Payables to related parties			
— Trade payables.....	5,052	14,300	18,468
— Other payables.....	234	439	439
— Contract liabilities.....	<u>73,762</u>	—	—
	<u>79,048</u>	<u>14,739</u>	<u>18,907</u>

These related party transactions were conducted in accordance with terms as agreed between us and the respective related parties. Our Directors have confirmed that all related party transactions during the Track Record Period were conducted on normal commercial terms that are reasonable and in the interest of our Group as a whole. Our Directors have further confirmed that these related party transactions would not distort our results of operations for the Track Record Period or make our historical results not reflective of our future performance. All of the outstanding amounts due from and due to our related parties which is non-trade in nature, will be settled prior to the Listing. For further details on related party transactions and balances, please refer to Note 31 and 32 of the Accountant's Report in Appendix I to this listing document.

OFF BALANCE SHEET TRANSACTIONS

During the Track Record Period, we did not have any material off-balance sheet arrangements or any variable interest in any uncombined entity that provides financing, liquidity, market risk or credit support to us or engages in leasing, hedging or research and development services with us.

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FINANCIAL RATIOS

The following table sets out certain financial ratios relating to our Group as at the dates or for the years indicated. No gearing ratio⁽⁵⁾ is presented as we had no net borrowings during the Track Record Period.

	As at / Year ended 31 December		
	2015	2016	2017
Current ratio ⁽¹⁾	1.6	1.7	1.7
Quick ratio ⁽²⁾	1.6	1.7	1.7
Return on total assets (%) ⁽³⁾	14.1	18.1	14.8
Return on equity (%) ⁽⁴⁾	47.2	42.5	33.6

Notes:

- (1) Current ratio is calculated by dividing total current assets by total current liabilities as at the date indicated.
- (2) Quick ratio is calculated by dividing total current assets less inventories by total current liabilities as at the date indicated.
- (3) Return on total assets is calculated by dividing net profit for the year by the arithmetic mean of the opening and closing balances of total assets in the relevant period and multiplied by 100%.
- (4) Return on equity is calculated by dividing net profit for the year by the arithmetic mean of the opening and closing balances of total equity in the relevant period and multiplied by 100%.
- (5) Gearing ratio is calculated by dividing net borrowings (defined as borrowings less cash and cash equivalents) by total equity as at the date indicated and multiplied by 100%.

Current and Quick Ratios

Our current ratio as at 31 December 2015, 2016 and 2017 was 1.6, 1.7 and 1.7, respectively, and our quick ratio as at those dates was 1.6, 1.7 and 1.7, respectively. Our quick ratio was the same as our current ratio since we had relatively small amount of inventories as at those dates. The general increases in current and quick ratios during the Track Record Period were primarily due to the higher increase in current assets than current liabilities as a result of significant increase in cash and cash equivalents generated from operations.

Return on Total Assets

Our return on total assets in 2015, 2016 and 2017 was 14.1%, 18.1% and 14.8%, respectively. Our return on total asset increased from 14.1% in 2015 to 18.1% in 2016, which was primarily attributable to our increase of 59.9% in net profit. Our return on total assets decreased from 18.1% in 2016 to 14.8% in 2017, which was primarily attributable to a larger percentage increase in total assets than net profit, which was primarily due to an increase in current assets especially in cash and cash equivalents.

Return on Equity

Our return on equity in 2015, 2016 and 2017 was 47.2%, 42.5% and 33.6%, respectively. The general decrease in return on equity during the Track Record Period was primarily due to the significant increase in total equity mainly attributable to (i) an increase in retained earnings due to our increase in profit for the year; and (ii) an increase in non-controlling interests by issuing new ordinary shares, capital injection and business combination.

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QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISKS

In the normal course of business, we are exposed to various types of market risks, mainly including credit risk and liquidity risk. Our Directors review and agree on policies for managing each of these risks.

Credit Risk

We are exposed to credit risk in relation to our trade and other receivables and cash deposits at banks. The carrying amounts of trade and other receivables, cash and cash equivalents and restricted cash represent our maximum exposure to credit risk in relation to financial assets.

For the cash deposits, we expect that there is no significant credit risk associated with cash deposits at banks since they are substantially deposited at state-owned banks and other medium or large-sized listed banks. We do not expect that there will be any significant losses from non-performance by these counterparties.

For the trade and other receivables, we have a large number of customers and there was no concentration of credit risk. We have monitoring procedures to ensure that follow-up actions are taken to recover overdue debts. In addition, we review the recoverability of these receivables at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. We consider the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

Liquidity Risk

To manage the liquidity risk, we monitor and maintain a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. For more analysis of the relevant maturity profile of our financial liabilities, please refer to Note 3.1.2 in the Accountant's Report included in Appendix I to this listing document.

DIVIDENDS AND DIVIDEND POLICY

We did not declare any dividends during the Track Record Period. Our Company declared dividends of RMB93.9 million on 5 May 2018, all of which were settled on 16 May 2018. Our dividend distribution record in the past may not be used as a reference or basis to determine the level of dividends that may be declared or paid by our Company in the future.

Subject to the provisions of the Articles of Association and the Cayman Companies Law, we currently target to distribute to our Shareholders approximately 25% of our profit for the year attributable to owners of the Company from the year ending 31 December 2018 onwards. Any declaration of dividends, however, is subject to our results of operations, working capital and cash position, future business and earnings, capital requirements, contractual restrictions, if any, as well as any other factors which our Directors may consider relevant. In addition, any declaration and payment as well as the amount of the dividends will be subject to the provisions of (i) our Articles of Association, which require any final dividends to be approved by our Shareholders at a general meeting, and (ii) the Cayman Companies Law, which provides that dividends may be paid out of sums standing to the credit of its share premium account provided that immediately following the payment of dividend, our Company shall be able to pay its debts as they fall due in the ordinary course of business. Any future declarations and payments of dividends will be at the discretion of our Directors and may require the approval of our Shareholders. Under applicable PRC law, each of our subsidiaries in the PRC may only distribute after-tax profits after it has made allocations or allowances for recovery of accumulated losses and allocations to the statutory reserves.

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DISTRIBUTABLE RESERVES

As at 31 December 2017, our Company did not have any reserves available for distribution to our Shareholders as our Company was incorporated on 24 January 2018.

LISTING EXPENSES

During the Track Record Period, we did not incur any listing expenses for the Listing. We expect to incur listing expenses of approximately RMB47.1 million by the completion of the Spin-off and the Listing, of which an estimated amount of approximately RMB32.2 million will be borne by CGH and RMB14.9 million will be charged to our consolidated statement of comprehensive income for the year ending 31 December 2018.

RECENT DEVELOPMENT

Subsequent to 31 December 2017 (being the date of our latest audited combined balance sheet as set out in the Accountant's Report in Appendix I to this listing document), we had expanded our property management portfolio to cover more than 260 cities across 28 provinces, municipalities and autonomous regions in China with an aggregate contracted GFA of approximately 365.4 million sq.m. as at 30 April 2018. In particular, we managed a total of 510 properties in more than 190 cities across 26 provinces, municipalities and autonomous regions in China with an aggregate revenue-bearing GFA of approximately 131.0 million sq.m. as at 30 April 2018.

In May 2018, our PRC subsidiary CG Property Services received the certificate of "High and New Technology Enterprise" under which CG Property Services is entitled to a preferential PRC income tax rate of 15% for each of 2017, 2018 and 2019 and such accreditation can be applied for renewal every three years. This preferential income tax treatment obtained subsequent to the reporting period is a non-adjusting event and thus does not affect the income tax provision made for the years ended 31 December 2015, 2016 and 2017.

UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

The following unaudited pro forma statement of our adjusted net tangible assets prepared in accordance with Rule 4.29 of the Listing Rules is for illustrative purpose only, and is set out below to illustrate the effect of the Listing on our combined net tangible assets attributable to the owners of the Company as at 31 December 2017 as if the Listing had taken place on 31 December 2017. Because of its hypothetical nature, the following unaudited pro forma statement may not give a true picture of our combined net tangible assets as at 31 December 2017 or as at any future dates following the Listing.

	Audited combined net tangible assets of the Group attributable to owners of the Company as at 31 December 2017 (Note 1) <i>RMB'000</i>	Pro forma adjustments		Unaudited pro forma adjusted net tangible assets attributable to owners of the Company as at 31 December 2017 <i>RMB'000</i>	Unaudited pro forma adjusted net tangible assets per share	
		Listing expenses borne by the Company (Note 2) <i>RMB'000</i>	Cash consideration for Reorganisation (Note 3) <i>RMB'000</i>		(Note 4, 5) <i>RMB</i>	(Note 7) <i>HK\$</i>
Based on 2,500,000,000 Shares issued prior to the Listing	1,400,315	(14,922)	(115,200)	1,270,193	0.51	0.62

Notes:

- (1) The audited combined net tangible assets attributable to owners of the Company as of 31 December 2017 is extracted from the Accountant's Report set out in Appendix I to this listing document, which is based on the audited combined net assets of the Group attributable to owners of the Company as of 31 December 2017 of RMB1,421,173,000, with an adjustment for the intangible assets as at 31 December 2017 of RMB20,858,000.
- (2) Listing expenses totalling approximately RMB47,095,000 is expected to be incurred by the completion of the Spin-off and the Listing, of which an estimated amount of approximately RMB32,173,000 will be borne by the CGH Group, and RMB14,922,000 will be

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charged to our consolidated statement of comprehensive income for the year ending 31 December 2018. The listing expenses mainly include fees and expenses to the Joint Sponsors, the Legal Advisers to the Company, the Legal Advisers to the Joint Sponsors and the Reporting Accountant. During the Track Record Period, the Company did not incur or pay any listing expenses.

- (3) As part of the Reorganisation, pursuant to the equity transfer agreements entered into by CG Management Services and CG Management Consultation with Tibet Shunqi on 24 January 2018, Tibet Shunqi transferred an 8% equity interest of CG Property Services to CG Management Services and CG Management Consultation at a total consideration of RMB115,200,000 which was fully paid in February 2018.
- (4) The unaudited pro forma adjusted net tangible assets per share is arrived at after the adjustments referred to in the preceding paragraphs and on the basis that 2,500,000,000 Shares were issued prior to the Listing, not taking into account any Shares which may be issued upon the exercise of the Pre-Listing Share Option Scheme or Shares which may be issued or repurchased by the Company pursuant to the general mandates granted to the Directors to issue or repurchase Shares.
- (5) The unaudited pro forma statement of adjusted net tangible assets has not taken into account the dividend of RMB93,900,000 which was declared and paid before the Listing by the Company and the dividends of RMB1,695,000 which were declared by other companies comprising the Group to their non-controlling shareholders. Had the dividends been taken into account, the unaudited pro forma adjusted net tangible assets per share would be RMB0.47 (HK\$0.58).
- (6) Save as disclosed above, no adjustment has been made to the unaudited pro forma adjusted net tangible assets to reflect any trading results or other transactions of the Group entered into subsequent to 31 December 2017.
- (7) For the purpose of this unaudited pro forma statement of adjusted net tangible assets, the balance stated in Renminbi was converted into Hong Kong dollars at rate of RMB1.00 to HK\$1.2265. No representation is made that Renminbi amounts have been, could have been or may be converted to Hong Kong dollars, or vice versa, at that rate.

NO MATERIAL ADVERSE CHANGE

Our Directors have confirmed that, since 31 December 2017 and up to the date of this listing document, there has been no material adverse change in our financial or trading position or prospects and no event has occurred that would materially and adversely affect the information shown in our combined financial statements set out in the Accountant's Report included in Appendix I to this listing document.

NO ADDITIONAL DISCLOSURE REQUIRED UNDER THE LISTING RULES

Our Directors have confirmed that, as at the Latest Practicable Date, there were no circumstances which would have given rise to any disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules had the Shares been listed on the Stock Exchange on that date.

DIRECTORS AND SENIOR MANAGEMENT

BOARD OF DIRECTORS

Our Board consists of nine Directors, of whom three are executive Directors, three are non-executive Directors and three are independent non-executive Directors. Our Board is responsible and has general power for the management and conduct of our business. The table below set out certain information in respect of our Directors.

Name	Age	Date of joining our Group	Position	Date of appointment as Director	Principal responsibilities	Relationship with other Directors or senior management
<i>Non-executive Directors</i>						
Yang Huiyan (楊惠妍)	36	May 2006	Chairman of our Board and non-executive Director	9 March 2018	Formulation and provision of guidance and development strategies for the overall development of our Group	Cousin of Yang Zhicheng
Yang Zhicheng (楊志成)	44	January 2018	Non-executive Director	9 March 2018	Provision of guidance for the overall development of our Group	Cousin of Yang Huiyan
Wu Bijun (伍碧君)	44	March 2016	Non-executive Director	9 March 2018	Provision of guidance for the overall development of our Group	N/A
<i>Executive Directors</i>						
Li Changjiang (李長江)	52	December 2011	Executive Director and general manager	9 March 2018	Overall strategic decisions, business planning, and major operational decisions of our Group	N/A
Xiao Hua (肖華)	40	April 2004	Executive Director and deputy general manager	9 March 2018	Overall management of value-added services to non-property owners	N/A
Guo Zhanjun (郭戰軍)	38	August 2017	Executive Director and deputy general manager	9 March 2018	Overall management of human resources	N/A
<i>Independent non-executive Directors</i>						
Mei Wenjue (梅文珪)	48	May 2018	Independent non-executive Director	25 May 2018	Providing independent advice to our Board	N/A

DIRECTORS AND SENIOR MANAGEMENT

Name	Age	Date of joining our Group	Position	Date of appointment as Director	Principal responsibilities	Relationship with other Directors or senior management
Rui Meng (芮萌)	50	May 2018	Independent non-executive Director	25 May 2018	Providing independent advice to our Board	N/A
Chen Weiru (陳威如)	47	May 2016 ⁽¹⁾	Independent non-executive Director	25 May 2018	Providing independent advice to our Board	N/A

Note:

(1) Mr. Chen Weiru was appointed as an independent director of CG Property Services in May 2016 and resigned in January 2018.

Non-executive Directors

Ms. Yang Huiyan (楊惠妍), aged 36, was appointed as our non-executive Director and the chairman of our Board on 9 March 2018 and is responsible for the formulation and provision of guidance and development strategies for the overall development of our Group. Ms. Yang is one of our Controlling Shareholders.

Ms. Yang joined CGH in March 2005 as a general manager of the procurement department, where she was responsible for overall procurement decision making until November 2006. Ms. Yang has been an executive director and the vice chairman of CGH since December 2006 and March 2012, respectively, and is mainly responsible for the formulation of development strategies of the CGH Group. Ms. Yang is also a member of the corporate governance committee, the executive committee and the finance committee of CGH and a director of several subsidiaries of the CGH Group. Ms. Yang Huiyan was a director of nine PRC companies which were wound up voluntarily by shareholders for commercial considerations. She has been a director of the board and the chairman of Bright Scholar Education Holdings Limited since December 2016, a company listed on the New York Stock Exchange (stock code: BEDU).

Ms. Yang graduated from Ohio State University in the United States in March 2005, where she obtained a bachelor degree in business administration.

Ms. Yang is a cousin of Mr. Yang Zhicheng, one of our non-executive Directors.

Mr. Yang Zhicheng (楊志成), aged 44, was appointed as our non-executive Director on 9 March 2018 and is responsible for the provision of guidance for the overall development of our Group.

From 1992 to 1997, Mr. Yang served as a project manager at Shunde Sanhe Property Development Company Limited* (順德市三和物業發展有限公司), the predecessor of Shunbi Property, where he was responsible for property project management and public relations. Since 1997, Mr. Yang has served as a project general manager at the CGH Group, where he was responsible for the overall management of several property development projects. He has been an executive director, the head of Jiangzhong region and the vice president of CGH since December 2006, January 2010 and November 2017, respectively, and is mainly responsible for the overall development and management of certain property development projects of the CGH Group.

Mr. Yang obtained a diploma in administrative management through distance learning from Guangdong Polytechnic of Science and Technology (廣東科學技術職業學院) in the PRC in January 2010. He graduated from Cheung Kong Graduate School of Business (長江商學院) in the PRC in September 2013, where he obtained a degree of executive master in business administration.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Yang is a cousin of Ms. Yang Huiyan, one of our Controlling Shareholders, non-executive Directors and the chairman of our Board.

Ms. Wu Bijun (伍碧君), aged 44, was appointed as our non-executive Director on 9 March 2018 and is responsible for the provision of guidance for the overall development of our Group.

Ms. Wu worked at Hubei Branch of China Construction Bank* (中國建設銀行股份有限公司湖北省分行) from 1996 to 1998 and chief auditor of Foshan Zhixin Certified Public Accountants Company Limited* (佛山市智信會計師事務所有限公司) from 1999 to 2002. From 2002 to 2005, she worked at Foshan Shunde Finance and Taxation Bureau*(佛山市順德區財稅局). Ms. Wu joined the CGH Group in November 2005 and had served as the general manager of the finance department until May 2013 and the assistant president from September 2011 to April 2014. She has been serving as the general manager of the finance centre, vice president and chief financial officer of CGH since May 2013, April 2014 and April 2017, respectively. Ms. Wu is mainly responsible for the financial management of the CGH Group.

Ms. Wu graduated from Zhongnan University of Economics and Law (中南財經政法大學) (formerly known as Zhongnan University of Finance and Economics (中南財經大學)) in the PRC in July 1995, where she obtained a bachelor degree of economics. She also obtained a degree of executive master of business administration from China Europe International Business School (中歐國際工商學院) in the PRC in October 2015. Ms. Wu became a PRC Certified Public Accountant (中國註冊會計師) certified by The Certified Public Accountant Examination Committee of The Ministry of Finance (財政部註冊會計師考試委員會) in July 1998 and a Certified PRC Tax Agent (中國註冊稅務師) certified by the Personnel Department of Guangdong Province (廣東省人事廳) in October 1999.

Executive Directors

Mr. Li Changjiang (李長江), aged 52, was appointed as our executive Director on 9 March 2018 and has been the general manager of CG Property Services since he joined our Group in December 2011. Mr. Li is primarily responsible for overall strategic decisions, business planning and major operational decisions of our Group.

Prior to joining our Group, from March 1997 to September 2006, Mr. Li has served in positions including administrative director at Guangzhou Everbright Garden Property Management Company Limited* (廣州市光大花園物業管理有限公司) from March 1997 to May 1999, property manager at Shenzhen Expander Property Management Company Limited* (深圳市城建物業管理有限公司) from May 1999 to April 2002 and property manager and assistant general manager at Shenzhen Gemdale Property Management Company Limited* (深圳市金地物業管理有限公司) from April 2002 to September 2006, where he was responsible for various tasks, including administration, customer services management, marketing and property management. From September 2006 to December 2011, Mr. Li was a regional director within the group of A-Living Services Co., Ltd. (雅居樂雅生活服務股份有限公司), a company listed on the Main Board of the Stock Exchange (stock code: 3319) where he was mainly responsible for overall operation and management of property management in Southern China region.

Mr. Li graduated from Southwest Agricultural University (西南農業大學) in the PRC in July 1989.

Mr. Xiao Hua (肖華), aged 40, was appointed as our executive Director on 9 March 2018 and has been the deputy general manager of CG Property Services since February 2013. Mr. Xiao is primarily responsible for overall management of value-added services to non-property owners.

From April 2004 to April 2009, Mr. Xiao worked at our Group as an assistant manager, a deputy manager and a manager at Chencun branch office in Guangdong, where he was mainly responsible for security

DIRECTORS AND SENIOR MANAGEMENT

management and providing assistance to day-to-day operation of the branch office and a deputy manager, a manager and a senior manager at Huabi branch office in Guangdong, where he was mainly responsible for the day-to-day operation and management of the branch office. In April 2009, Mr. Xiao was promoted to regional director at Changsha branch office and later at Zengcheng branch office, where he was responsible for overall operation, management and brand development of property management services until February 2013.

Mr. Xiao graduated from Chongqing Huaying High School* (重慶市華瑩中學校) in 1996.

Mr. Guo Zhanjun (郭戰軍), aged 38, was appointed as our executive Director on 9 March 2018 and has been the deputy general manager of CG Property Services since he joined our Group in August 2017. Mr. Guo is primarily responsible for overall management of human resources of our Group.

Prior to joining our Group, from July 2002 to September 2010, Mr. Guo served in positions including human resource supervisor at Zhengzhou Yutong Bus Company Limited* (鄭州宇通客車股份有限公司), a company listed on Shanghai Stock Exchange (stock code: 600066), manager, senior manager and head of human resource department at GD Midea Air-Conditioning Equipment Co., Ltd* (廣東美的制冷設備有限公司) and human resources director at AUX Group Co., Ltd.* (奧克斯集團有限公司), a company mainly engaged in manufacturing and sales of electrical equipment and home appliances. From August 2011 to March 2013, Mr. Guo was the head of human resource department in the concrete business unit of Zoomlion Heavy Industry Science and Technology Co., Ltd. (中聯重科股份有限公司) (formerly known as Changsha Zoomlion Heavy Industry Science and Technology Development Co., Ltd. (長沙中聯重工科技發展股份有限公司)), a company listed on Shenzhen Stock Exchange (stock code: 000157) and the Main Board of the Stock Exchange (stock code: 1157). Mr. Guo joined the CGH Group as a deputy general manager of training and development department in July 2013 and was promoted to human resources director of Jiangzhong region in April 2014 and general manager of recruiting department in January 2016, where he was mainly responsible for human resources planning and management. From June 2016 to February 2017, he left the CGH Group and joined Beijing branch office of Thaihot Group Co., Ltd.* (泰禾集團股份有限公司北京分公司), a company listed on the Shenzhen Stock Exchange (stock code: 000732), as a deputy general manager of human resources department and a human resources director of Beijing region. Mr. Guo returned to the CGH Group as the assistant general manager of human resources management centre in February 2017 and was responsible for human resources planning and management until June 2017.

Mr. Guo graduated from Renmin University of China (中國人民大學) in the PRC in July 2002, where he obtained a bachelor degree in environmental economic and resource management.

Independent Non-executive Directors

Mr. Mei Wenjue (梅文珏), aged 48, was appointed as our independent non-executive Director on 25 May 2018 and is responsible for providing independent advice to our Board.

Mr. Mei has served as chief executive officer at Guangzhou Ruizhi Car Rental Company Limited* (廣州瑞致租車有限公司) since November 2014, a company primarily engaged in car rental business, where he is responsible for the overall business operations and management. From 1994 to September 2008, Mr. Mei worked at China Southern Airlines Company Limited (中國南方航空股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600029), the New York Stock Exchange (stock code: ZNH) and the Main Board of the Stock Exchange (stock code: 1055). From September 2008 to October 2014, he served as the chief representative at the Shenzhen Office of China Europe International Business School (中歐國際工商學院). From March 2015 to January 2018, he served as a director of the board at Sichuan Huapu Modern Agriculture Company Limited* (四川華樸現代農業股份有限公司), a company listed on the National Equities Exchange and Quotations (stock code: 837890). Mr. Mei was also an independent non-executive director of the board at Miko International Holdings Limited (米格國際控股有限公司) from December 2013 to March 2016, a company listed on the Main Board of the Stock Exchange (stock code: 1247) and at CGH from May 2013 to March 2018.

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Mr. Mei graduated from Sun Yat-Sen University (中山大學) in the PRC, where he obtained a bachelor degree of English language and literature in June 1994 and a master degree of administrative management in June 2001. He also received a master degree in business administration from the School of Management of Cranfield University in the United Kingdom in June 2006.

Mr. Rui Meng (芮萌), aged 50, was appointed as our independent non-executive Director on 25 May 2018 and is responsible for providing independent advice to our Board.

Mr. Rui has been a Professor of Finance and Accounting at China Europe International Business School (中歐國際工商學院) since January 2012, and has held the title of Zhongkun Group Chair in Finance at China Europe International Business School since October 2015.

Mr. Rui has been professionally designated as a Certified Financial Analyst by the Association for Investment Management and Research since September 2000 and a Financial Risk Manager by the Global Association of Risk Professionals since April 2010.

Mr. Rui currently serves as an independent director of the board and chairman of the audit committee at Midea Group Co., Ltd.* (美的集團股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 000333), an independent director of the board and a member of the audit committee at COSCO Shipping Energy Transportation Co., Ltd. (中遠海運能源運輸股份有限公司), a company listed on both the Main Board of the Stock Exchange (stock code: 1138) and the Shanghai Stock Exchange (stock code: 600026), an independent director of the board and the chairman of the audit committee at Shanghai Winner Information Technology Co., Inc.* (上海匯納信息科技股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 300609), an independent director of the board at Shang Gong Group Co., Ltd.* (上工申貝(集團)股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600843) and an independent non-executive director of the board and the chairman of the audit committee at China Education Group Holdings Limited (中國教育集團控股有限公司), a company listed on the Main Board of the Stock Exchange (stock code: 0839).

Notwithstanding Mr. Rui's engagement as an independent non-executive director of five companies listed on the Stock Exchange, Shenzhen Stock Exchange or Shanghai Stock Exchange, as advised and confirmed by Mr. Rui, he has sufficient time to act as our independent non-executive Director based on the following:

- (i) none of his current commitment as an independent non-executive director of those listed companies and as a professor at China Europe International Business School would require his full time involvement and he does not participate in the day-to-day operations of those listed companies nor China Europe International Business School;
- (ii) with his background and experience, he is fully aware of the responsibilities and expected time involvements for an independent non-executive director. He has not found difficulties in devoting his time to multiple companies and he is confident that with his experience in taking on multiple corporate roles, he will be able to discharge his duties to our Company;
- (iii) none of the listed companies that he has directorship with has questioned or complained about his time devoted to such listed companies; and
- (iv) his role in our Group is non-executive in nature and he will not be involved in the daily management of our Group's business. Thus his engagement as an independent non-executive Director will not require his full-time participation.

Based on the foregoing, we do not have reasons to believe that the various positions currently held by Mr. Rui will result in Mr. Rui not having sufficient time to act as our independent non-executive Director or not

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properly discharging his duties as our independent non-executive Director. Nevertheless, pursuant to the Corporate Governance Code as set out in Appendix 14 to the Listing Rules (the “**Corporate Governance Code**”), our Board will (i) regularly review the contribution required from our Directors to perform their respective responsibilities to us, and whether each Director is spending sufficient time in performing their responsibilities; (ii) at the time when it proposes a resolution to elect an individual as an independent non-executive Director at the general meeting, set out the reasons in the circular to Shareholders and/or explanatory statement accompanying the notice of the relevant general meeting why our Board believes such individual should be elected, the reasons why such individual is considered to be independent by our Board and, if required under the Corporate Governance Code, explain why such individual who is considered to be overboarded would still be able to devote sufficient time to our Board.

Mr. Rui graduated from University of International Relations (國際關係學院) in the PRC in July 1990, where he obtained a bachelor degree in international economics. He also received a master of science in economics from Oklahoma State University in the United States as well as a master of business administration degree and a doctor of philosophy degree in business administration from the University of Houston in the United States in May 1993, December 1996 and August 1997, respectively.

Mr. Chen Weiru (陳威如), aged 47, was appointed as our independent non-executive Director on 25 May 2018 and is responsible for providing independent advice to our Board.

Mr. Chen was an assistant professor of strategy at the Asia Campus of INSEAD (歐洲工商管理學院) from September 2003 to 2011 and is currently an associate professor of strategy at China Europe International Business School (中歐國際工商學院). Mr. Chen became the chief strategy officer at Zhejiang Cainiao Supply Chain Management Company Limited* (浙江菜鳥供應鏈管理有限公司) in August 2017, a company primarily engaged in logistics, where he is responsible for strategic decisions making and executing for business development. He was an independent director of the board at Zhejiang DUNAN Artificial Environment Co., Ltd.* (浙江盾安人工環境股份有限公司) from April 2015 to April 2017, a company listed on the Shenzhen Stock Exchange (stock code: 002011), at Nanjing OLO Home Furnishing Co., Ltd.* (南京我樂家居股份有限公司) from April 2015 to July 2017, a company listed on the Shanghai Stock Exchange (stock code: 603326) and at CG Property Services from May 2016 to January 2018. Mr. Chen currently serves as an independent director of the board at TAL Education Group (好未來教育集團), a company listed on the New York Stock Exchange (stock code: TAL) and an independent director of the board at Dian Diagnostics Co., Ltd.* (迪安診斷技術股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 300244).

Mr. Chen graduated from National Taiwan University (國立台灣大學) in Taiwan in June 1993, where he obtained a bachelor degree in business administration. In January 1996, he graduated from Tamkang University (淡江大學) in Taiwan, where he obtained a master degree in business administration. He received a Ph.D. in philosophy from Purdue University in the United States in December 2003.

Save as disclosed above, none of our Directors have held any other directorships in listed companies during the three years immediately preceding the date of this listing document.

Save as disclosed in this listing document, each of our Directors has confirmed that there are no other matters relating to his appointment as a Director that need to be brought to the attention of our Shareholders and there is no other information in relation to his appointment which is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules.

SENIOR MANAGEMENT

Our executive Directors and other members of our senior management are responsible for the day-to-day operations and management of the business of our Group.

DIRECTORS AND SENIOR MANAGEMENT

Please refer to the section entitled “Executive Directors” for the biographical details of Mr. Li Changjiang, Mr. Xiao Hua and Mr. Guo Zhanjun. Members of the senior management of our Group also include the following:

Name	Age	Date of joining our Group	Position	Principal responsibilities	Relationship with other Directors or senior management
Gong Shunsong (龔順松)	39	January 2018	Chief operating officer	Overall management, operations and business development	N/A
Xu Binhuai (徐彬淮)	39	October 2016	Deputy general manager	Strategic planning in business innovation and brand management	N/A
Huang Peng (黃鵬)	35	September 2016	Chief financial officer and joint company secretary	Financial management, investment management, compliance and company secretarial matters of our Group	N/A
Yu Xiangdong (余向東)	48	June 2014	Deputy general manager	Management of community value-added services business	N/A
Yuan Hongkai (袁鴻凱)	40	February 2017	Deputy general manager	Informatization solutions and intelligent technologies management	N/A

Mr. Gong Shunsong (龔順松), aged 39, was appointed as our chief operating officer in January 2018 and is primarily responsible for overall management, operations and business development.

Prior to joining our Group, from May 2003 to January 2018, he served in positions in various logistics companies including logistics manager at Flextronics Logistics (Zhuhai) Company Limited* (偉創力物流(珠海)有限公司), where he was responsible for overseeing logistic systems, business director at Shenzhen Ourate Supply Chain Management Company Limited (深圳歐瑞特供應鏈管理有限公司) (formerly known as Shenzhen Arvato Logistics Services Company Limited* (深圳歐唯特物流服務有限公司)), where he was responsible for management of the overall business operations and logistics director and vice president of e-commerce and logistics supply chain business division at SF Holding Co., Ltd.* (順豐控股股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 002352), where he was responsible for operations management until he joined our Group in January 2018.

Mr. Gong obtained a diploma in computer science from Jiujiang College Xundong Campus (九江學院潯東校區) (formerly known as Jiujiang Normal College (九江師範高等專科學校)) in the PRC in June 2000. He graduated from Royal Roads University in Canada in November 2006, where he obtained a master degree of business administration in executive management.

Mr. Xu Binhuai (徐彬淮), aged 39, was appointed as our deputy general manager in October 2016 and is primarily responsible for strategic planning in business innovation and brand management.

Prior to joining our Group, from November 2004 to February 2010, Mr. Xu served in various positions in marketing at DHL-SINOTRANS International Air Courier Ltd.* (中外運-敦豪國際航空快件有限公司), including manager of sales performance group and regional sales and marketing planning manager where he was mainly responsible for sales planning and performance management. From March 2010 to October 2012, he served as

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the head of marketing department of North Asia at American President Lines (China) Co., Ltd. (美國總統輪船(中國)有限公司), a logistics company, where he was mainly responsible for marketing and sales management in North Asia. From November 2012 to February 2016, he served as a senior project manager at Roland Berger Strategy Consultants (Shanghai) Company Limited* (羅蘭貝格企業管理(上海)有限公司), where he was in charge of providing business consulting services to transportation, logistics, tourism and public service industries. Mr. Xu joined the CGH Group as the deputy general manager of corporate strategy office in March 2016 and was mainly responsible for strategic planning of new business lines until September 2016.

Mr. Xu graduated from Fudan University in July 2002, where he obtained a bachelor degree in macromolecular material and engineering. He graduated from the University of Hong Kong in November 2016, where he obtained a master degree in business administration.

Mr. Huang Peng (黃鵬), aged 35, was appointed as our chief financial officer in September 2016 and is primarily responsible for financial management, investment management, compliance and company secretarial matters of our Group.

Prior to joining our Group, from April 2006 to September 2009, Mr. Huang served as listing office manager and manager of securities department in Vtron Group Co., Ltd.* (威創集團股份有限公司) (formerly known as Guangdong Vtron Video Technologies Company Limited* (廣東威創視訊科技股份有限公司)), a company listed on the Shenzhen Stock Exchange (stock code: 002308), where he was responsible for investor relations, and investment management. From October 2009 to December 2015, he served in various positions including as the head of finance, secretary of the board and deputy general manager in Pony Test Group Company Limited* (譜尼測試集團股份有限公司), a company mainly engaged in comprehensive testing services for various industries, where he was responsible for financial management and board secretarial matters. Mr. Huang served as an independent director of the board at Beijing Arrays Medical Imaging Corporation* (北京銳視康科技發展有限公司), a company engaged in production and sales of medical imaging equipment, until September 2016. He was also an executive director at Guangzhou Yanzhao Enterprise Management Company Limited* (廣州炎昭企業管理有限公司) from January 2016 to October 2016, a company mainly engaged in business management advisory services and an executive director at Guangdong Huishi Network Medical Investment Company Limited* (廣東惠視網絡醫療投資有限公司) from July 2016 to November 2016, a company mainly engaged in investment advisory services and hospital management.

Mr. Huang graduated from Huazhong University of Science and Technology in the PRC in June 2005, where he obtained a bachelor degree in transportation. He graduated from Guanghua School of Management of Peking University (北京大學光華管理學院) in the PRC with a master degree in business administration in July 2012. He became a PRC Certified Public Accountant (中國註冊會計師) certified by The Certified Public Accountant Examination Committee of the Ministry of Finance (財政部註冊會計師考試委員會) in December 2014.

Mr. Yu Xiangdong (余向東), aged 48, was appointed as our deputy general manager in June 2014 and is primarily responsible for management of community value-added services business.

Prior to joining our Group, from August 1998 to September 2013, he served in various positions including deputy manager of business management department at Shenzhen Vanke Property Service Company Limited* (深圳市萬科物業服務有限公司), where he was responsible for committee development of property management, providing consultancy services for business development and other community business operations, manager of business management department at Vanke Property Development Company Limited* (萬科物業發展股份有限公司), where he was responsible for development of property management and providing consultancy services for business development, director of general manager office at Shenzhen Vanke Property Services Company Limited* (深圳市萬科物業服務有限公司), where he was responsible for information management, brand management and public relations, and general manager at Beijing Vanke Property Service Company Limited Qingdao Branch Office* (北京萬科物業服務有限公司青島分公司), where he was responsible for overall

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business operations and property management in Shandong Province. Mr. Yu worked at Shenzhen Wanrui Technology Company Limited* (深圳市萬睿智能科技有限公司), a company primarily engaged in the development and application of intelligent building technology until May 2014, where he was responsible for market expansion.

Mr. Yu graduated from Ocean University of China (中國海洋大學) (formerly known as Qingdao Ocean University (青島海洋大學)) in the PRC in July 1991, where he obtained his bachelor degree in freshwater fisheries. He graduated from South China Normal University (華南師範大學) in the PRC in July 1994, where he obtained a master degree in zoology.

Mr. Yuan Hongkai (袁鴻凱), aged 40, was appointed as our deputy general manager in February 2017 and is primarily responsible for informatization solutions and intelligent technologies management. Mr. Yuan joined CG Property Services as information management consultant in June 2016.

Prior to joining our Group, from July 2000 to December 2013, Mr. Yuan served in positions including assistant general manager at China Sigma Co., Ltd.* (中國希格瑪有限公司), a company mainly engaged in development and sales of high technology and construction materials and information technology director at Kinghand Real Estate Development Group Company Limited* (京漢置業集團有限責任公司), where he was mainly responsible for information technology management in these positions. In January 2014, Mr. Yuan became a vice president and a director of the board at Easy Life (Beijing) Smart Community Investment and Development Company Limited* (樂生活(北京)智慧社區投資發展股份有限公司), a company mainly engaged in property management services, where he was responsible for technology research and development and business operations until May 2016.

Mr. Yuan graduated from the University of Science and Technology of China (中國科學技術大學) in the PRC in July 2000, where he completed his bachelor degree in computer and application through distance learning. He graduated from Beijing University of Aeronautics and Astronautics (北京航空航天大學) in the PRC in July 2007, where he obtained a master degree in software engineering.

Joint Company Secretaries

Mr. Huang Peng (黃鵬), aged 35, was appointed as our joint company secretary on 9 March 2018. For details of Mr. Huang Peng, please refer to “Senior Management — Mr. Huang Peng (黃鵬)” in this section.

Mr. Leung Chong Shun (梁創順), aged 52, was appointed as our joint company secretary on 9 March 2018. He has been a partner of Woo Kwan, Lee & Lo. (胡關李羅律師行), a law firm based in Hong Kong, since 1997.

Mr. Leung is currently the joint company secretary of four listed companies on the Main Board of the Stock Exchange, namely, China Merchants China Direct Investments Limited (招商局中國基金有限公司) (stock code: 0133), China Merchants Port Holdings Company Limited (招商局港口控股有限公司) (stock code: 0144), Guangzhou Automobile Group Co., Ltd. (廣州汽車集團股份有限公司) (stock code: 2238) and CGH.

Mr. Leung graduated from the University of Hong Kong, where he obtained a bachelor degree in laws in November 1988 and obtained the Postgraduate Certificate in laws in September 1989. He became a qualified solicitor in Hong Kong in October 1991 and in England and Wales in November 1994.

Board Committees

Our Board has established the audit committee, the remuneration committee and the nomination committee and delegated various responsibilities to these committees, which assist our Board in discharging its duties and overseeing particular aspects of our Group’s activities.

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Audit Committee

We have established an audit committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code as set out in Appendix 14 to the Listing Rules. The primary duties of the audit committee are to review and supervise our financial reporting process and internal control system of our Group, risk management and internal audit, provide advice and comments to our Board and perform other duties and responsibilities as may be assigned by our Board.

The audit committee consists of three members, namely Mr. Rui Meng, Mr. Mei Wenjue and Mr. Chen Weiru. The chairman of the audit committee is Mr. Rui Meng, who is an independent non-executive Director with the appropriate accounting and related financial management expertise.

Remuneration Committee

We have established a remuneration committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and the Corporate Governance Code as set out in Appendix 14 of the Listing Rules. The primary duties of the remuneration committee are to establish, review and provide advices to our Board on our policy and structure concerning remuneration of our Directors and senior management and on the establishment of a formal and transparent procedure for developing policies concerning such remuneration, determine the terms of the specific remuneration package of each executive Director and senior management and review and approve performance-based remuneration by reference to corporate goals and objectives resolved by our Directors from time-to-time.

The remuneration committee consists of three members, namely Mr. Chen Weiru, Ms. Yang Huiyan and Mr. Mei Wenjue. The chairman of the remuneration committee is Mr. Chen Weiru.

Nomination Committee

We have established a nomination committee with written terms of reference in compliance with the Corporate Governance Code as set out in Appendix 14 of the Listing Rules. The primary duties of the nomination committee are to review the structure, size and composition of our Board on a regular basis and make recommendations to our Board regarding any proposed changes to the composition of our Board; identify, select or make recommendations to our Board on the selection of individuals nominated for directorship, and ensure the diversity of our Board members; assess the independence of our independent non-executive Directors and make recommendations to our Board on relevant matters relating to the appointment, reappointment and removal of our Directors and succession planning for our Directors.

The nomination committee consists of three members, namely Ms. Yang Huiyan, Mr. Rui Meng and Mr. Chen Weiru. The chairman of the nomination committee is Ms. Yang Huiyan.

Compensation of Directors and Senior Management

Our Directors and members of our senior management receive compensation from our Group in the form of salaries, bonuses and other benefits in kind such as contributions to pension plans.

The remuneration (including fees, salaries, bonus, housing allowances, contributions to a retirement benefit scheme and share-based compensation expenses) paid to our Directors in aggregate for the three years ended 31 December 2017 were approximately RMB6.7 million, RMB12.9 million and RMB8.6 million, respectively.

The fees paid to our Directors in aggregate for the three years ended 31 December 2017 were approximately Nil, RMB73,000 and RMB120,000.

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The remuneration (including wages, salaries, bonuses, pension costs, housing funds, share-based compensation expenses, medical insurances and other social insurances and) paid to our Company's five highest paid individuals included one, one and two Directors for the years ended 31 December 2015, 2016 and 2017, respectively. The remuneration payable to the five highest individuals during the Track Record Period were approximately RMB20.3 million, RMB44.2 million and RMB14.2 million, respectively.

During the Track Record Period, no remuneration was paid by us to our Directors or the five highest paid individuals as an inducement to join or upon joining our Group as a compensation for the loss of office in respect of the years ended 31 December 2015, 2016 and 2017.

None of our Directors had waived or agreed to waive any remuneration during the Track Record Period. Pursuant to the existing arrangements that are currently in force as of the date of this listing document, the amount of remuneration (including benefits in kind but excluding discretionary bonuses) payable to our Directors by our Company for the year ending 31 December 2018 is estimated to be approximately RMB9.8 million in aggregate.

Our Board will review and determine the remuneration and compensation packages of our Directors and senior management and will, following the Listing, receive recommendation from our remuneration committee which will take into account salaries paid by comparable companies, time commitment and responsibilities of our Directors and performance of our Group.

Save as disclosed in this listing document, no other payments had been made, or are payable, by any member of our Group to our Directors during the Track Record Period. For additional information on our Directors' remuneration during the Track Record Period as well as information on the highest paid individuals, please refer to Note 9 and Note 32 in the Accountant's Report set out in Appendix I to this listing document.

COMPLIANCE ADVISOR

Our Group has appointed Somerley Capital Limited as our compliance advisor upon the listing of our Shares on the Stock Exchange pursuant to Rule 3A.19 of the Listing Rules. The material terms of the compliance advisor's agreement entered into between our Group and the compliance advisor are as follows:

- (1) the compliance advisor shall provide our Group with services including guidance and advice as to compliance with the requirement of the Listing Rules and other applicable laws, rules, codes and guidelines, and accompany our Group to any meetings with the Stock Exchange;
- (2) our Group may terminate the appointment of the compliance advisor by giving a no less than 30 days' prior written notice to the compliance advisor. Our Group will exercise such right in compliance with Rule 3A.26 of the Listing Rules. The compliance advisor will have the right to terminate its appointment as compliance advisor under certain specific circumstances and upon notification of the reason of its resignation to the Stock Exchange; and
- (3) during the period of appointment, our Group must consult with, and if necessary, seek advice from the compliance advisor on a timely basis in the following circumstances:
 - (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; and
 - (c) where the Stock Exchange makes an inquiry of our Group regarding unusual movements in the price or trading volume of our Shares.

DIRECTORS AND SENIOR MANAGEMENT

The term of the appointment shall commence on the Listing Date and end on the date on which we distribute our annual report in respect of our financial results for the first full financial year commencing after the Listing Date.

Corporate Governance Code

We aim to achieve high standards of corporate governance which are crucial to our development and safeguard the interests of our Shareholders. To accomplish this, we expect to comply with the Corporate Governance Code set out in Appendix 14 to the Listing Rules and the associated Listing Rules after the Listing.

SHARE CAPITAL

SHARE CAPITAL OF OUR COMPANY

The following is a description of the authorised and issued share capital of our Company as at the date of this listing document and immediately following the Listing.

<i>Authorised share capital</i>		<u>Nominal Value</u>
10,000,000,000	Shares as at the date of this listing document	US\$1,000,000.00
<i>Issued and to be issued, fully paid or credited as fully paid</i>		
2,500,000,000	Shares in issue as at the date of this listing document	US\$250,000.00

Details of the changes in the share capital of our Company are set out in “Appendix VI — General Information — A. Further Information about Our Company”.

RANKING

Our Shares are ordinary shares in the share capital of our Company and will rank equally in all respects with each other, and will qualify for all dividends and other distributions declared, made or paid by our Company following the Listing.

Pre-Listing Share Option Scheme

Our Company has adopted the Pre-Listing Share Option Scheme on 13 March 2018. The principal terms of the Pre-Listing Share Option Scheme are summarised in “Appendix VI — General Information — D. Pre-Listing Share Option Scheme”.

GENERAL MANDATES GRANTED TO THE DIRECTORS

Subject to the Listing becoming unconditional, general mandates have been granted to our Directors to allot and issue Shares and to repurchase Shares. For details of such general mandates, see “Appendix VI — General Information — A. Further Information about Our Company”.

SUBSTANTIAL SHAREHOLDERS

So far as was known to any Director or chief executive of our Company as at the Latest Practicable Date, assuming no change to the total number of shares of CGH from the Latest Practicable Date to the Record Date, immediately following the completion of the Spin-off, the following persons (other than a Director or chief executive of our Company) will have an interest and/or short position (as applicable) in our Shares or the underlying Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or will, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group, once our Shares are listed on the Stock Exchange:

Interests and Long Positions in our Shares

Name of Shareholder	Capacity	Number of Shares held or interested	Approximate percentage of interest (%)
Concrete Win ⁽¹⁾	Beneficial owner	1,078,901,840	43.16%
Genesis Capital ⁽¹⁾	Beneficial owner	326,436,781	13.06%
Ms. Yang Huiyan ⁽¹⁾	Interest of controlled corporations	1,416,985,624	56.68%
Mr. Chen Chong ⁽²⁾	Interest of spouse	1,416,985,624	56.68%

Notes:

- (1) Following the completion of the Spin-off and assuming their shareholding in CGH remains unchanged on the Record Date, Concrete Win, Genesis Capital and Golden Value will hold 1,078,901,840 Shares, 326,436,781 Shares and 11,647,003 Shares, respectively. Concrete Win, Genesis Capital and Golden Value are beneficially wholly owned by Ms. Yang Huiyan. By virtue of the SFO, Ms. Yang Huiyan is deemed to be interested in the same number of Shares in which Concrete Win, Genesis Capital and Golden Value will be interested.
- (2) By virtue of the SFO, Mr. Chen Chong is deemed to be interested in the Shares held by his spouse, Ms. Yang Huiyan.

Save as disclosed above, as at the Latest Practicable Date, none of our Directors or chief executive of our Company was aware of any other person (other than a Director or chief executive of our Company) who will, immediately following the completion of the Spin-off, have an interest or short position in our Shares or the underlying Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or 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 member of our Group.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

OUR CONTROLLING SHAREHOLDERS

Prior to the Spin-off, our Group primarily operates as the property management company under and as a part of the CGH Group. As at the Latest Practicable Date, CGH indirectly held 2,500,000,000 Shares representing the entire issued share capital of our Company. As disclosed in the section headed “CGH Distribution and Spin-off” in this listing document, the CGH Distribution will be satisfied by way of distribution in specie to the Qualifying CGH Shareholders of the entire issued share capital of our Company, in proportion to their respective shareholdings in CGH, on the basis of one Share for 8.7 CGH Shares held on the Record Date. As a result, immediately after the CGH Distribution, our Company will cease to be a subsidiary of CGH, and Ms. Yang Huiyan, Concrete Win, Genesis Capital and Golden Value will be the Controlling Shareholders of our Company. We will operate independently from our Controlling Shareholders and their close associates, details of which are set out below.

Our Controlling Shareholders

Ms. Yang Huiyan is currently an executive director and vice chairman of CGH. Concrete Win, Genesis Capital and Golden Value are beneficially owned and controlled by Ms. Yang Huiyan. Concrete Win, Genesis Capital and Golden Value are incorporated in the BVI and are investment holding companies holding the controlling interest in CGH, and will hold controlling interest in our Company upon the CGH Distribution.

CGH

Country Garden Holdings Company Limited (碧桂園控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability, and its shares are listed on the Main Board of the Stock Exchange. The CGH Group is principally engaged in property development, property investment, hotel operation and construction fitting and decoration, owned as to approximately 56.7% by Ms. Yang Huiyan as at the Latest Practicable Date and therefore a close associate of Ms. Yang Huiyan.

Delineation of Business

The table below sets forth the principal businesses of our Group and the Remaining the CGH Group as of the Latest Practicable Date:

<u>Name of company</u>	<u>Principal business operations</u>
Our Group	property management services, community value-added services, value-added services to non-property owners, and other services form an integrated service offering to the customers and cover the entire value chain of property management.
The Remaining CGH Group	property development, property investment, hotel operations and construction fitting and decoration

On 3 April 2018, the CGH Group acquired the entire equity interest in Tianjin Huimeng Property Company Limited* (天津匯萌置業有限公司) (“**Tianjin Huimeng**”) which holds 40% of the equity interest in Guangdong Guangwu Real Estate (Group) Company Limited* (廣東廣物房地產(集團)有限公司) (“**Guangdong Guangwu**”), which engages in property development business in the PRC. Certain subsidiaries of Guangdong Guangwu (“**Guangdong Guangwu’s Property Management Subsidiaries**”) have been engaged in providing property management services to the projects developed by Guangdong Guangwu. As at 31 December 2017, a total number of 20 projects representing in aggregate approximately 2.1 million sq.m. were managed by Guangdong Guangwu’s Property Management Subsidiaries. Based on the audit reports of Guangdong

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

Guangwu's Property Management Subsidiaries, for the year ended 31 December 2017, the total revenue and net loss of Guangdong Guangwu's Property Management Subsidiaries were approximately RMB126.1 million and RMB9.3 million respectively. We were informed by the CGH Group that Tianjin Huimeng was in the process of acquiring another 45% of the equity interest in Guangdong Guangwu from the other existing shareholders. The CGH Group has provided an undertaking to us that it will procure Guangdong Guangwu's Property Management Subsidiaries not to provide property management services to any property projects developed by property developers other than Guangdong Guangwu for so long as the CGH Group remains a controlling shareholder of Guangdong Guangwu. Taking into consideration the size of the business of Guangdong Guangwu's Property Management Subsidiaries and the undertaking given by the CGH Group, we believe the extent of competition between the CGH Group and us is very limited.

Further, pursuant to the disclosure in the CGH Group's corporate communications (including its 2017 annual report), the CGH Group's business strategy is to focus on the property development business. According to our discussion with the CGH Group, we believe that considering the economies of scale and the resources and expertise required for the property management services, it is not commercially sensible for the CGH Group to develop any property management business upon completion of the Spin-off.

Given the difference between the principal business operations and business strategies of our Group and the Remaining CGH Group, despite the circumstance disclosed above, our Directors are of the view that there is clear delineation between the business of the Remaining CGH Group and our business. Save as disclosed above, none of the business of the Remaining CGH Group would compete or is expected to compete, directly or indirectly, with the businesses of our Group.

To ensure that competition will not exist in the future, Ms. Yang Huiyan, our ultimate controlling shareholder, has entered into the Deed of Non-Competition in favour of our Company to the effect that she will not, and will procure her respective Close Associates (as defined below) not to, directly or indirectly participate in, or hold any right or interest, or otherwise be involved in any business which may be in competition with our business, further details of which are set out in the paragraph entitled "— Deed of Non-Competition" below.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS AND THEIR CLOSE ASSOCIATES

We believe that we are capable of carrying on our business independently of our Controlling Shareholders and their respective close associates (other than our Group) after Listing for the following reasons:

Management Independence

Our Company and CGH have boards of directors that function independently of each other. The following table sets forth the details of the directorships and/or roles in our Company and the Remaining CGH Group (if any) immediately upon Listing:

Name	Position in our Company	Position in the Remaining CGH Group
Ms. Yang Huiyan (楊惠妍)	Chairman of our Board and non-executive Director	Executive director and vice chairman of CGH
Mr. Yang Zhicheng (楊志成)	Non-executive Director	Executive director, vice president and regional president of CGH
Ms. Wu Bijun (伍碧君)	Non-executive Director	General manager of the finance centre and vice president and chief financial officer of CGH
Mr. Li Changjiang (李長江)	Executive Director and general manager	None
Mr. Xiao Hua (肖華)	Executive Director and deputy general manager	None
Mr. Guo Zhanjun (郭戰軍)	Executive Director and deputy general manager	None
Mr. Mei Wenjue (梅文珏)	Independent non-executive Director	None
Mr. Rui Meng (芮萌)	Independent non-executive Director	None
Mr. Chen Weiru (陳威如)	Independent non-executive Director	None

Our Board comprises three executive Directors, three non-executive Directors and three independent non-executive Directors. Three of the Directors hold various directorships or positions in the Remaining CGH Group, namely Ms. Yang Huiyan who serves as an executive director in CGH and a non-executive director in our Company, Mr. Yang Zhicheng who also serves as an executive director in CGH and a non-executive Director in our Company and Ms. Wu Bijun who serves as chief financial officer in CGH while serving as a non-executive Director in our Company.

Other than Ms. Yang Huiyan, Mr. Yang Zhicheng and Ms. Wu Bijun, none of our other Directors holds any directorship or senior management role in the CGH Group. Since Ms. Yang Huiyan, Mr. Yang Zhicheng and Ms. Wu Bijun are non-executive Directors in our Company, they will not be involved in the day-to-day management or affairs and operations of our businesses.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

The independent senior management team of our Group is led by a core management team comprising Mr. Li Changjiang (李長江), Mr. Xiao Hua (肖華), Mr. Chen Yuhui (陳宇輝), Ms. Wang Cuiqin (王翠勤), Ms. Xia Xiaonan (夏曉楠), Mr. Yu Xiangdong (余向東), Mr. Guo Zhanjun (郭戰軍), Mr. Xu Binhuai (徐彬淮), Mr. Yuan Hongkai (袁鴻凱) and Mr. Huang Peng (黃鵬), some of whom have served our Group for many years with over 17 years of working experience in the field of property management service. They form part of our core management team together and made material decisions in our business operation and project development during the Track Record Period. There is no overlapping personnel between the senior management team of our Group and the CGH Group.

In the event that the three overlapping Directors are required to abstain from any board meeting of our Company on any matter which may give rise to a potential conflict of interest with the CGH Group, the remaining Directors will have sufficient expertise and experience to fully consider any such matter. Notwithstanding the three overlapping Directors, our Directors, including the independent non-executive Directors, are of the view that our Board is able to manage our business independently from the Remaining CGH Group for the following reasons:

- (a) none of the businesses of the Remaining CGH Group competes, or is likely to compete, with our core business and with the corporate governance measures in place to manage existing and potential conflicts of interest, therefore, the dual roles assumed by the three overlapping Directors in most cases will not affect the requisite degree of impartiality of our Directors in discharging their fiduciary duties owed to our Company;
- (b) we have three independent non-executive Directors, and certain matters of our Company, including continuing connected transactions and other matters referred to in the Deed of Non-Competition, details of which are set out in the paragraph entitled “— Deed of Non-Competition” below, must always be referred to the independent non-executive Directors for review and they will confirm in our annual report that our continuing connected transactions have been entered into in our ordinary and usual course of business, are on normal commercial terms or better and on terms that are fair and reasonable and in the interests of our shareholders as a whole; and
- (c) in an event of conflict of interests, the relevant Director(s) will abstain from voting and will be excluded from deliberation by our Board. We believe our Directors with no overlapping directorships in the CGH Group have the requisite qualifications, integrity and experience to maintain an effective board and observe their fiduciary duties in an event of conflict of interests. Please refer to the section entitled “Directors and Senior Management — Board of Directors” in this listing document for the relevant experience and qualifications of our Directors.

Operational Independence

Although our Controlling Shareholders will retain a controlling interest in our Company and the Remaining CGH Group, our Board shall make decisions on, and to carry out, the business operations of our Company independently. Furthermore, as disclosed in the paragraph headed “Delineation of business” above, our Group and the Remaining CGH Group have their own business segment and our Group shall operate independently from the Remaining CGH Group.

Although approximately 89.1% of our revenue-bearing GFA as at 31 December 2017 were of properties developed by the CGH Group, the majority of the customers of our Group are third-party property owners independent from the CGH Group. For the year ended 31 December 2017, approximately 84.1% of the revenue of our Group was generated from customers excluding the CGH Group and its joint ventures and associates.

Though most of the projects we managed were developed by the CGH Group, which is in line with the industry norm, our Group secures a majority of preliminary property management service engagements through a

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

standard tender process regulated by applicable PRC laws and regulations. Pursuant to the Regulation on Property Management (《物業管理條例》), a bid evaluation committee shall be established to consider and make decisions on the bids. The committee shall be composed of no fewer than five members, with one representative from the property developer and independent experts in property management for not be less than two thirds of the total number of the committee members. For details of the tender process, see “Business — Growth of our Property Management Services Portfolio”. During the Track Record Period, we obtained certain property management service contracts without going through the public tender process. For details, see “Business — Growth of our Property Management Services Portfolio”

In addition, in the post-delivery stage of the property development projects where the property units have been wholly or partially sold and the owners’ associations have been established by the property owners’ general meeting, the owners’ associations can be authorised by the property owners’ general meeting to enter into contracts with the property management service providers selected by the property owners’ general meeting. The CGH Group does not have any decisive influence over the selection (or replacement) of the property management service provider by individual property owners.

We have started to provide property management services for properties developed by independent third-party property developers since 2013. As at 31 December 2017, the total revenue-bearing GFA pursuant to such type of projects was approximately 13.3 million sq.m., representing approximately 10.9% of our Group’s total revenue-bearing GFA.

The percentage of revenue attributable to the CGH Group is expected to decrease in the three years ending 31 December 2020, given the more robust increment in revenue derived from (i) individual property owners who are unrelated to the CGH Group which account for the majority of our Group’s revenue, and (ii) property developers other than the CGH Group as a result of our Group’s increased marketing efforts targeted at independent third-party property developers and accelerated acquisitions of property management projects.

Licences and IT systems required for operation

We hold and enjoy the benefit of all relevant licences and permits material to the operation of our business. We do not share any IT systems or corporate functions with the CGH Group.

Access to customers

Our Group has a large and diversified base of customers that are unrelated to our Controlling Shareholders and/or their respective close associates.

Operational facilities

As at the Latest Practicable Date and save as disclosed in the section entitled “Connected Transactions — (A) Continuing connected transactions fully exempt from the reporting, annual review, announcement and independent shareholders’ approval requirements” in this listing document, all the properties and facilities necessary to our business operations are independent from our Controlling Shareholders and their respective associates.

Employees

As at the Latest Practicable Date, our full-time employees were recruited independently and primarily through recruitment websites, on-campus recruitment programmes, job fair, recruiting firms and internal referrals.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

Connected transactions with our Controlling Shareholders

The section entitled “Connected Transactions” in this listing document sets out the continuing connected transactions between our Group and our Controlling Shareholders or their associates which will continue after the completion of the Spin-off. All such transactions are determined after arm’s length negotiations and on normal commercial terms. Save for the continuing connected transactions set out in the section entitled “Connected Transactions” in this listing document, our Directors currently do not expect that there will be any other connected transactions between our Group and our Controlling Shareholders or their respective associates upon or shortly after the completion of the Spin-off.

Financial Independence

All amounts due from and/or to the CGH Group will be fully repaid, settled, assigned or novated to our Group prior to the Listing Date. As at the Latest Practicable Date, our Group had no outstanding bank loans and did not rely on the CGH Group for any guarantee or security.

During the Track Record Period, despite that members of our Group were subsidiaries of CGH, their operations were carried out individually at the company level. The financials of such operating companies are consolidated at the group level. Having considered the above factors, our Directors consider that there will not be financial dependence on our Controlling Shareholders and the CGH Group after Listing.

DEED OF NON-COMPETITION

To ensure a clear delineation of our Group’s business and the CGH Group’s following the completion of the Spin-off, Ms. Yang Huiyan, our ultimate controlling shareholder, has entered into the following deed of non-competition with our Company (the “**Deed of Non-competition**”).

Ms. Yang Huiyan has undertaken to us in the Deed of Non-Competition that she will not, and will procure her Close Associates (as defined below) not to directly or indirectly be involved in or undertake any business (other than our business) that directly or indirectly competes, or may compete, with our business, which includes providing property management services, community value-added services, value-added services to non-property owners, and other services form an integrated service offering to the customers and cover the entire value chain of property management (collectively referred to as the “**Restricted Activities**”), or hold shares or interest in any companies or business that compete directly or indirectly with the business engaged by our Group from time to time except where our Controlling Shareholders and their close associates hold less than 5% of the total issued share capital of any company (whose shares are listed on the Stock Exchange or any other stock exchange) which is engaged in any business that is or may be in competition with any business engaged by any member of our Group and they do not control 10% or more of the composition of the board of directors of such company.

Further, Ms. Yang Huiyan has undertaken to procure that if any new business investment/other business opportunity relating to the Restricted Activities (the “**Competing Business Opportunity**”) is identified by/made available to her or any of her Close Associates (as defined below), she shall, and shall procure that her Close Associates (as defined below) shall, refer such Competing Business Opportunity to our Company on a timely basis and in the following manner:

- refer the Competing Business Opportunity to our Company by giving written notice (the “**Offer Notice**”) to our Company of such Competing Business Opportunity within 30 business days of identifying the target company (if relevant), the nature of the Competing Business Opportunity, the investment or acquisition costs and all other details reasonably necessary for our Company to consider whether to pursue such Competing Business Opportunity;

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

- upon receiving the Offer Notice, our Company shall seek approval from a board committee who do not have an interest in the Competing Business Opportunity (the “**Independent Board**”) as to whether to pursue or decline the Competing Business Opportunity (any Director who has actual or potential interest in the Competing Business Opportunity shall abstain from attending (unless their attendance is specifically requested by the Independent Board) and voting at, and shall not be counted in the quorum for, any meeting convened to consider such Competing Business Opportunity);
- the Independent Board shall consider the financial impact of pursuing the Competing Business Opportunity offered, whether the nature of the Competing Business Opportunity is consistent with our Group’s strategies and development plans and the general market conditions of our business. If appropriate, the Independent Board may appoint independent financial advisors and legal advisors to assist in the decision making process in relation to such Competing Business Opportunity;
- the Independent Board shall, within 30 business days of receipt of the written notice referred above, inform our Controlling Shareholders in writing on behalf of our Company its decision whether to pursue or decline the Competing Business Opportunity;
- our Controlling Shareholders shall be entitled but not obliged to pursue such Competing Business Opportunity if she has received a notice from the Independent Board declining such Competing Business Opportunity or if the Independent Board failed to respond within such 30 business days’ period mentioned above; and
- if there is any material change in the nature, terms or conditions of such Competing Business Opportunity pursued by our Controlling Shareholders, she shall refer such revised Competing Business Opportunity to our Company as if it were a new Competing Business Opportunity.

The Deed of Non-Competition will lapse automatically if our Controlling Shareholders and their close associates cease to hold, whether directly or indirectly, 30% or above of our Shares with voting rights or our Shares cease to be listed on the Stock Exchange.

In order to promote good corporate governance practises and to improve transparency, the Deed of Non-Competition includes the following provisions:

- our independent non-executive Directors shall review, at least on an annual basis, the compliance with the Deed of Non-Competition by our Controlling Shareholders;
- Ms. Yang Huiyan has undertaken to us that she will provide and procure her Close Associates (as defined below) to provide on best endeavour basis, all information necessary for the annual review by our independent non-executive Directors for the enforcement of the Deed of Non-Competition;
- we will disclose the review by our independent non-executive Directors on the compliance with, and the enforcement of, the Deed of Non-Competition in our annual report or by way of announcement to the public in compliance with the requirements of the Listing Rules;
- we will disclose the decisions on matters reviewed by the independent non-executive Directors (including the reasons for not taking up the Competing Business Opportunity referred to our Company) either through our annual report or by way of announcement to the public;
- each of our Controlling Shareholders will make an annual declaration in our annual report on the compliance with the Deed of Non-Competition in accordance with the principle of voluntary disclosure in the corporate governance report; and

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

- in the event that any of our Directors and/or their respective close associates has material interests in any matter to be deliberated by our Board in relation to the compliance and enforcement of Deed of Non-Competition, she may not vote on the resolutions of our Board approving the matter and shall not be counted towards the quorum for the voting pursuant to the applicable provisions in the Articles of Association.

For the above purpose:

“**Close Associates**” means the close associates (as defined under the Listing Rules) of Ms. Yang Huiyan excluding CGH and its subsidiaries, which are operating independently due to their listing status.

CORPORATE GOVERNANCE MEASURES

Our Controlling Shareholders and their respective close associates may not compete with us as provided in the Deed of Non-Competition. Ms. Yang Huiyan has confirmed that she fully comprehends her obligations to act in our Shareholders’ best interests as a whole. Our Directors believe that there are adequate corporate governance measures in place to manage existing and potential conflicts of interest. In order to further avoid potential conflicts of interest, we have implemented the following measures:

- (a) as part of our preparation for the Spin-off, we have amended our Articles of Association to comply with the Listing Rules. In particular, our Articles of Association provided that, unless otherwise provided, a Director shall not vote on any resolution approving any contract or arrangement or any other proposal in which such Director or any of his/her associates have a material interest nor shall such Director be counted in the quorum present at the meeting;
- (b) a Director with material interests shall make full disclosure in respect of matters that may have conflict or potentially conflict with any of our interest and abstain from the board meetings on matters in which such Director or his/her associates have a material interest, unless the attendance or participation of such Director at such meeting of the Board is specifically requested by a majority of the independent non-executive Directors;
- (c) we are committed that our Board should include a balanced composition of executive Directors, non-executive Directors and independent non-executive Directors. We have appointed independent non-executive Directors and we believe our independent non-executive Directors possesses sufficient experience and they are free of any business or other relationship which could interfere in any material manner with the exercise of their independent judgement and will be able to provide an impartial, external opinion to protect the interests of our public Shareholders. Details of our independent non-executive Directors are set out in the section entitled “Directors and Senior Management — Board of Directors — Independent non-executive Directors” in this listing document;
- (d) we have appointed Somerley Capital Limited as our compliance advisor, which will provide advice and guidance to us in respect of compliance with the applicable laws and the Listing Rules including various requirements relating to Directors’ duties and corporate governance;
- (e) as required by the Listing Rules, our independent non-executive Directors shall review any connected transactions annually and confirm in our annual report that such transactions have been entered into in our ordinary and usual course of business, are either on normal commercial terms or on terms no less favourable to us than those available to or from independent third parties and on terms that are fair and reasonable and in the interests of our Shareholders as a whole; and
- (f) on an annual basis, our independent non-executive Directors will review the non-compete undertakings provided by our Controlling Shareholders and their compliance with such undertakings.

CONNECTED TRANSACTIONS

Our Group has entered into certain transactions with parties who will, upon completion of the Spin-off, become our connected persons, and certain transactions will continue following the Listing Date, thereby constituting connected transactions under the Listing Rules.

(A) CONTINUING CONNECTED TRANSACTIONS FULLY EXEMPT FROM THE REPORTING, ANNUAL REVIEW, ANNOUNCEMENT AND INDEPENDENT SHAREHOLDERS' APPROVAL REQUIREMENTS

1. Trademark Licencing Arrangement

On 1 June 2018, a trademark licencing agreement was entered into between our Company and Shunbi Property and a deed of trademark licencing was entered into between our Company and CGH (the “**Trademark Licencing Arrangement**”). Pursuant to the Trademark Licencing Arrangement, Shunbi Property agreed and CGH would procure Shunbi Property to irrevocably and unconditionally grant to our Group a non-transferable licence to use several trademarks registered in the PRC and Hong Kong for a perpetual term commencing from the date of the trademark licencing agreement and the deed of trademark licencing, which is subject to the renewal of the licenced trademarks, on a royalty-free basis. Details of the licenced trademarks are set forth in the section entitled “Appendix VI — General Information — B. Further Information about the Business of our Company — 2. Intellectual Property Rights of our Group” in this listing document.

Our Directors believe that the entering into the Trademark Licencing Arrangement with a term of more than three years can ensure the stability of our operations, and is beneficial to our Company and our Shareholders as a whole. The Joint Sponsors are of the view that it is normal business practise for agreements of this type to be of such duration.

Shunbi Property as the registered proprietor of the licenced trademarks is an indirect wholly-owned subsidiary of CGH. CGH is an associate of our Controlling Shareholders and therefore Shunbi Property is a connected person of our Company for the purpose of the Listing Rules. Accordingly, the transactions under the Trademark Licencing Arrangement will constitute continuing connected transaction for our Company under Chapter 14A of the Listing Rules upon Listing.

As the right to use the licenced trademark are granted to us on a royalty-free basis, the transaction under the Trademark Licence Arrangement will be within the de minimus threshold provided under Rule 14A.76 of the Listing Rules and will be exempt from the reporting, annual review, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

2. Master Property Lease Agreement

On 1 June 2018, we entered into a master property lease agreement with CGH (the “**Master Property Lease Agreement**”), pursuant to which we may lease from the Remaining CGH Group offices, community service centres, etc. The Master Property Lease Agreement has a term commencing from the Listing Date until 31 December 2020. Relevant subsidiaries or associated companies of both parties will enter into separate lease agreements which will set out the specific terms and conditions according to the principles provided in the Master Property Lease Agreement.

Based on the property lease agreements that we entered into with the Remaining CGH Group, as of 31 December 2017, we leased several properties from the Remaining CGH Group with a total GFA of approximately 3,847.5 sq.m.. For each of the years ended 31 December 2015, 2016 and 2017, the payables of rental fee by us to the Remaining CGH Group amounted to approximately RMB0.2 million, RMB0.6 million and RMB0.6 million, respectively.

The rent to be paid by us under the Master Property Lease Agreement will be determined on an arm's length basis, with reference to the historical transaction amounts during the Track Record Period and the prevailing market rent of similar properties located in similar areas and should not be less favourable than that offered by Independent Third Parties.

CONNECTED TRANSACTIONS

Our Directors estimate that the maximum annual fee payable by us under the Master Property Lease Agreement for each of the three years ending 31 December 2020 will not exceed RMB1.1 million, RMB1.6 million and RMB2.2 million, respectively. In arriving at the above annual caps, our directors have considered the historical transaction amount during the Track Record Period, the terms and conditions, in particular, the rent, under the existing lease agreements and the estimated needs of our Group based on our Group's future business development plan, particularly the expansion plan of our real estate brokerage services.

CGH is an associate of our Controlling Shareholders and therefore, is a connected person of our Company under the Listing Rules. Accordingly, the transactions under Master Property Lease Agreement will constitute continuing connected transaction for our Company under Chapter 14A of the Listing Rules upon Listing.

As each of the applicable percentage ratios under the Listing Rules in respect of the annual caps in relation to the Master Property Lease Agreement is expected to be less than 5% and the total consideration is less than HK\$3,000,000 per annum, the transactions under the Master Property Leasing Arrangement will be exempt from the reporting, annual review, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

(B) CONTINUING CONNECTED TRANSACTIONS SUBJECT TO THE REPORTING, ANNUAL REVIEW, ANNOUNCEMENT REQUIREMENTS BUT EXEMPT FROM THE INDEPENDENT SHAREHOLDERS' APPROVAL REQUIREMENT

1. Master Hotel Services Agreement

On 1 June 2018, we entered into a hotel services framework agreement (the "**Master Hotel Services Agreement**") with CGH, pursuant to which our Company agreed to engage the Remaining CGH Group to provide hotel accommodation services to our Group ("**Hotel Services**"), for a term commencing from the Listing Date until 31 December 2020.

For each of the years ended 31 December 2015, 2016 and 2017, the payables by us to the Remaining CGH Group for Hotel Services amounted to approximately RMB5.9 million, RMB1.7 million and RMB3.4 million, respectively. The fee payable by us to the Remaining CGH Group decreased to RMB1.7 million for the year ended 31 December 2016 from approximately RMB5.9 million for the year ended 31 December 2015 due to the change in our employee benefit policy from providing free nights at the hotels of the Remaining CGH Group to reimbursing hotel expenses incurred by the employees at such hotels, which led to a decrease in demand for such services from our employees. The service fees for the Hotel Services shall be determined after arm's length negotiations with reference to the prevailing market rate for similar hotel services for hotels of similar standard for corporate customers in the open market.

Our Directors estimate that the maximum annual fee payable by us in relation to the Hotel Services under the Master Hotel Services Agreement for each of the three years ending 31 December 2020 will not exceed RMB4.1 million, RMB4.9 million and RMB5.8 million, respectively.

In arriving at the above annual caps, our Directors have considered the following factors:

- the historical transaction amount of the Hotel Services incurred by our Group from the Remaining CGH Group during the Track Record Period;
- the estimated demand of our Group for business travels in the three years ending 31 December 2020; and
- the estimated demand of our employees for accommodation at the hotels operated by the Remaining CGH Group under our employee benefit policy.

CONNECTED TRANSACTIONS

CGH is an associate of our Controlling Shareholders and is therefore a connected person of our Company under the Listing Rules. Accordingly, the transactions under the Master Hotel Services Agreement will constitute continuing connected transactions for our Company under Chapter 14A of the Listing Rules upon Listing.

Since each of the applicable percentage ratios under the Listing Rules in respect of the aggregated annual caps in relation to the Hotel Services is expected to be less than 25% and the total consideration is less than HK\$10,000,000 per annum, the transactions under the Master Hotel Services Agreement will be exempt from the independent Shareholders' approval requirement but subject to the reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules.

2. Master Engineering and Transportation Services Agreement

On 1 June 2018, we entered into a master engineering and transportation services agreement (the "**Master Engineering and Transportation Services Agreement**") with CGH, pursuant to which the Remaining CGH Group agreed to provide engineering and transportation services, including but not limited to, providing maintenance on the public facilities for properties managed by our Group and the shuttle-bus transportation services ("**Engineering and Transportation Services**"), for a term commencing from the Listing Date until 31 December 2020.

For each of the years ended 31 December 2015, 2016 and 2017, the total payables by our Group for the Engineering and Transportation Services amounted to approximately RMB34.6 million, RMB38.9 million and RMB31.3 million, respectively.

The service fees to be charged for the Engineering and Transportation Services shall be determined after arm's length negotiations with reference to the prevailing market price for similar types of services provided by independent services providers in the open market.

Our Directors estimate that the maximum annual fee payable by our Group in relation to the Engineering and Transportation Services under the Engineering and Transportation Services Framework Agreement for each of the three years ending 31 December 2020 will not exceed RMB35.7 million, RMB41.1 million and RMB48.3 million, respectively. In arriving at the above annual caps, our Directors have considered the following factors:

- the historical transaction amounts during the Track Record Period;
- our estimation of the GFA of the properties expected to be managed by our Group in the three years ending 31 December 2020 based on the GFA of the properties under our Group's management during the Track Record Period, which were approximately 67.7 million sq.m., 87.3 million sq.m. and 109.4 million sq.m.; and
- our anticipated decrease in demand for the shuttle-bus transportation services for the new properties expected to be managed by our Group in the three years ending 31 December 2020.

CGH is an associate of our Controlling Shareholders and therefore is a connected person of our Company under the Listing Rules. Accordingly, the transactions under the Engineering and Transportation Services Framework Agreement will constitute continuing connected transactions for our Company under Chapter 14A of the Listing Rules upon Listing.

Since each of the applicable percentage ratios under the Listing Rules in respect of the aggregated annual caps in relation to the Engineering and Transportation Services, is expected to be less than 5%, the transactions under the Master Engineering and Transportation Services Agreement will be exempt from the independent Shareholders' approval requirement but subject to the reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules.

CONNECTED TRANSACTIONS

3. Water Supply Services Agreement

On 1 June 2018, we entered into a water supply services agreement (the “**Water Supply Services Agreement**”) with Zengcheng Qingyuan Waterworks Company Limited* (增城市清源自來水廠有限公司) (“**Zengcheng Qingyuan**”), pursuant to which Zengcheng Qingyuan agreed to supply water to the clubhouses and public facilities in the properties managed by our Group in Zengcheng, Guangdong Province (“**Water Supply Services**”), for a term commencing from the Listing Date until 31 December 2020.

For each of the years ended 31 December 2015, 2016 and 2017, the total payables by us to Zengcheng Qingyuan amounted to approximately RMB4.0 million, RMB4.3 million and RMB2.5 million, respectively. The service fees to be charged for the Water Supply Services shall be determined with reference to the fees for similar services in the market and government guidance rate and shall not be higher than the fees charged to Independent Third Parties. The fee payable by us to Zengcheng Qingyuan for the year ended 31 December 2017 decreased from approximately RMB4.3 million to approximately RMB2.5 million due to the change in the pricing method from an actual water consumption basis to a fixed cap basis.

Our Directors estimate that the annual fee payable by us in relation to the Water Supply Services under the Water Supply Services Agreement for each of the three years ending 31 December 2020 will not exceed RMB3.6 million, RMB4.2 million and RMB4.2 million, respectively, taking into account the monthly water supply fee of RMB0.3 million, which was determined with reference to the historical transaction amount of Water Supply Services during the Track Record Date and the anticipated increase in the government guidance rate.

Zengcheng Qingyuan is indirectly owned as to 99% by Xizang Shengda Investment Centre (Limited Partnership)* (西藏聖達投資中心(有限合夥)), which is controlled by Ms. Yang Meirong (楊美容). Ms. Yang Meirong (楊美容) is an aunt of Ms. Yang Huiyan, one of our Controlling Shareholders and is therefore a connected person of our Company under the Listing Rules. Accordingly, the transactions under the Water Supply Agreement will constitute continuing connected transactions for our Company under Chapter 14A of the Listing Rules upon Listing.

Since each of the applicable percentage ratios under the Listing Rules in respect of the aggregated annual caps in relation to the Water Supply Services is expected to be less than 25% and the total consideration is less than HK\$10,000,000 per annum, the transactions under the Water Supply Services Agreement will be exempt from the independent Shareholders’ approval requirement but subject to the reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules.

(C) CONTINUING CONNECTED TRANSACTIONS SUBJECT TO THE REPORTING, ANNUAL REVIEW, ANNOUNCEMENT AND INDEPENDENT SHAREHOLDERS’ APPROVAL REQUIREMENTS

1. Master CGH Property Management Services Agreement

On 1 June 2018, we entered into a property management services framework agreement (the “**Master CGH Property Management Services Agreement**”) with CGH, which set the terms between the Remaining CGH Group and our Group on the property management services fee in respect of the unsold property units and the sold property units prior to the agreed delivery date set out on the property purchase contract for projects developed by the Remaining CGH Group and managed by our Group (the “**CGH Property Management Services**”), for a term commencing from the Listing Date until 31 December 2020.

For each of the years ended 31 December 2015, 2016 and 2017, the total payables by the Remaining CGH Group for the CGH Property Management Services from the Remaining CGH Group amounted to approximately RMB91.3 million, RMB201.3 million and RMB211.5 million, respectively.

CONNECTED TRANSACTIONS

The fees to be charged for the CGH Property Management Services shall be determined after arm's length negotiations taking into account the location of the project, the anticipated operational costs (including labour costs, material costs and administrative costs) with reference to the fees for similar services and similar types of projects in the market. The service fees shall not be higher than the standard fees designated by the relevant regulatory authorities or lower than the standard fees to be charged by Independent Third Parties. During the Track Record Period, we provided discount on the service fees charged by us to certain of the unsold units developed by the Remaining CGH Group.

Our Directors estimate that the maximum annual fee payable by the Remaining CGH Group in relation to the CGH Property Management Services for each of the three years ending 31 December 2020 will not exceed RMB289.6 million, RMB355.3 million and RMB478.1 million, respectively.

Our Directors have considered the following factors in arriving at the above annual caps:

- the historical transaction amounts during the Track Record Period;
- the estimated revenue to be recognised in relation to the CGH Property Management Services provided by our Group pursuant to existing contracts;
- our estimation of revenue from CGH Property Management Services as percentage of revenue from property management services for properties developed by the Remaining CGH Group, which is generally in line with the historical percentage ratios during the Track Record Period, which were approximately 6.6%, 10.9% and 9.2%, our estimation of GFA developed by the Remaining CGH Group as at the year end of 2018 to 2020 and the fee rate for the CGH Property Management Services; and
- no discount on the service fee would be provided by our Group since January 2018.

The estimated revenue from the properties to be developed by the Remaining CGH Group multiplied by percentage ratio is applied when arriving at the annual caps for the provision of CGH Property Management Services.

CGH is an associate of our Controlling Shareholders and therefore is a connected person of our Company under the Listing Rules. Accordingly, the transactions under the Master CGH Property Management Services Agreement will constitute continuing connected transactions for our Company under Chapter 14A of the Listing Rules upon Listing.

Since one or more of the applicable percentage ratios under the Listing Rules in respect of the aggregated annual caps in relation to the Master CGH Property Management Services Agreement are expected to be more than 5% on an annual basis, the transactions under the Master CGH Property Management Services Agreement constitute continuing connected transactions for our Company which are subject to the reporting, annual review, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

2. Master Consultancy and Other Services Agreement

On 1 June 2018, we entered into a consultancy and other services framework agreement (the "**Master Consultancy and Other Services Agreement**") with CGH, pursuant to which our Group agreed to provide consultancy and other services, including but not limited to providing consulting services to the on-site sales office of the Remaining CGH Group (the "**Consultancy Services**"), and cleaning services for the properties developed by the Remaining CGH Group before delivery to homeowners (the "**Pre-delivery Cleaning and Other Services**") (the Consultancy Services and the Pre-delivery Cleaning and Other Services, collectively the "**Consultancy and Other Services**"), for a term commencing from the Listing Date until 31 December 2020.

CONNECTED TRANSACTIONS

For each of the years ended 31 December 2015, 2016 and 2017, the total amount payables by the Remaining CGH Group for the Consultancy and Other Services amounted to approximately RMB104.5 million, RMB162.0 million and RMB228.1 million, respectively.

The services fees to be charged for the Consultancy Services shall be determined after arm's length negotiations taking into account the size, location and positioning of the properties to be sold by the sales offices of the Remaining CGH Group, the anticipated operational costs and the number of sales representatives receiving the consulting service.

The services fees to be charged for the Pre-delivery Cleaning and Other Services shall be determined after arm's length negotiations taking into account the prevailing market price of similar services in the open market and the historical fee rate during the Track Record Period.

Our Directors estimate that the maximum annual fee payable by the Remaining CGH Group in relation to the services to be provided by our Group under the Master Consultancy and Other Services Agreement for each of the three years ending 31 December 2020 will not exceed RMB395.6 million, RMB600.6 million and RMB882.3 million, respectively.

In arriving at the above annual caps, our Directors have considered the following factors:

- the historical transaction amounts during the Track Record Period;
- in respect of the Consultancy Services, (1) our estimation of contracted sales GFA of the Remaining CGH Group, with reference to the Remaining CGH Group's existing land bank, historical contracted sales GFA, and historical contracted sales GFA growth rate. During the Track Record Period, the Remaining CGH Group achieved contracted sales GFA of approximately 21.53 million sq.m., 37.47 million sq.m. and 60.66 million sq.m.; (2) our estimation of revenue from Consultancy Services provided to the Remaining CGH Group as percentage of the expected contracted sales amount of the Remaining CGH Group, which is based on the historical percentage ratios which were approximately 0.065%, 0.039% and 0.039% during the Track Record Period with an expected increasing trend. Such expected increase in the percentage ratio is due to our intention to further expand the scope of the Consultancy Services such as providing advisory services at planning stage of the sales of the properties to be developed by the Remaining CGH Group and participation in property sales promotion; and
- in respect of the Pre-delivery Cleaning and Other Services, our estimation of GFA from new projects developed by the Remaining CGH Group supported by our Pre-delivery Cleaning and Other Services, and our estimation of the fee rate for Pre-delivery Cleaning and Other Services on a per sq.m. basis, with reference to the historical fee rate during the Track Record Period.

The estimated contracted sales GFA of the Remaining CGH Group multiplied by the percentage ratio is applied when arriving at the annual caps for the provision of Consultancy Services.

CGH is an associate of our Controlling Shareholders and therefore is a connected person of our Company under the Listing Rules. Accordingly, the transactions under the Master Consultancy and Other Services Agreement will constitute continuing connected transactions for our Company under Chapter 14A of the Listing Rules upon Listing.

Since one or more of the applicable percentage ratios for the Master Consultancy and Other Services Agreement is expected to be more than 5% on an annual basis, the transactions under the Master Consultancy and Other Services Agreement constitute continuing connected transactions for our Company which are subject to the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

(D) APPLICATION FOR WAIVER

The transactions described under the sub-section entitled “— (B) Continuing Connected Transactions subject to the reporting, annual review, announcement requirements but exempt from the independent

CONNECTED TRANSACTIONS

Shareholders' approval requirement" in this section constitute our continuing connected transactions under the Listing Rules, which are exempt from the independent Shareholders' approval requirement but subject to the reporting, annual review, announcement requirements of the Listing Rules.

The transactions described under the sub-section entitled "— (C) Continuing Connected Transactions subject to the reporting, annual review, announcement and independent Shareholders' approval requirements" in this section constitute our continuing connected transactions under the Listing Rules, which are subject to the reporting, annual review, announcement and independent Shareholders' approval requirements of the Listing Rules.

In respect of these continuing connected transactions, pursuant to Rule 14A.105 of the Listing Rules, we have applied for, and the Stock Exchange has granted, waivers exempting us from strict compliance with (i) the announcement requirement under Chapter 14A of the Listing Rules in respect of the continuing connected transactions as disclosed in "— (B) Continuing Connected Transactions subject to the reporting, annual review, announcement requirements but exempt from the independent shareholders' approval requirement" in this section; and (ii) the announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules in respect of the continuing connected transactions as disclosed in "— (C) Continuing Connected Transactions subject to the reporting, annual review, announcement and independent Shareholders' approval requirements" in this section, subject to the condition that the aggregate amounts of the continuing connected transactions for each financial year shall not exceed the relevant amounts set forth in the respective annual caps (as stated above).

(E) DIRECTORS' VIEWS

Our Directors consider that all the continuing connected transactions described under the sub-section entitled "— (B) Continuing Connected Transactions subject to the reporting, annual review, announcement requirements but exempt from the independent Shareholders' approval requirement" and "— (C) Continuing Connected Transactions subject to the reporting, annual review, announcement and independent Shareholders' approval requirements" have been and will be carried out: (i) in the ordinary and usual course of our business, (ii) on normal commercial terms or better and (iii) in accordance with the respective terms that are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

Our Directors are also of the view that the annual caps of the continuing connected transactions under the sub-section entitled "— (B) Continuing Connected Transactions subject to the reporting, annual review, announcement requirements but exempt from the independent Shareholders' approval requirement" and "— (C) Continuing Connected Transactions subject to the reporting, annual review, announcement and independent Shareholders' approval requirements" in this section are fair and reasonable and are in the interests of our Company and our Shareholders as a whole.

(F) JOINT SPONSORS' VIEW

The Joint Sponsors are of the view (i) that the continuing connected transactions described under the sub-section entitled "— (B) Continuing Connected Transactions subject to the reporting, annual review, announcement requirements but exempt from the independent Shareholders' approval requirement" and the sub-section entitled "— (C) Continuing Connected Transactions subject to the reporting, annual review, announcement and independent Shareholders' approval requirements" have been and will be entered into in the ordinary and usual course of our business, on normal commercial terms or better, that are fair and reasonable and in the interests of our Company and our Shareholders as a whole, and (ii) that the proposed annual caps (where applicable) of such continuing connected transactions are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

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

MANAGEMENT PRESENCE

Pursuant to Rule 8.12 of the Listing Rules, an issuer must have a sufficient management presence in Hong Kong, which normally means that at least two of its executive directors must be ordinarily resident in Hong Kong. We do not have a sufficient management presence in Hong Kong for the purposes of satisfying the requirements under Rule 8.12 of the Listing Rules. We have applied for a waiver from strict compliance with Rule 8.12 of the Listing Rules primarily on the basis that, as our headquarters and principal business operations are located in the PRC, our management is best able to attend to its functions by being based in the PRC. We have submitted an application to and have received from the Stock Exchange a waiver from strict compliance with Rule 8.12 of the Listing Rules subject to, amongst others, the following conditions:

- (a) we have appointed two authorised representatives, Mr. Li Changjiang and Mr. Huang Peng, pursuant to Rule 3.05 of the Listing Rules who will act as our Company's principal channel of communication with the Stock Exchange and ensure that they comply with the Listing Rules at all times. Each of our authorised representatives will be available to meet with the Stock Exchange in Hong Kong within a reasonable time frame upon the request of the Stock Exchange and will be readily contactable by telephone, facsimile and email. Each of the two authorised representatives is authorised to communicate on our behalf with the Stock Exchange.
- (b) Both our authorised representatives have means to contact all members of our Board (including our independent non-executive Directors) promptly at all times as and when the Stock Exchange wishes to contact the members of our Board for any matters. Our Directors who are not ordinarily resident in Hong Kong possess or can apply for valid travel documents to visit Hong Kong and will be able to meet with the Stock Exchange within a reasonable period of time, when required. All Directors will provide his/her mobile phone number, residential phone number, fax number and e-mail address to our authorised representatives, in the event that a Director expects to travel, he/she will endeavour to provide the phone number of the place of his/her accommodation to our authorised representatives or maintain an open line of communication via his/her mobile phone and all Directors and authorised representatives will provide his/her mobile number, office phone number, fax number and email address to the Stock Exchange;
- (c) we have appointed Somerley Capital Limited as our compliance adviser pursuant to Rule 3A.19 of the Listing Rules, which has access at all times to our authorised representatives, Directors, senior management and other officers of our Company, and will act as an additional channel of communication between the Stock Exchange and us; and
- (d) meetings between the Stock Exchange and our Directors could be arranged through our authorised representatives or the compliance advisor, or directly with our Directors within a reasonable time frame. Our Company will promptly inform the Stock Exchange of any changes of our authorised representatives and/or the compliance advisor.

JOINT COMPANY SECRETARIES

According to Rules 3.28 and 8.17 of the Listing Rules, the secretary of our Company must be a person who has the requisite knowledge and experience to discharge the functions of the company secretary and is either (i) a member of the Hong Kong Institute of Chartered Secretaries, a solicitor or barrister as defined in the Legal Practitioners Ordinance or a certified public accountant as defined in the Professional Accountants Ordinance, or (ii) an individual who, by virtue of his academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of company secretary.

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

We have appointed Mr. Huang Peng and Mr. Leung Chong Shun as our joint company secretaries. Since Mr. Huang Peng does not possess a qualification stipulated in Rules 3.28 of the Listing Rules, he is not able to solely fulfil the requirements as a company secretary of a listed issuer stipulated under Rules 3.28 and 8.17 of the Listing Rules.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules in relation to the appointment of Mr. Huang Peng as our joint company secretary. In order to provide support to Mr. Huang Peng, we have appointed Mr. Leung Chong Shun as a joint company secretary to provide assistance to Mr. Huang Peng, for a three-year period from the Listing Date so as to enable him to acquire the relevant experience (as required under Note 2 to Rule 3.28 of the Listing Rules) to duly discharge his duties.

Such waiver will be revoked immediately if and when Mr. Leung Chong Shun ceases to provide such assistance. We will liaise with the Stock Exchange before the end of the three-year period to enable it to assess whether Mr. Huang Peng, having had the benefit of Mr. Leung Chong Shun's assistance for three years, will have acquired relevant experience within the meaning of Rules 3.28 and 8.17 of the Listing Rules so that a further waiver will not be necessary.

CONNECTED TRANSACTIONS

We have entered into certain transactions which will constitute continuing connected transactions for our Company under the Listing Rules after Listing. We have applied for, and the Stock Exchange has granted us, waivers from strict compliance with (i) the announcement requirements under Chapter 14A of the Listing Rules in respect of the continuing connected transaction as disclosed in "Connected Transactions—(B) Continuing Connected Transaction subject to the reporting, annual review, announcement requirements but exempt from the independent Shareholders' approval requirement"; and (ii) the announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules in respect of the continuing connected transactions as disclosed in "Connected Transactions—(C) Continuing Connected Transactions subject to the reporting, annual review, announcement and independent Shareholders' approval requirements." Please see the section entitled "Connected Transactions" of this listing document for further information.

SHARE ISSUE RESTRICTION

Our Company has applied to the Stock Exchange for a waiver from strict compliance with the restrictions on further issue of Shares (or convertible securities) within the first six months from the Listing Date under Rule 10.08 of the Listing Rules, and a consequential waiver from strict compliance with the requirements under Rule 10.07(1)(a) of the Listing Rules in respect of the deemed disposal of Shares by our Controlling Shareholders upon any issue of Shares (or convertible securities) by our Company within the first six months from the Listing Date, and the Stock Exchange has granted such a waiver on conditions that:

- (a) any issue of Shares (or convertible securities) or the entering into of an agreement in this regard by our Company during the first six months after Listing must be either for cash to fund a specific acquisition or establishment of joint venture or as part or full consideration for a specific acquisition or establishment of joint venture;
- (b) such acquisition or establishment of joint venture must be for assets or businesses which, in our Company's assessment, will contribute to the growth of our Group's operation; and
- (c) Ms. Yang Huiyan undertakes to the Stock Exchange and to our Company that other than pursuant to the Spin-off and a deemed disposal of Shares upon any issue of securities by our Company, she will not and will procure that the relevant direct shareholders of the Shares in which she is beneficially

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

interested will not in the period commencing on the date by reference to which the disclosure of her shareholding is made in this listing document and ending on the date which is six months from the Listing Date, 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 she is shown by the listing document to be the beneficial owner.

The reasons for the application for a waiver from strict compliance with Rule 10.08 and the consequential waiver from strict compliance with Rule 10.07(1)(a) of the Listing Rules by our Company are, inter alia, as follows:

- (a) our Company does not have current plans to raise funds in the short-term, but it is essential for our Company to have the flexibility to raise funds by way of further issue of Shares in either Hong Kong equity markets, enter into further acquisitions or establishment of joint venture for share consideration should an appropriate opportunity arise. Any issue of new Shares by our Company will enhance the Shareholder base and increase the trading liquidity of the Shares, and the interests of the existing Shareholders and prospective investors would be prejudiced if our Company could not raise funds for our business development or expansion due to the restrictions under Rule 10.08 of the Listing Rules;
- (b) the Listing will not involve any issue of new Shares and will therefore not result in any dilution of the interests of the Qualifying CGH Shareholders at the Listing;
- (c) the interests of the Shareholders are well protected since any further issue of Shares by our Company would be subject to Rule 13.36 of the Listing Rules; and
- (d) it is a consequential technical waiver of Rule 10.07(1)(a) of the Listing Rules in respect of the deemed disposal of Shares by our Controlling Shareholders upon any issue of securities by our Company within the first six months from the Listing Date if waiver for strict compliance with Rule 10.08 of the Listing Rules is granted.

BUSINESS OR SUBSIDIARY ACQUIRED OR PROPOSED TO BE ACQUIRED AFTER THE TRACK RECORD PERIOD

Pursuant to Rule 4.04(2) of the Listing Rules, we are required to include in our Accountant's Report the results of any businesses or subsidiaries acquired, agreed to be acquired or proposed to be acquired since the date to which our latest audited accounts have been made up in respect of each of the three financial years immediately preceding the date of this listing document. Pursuant to Rule 4.04(4)(a) of the Listing Rules, we are required to include in our Accountant's Report the balance sheet of any business or subsidiary acquired, agreed to be acquired or proposed to be acquired since the date to which our latest audited accounts have been made up in each case as of the end of each of the three financial years to which the latest audited accounts of such business or subsidiary have been made up.

On 1 March 2018, our Company entered into a share transfer agreement with Ms. Wu Zhiqi (吳芷琪), pursuant to which Ms. Wu Zhiqi transferred 100% of equity interest of Ornate Forest together with its subsidiaries to our Company for a consideration of US\$18,000 (the "**Acquisition**"). For details of the Acquisition, please refer to section "History, Reorganisation and Corporate Structure—Reorganisation—7. Acquisition of Ornate Forest by our Company" in this listing document.

Our Company considers the Acquisition a step to implement our plan to expand into overseas management business. Our Company intends to retain certain members of Ornate Forest and its subsidiaries as operating subsidiaries in certain jurisdictions upon commencement of our overseas business. Our Company considers that

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

the Acquisition would be more cost-efficient and convenient than going through the procedures for setting up the offshore entities by ourselves.

We have applied to the Stock Exchange for, and the Stock Exchange has granted us, a waiver from strict compliance with Rules 4.04(2) and 4.04(4)(a) of the Listing Rules in relation to the Acquisition on the following grounds:

- **Immateriality**—Ornate Forest and its subsidiaries were newly incorporated and none of them has any business operation, revenue or substantial assets. The percentage ratios (as defined under Rule 14.09(9) of the Listing Rules) of Ornate Forest and its subsidiaries are close to zero by reference to the most recent financial year of the Track Record Period.
- **Unavailability**—as Ornate Forest and its subsidiaries were newly incorporated, none of them has any historical financial information. It would be unduly burdensome and practically meaningless for our Company to prepare the historical financial information of them for inclusion in the listing document as required under Rules 4.04(2) and 4.04(4)(a) of the Listing Rules, as any effort spent in this regard will not create any additional value to the investors in terms of affording them meaningful financial disclosure.
- **Alternative disclosure**—our Company has provided in the listing document alternative information regarding the Acquisition and Ms. Wu Zhiqi which includes:
 - 1) general description of the background of Ms. Wu Zhiqi, the Ornate Forest and its subsidiaries, including a statement that Ms. Wu Zhiqi is an Independent Third Party to our Company;
 - 2) the date and the details of the Acquisition;
 - 3) the reasons for entering into the transaction and the benefits which are expected to accrue to our Company as a result of the Acquisition.

The following is the text of a report set out on pages I-1 to I-2, received from the Company's reporting accountant, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this listing document. It is prepared and addressed to the directors of the Company and to the Joint Sponsors pursuant to the requirements of HKSIR 200 Accountant's Reports on Historical Financial Information in Investment Circulars issued by the Hong Kong Institute of Certified Public Accountants.



羅兵咸永道

ACCOUNTANT'S REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF COUNTRY GARDEN SERVICES HOLDINGS COMPANY LIMITED AND HSBC CORPORATE FINANCE (HONG KONG) LIMITED AND GOLDMAN SACHS (ASIA) L.L.C.

Introduction

We report on the historical financial information of Country Garden Services Holdings Company Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages I-3 to I-53, which comprises the combined balance sheets as at 31 December 2015, 2016 and 2017, and the combined statements of comprehensive income, the combined statements of changes in equity and the combined statements of cash flows for each of the years then ended (the "Track Record Period") and a summary of significant accounting policies and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-3 to I-53 forms an integral part of this report, which has been prepared for inclusion in the listing document of the Company dated 6 June 2018 (the "Listing Document") in connection with the initial listing of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and preparation set out in Notes 1.3 and 2.1 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountant's responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200, Accountants' Reports on Historical Financial Information in Investment Circulars issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountant's judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountant considers internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and preparation set out in Notes 1.3 and 2.1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

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We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountant's report, a true and fair view of the combined financial position of the Group as at 31 December 2015, 2016 and 2017 and of its combined financial performance and its combined cash flows for the Track Record Period in accordance with the basis of presentation and preparation set out in Notes 1.3 and 2.1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information no adjustments to the Underlying Financial Statements as defined on page I-3 have been made.

Dividends

No dividend has been paid or declared by the Company during the Track Record Period.

No statutory financial statements for the Company

No statutory financial statements have been prepared for the Company since its date of incorporation.

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong
6 June 2018

I HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountant's report.

The combined financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, were audited by PricewaterhouseCoopers in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the "Underlying Financial Statements").

The Historical Financial Information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand ("RMB'000") except when otherwise indicated.

Combined statements of comprehensive income

	Note	Year ended 31 December		
		2015	2016	2017
		RMB'000	RMB'000	RMB'000
Revenue	6	1,672,464	2,358,449	3,121,852
Cost of services	6, 8	(1,161,227)	(1,558,235)	(2,086,266)
Gross profit		511,237	800,214	1,035,586
Selling and marketing expenses	8	—	—	(9,351)
General and administrative expenses	8	(226,070)	(332,871)	(459,443)
Other income	7	8,005	8,008	13,067
Other gains — net		120	1,968	1,272
Operating profit		293,292	477,319	581,131
Finance income	10	1,622	15,913	35,185
Finance costs		—	—	(190)
Finance income — net		1,622	15,913	34,995
Share of results of joint ventures	16	—	(1,747)	991
Share of results of associates	17	(1)	(5,153)	(8,920)
Profit before income tax		294,913	486,332	608,197
Income tax expense	11	(74,460)	(133,804)	(167,734)
Profit and total comprehensive income for the year		<u>220,453</u>	<u>352,528</u>	<u>440,463</u>
Profit and total comprehensive income attributable to:				
— Owners of the Company		220,453	324,181	401,743
— Non-controlling interests		—	28,347	38,720
		<u>220,453</u>	<u>352,528</u>	<u>440,463</u>
Earnings per share (expressed in RMB per share)				
— Basic and diluted earnings per share	12	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

Combined balance sheets

	Note	As at 31 December		
		2015	2016	2017
		RMB'000	RMB'000	RMB'000
ASSETS				
Non-current assets				
Property, plant and equipment	13	36,942	43,057	78,575
Intangible assets	14	315	2,039	20,858
Investments in joint ventures	16	—	12,343	13,834
Investments in associates	17	5,399	7,346	4,426
Financial assets at fair value through other comprehensive income		—	—	174
Deferred income tax assets	26	4,654	4,207	3,702
Prepayments for intangible assets	19	—	1,092	—
		<u>47,310</u>	<u>70,084</u>	<u>121,569</u>
Current assets				
Inventories		5,647	5,411	6,123
Trade and other receivables	19	789,084	616,976	712,334
Restricted bank deposits	20	1,054	1,057	2,797
Cash and cash equivalents	20	591,070	1,774,434	2,634,297
		<u>1,386,855</u>	<u>2,397,878</u>	<u>3,355,551</u>
Total assets		<u>1,434,165</u>	<u>2,467,962</u>	<u>3,477,120</u>
EQUITY				
Equity attributable to owners of the Company				
Combined capital	21	2	2	2
Other reserves	22	225,273	454,912	500,140
Retained earnings	23	352,035	564,516	921,031
		<u>577,310</u>	<u>1,019,430</u>	<u>1,421,173</u>
Non-controlling interests		—	63,913	120,933
Total equity		<u>577,310</u>	<u>1,083,343</u>	<u>1,542,106</u>
LIABILITIES				
Non-current liabilities				
Deferred income tax liabilities	26	—	—	14,456
Current liabilities				
Contract liabilities	6	202,047	396,759	556,880
Trade and other payables	25	625,922	942,703	1,314,905
Current income tax liabilities		28,886	45,157	48,773
		<u>856,855</u>	<u>1,384,619</u>	<u>1,920,558</u>
Total liabilities		<u>856,855</u>	<u>1,384,619</u>	<u>1,935,014</u>
Total equity and liabilities		<u>1,434,165</u>	<u>2,467,962</u>	<u>3,477,120</u>

Combined statements of changes in equity

	Note	Attributable to owners of the Company				Non-controlling interests	Total equity
		Combined capital	Other reserves	Retained earnings	Total		
		RMB'000	RMB'000	RMB'000	RMB'000		
Balance at 1 January							
2015	2	17,099	339,756	356,857	—	356,857	
Comprehensive income							
Profit for the year	—	—	220,453	220,453	—	220,453	
Transactions with owners of the Company							
Capitalisation of retained earnings of a subsidiary upon its conversion into a joint stock company	22	—	182,417	(182,417)	—	—	
Appropriation of statutory reserves	22	—	25,757	(25,757)	—	—	
		—	208,174	(208,174)	—	—	
Balance at 31 December							
2015	2	225,273	352,035	577,310	—	577,310	
Balance at 1 January							
2016	2	225,273	352,035	577,310	—	577,310	
Comprehensive income							
Profit for the year	—	—	324,181	324,181	28,347	352,528	
Transactions with owners of the Company							
Capital injection from non-controlling interests	—	—	—	—	100	100	
Capitalisation of retained earnings of a subsidiary ...	22	—	76,000	(76,000)	—	—	
Transaction with non-controlling interests	29	—	79,734	—	79,734	115,200	
Share-based compensation expenses	24	—	38,205	—	—	38,205	
Appropriation of statutory reserves	22	—	35,700	(35,700)	—	—	
		—	229,639	(111,700)	117,939	153,505	
Balance at 31 December							
2016	2	454,912	564,516	1,019,430	63,913	1,083,343	
Balance at 1 January							
2017	2	454,912	564,516	1,019,430	63,913	1,083,343	
Comprehensive income							
Profit for the year	—	—	401,743	401,743	38,720	440,463	
Transactions with owners of the Company							
Capital injection from non-controlling interests	—	—	—	—	10,145	10,145	
Non-controlling interests arising from business combination	30	—	—	—	8,155	8,155	
Appropriation of statutory reserves	22	—	45,228	(45,228)	—	—	
		—	45,228	(45,228)	18,300	18,300	
Balance at 31 December							
2017	2	500,140	921,031	1,421,173	120,933	1,542,106	

Combined statements of cash flows

	Note	Year ended 31 December		
		2015	2016	2017
		RMB'000	RMB'000	RMB'000
Cash flows from operating activities				
Cash generated from operations	27	101,179	1,118,469	1,035,872
Income tax paid		(113,503)	(117,086)	(150,531)
Net cash (used in)/generated from operating activities		(12,324)	1,001,383	885,341
Cash flows from investing activities				
Payments for acquisition of subsidiaries, net of cash acquired	30	(646)	—	(4,091)
Payments for investments in joint ventures		—	(14,090)	(500)
Payments for investments in associates		(42,900)	(7,100)	(6,000)
Purchases of property, plant and equipment		(4,288)	(20,765)	(54,753)
Purchases of intangible assets		—	(3,417)	(4,729)
Payments for financial assets at fair value through profit or loss ...		(520,000)	(755,000)	—
Payments for financial assets at fair value through other comprehensive income		—	—	(174)
Proceeds from disposal of investments in associates		—	37,500	—
Proceeds from disposal of property, plant and equipment	27	148	1,140	2,261
Proceeds from disposal of financial assets at fair value through profit or loss		520,201	757,325	—
Repayments by related parties		95,545	55,175	314
Interest received		1,622	15,913	35,185
Net cash generated from/(used in) investing activities		49,682	66,681	(32,487)
Cash flows from financing activities				
Capital injection from non-controlling interests		—	100	10,145
Repayments of borrowings		—	—	(2,946)
Interest paid		—	—	(190)
Transaction with non-controlling interests	29	—	115,200	—
Net cash generated from financing activities		—	115,300	7,009
Net increase in cash and cash equivalents		37,358	1,183,364	859,863
Cash and cash equivalents at beginning of the year		553,712	591,070	1,774,434
Cash and cash equivalents at end of the year		591,070	1,774,434	2,634,297

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION**1. General information, reorganisation and basis of presentation****1.1 General information**

The Company was incorporated in the Cayman Islands on 24 January 2018 as an exempted company with limited liability under the Companies Law (Cap. 22, Law 3 of 1961 as consolidated and revised) of the Cayman Islands. The address of the Company's registered office is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (the "Group") are principally engaged in provision of property management services, community value-added services and value-added services to non-property owners in the People's Republic of China (the "PRC") (the "Listing Business").

The ultimate holding company of the Company is Country Garden Holdings Company Limited ("CGH"), an exempted company incorporated in the Cayman Island with limited liability and its shares are listed on the Stock Exchange of Hong Kong Limited (the "Stock Exchange"). CGH is ultimately controlled by Ms. Yang Huiyan (the "Ultimate Controlling Shareholder").

1.2 Reorganisation

Prior to the incorporation of the Company and the completion of the reorganisation as described below (the "Reorganisation"), the Listing Business was operated through United Gain Group Limited ("United Gain") and its subsidiaries in the PRC during the whole Track Record Period. United Gain was incorporated in the British Virgin Islands and is an investment holding company. The ultimate holding company of United Gain is CGH.

In preparation for the initial listing of the Company's Shares on the Main Board of the Stock Exchange, the Reorganisation was undertaken pursuant to which United Gain and its subsidiaries, engaged in the Listing Business, were transferred to the Company. The Reorganisation involved the following:

- (1) On 24 January 2018, the Company was incorporated in the Cayman Islands as an exempted company with limited liability. As at the date of incorporation, the authorised share capital of the Company was Hong Kong Dollar ("HKD") 380,000 divided into 3,800,000 ordinary shares of HKD0.10 each, among which one share was issued and held by Wise Fame Group Limited ("Wise Fame"), a wholly-owned subsidiary of CGH.
- (2) On 24 January 2018, Tibet Shunqi Investment Centre (Limited Partnership) (西藏順琪投資中心(有限合夥)) ("Tibet Shunqi") (Note 24) transferred 4% and 4% equity interest in Guangdong Country Garden Property Services Co., Ltd. (廣東碧桂園物業服務股份有限公司) ("CG Property Services") to Foshan Country Garden Management Services Company Limited (佛山市碧桂園管理服務有限公司) ("CG Management Services") and Foshan Country Garden Management Consultation Company Limited (佛山市碧桂園管理顧問有限公司) ("CG Management Consultation") at a consideration of RMB57,600,000 and RMB57,600,000, respectively. The considerations were fully paid in February 2018. Upon completion of such transfer, CG Property Services, which is a holding company of all the PRC operating subsidiaries engaged in the Listing Business, is owned as to 50% by CG Management Services and 50% by CG Management Consultation.
- (3) On 5 February 2018, Country Garden Property Services HK Holdings Company Limited (碧桂園物業香港控股有限公司) ("CG Property Services HK") was incorporated in Hong Kong. The initial issued and paid-up share capital is one share at HKD1.00 and held by United Gain.

- (4) On 6 March 2018, the Company acquired 100% of the issued share capital of United Gain from Wise Fame, at a consideration of United States Dollar (“USD”) 200. The consideration was satisfied by (i) crediting as fully paid at par the nil-paid share held by Wise Fame in the Company and (ii) allotting and issuing one new share, credited as fully paid at par, of the Company to Wise Fame.
- (5) On 7 March 2018, CG Property Services HK acquired 100% of the equity interest in CG Management Services and CG Management Consultation from United Gain, at a consideration of RMB6,150,000 and RMB6,150,000, respectively. The consideration was satisfied by the allotment and issue of a total of two shares of CG Property Services HK to United Gain on 13 March 2018.

Upon completion of the above transfers, the Company became the holding company of United Gain and the companies now comprising the Group.

The principal PRC operating subsidiaries in which the Company held indirect interest upon completion of the Reorganisation and as at the date of this report are set out in Note 15.

1.3 Basis of presentation

Immediately prior to and after the Reorganisation, the Listing Business is held by United Gain. The Listing Business is mainly conducted through CG Property Services, which is controlled by United Gain. Pursuant to the Reorganisation, the Listing Business is transferred to and held by the Company. The Company had not been involved in any other business prior to the Reorganisation and does not meet the definition of a business. The Reorganisation is merely a reorganisation of the Listing Business with no change in the management of such business and the ultimate controlling shareholder of the Listing Business remains the same.

Accordingly, the Group resulting from the Reorganisation is regarded as a continuation of the Listing Business conducted under United Gain. For the purpose of this report, the Historical Financial Information has been prepared and presented using the carrying amounts of the assets and liabilities of the consolidated financial statements of the United Gain for all periods presented.

2. Summary of significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these combined financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The Historical Financial Information has been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”) issued by the HKICPA. The Historical Financial Information has been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss.

The preparation of Historical Financial Information in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Historical Financial Information are disclosed in Note 4.

2.1.1 Changes in accounting policy and disclosures

(i) *New and revised standards early adopted*

HKFRS 9, 'Financial instruments' and HKFRS 15, 'Revenue from contracts with customers' are effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted. The Group has elected to early apply HKFRS 9 and HKFRS 15 which have been applied consistently in the Track Record Period.

(ii) *New and revised standards and amendments and interpretations to existing standards that have been issued and are relevant to the Group, but are not effective for the financial year beginning on 1 January 2017 and have not been early adopted*

Up to the date of issuance of this report, HKICPA has issued the following new standards, amendments and interpretations to existing standards which are not yet effective and have not been early adopted by the Group during the Track Record Period:

	<u>Effective for annual periods beginning on or after</u>
HKFRS 2 (Amendments)	Classification and measurement of share-based payment transactions 1 January 2018
HKFRS 4 (Amendments)	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts 1 January 2018
HKFRS 1 (Amendments)	First time adoption of HKFRS 1 January 2018
HKAS 28 (Amendments)	Investments in associates and joint ventures 1 January 2018
HKAS 40 (Amendments)	Transfers of investment property 1 January 2018
HKFRIC 22	Foreign currency transactions and advance consideration 1 January 2018
HKFRS 16.....	Leases 1 January 2019
HKFRIC 23	Uncertainty over income tax treatment 1 January 2019
HKFRS 17.....	Insurance contract 1 January 2021
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associates or joint ventures To be determined

The Group has already commenced an assessment of the impact of these new or revised standards, interpretation and amendments, certain of which are relevant to the Group's operations. According to the preliminary assessment made by the directors of the Company, no significant impact on the financial performance and position of the Group is expected when they become effective except those set out below:

HKFRS 16 provides new provisions for the accounting treatment of leases and will require lessees to recognise certain leases on the statement of financial position. Almost all leases must be recognised in the form of an asset (for the right of use) and a financial liability (for the payment obligation). Thus each lease will be mapped in the Group's combined statement of financial position. Short-term leases of less than twelve months and leases of low-value assets are exempt from the reporting obligation. The new standard will therefore result in an increase in assets and financial liabilities in the combined statement of financial position. In the combined statement of comprehensive income, leases will be recognised in future as depreciation of right of use assets and interest expense on lease liability and will no longer be recorded as an operating expense on a straight line basis.

The Group is a lessee of certain offices and buildings, which are currently accounted for as operating leases under HKAS 17 based on the accounting policy set out in Note 2.23. As at 31 December 2017, the Group's minimum lease payments under non-cancellable operating lease agreements are RMB5,444,000 as separately disclosed in Note 28. Under HKFRS 16, lessees are required to recognise a lease liability reflecting future lease payments and a right-of-use asset for all lease contracts in the balance sheet. Lessees will also have to present interest expense on the lease liability and depreciation on the right-of-use asset in the income statement. In comparison with operating leases under HKAS 17, this will change not only the allocation of expense but also the total amount of expenses recognised for each period of the lease term. The combination of a straight-line depreciation of the right-of-use asset and the effective interest rate method applied to the lease liability will result a higher total charge to profit or loss in the initial years of the lease, and decreasing expenses during the latter part of the lease term. The Group was expected to apply the new standard starting from the financial year beginning on or after 1 January 2019. Based on the Group's current assessment, the directors of the Company do not expect a material impact on the Group's financial position and performance as a result of the adoption of this new standard when it becomes effective.

2.2 Subsidiaries

2.2.1 Consolidation

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

(a) Business combination not under common control

The Group applies the acquisition method to account for business combinations not under common control. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis. Non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by HKFRS.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

(b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions — that is, as transactions with the owners of the subsidiary in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(c) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

2.3 Associates and joint arrangements

(i) Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

(ii) Joint arrangements

Investment in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor. The Group assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

(iii) Equity accounting

Under the equity method of accounting, the investment is initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and

the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investments in associates and joint ventures include goodwill identified on acquisition. Upon the acquisition of the ownership interest in an associate or a joint venture, any difference between the cost of the associate or joint venture and the Group's share of the net fair value of the associate's or joint venture's identifiable assets and liabilities is accounted for as goodwill.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in Note 2.8.

(iv) Changes in ownership interests

When the Group ceases to equity account for an investment because of a loss of joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. The fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as a financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs.

If the ownership interest in an associate or joint venture is reduced but significant influence or joint control is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

Gain or losses on dilution of equity interest in associates and joint ventures are recognised in profit or loss.

2.4 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker ("CODM"), who is responsible for allocating resources, assessing performance of the operating segments, and has been identified as the executive directors of the CG Property Services that make strategic decisions.

2.5 Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The combined financial statements are presented in RMB which is the Group's presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are generally recognised within 'other gains — net' in the combined statements of comprehensive income.

(iii) Group companies

The results and financial position of all group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency of RMB are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet
- income and expenses for each combined statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income.

2.6 Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation, net of any impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives as follows:

	<u>Useful lives</u>
Machinery	5-10 years
Transportation equipment	5-10 years
Electronic equipment	5 years
Office equipment	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal are determined by comparing the proceeds with the carrying amount and are recognised within 'other gains — net' in the combined statement of comprehensive income.

2.7 Intangible assets

(a) Goodwill

Goodwill arises on the acquisition of subsidiaries represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identified net assets acquired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

(b) Software

Acquired software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives (3 to 10 years).

Costs associated with maintaining software programmes are recognised as an expense as incurred.

(c) Property management contracts

Property management contracts acquired in a business combination are recognised at fair value at the acquisition date. The property management contracts have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method over the expected life of the contracts, which is nine years.

2.8 Impairment of non-financial assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (CGU). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2.9 Financial assets

2.9.1 Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

2.9.2 Recognition and measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in the consolidated statement of comprehensive income when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.
- **Fair value through other comprehensive income:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (OCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to the combined statement of comprehensive income and recognised in 'other gains — net'. Interest income from these financial assets is included in finance income using the effective interest rate method.

- Fair value through profit or loss: Assets that do not meet the criteria for amortised cost or financial assets at fair value through other comprehensive income are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented net in 'other gains — net' in the period in which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments continue to be recognised in 'other income' when the Group's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in 'other gains — net' as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at financial assets at fair value through other comprehensive income are not reported separately from other changes in fair value.

2.10 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the combined balance sheets when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the assets and settle the liabilities simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

2.11 Impairment of financial assets

The Group assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and financial assets at fair value through other comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 3 details how the Group determines whether there has been a significant increase in credit risk.

For trade and other receivables (excluding prepayments and other receivables from related parties), the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

2.12 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.13 Trade and other receivables

Trade receivables are amounts due from customers for services provided in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment.

2.14 Cash and cash equivalents, restricted cash

Cash and cash equivalents includes cash in hand and at banks, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less. Bank deposits which are restricted to use are included in 'restricted cash' of the combined balance sheets.

2.15 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.16 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.17 Current and deferred income tax

The tax expense for the period comprised current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantially enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the combined financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

2.18 Employee benefits

(a) Pension obligations

The Group only operate defined contribution pension plans. In accordance with the rules and regulations in the PRC, the PRC based employees of the Group participate in various defined contribution retirement benefit plans organised by the relevant municipal and provincial governments in the PRC under which the Group and the PRC based employees are required to make monthly contributions to these plans calculated as a percentage of the employees' salaries. The municipal and provincial governments undertake to assume the retirement benefit obligations of all existing and future retired PRC based employees' payable under the plans described above. Other than the monthly contributions, the Group has no further obligation for the payment of retirement and other post-retirement benefits of its employees. The assets of these plans are held separately from those of the Group in independently administrated funds managed by the governments.

The Group's contributions to the defined contribution retirement scheme are expensed as incurred.

(b) Housing funds, medical insurances and other social insurances

Employees of the Group in the PRC are entitled to participate in various government-supervised housing funds, medical insurances and other social insurance plan. The Group contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees, subject to certain ceiling. The Group's liability in respect of these funds is limited to the contributions payable in each year. Contributions to the housing funds, medical insurances and other social insurances are expensed as incurred.

(c) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) When the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of HKAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of reporting period are discounted to their present value.

(d) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

2.19 Share-based payments

The Group operates an equity-settled share-based compensation plan, under which the Group receives service from its employees in exchange for the equity instruments of the Group. The fair value of the employee service received in exchange for the grant of the equity instruments is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the equity instruments granted:

- (i) Including any market performance conditions (for example, an entity's share price)
- (ii) Excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- (iii) Including the impact of any non-vesting conditions.

Non-market performance and service conditions are included in assumptions about the number of equity instruments that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

In addition, in some circumstances employees may provide services in advance of the grant date and therefore the grant date fair value is estimated for the purposes of recognising the expense during the period between service commencement period and grant date.

The grant by the Group of its equity instruments to the employees of the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investments in subsidiaries, with a corresponding credit to equity in the parent entity accounts.

At the end of each reporting period, the Group revises its estimates of the number of equity instruments that are expected to vest based on the non-marketing performance and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

When the share options are exercised, the Group issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium.

2.20 Provisions

Provisions are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provisions due to passage of time is recognised as interest expense.

2.21 Revenue recognition

The Group provides property management services, community value-added services and value-added services to non-property owners. Revenue from providing services is recognised in the accounting period in which the services are rendered.

For property management services, the Group bills a fixed amount for services provided on a monthly basis and recognises as revenue in the amount to which the Group has a right to invoice and that corresponds directly with the value of performance completed.

For property management services income from properties managed under lump sum basis, where the Group acts as principal and is primary responsible for providing the property management services to the property owners, the Group recognises the fee received or receivable from property owners as its revenue and all related property management costs as its cost of services. For property management services income from properties managed under commission basis, the Group recognises the commission, which is calculated by certain percentage of the total property management fee received or receivable from the property units, as its revenue for arranging and monitoring the services as provided by other suppliers to the property owners.

Value-added services to non-property owners mainly includes consultancy services to property developers or other property management companies and cleaning, greening, repair and maintenance services to property developers at the pre-delivery stage. The Group agrees the price for each service with the customers upfront and issues the monthly bill to the customers which varies based on the actual level of service completed in that month.

For community value-added services, revenue is recognised when the related community value-added services are rendered. Payment of the transaction is due immediately when the community value-added services are rendered to the customer.

If contracts involve the sale of multiple services, the transaction price will be allocated to each performance obligation based on their relative stand-alone selling prices. If the stand-alone selling prices are not directly observable, they are estimated based on expected cost plus a margin or adjusted market assessment approach, depending on the availability of observable information.

When either party to a contract has performed, the Group presents the contract in the balance sheet as a contract asset or a contract liability, depending on the relationship between the Group's performance and the customer's payment.

A contract asset is the Group's right to consideration in exchange for services that the Group has transferred to a customer. Incremental costs incurred to obtain a contract, if recoverable, are capitalised and presented as assets and subsequently amortised when the related revenue is recognised.

If a customer pays consideration or the Group has a right to an amount of consideration that is unconditional, before the Group transfers services to the customer, the Group presents the contract as a contract liability when the payment is received or a receivable is recorded (whichever is earlier). A contract liability is the Group's obligation to transfer services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A receivable is recorded when the Group has an unconditional right to consideration. A right to consideration is unconditional if only the passage of time is required before payment of that consideration is due.

2.22 Interest income

Interest income is recognised on a time-proportion basis using the effective interest method.

2.23 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

2.24 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

3. Financial risk management

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: mainly credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

3.1.1 Credit risk

The Group is exposed to credit risk in relation to its trade and other receivables and cash deposits at banks. The carrying amounts of trade and other receivables, cash and cash equivalents and restricted cash represent the Group's maximum exposure to credit risk in relation to financial assets.

The Group expects that there is no significant credit risk associated with cash deposits at banks since they are substantially deposited at state-owned banks and other medium or large-sized listed banks. Management does not expect that there will be any significant losses from non-performance by these counterparties.

The Group has large number of customers and there was no concentration of credit risk. The Group has monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverability of these receivables at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Group compares the risk of a default occurring on

the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following indicators are incorporated:

- internal credit rating
- external credit rating
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations
- actual or expected significant changes in the operating results of individual property owner or the borrower
- significant increases in credit risk on other financial instruments of the individual property owner or the same borrower
- significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers in the Group and changes in the operating results of the borrower.

(i) Other receivables from related parties

Other receivables from related parties of the Group mainly represented the receivable from a subsidiary of CGH under the Cash Pool arrangement (Note 31(e)). The Group uses four categories for those receivables which reflect their credit risk and how the loss provision is determined for each of those categories. These internal credit risk ratings are aligned to external credit ratings.

A summary of the assumptions underpinning the Group's expected credit loss model is as follows:

Category	Group definition of category	Basis for recognition of expected credit loss provision
Performing	Customers have a low risk of default and a strong capacity to meet contractual cash flows	12 months expected losses. Where the expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime
Underperforming	Receivables for which there is a significant increase in credit risk; as significant increase in credit risk is presumed if interest and/or principal repayments are 30 days past due	Lifetime expected losses
Non-performing	Interest and/or principal repayments are 60 days past due	Lifetime expected losses
Write-off	Interest and/or principal repayments are 120 days past due and there is no reasonable expectation of recovery	Asset is written off

The Group accounts for its credit risk by appropriately providing for expected credit losses on a timely basis. In calculating the expected credit loss rates, the Group considers historical loss rates for each category of receivables and adjusts for forward looking macroeconomic data.

As at 31 December 2015, 2016 and 2017, the internal credit rating of other receivables from related parties were performing. The ratings for the related parties are A as compared with the market ratings of similar companies by certain rating agencies. The Group has assessed that the expected credit loss rate for these receivables is immaterial under 12 months expected losses method. Thus no loss allowance provision for other receivables from related parties was recognised during the Track Record Period.

As at 31 December 2015, 2016 and 2017, the maximum exposure to loss of other receivables from related parties was RMB291,039,000, RMB233,803,000 and RMB233,489,000.

(ii) Trade and other receivables (excluding prepayments and other receivables from related parties)

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for all trade and other receivables (excluding prepayments and other receivables from related parties).

As at 31 December 2015, 2016 and 2017, the Group has assessed that the expected loss rate for trade receivables from related parties was immaterial. Thus no loss allowance provision for trade receivables from related parties was recognised during the Track Record Period.

As at 31 December 2015, 2016 and 2017, the loss allowance provision for the remaining balances was determined as follows. The expected credit losses below also incorporated forward looking information.

	<u>Up to 1 year</u>	<u>1 to 2 years</u>	<u>2 to 3 years</u>	<u>Over 3 years</u>	<u>Total</u>
Trade receivables (excluding trade receivables from related parties)					
At 31 December 2015					
Expected loss rate	1%	10%	20%	50%	
Gross carrying amount (RMB'000)	118,219	33,200	15,894	19,993	187,306
Loss allowance provision (RMB'000)	<u>1,182</u>	<u>3,320</u>	<u>3,179</u>	<u>9,996</u>	<u>17,677</u>
At 31 December 2016					
Expected loss rate	1%	10%	20%	50%	
Gross carrying amount (RMB'000)	201,443	46,509	16,931	22,662	287,545
Loss allowance provision (RMB'000)	<u>2,015</u>	<u>4,651</u>	<u>3,386</u>	<u>11,330</u>	<u>21,382</u>
At 31 December 2017					
Expected loss rate	1%	10%	20%	50%	
Gross carrying amount (RMB'000)	269,043	67,379	23,365	18,898	378,685
Loss allowance provision (RMB'000)	<u>2,690</u>	<u>6,738</u>	<u>4,673</u>	<u>9,449</u>	<u>23,550</u>

	Current	Up to 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
Other receivables (excluding prepayments and other receivables from related parties)						
At 31 December 2015						
Expected loss rate	0.1%	1%	10%	20%	50%	
Gross carrying amount (RMB'000)	4,389	69,838	2,295	—	10	76,532
Loss allowance provision (RMB'000)	<u>4</u>	<u>698</u>	<u>230</u>	<u>—</u>	<u>5</u>	<u>937</u>
At 31 December 2016						
Expected loss rate	0.1%	1%	10%	20%	50%	
Gross carrying amount (RMB'000)	6,189	52,567	4,726	847	—	64,329
Loss allowance provision (RMB'000)	<u>6</u>	<u>526</u>	<u>473</u>	<u>169</u>	<u>—</u>	<u>1,174</u>
At 31 December 2017						
Expected loss rate	0.1%	1%	10%	20%	50%	
Gross carrying amount (RMB'000)	11,773	68,593	7,563	2,483	1,349	91,761
Loss allowance provision (RMB'000)	<u>11</u>	<u>686</u>	<u>756</u>	<u>497</u>	<u>675</u>	<u>2,625</u>

As at 31 December 2015, 2016 and 2017, the loss allowance provision for trade and other receivables (excluding prepayments and other receivables from related parties) reconciles to the opening loss allowance for that provision as follows:

	Trade receivables	Other Receivables (excluding prepayments and other receivables from related parties)	Total
	RMB'000	RMB'000	RMB'000
At 1 January 2015	13,452	1,100	14,552
Provision for loss allowance recognised in profit or loss	<u>4,225</u>	<u>(163)</u>	<u>4,062</u>
At 31 December 2015	<u>17,677</u>	<u>937</u>	<u>18,614</u>
At 1 January 2016	17,677	937	18,614
Provision for loss allowance recognised in profit or loss	<u>4,789</u>	<u>237</u>	<u>5,026</u>
Receivables written off as uncollectable	<u>(1,084)</u>	<u>—</u>	<u>(1,084)</u>
At 31 December 2016	<u>21,382</u>	<u>1,174</u>	<u>22,556</u>
At 1 January 2017	21,382	1,174	22,556
Provision for loss allowance recognised in profit or loss	<u>2,720</u>	<u>1,451</u>	<u>4,171</u>
Receivables written off as uncollectable	<u>(552)</u>	<u>—</u>	<u>(552)</u>
At 31 December 2017	<u>23,550</u>	<u>2,625</u>	<u>26,175</u>

As at 31 December 2015, 2016 and 2017, the gross carrying amount of trade and other receivables (excluding prepayments and other receivables from related parties) was RMB495,422,000, RMB388,969,000 and RMB486,920,000 and thus the maximum exposure to loss was RMB476,808,000, RMB366,413,000 and RMB460,745,000.

3.1.2 Liquidity risk

To manage the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The table below analyses the Group's financial liabilities into relevant maturity grouping based on the remaining period at the end of each reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. All amounts were due within one year.

	As at 31 December		
	2015	2016	2017
	RMB'000	RMB'000	RMB'000
Trade and other payables.....	436,746	630,619	865,038

3.2 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total debt less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the combined balance sheets plus net debt.

As at 31 December 2015, 2016 and 2017, the Group maintained at net cash position.

4. Critical accounting estimates and judgements

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed below.

(a) Allowance on doubtful receivables

The Group makes allowances on receivables based on assumptions about risk of default and expected loss rates. The Group used judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

Where the expectation is different from the original estimate, such difference will impact the carrying amount of trade and other receivables and doubtful debt expenses in the periods in which such estimate has been changed. For details of the key assumptions and inputs used, see Note 3.1 above.

(b) Current tax and deferred tax

The Group is subject to income taxes in the PRC. Judgement is required in determining the provision for income taxes. There are some transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and provisions in the period in which such determination is made.

Deferred income tax assets relating to certain temporary differences and tax losses are recognised when management considers to be probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. The outcome of their actual utilisation may be different.

5. Segment information

Management has determined the operating segments based on the reports reviewed by CODM. The CODM, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the executive directors of CG Property Services.

During the Track Record Period, the Group is principally engaged in the provision of property management services, community value-added services and value-added services to non-property owners in the PRC. Management reviews the operating results of the business as one operating segment to make decisions about resources to be allocated. Therefore, the CODM of the Company regards that there is only one segment which is used to make strategic decisions.

The major operating entity of the Group is domiciled in the PRC. Accordingly, all of the Group's revenue were derived in the PRC during the Track Record Period.

As at 31 December 2015, 2016 and 2017, all of the non-current assets were located in the PRC.

6. Revenue and cost of services

Revenue mainly comprises of proceeds from property management services, community value-added services and value-added services to non-property owners. An analysis of the Group's revenue and cost of services by category for the years ended 31 December 2015, 2016 and 2017 was as follows:

	Year ended 31 December					
	2015		2016		2017	
	Revenue	Cost of services	Revenue	Cost of services	Revenue	Cost of services
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue from customer and recognised over time:						
Property management services...	1,433,525	1,041,560	1,956,706	1,363,047	2,544,665	1,796,762
Community value-added services	122,322	54,947	194,312	85,979	241,818	102,197
Value-added services to non-property owners	109,517	62,878	199,708	108,124	328,016	186,161
Other services	7,100	1,842	7,723	1,085	7,353	1,146
	<u>1,672,464</u>	<u>1,161,227</u>	<u>2,358,449</u>	<u>1,558,235</u>	<u>3,121,852</u>	<u>2,086,266</u>

For the years ended 31 December 2015, 2016 and 2017, revenue from CGH and its subsidiaries (the "CGH Group") contributed 11.7%, 15.4% and 14.1% of the Group's revenue, respectively. Other than the CGH Group, the Group has a large number of customers, none of whom contributed 10% or more of the Group's revenue during the Track Record Period.

(a) Contract liabilities

The Group has recognised the following revenue-related contract liabilities:

	As at 31 December		
	2015	2016	2017
	RMB'000	RMB'000	RMB'000
Contract liabilities	<u>202,047</u>	<u>396,759</u>	<u>556,880</u>

(i) Significant changes in contract liabilities

Contract liabilities of the Group mainly arise from the advance payments made by customers while the underlying services are yet to be provided. Such liabilities increased as a result of the growth of the Group's business.

(ii) Revenue recognised in relation to contract liabilities

The following table shows how much of the revenue recognised in the current reporting period relates to carried-forward contract liabilities.

	Year ended 31 December		
	2015	2016	2017
	RMB'000	RMB'000	RMB'000
Revenue recognised that was included in the balance of contract liabilities at the beginning of the year			
Property management services	100,937	190,292	383,472
Community value-added services	6,469	1,790	3,131
	<u>107,406</u>	<u>192,082</u>	<u>386,603</u>

(iii) Unsatisfied performance obligations

For property management services and value-added services to non-property owners, the Group recognises revenue in the amount that equals to the right to invoice which corresponds directly with the value to the customer of the Group's performance to date, on a monthly basis. The Group has elected the practical expedient for not to disclose the remaining performance obligations for these type of contracts. The majority of the property management service contracts do not have a fixed term. The term of the contracts for value-added services to non-property owners is generally set to expire when the counterparties notify the Group that the services are no longer required.

For community value-added services, they are rendered in short period of time and there is no unsatisfied performance obligation at the end of respective periods.

(iv) Assets recognised from incremental costs to obtain a contract

During the Track Record Period, there was no significant incremental costs to obtain a contract.

7. Other income

	Year ended 31 December		
	2015	2016	2017
	RMB'000	RMB'000	RMB'000
Late fee income.....	6,219	6,949	8,189
Government grants	1,786	1,059	4,878
	<u>8,005</u>	<u>8,008</u>	<u>13,067</u>

8. Expenses by nature

	Year ended 31 December		
	2015	2016	2017
	RMB'000	RMB'000	RMB'000
Employee benefit expenses (Note 9)	903,750	1,275,320	1,759,556
Cleaning expenses.....	78,638	173,339	266,476
Utilities	81,821	114,632	120,836
Maintenance expenses	76,200	91,043	132,921
Transportation expenses	44,136	42,700	48,419
Greening and gardening expenses	12,852	22,927	49,627
Office and communication expenses	29,611	28,080	38,570
Taxes and surcharges	94,441	63,173	19,801
Depreciation and amortisation charges	13,482	14,200	19,056
Employee uniform expenses	5,711	7,945	16,498
Travelling and entertainment expenses	10,377	14,204	30,210
Provision for impairment of receivables	4,062	5,026	4,171
Community activities expenses	7,126	7,815	9,302
Professional service fees	2,923	12,372	10,515
Bank charges	6,764	7,318	10,270
Auditor's remuneration			
— Audit services	160	180	253
Other expenses	15,243	10,832	18,579
	<u>1,387,297</u>	<u>1,891,106</u>	<u>2,555,060</u>

9. Employee benefit expenses

	Year ended 31 December		
	2015	2016	2017
	RMB'000	RMB'000	RMB'000
Wages, salaries and bonuses	721,742	1,009,731	1,448,249
Pension costs	58,964	91,982	125,036
Housing funds, medical insurances and other social insurances	45,154	64,005	90,273
Other benefits	77,890	71,397	95,998
Share-based compensation expenses (Note 24)	—	38,205	—
	<u>903,750</u>	<u>1,275,320</u>	<u>1,759,556</u>

(a) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group included 1, 1 and 2 directors for the years ended 31 December 2015, 2016 and 2017, respectively, whose emoluments are reflected in the

analysis shown in Note 32. The emoluments payable to the remaining 4, 4 and 3 individuals during the Track Record Period are as follows:

	Year ended 31 December		
	2015	2016	2017
	RMB'000	RMB'000	RMB'000
Wages, salaries and bonuses	15,269	3,800	6,440
Pension costs, housing funds, medical insurances and other social insurances	85	44	87
Share-based compensation expenses	—	30,321	—
	<u>15,354</u>	<u>34,165</u>	<u>6,527</u>

The emoluments fell within the following bands:

	Year ended 31 December		
	2015	2016	2017
Emolument bands (in HKD)			
2,000,000 ~ 2,500,000	3	—	2
2,500,000 ~ 3,000,000	—	—	1
3,000,000 ~ 3,500,000	—	2	—
8,000,000 ~ 8,500,000	—	1	—
12,000,000 ~ 12,500,000	1	—	—
25,000,000 ~ 25,500,000	—	1	—
	<u>4</u>	<u>4</u>	<u>3</u>

10. Finance income

Finance income mainly represented the interest income derived from bank deposits.

11. Income tax expense

	Year ended 31 December		
	2015	2016	2017
	RMB'000	RMB'000	RMB'000
Current income tax — PRC	75,476	133,357	154,147
Deferred income tax			
— Corporate income tax	(1,016)	447	1,987
— Withholding income tax on profits to be distributed in future	—	—	11,600
	<u>(1,016)</u>	<u>447</u>	<u>13,587</u>
	<u>74,460</u>	<u>133,804</u>	<u>167,734</u>

(a) Cayman Island income tax

The Company is incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of Cayman Islands and accordingly, is exempted from Cayman Islands income tax.

(b) Hong Kong profit tax

No provision for Hong Kong profits tax was made as the Group did not have any assessable income subject to Hong Kong profits tax during the Track Record Period.

(c) PRC Corporate Income Tax

Income tax provision of the Group in respect of operations in Mainland China has been calculated at the applicable tax rate on the estimated assessable profits for the year, based on the existing legislation, interpretations and practises in respect thereof.

The general corporate income tax rate in PRC is 25%. Certain subsidiaries of the Group in the PRC are located in western cities, and they are subject to a preferential income tax rate of 15% in certain years.

(d) PRC withholding tax

According to the applicable PRC tax regulations, dividends distributed by a company established in the PRC to a foreign investor with respect to profits derived after 1 January 2008 are generally subject to a 10% withholding income tax. If a foreign investor incorporated in Hong Kong meets the conditions and requirements under the double taxation treaty arrangement entered into between the PRC and Hong Kong, the relevant withholding tax rate will be reduced from 10% to 5%.

According to the shareholder's resolution of CG Management Services and CG Management Consultation dated 8 March 2018, total dividends of RMB116,000,000 were declared for the year ended 31 December 2017 and were distributed to CG Property Services HK. Accordingly, 10% withholding tax has been provided on this portion of the retained earnings to be distributed to CG Property Services HK for the year ended 31 December 2017.

(e) The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the tax rate of 25% for the Track Record Period, being the tax rate of the major subsidiaries of the Group. The difference is analysed as follows:

	Year ended 31 December		
	2015	2016	2017
	RMB'000	RMB'000	RMB'000
Profit before income tax.....	294,913	486,332	608,197
Add: share of results of joint ventures.....	—	1,747	(991)
share of results of associates	1	5,153	8,920
	<u>294,914</u>	<u>493,232</u>	<u>616,126</u>
Tax calculated at applicable corporate income tax rate of 25%	73,729	123,308	154,032
Effects of different tax rates applicable to different subsidiaries of the Group	—	—	(279)
Expenses not deductible for taxation purposes.....	717	10,455	1,940
Unrecognised tax losses	14	41	441
	<u>74,460</u>	<u>133,804</u>	<u>156,134</u>
Withholding income tax on profits to be distributed in future	—	—	11,600
	<u>74,460</u>	<u>133,804</u>	<u>167,734</u>

12. Earnings per share

No earnings per share information is presented as the information, for the purpose of this Historical Financial Information, is not considered meaningful due to the Reorganisation and the presentation of the results for the Track Record Period on a combined basis as disclosed in Notes 1.2 and 1.3 above.

13. Property, plant and equipment

	Machinery RMB'000	Transportation equipment RMB'000	Electronic equipment RMB'000	Office equipment RMB'000	Total RMB'000
At 1 January 2015					
Cost	5,380	51,589	28,340	8,869	94,178
Accumulated depreciation	(2,116)	(24,818)	(15,667)	(5,510)	(48,111)
Net book amount	<u>3,264</u>	<u>26,771</u>	<u>12,673</u>	<u>3,359</u>	<u>46,067</u>
Year ended 31 December 2015					
Opening net book amount	3,264	26,771	12,673	3,359	46,067
Additions	771	1,379	1,284	854	4,288
Disposals	(8)	(114)	(92)	(50)	(264)
Depreciation	(827)	(7,975)	(3,052)	(1,295)	(13,149)
Closing net book amount	<u>3,200</u>	<u>20,061</u>	<u>10,813</u>	<u>2,868</u>	<u>36,942</u>
At 31 December 2015					
Cost	6,129	51,714	29,382	9,638	96,863
Accumulated depreciation	(2,929)	(31,653)	(18,569)	(6,770)	(59,921)
Net book amount	<u>3,200</u>	<u>20,061</u>	<u>10,813</u>	<u>2,868</u>	<u>36,942</u>
Year ended 31 December 2016					
Opening net book amount	3,200	20,061	10,813	2,868	36,942
Additions	2,132	9,661	6,722	2,250	20,765
Disposals	(10)	(753)	(223)	(65)	(1,051)
Depreciation	(1,068)	(7,293)	(4,159)	(1,079)	(13,599)
Closing net book amount	<u>4,254</u>	<u>21,676</u>	<u>13,153</u>	<u>3,974</u>	<u>43,057</u>
At 31 December 2016					
Cost	8,225	57,172	35,271	11,624	112,292
Accumulated depreciation	(3,971)	(35,496)	(22,118)	(7,650)	(69,235)
Net book amount	<u>4,254</u>	<u>21,676</u>	<u>13,153</u>	<u>3,974</u>	<u>43,057</u>
Year ended 31 December 2017					
Opening net book amount	4,254	21,676	13,153	3,974	43,057
Acquisition of subsidiaries (Note 30)	62	31	68	412	573
Other additions	26,598	11,709	12,851	3,595	54,753
Disposals	(372)	(1,229)	(430)	(273)	(2,304)
Depreciation	(1,406)	(9,034)	(5,677)	(1,387)	(17,504)
Closing net book amount	<u>29,136</u>	<u>23,153</u>	<u>19,965</u>	<u>6,321</u>	<u>78,575</u>
At 31 December 2017					
Cost	34,411	61,717	46,136	15,205	157,469
Accumulated depreciation	(5,275)	(38,564)	(26,171)	(8,884)	(78,894)
Net book amount	<u>29,136</u>	<u>23,153</u>	<u>19,965</u>	<u>6,321</u>	<u>78,575</u>

Depreciation expenses were charged to the following categories in the combined statements of comprehensive income:

	Year ended 31 December		
	2015 RMB'000	2016 RMB'000	2017 RMB'000
Cost of services	10,037	10,128	14,139
General and administrative expenses	3,112	3,471	3,365
	<u>13,149</u>	<u>13,599</u>	<u>17,504</u>

14. Intangible assets

	Software RMB'000	Property management contracts RMB'000	Goodwill RMB'000	Total RMB'000
At 1 January 2015				
Cost	1,057	—	—	1,057
Accumulated amortisation	(409)	—	—	(409)
Net book amount	<u>648</u>	<u>—</u>	<u>—</u>	<u>648</u>
Year ended 31 December 2015				
Opening net book amount	648	—	—	648
Amortisation.....	(333)	—	—	(333)
Closing net book amount.....	<u>315</u>	<u>—</u>	<u>—</u>	<u>315</u>
At 31 December 2015				
Cost	1,057	—	—	1,057
Accumulated amortisation	(742)	—	—	(742)
Net book amount	<u>315</u>	<u>—</u>	<u>—</u>	<u>315</u>
Year ended 31 December 2016				
Opening net book amount	315	—	—	315
Additions	2,325	—	—	2,325
Amortisation.....	(601)	—	—	(601)
Closing net book amount.....	<u>2,039</u>	<u>—</u>	<u>—</u>	<u>2,039</u>
At 31 December 2016				
Cost	3,382	—	—	3,382
Accumulated amortisation	(1,343)	—	—	(1,343)
Net book amount	<u>2,039</u>	<u>—</u>	<u>—</u>	<u>2,039</u>
Year ended 31 December 2017				
Opening net book amount	2,039	—	—	2,039
Acquisition of subsidiaries (Note 30).....	—	11,980	2,570	14,550
Other additions	5,821	—	—	5,821
Amortisation.....	(997)	(555)	—	(1,552)
Closing net book amount.....	<u>6,863</u>	<u>11,425</u>	<u>2,570</u>	<u>20,858</u>
At 31 December 2017				
Cost	9,203	11,980	2,570	23,753
Accumulated amortisation	(2,340)	(555)	—	(2,895)
Net book amount	<u>6,863</u>	<u>11,425</u>	<u>2,570</u>	<u>20,858</u>

Amortisation of intangible assets were charged to the following categories in the combined statements of comprehensive income:

	Year ended 31 December		
	2015 RMB'000	2016 RMB'000	2017 RMB'000
Cost of services	—	—	555
General and administrative expenses	333	601	997
	<u>333</u>	<u>601</u>	<u>1,552</u>

During the year ended 31 December 2017, a subsidiary of the Group acquired two companies (Note 30). Total identifiable net assets of the two entities acquired as at their respective acquisition dates were amounted to RMB16,642,000, including property management contracts of RMB11,980,000 recognised by the Group. The excess of the consideration transferred over the fair value of the identifiable net assets acquired is recorded as goodwill.

An independent valuation was performed by an independent valuer to determine the amount of the property management contracts. Methods and key assumptions in determining the fair value of property management contracts are disclosed as follows:

	<u>Valuation technique</u>	<u>Discount rate</u>	<u>Expected life of the intangible assets</u>
Property management contracts	Multi-period excess earnings method	16.34%	9 years, the estimated period of property management services to be provided to the relevant properties, taking into account the prior experience of the renewal pattern of property management contracts of similar characteristics

Based on the impairment test on the goodwill, no impairment provision is required.

15. Subsidiaries

The principal PRC operating subsidiaries in which the Company held indirect interest upon completion of the Reorganisation and as at the date of this report are as follows:

Company name	Date and place of incorporation	Registered capital	Attributable effective equity interest of the Group as at 31 December 2015	Attributable effective equity interest of the Group as at 31 December 2016	Attributable effective equity interest of the Group as at 31 December 2017	Attributable effective equity interest of the Group upon completion of the Reorganisation and as at the date of this report	Principal activities and place of operation	Name of statutory auditors and periods covered
CG Property Services (廣東碧桂園物業服務股份有限公司)	19 April 2004, PRC	RMB'000 360,000	100%	92%	92%	100%	Property management and related services/ Foshan, PRC	PricewaterhouseCoopers Zhong Tian LLP (普華永道中天會計師事務所(特殊普通合夥)) for the years ended 31 December 2015 and 2016
Hainan Sailai Borui Property Services Company Limited (海南賽萊柏瑞物業服務有限公司)	12 April 2012, PRC	500	100%	92%	92%	100%	Property management and related services/ Haikou, PRC	Hainan Yixin Certified Public Accountants Company, L.TD (海南億信會計師事務所) for the year ended 31 December 2015
Hancheng Country Garden City Services Company Limited (韓城碧桂園城市服務有限公司)	4 March 2016, PRC	50	—	55%	55%	60%	Property management and related services/ Hancheng, PRC	PricewaterhouseCoopers Zhong Tian LLP (普華永道中天會計師事務所(特殊普通合夥)) for the year ended 31 December 2016
Guangdong Country Garden Huimin Property Services Company Limited (廣東碧桂園惠民物業服務有限公司)	9 January 2017, PRC	1,000	—	—	69%	75%	Property management and related services/ Foshan, PRC	Weiman Jinshihua Certified Public Accountants Partnership firm (渭南金世華聯合會計師事務所) for the year ended 31 December 2016
Country Garden Jinyang Property Services Company Limited (碧桂園金陽物業服務有限公司)	15 December 1998, PRC	5,000	—	—	47%	51%	Property management and related services/ Chongqing, PRC	N/A

Company name	Date and place of incorporation	Registered capital	Attributable effective equity interest of the Group as at 31 December 2015	Attributable effective equity interest of the Group as at 31 December 2016	Attributable effective equity interest of the Group as at 31 December 2017	Attributable effective equity interest of the Group upon completion of the Reorganisation and as at the date of this report	Principal activities and place of operation	Name of statutory auditors and periods covered
Zunyi Country Garden Property City Services Company Limited (遵義碧桂園物業城市服務有限公司)	19 January 2017, PRC	RMB'000 1,000	—	—	47%	51%	Property management and related services/ Zunyi, PRC	N/A
Qingdao Country Garden Runjin Property Services Company Limited (青島碧桂園潤錦物業服務有限公司)	22 March 2017, PRC	100	—	—	55%	60%	Property management and related services/ Qingdao, PRC	N/A
Hengshui Country Garden City Services Company Limited (衡水碧桂園城市服務有限公司)	23 March 2017, PRC	500	—	—	55%	60%	Property management and related services/ Hengshui, PRC	N/A
Yunnan Country Garden Xingshang Property Services Company Limited (雲南碧桂園星尚物業服務有限公司)	4 July 2008, PRC	100	—	—	92%	100%	Property management and related services/ Kunming, PRC	N/A

* The English names of the subsidiaries represent the best efforts made by the management of the Group in translating their Chinese names as they do not have official English names.

The directors of the Company consider that none of the non-controlling interests of the individual subsidiaries was significant to the Group and thus the individual financial information of these subsidiaries were not disclosed.

16. Investments in joint ventures

	Year ended 31 December		
	2015	2016	2017
	RMB'000	RMB'000	RMB'000
At 1 January	—	—	12,343
Additions	—	14,090	500
Share of results	—	(1,747)	991
At 31 December	—	12,343	13,834

Set out below are the particulars of the joint ventures as at 31 December 2015, 2016 and 2017:

	Place of incorporation and operation	Principle activities	As at 31 December		
			2015	2016	2017
Huahui Jinfu Information Technology (Beijing) Company Limited 華惠金服信息科技(北京)有限公司("Huahui Jinfu") (i)	Beijing, PRC	Community financial services	—	30%	30%
Hubei Qingneng Country Garden Property Services Company Limited 湖北清能碧桂園物業服務有限公司	Wuhan, PRC	Property management	—	50%	50%
Chongqing Rongbi Property Services Company Limited 重慶融碧物業服務有限公司	Chongqing, PRC	Property management	—	—	50%

* The English names of the joint ventures represent the best efforts made by the management of the Group in translating their Chinese names as they do not have official English names.

- (i) According to the Articles of Huahui Jinfu, all significant and relevant matters of the entity require unanimous consent by all shareholders, Huahui Jinfu is therefore accounted for as a joint venture of the Group.

The directors of the Company consider that none of the joint ventures as at 31 December 2016 and 2017 was significant to the Group and thus the individual financial information of the joint ventures was not disclosed.

As at 31 December 2016 and 2017, there were no significant contingent liabilities and commitments relating to the Group's interests in the joint ventures.

The summarised financial information of individually immaterial joint ventures on an aggregate basis is as follows:

	Year ended 31 December		
	2015	2016	2017
	RMB'000	RMB'000	RMB'000
Carrying amounts in the combined financial statements	—	12,343	13,834
Share of results	—	(1,747)	991
Share of total comprehensive (loss)/income	—	(1,747)	991

17. Investments in associates

	Year ended 31 December		
	2015	2016	2017
	RMB'000	RMB'000	RMB'000
At 1 January	—	5,399	7,346
Additions	42,900	7,100	6,000
Disposal	(37,500)	—	—
Share of results	(1)	(5,153)	(8,920)
At 31 December	<u>5,399</u>	<u>7,346</u>	<u>4,426</u>

Set out below are the particulars of the associates as at 31 December 2015, 2016 and 2017:

	Place of incorporation and operation	Principle activities	As at 31 December		
			2015	2016	2017
Shenzhen Wangshenghuo Internet Technology Company Limited 深圳市旺生活互聯網科技有 限公司	Shenzhen, PRC	Computer and software development and other services	25%	25%	25%
Guangdong Shunde Fenghuang Youxuan Commercial Company Limited 廣東順德鳳凰優 選商業有限公司	Shunde, PRC	Retail	—	—	30%

* The English names of the associates represents the best efforts made by the management of the Group in translating their Chinese names as they do not have official English names.

The directors of the Company consider that none of the associates as at 31 December 2015, 2016 and 2017 was significant to the Group and thus the individual financial information of the associates was not disclosed.

As at 31 December 2015, 2016 and 2017, there were no significant contingent liabilities relating to the Group's interests in the associates.

The summarised financial information of individually immaterial associates on an aggregate basis is as follows:

	Year ended 31 December		
	2015	2016	2017
	RMB'000	RMB'000	RMB'000
Carrying amounts in the combined financial statements	5,399	7,346	4,426
Share of results	(1)	(5,153)	(8,920)
Share of total comprehensive loss	<u>(1)</u>	<u>(5,153)</u>	<u>(8,920)</u>

The Group has assessed the recoverable amounts of these investments and determined no impairment was required. The Group has subsequently disposed of the entire or major equity interest in these two associates at the considerations higher than the respective carrying amounts of these investments as at 31 December 2017 (Note 33).

18. Financial instruments by category

	As at 31 December		
	2015	2016	2017
	RMB'000	RMB'000	RMB'000
Financial assets at amortised cost:			
Trade and other receivables excluding prepayments	767,847	600,216	694,234
Cash and cash equivalents	591,070	1,774,434	2,634,297
Restricted bank deposits	1,054	1,057	2,797
	<u>1,359,971</u>	<u>2,375,707</u>	<u>3,331,328</u>
Financial assets at fair value through other comprehensive income	—	—	174
	<u>1,359,971</u>	<u>2,375,707</u>	<u>3,331,502</u>
Financial liabilities at amortised costs:			
Trade and other payables excluding non-financial liabilities	436,746	630,619	865,038
	<u>436,746</u>	<u>630,619</u>	<u>865,038</u>

19. Trade and other receivables

	As at 31 December		
	2015	2016	2017
	RMB'000	RMB'000	RMB'000
Included in current assets:			
Trade receivables (a)			
— Related parties (Note 31)	231,584	37,095	16,474
— Third parties	187,306	287,545	378,685
	418,890	324,640	395,159
Less: allowance for impairment of trade receivables	(17,677)	(21,382)	(23,550)
	<u>401,213</u>	<u>303,258</u>	<u>371,609</u>
Other receivables			
— Related parties (Note 31)	291,039	233,803	233,489
— Payments on behalf of property owners	23,543	43,922	59,493
— Receivables from sale of equity interest in an associate	37,500	—	—
— Others	15,489	20,407	32,268
	367,571	298,132	325,250
Less: allowance for impairment of other receivables	(937)	(1,174)	(2,625)
	<u>366,634</u>	<u>296,958</u>	<u>322,625</u>
Prepayments to suppliers			
— Related parties (Note 31)	2	—	—
— Third parties	4,179	2,433	7,314
	4,181	2,433	7,314
Prepayments for tax	17,056	14,327	10,786
	<u>789,084</u>	<u>616,976</u>	<u>712,334</u>
Included in non-current assets:			
Prepayments for intangible assets	—	1,092	—
— Third parties	—	1,092	—
	<u>—</u>	<u>1,092</u>	<u>—</u>

As at 31 December 2015, 2016 and 2017, the trade and other receivables were denominated in RMB, and the fair value of trade and other receivables approximated their carrying amounts.

- (a) Trade receivables mainly arise from property management services income under lump sum basis and value-added services to non-property owners.

Property management services income under lump sum basis are received in accordance with the term of the relevant property service agreements. Service income from property management services is due for payment by the residents upon the issuance of demand note.

For value-added services to non-property owners, customers are generally given a credit term up to 60 days.

As at 31 December 2015, 2016 and 2017, the ageing analysis of the trade receivables based on invoice date were as follows:

	As at 31 December		
	2015	2016	2017
	RMB'000	RMB'000	RMB'000
0-180 days	305,289	176,353	190,479
181-365 days	44,514	60,626	95,038
1 to 2 years.....	33,200	48,068	67,379
2 to 3 years.....	15,894	16,931	23,365
Over 3 years	19,993	22,662	18,898
	<u>418,890</u>	<u>324,640</u>	<u>395,159</u>

The Group applies the simplified approach to providing for expected credit losses prescribed by HKFRS 9. As at 31 December 2015, 2016 and 2017, a provision of RMB17,677,000, RMB21,382,000 and RMB23,550,000 was made against the gross amounts of trade receivables (Note 3).

20. Cash and cash equivalents and restricted bank deposits

	As at 31 December		
	2015	2016	2017
	RMB'000	RMB'000	RMB'000
Cash at banks	592,124	1,775,491	2,637,094
Less: Restricted bank deposits (b)	(1,054)	(1,057)	(2,797)
Cash and cash equivalents.....	<u>591,070</u>	<u>1,774,434</u>	<u>2,634,297</u>

As at 31 December 2015, 2016 and 2017, cash and cash equivalents did not include housing maintenance funds of RMB5,677,000, RMB6,496,000 and RMB293,000 which were owned by the property owners but were deposited in the bank accounts in the name of the Group. Such deposits can be used by the Group for the purpose of public maintenance expenditures upon the approval from the relevant government authorities.

- (a) Cash at banks were denominated in the following currencies:

	As at 31 December		
	2015	2016	2017
	RMB'000	RMB'000	RMB'000
RMB	592,081	1,775,465	2,637,070
Other currencies.....	43	26	24
	<u>592,124</u>	<u>1,775,491</u>	<u>2,637,094</u>

- (b) Restricted bank deposits mainly represents the cash deposits in bank as performance security for property management services according to the requirements of local government authorities.

21. Combined capital

Combined capital during the Track Record Period represented the combined share/paid-in capital of the companies now comprising the Group after elimination of inter-company investments. In these combined financial statements, the capital represents the paid-in capital of United Gain.

	<u>Number of shares</u>	<u>Nominal value of shares</u> USD	<u>Equivalent nominal value of shares</u> RMB'000
Authorised			
At 1 January 2015, 31 December 2015, 2016 and 2017	200	200	
Issued and fully paid			
At 1 January 2015, 31 December 2015, 2016 and 2017	<u>200</u>	<u>200</u>	<u>2</u>

Authorised and issued share capital

The Company was incorporated in the Cayman Islands on 24 January 2018 with authorised and issued share capital of HKD380,000 divided into 3,800,000 ordinary shares of HKD0.10 each.

On 13 March 2018, a written resolution was passed by the Company's shareholder, approving that (i) the application for 76 Shares of HKD0.10 each, to be issued as fully paid at par, from Wise Fame; (ii) the increase of the authorised share capital to USD1,000,000.00 divided into 10,000,000,000 shares of a par value of USD0.0001 each (the "Increase of the Authorised Share Capital"); (iii) the allotment of 10,000 Shares of USD0.0001 each, issued as fully paid at par, to Wise Fame (the "Allotment of US Shares"), which was the funding for the Repurchase (as defined below); (iv) the Company repurchased the 78 fully paid shares of a par value of HKD0.10 each (the "HK Shares") in the share capital of the Company in issue immediately prior to the Increase of the Authorised Share Capital at a price of HKD0.10 per HK Share which was paid out of the proceeds of the Allotment of US Shares mentioned above (the "Repurchase") and the HK Shares were cancelled; and (v) upon completion of the Repurchase, all authorised but unissued shares of HKD0.10 each of the Company was diminished by the cancellation of all the 3,800,000 unissued shares of a par value of HKD0.10 each in the share capital of the Company.

On 13 March 2018, a written resolution was passed by the Company's shareholder, approving the Company allotting and issuing a total of 2,499,990,000 shares credited as fully paid at a par value of USD0.0001 each to Wise Fame. Upon completion, the total issued capital of the Company was USD250,000 divided into 2,500,000,000 shares of USD0.0001 each.

22. Other reserves

	Statutory Reserves	Others	Total
	RMB'000 (c)	RMB'000	RMB'000
At 1 January 2015.....	6,050	11,049	17,099
Effect of conversion of a subsidiary from a limited liability company into a joint stock company (a)	(6,050)	188,467	182,417
Appropriation of statutory reserves	25,757	—	25,757
At 31 December 2015.....	<u>25,757</u>	<u>199,516</u>	<u>225,273</u>
At 1 January 2016.....	25,757	199,516	225,273
Capitalisation of retained earnings of a subsidiary (b)	—	76,000	76,000
Transaction with non-controlling interests (Note 29)	—	79,734	79,734
Share-based compensation (Note 24).....	—	38,205	38,205
Appropriation to statutory reserves	35,700	—	35,700
At 31 December 2016.....	<u>61,457</u>	<u>393,455</u>	<u>454,912</u>
At 1 January 2017.....	61,457	393,455	454,912
Appropriation to statutory reserves	45,228	—	45,228
At 31 December 2017.....	<u>106,685</u>	<u>393,455</u>	<u>500,140</u>

- (a) Pursuant to shareholder's resolution of CG Property Services, a subsidiary of the Group, dated 14 October 2015, CG Property Services was converted from a limited liability company into a joint stock limited liability company. By reference to the net asset value of CG Property Services as at 30 September 2015 of approximately RMB200,567,000, CG Property Services issued 200,000,000 share of RMB1 each to its then shareholders, CG Management Services and CG Management Consultation. The excess of net asset value over the share capital of CG Property Services was recognised as capital surplus of CG Property Services. Accordingly, the balances of statutory reserves of RMB6,050,000 and retained earnings of RMB182,417,000 of CG Property Services as of 30 September 2015 were transferred to other reserves in the combined balance sheets.
- (b) Pursuant to shareholder's resolution of CG Property Services dated 29 February 2016, the share capital of CG Property Services increased from RMB200,000,000 to RMB331,200,000 divided into 331,200,000 shares of RMB1 each, by way of cash injection from the then shareholders of RMB55,200,000 and capitalisation of retained earnings of CG Property Services of RMB76,000,000.
- (c) Pursuant to the relevant rules and regulations governing foreign investment enterprise established in the PRC and the articles of association of certain PRC subsidiaries of the Group, the subsidiaries are required to transfer certain portion of their profit after taxation to the statutory reserve fund, until the accumulated total of the fund reaches 50% of their respective registered capital.

23. Retained earnings

	Year ended 31 December		
	2015	2016	2017
	RMB'000	RMB'000	RMB'000
At 1 January	339,756	352,035	564,516
Profit for the year	220,453	324,181	401,743
Transfer to statutory reserves (Note 22(c)).....	(25,757)	(35,700)	(45,228)
Capitalised upon conversion of a subsidiary from a limited liability company into a joint stock company (Note 22(a))	(182,417)	—	—
Capitalisation of retained earnings (Note 22(b)).....	—	(76,000)	—
At 31 December	<u>352,035</u>	<u>564,516</u>	<u>921,031</u>

24. Share-based payments

Tibet Shunqi was set up by certain directors, supervisors and senior management of CG Property Services. Pursuant to shareholder's resolution of CG Property Services dated 28 March 2016, CG Property Services increased its share capital by RMB28,800,000 by issuing 28,800,000 new ordinary shares with par value of RMB1 each to Tibet Shunqi at a total consideration of RMB115,200,000.

Tibet Shunqi was established to enable the designated key management personnel to hold a total of 8% equity shares of CG Property Services indirectly through Tibet Shunqi, thus the issue of the 28,800,000 ordinary shares to Tibet Shunqi constituted share-based compensation to employees settled by equity.

The fair value of these 28,800,000 shares at the grant date is RMB153,405,000 as determined by using income approach (discounted cash flow model). As there was no vesting condition of this share-based compensation scheme, the difference of RMB38,205,000 between the fair value of the shares and consideration received was accounted for as share-based compensation expense during the year ended 31 December 2016. The key assumptions used in determining the fair value mainly included:

- Growth rate of 4%~19% per annum;
- Gross profit rate of 22%~28%;
- Discount rate of 12% per annum; and
- Lack of control discount rate of 10.28%.

As part of the Reorganisation (Note 1.2), the Group repurchased all the above shares back from Tibet Shunqi at a total consideration of RMB115,200,000 on 24 January 2018.

25. Trade and other payables

	As at 31 December		
	2015	2016	2017
	RMB'000	RMB'000	RMB'000
Trade payables (a)			
— Related parties (Note 31)	5,052	14,300	18,468
— Third parties	95,214	160,870	220,532
	<u>100,266</u>	<u>175,170</u>	<u>239,000</u>
Other payables			
— Related parties (Note 31)	234	439	439
— Deposits	154,311	207,574	274,249
— Temporary receipts from properties owners	152,572	220,217	314,763
— Accruals and others	29,363	39,421	64,606
	<u>336,480</u>	<u>467,651</u>	<u>654,057</u>
Payroll payables	187,369	284,171	402,234
Other taxes payables	1,807	15,711	19,614
	<u>625,922</u>	<u>942,703</u>	<u>1,314,905</u>

As at 31 December 2015, 2016 and 2017, the carrying amounts of trade and other payables approximated their fair values.

(a) The ageing analysis of trade payables based on the invoice date was as follows:

	As at 31 December		
	2015	2016	2017
	RMB'000	RMB'000	RMB'000
Up to 1 year.....	91,539	162,196	228,629
1 to 2 years.....	4,661	7,258	5,080
2 to 3 years.....	1,836	2,752	1,479
Over 3 years	2,230	2,964	3,812
	<u>100,266</u>	<u>175,170</u>	<u>239,000</u>

26. Deferred income tax

The analysis of deferred tax assets and liabilities in the combined balance sheets was as follows:

	As at 31 December		
	2015	2016	2017
	RMB'000	RMB'000	RMB'000
Deferred income tax assets:			
— to be recovered within 12 months	470	322	1,480
— to be recovered over 12 months	<u>4,184</u>	<u>3,885</u>	<u>2,222</u>
	<u>4,654</u>	<u>4,207</u>	<u>3,702</u>
Deferred income tax liabilities:			
— to be recovered within 12 months	—	—	11,932
— to be recovered over 12 months	—	—	<u>2,524</u>
	<u>—</u>	<u>—</u>	<u>14,456</u>

The movement in deferred income tax assets and liabilities during the Track Record Period, without taking into consideration the offsetting of balances within the same tax jurisdiction, was as follows:

Deferred income tax assets:

	Allowance for impairment of receivables	Tax losses	Total
	RMB'000	RMB'000	RMB'000
At 1 January 2015	3,638	—	3,638
Credited to profit or loss	<u>1,016</u>	—	<u>1,016</u>
At 31 December 2015	<u>4,654</u>	<u>—</u>	<u>4,654</u>
At 1 January 2016	4,654	—	4,654
Credited to profit or loss	<u>985</u>	—	<u>985</u>
At 31 December 2016	<u>5,639</u>	<u>—</u>	<u>5,639</u>
At 1 January 2017	5,639	—	5,639
Acquisition of subsidiaries (Note 30)	—	1,621	1,621
Credited/(charged) to profit or loss	<u>905</u>	<u>(397)</u>	<u>508</u>
At 31 December 2017	<u>6,544</u>	<u>1,224</u>	<u>7,768</u>

Deferred income tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefits through future taxable profits is probable. For the years ended 31 December 2015,

2016 and 2017, the Group did not recognise deferred income tax assets in respect of losses amounting to RMB56,000, RMB219,000 and RMB1,981,000 that can be carried forward against future taxable income. Tax losses of group companies operated in the PRC could be carried forward for a maximum of five years. These tax losses will expire up to and including years 2020, 2021 and 2022, respectively.

Deferred income tax liabilities:

	Differences on recognition of depreciation	Fair value gain from business combination	Withholding income tax on profits to be distributed in future	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2015 and 1 January 2016	—	—	—	—
Charged to profit or loss	(1,432)	—	—	(1,432)
At 31 December 2016	<u>(1,432)</u>	<u>—</u>	<u>—</u>	<u>(1,432)</u>
At 1 January 2017	(1,432)	—	—	(1,432)
Acquisition of subsidiaries (Note 30)	—	(2,995)	—	(2,995)
(Charged)/credited to profit or loss	(2,634)	139	(11,600)	(14,095)
At 31 December 2017	<u>(4,066)</u>	<u>(2,856)</u>	<u>(11,600)</u>	<u>(18,522)</u>

As at 31 December 2015, 2016 and 2017, the retained earnings of the Group's PRC subsidiaries not yet remitted to holding companies incorporated outside PRC, for which no deferred income tax liability had been provided, were approximately RMB351,061,000, RMB563,670,000 and RMB804,187,000. Such earnings are expected to be retained by the PRC subsidiaries for reinvestment purposes and would not be remitted to their overseas holding companies in the foreseeable future based on management's estimation of overseas funding requirements.

27. Cash flow information

	Year ended 31 December		
	2015	2016	2017
	RMB'000	RMB'000	RMB'000
Profit before income tax	294,913	486,332	608,197
Adjustments for			
— Depreciation of property, plant and equipment (Note 13)	13,149	13,599	17,504
— Amortisation of intangible assets (Note 14)	333	601	1,552
— Losses/(gains) on disposal of plant, property and equipment	116	(89)	43
— Share-based compensation expenses (Note 9)	—	38,205	—
— Share of results of joint ventures	—	1,747	(991)
— Share of results of associates	1	5,153	8,920
— Fair value gains of financial assets at fair value through profit or loss	(201)	(2,325)	—
— Finance income – net	(1,622)	(15,913)	(34,995)
Changes in working capital:			
— Restricted bank deposits	(4)	(3)	(1,740)
— Inventories	1,028	236	(649)
— Trade and other receivables	228,451	79,433	(74,277)
— Contract liabilities	87,872	194,712	154,660
— Trade and other payables	<u>(522,857)</u>	<u>316,781</u>	<u>357,648</u>
Cash generated from operations	<u>101,179</u>	<u>1,118,469</u>	<u>1,035,872</u>

In the combined statements of cash flows, proceeds from disposals of property, plant and equipment comprise:

	Year ended 31 December		
	2015	2016	2017
	RMB'000	RMB'000	RMB'000
Net book amount (Note 13)	264	1,051	2,304
(Losses)/gains on disposals.....	(116)	89	(43)
Proceeds from disposals.....	<u>148</u>	<u>1,140</u>	<u>2,261</u>

28. Commitments

(a) Operating lease commitments

The Group leases offices and staff dormitories under non-cancellable operating lease agreements. The lease terms are between 1 and 5 years. The future aggregate minimum lease payments under non-cancellable operating leases were as follows:

	As at 31 December		
	2015	2016	2017
	RMB'000	RMB'000	RMB'000
No later than 1 year.....	1,240	1,594	3,306
Later than 1 year and no later than 5 years	<u>2,224</u>	<u>2,260</u>	<u>2,138</u>
	<u>3,464</u>	<u>3,854</u>	<u>5,444</u>

29. Transaction with non-controlling interests

As stated in Note 24, on 28 March 2016, CG Property Services increased its share capital by RMB28,800,000 by issuing 28,800,000 new ordinary shares with par value of RMB1 each to Tibet Shunqi at a consideration of RMB115,200,000. After this transaction, Tibet Shunqi owned 8% equity interest of CG Property Services. The Group recognised an increase in non-controlling interests of RMB35,466,000 and an increase in equity attributable to owners of the Company of RMB79,734,000. The effect of changes in the ownership interest of the Group on the equity attributable to owners of the Company during the year ended 31 December 2016 is summarised as follows:

	Year ended 31 December 2016
	RMB'000
Consideration received from non-controlling interests	115,200
Carrying amount of equity interests disposed of.....	(35,466)
Gain on disposal recorded within equity	<u>79,734</u>

There were no transactions with non-controlling interests during the years ended 31 December 2015 and 2017.

30. Business combinations

Business combinations during the Track Record Period included the acquisitions of two property management companies in the year ended 31 December 2017. The directors of the Company consider that none of the subsidiaries acquired during the Track Record Period was significant to the Group and thus the individual financial information of the two subsidiaries on the acquisition date was not disclosed.

The acquired companies' principal activities are property management in the PRC. The financial information of the two acquired companies on the acquisition date is listed as follows:

	RMB'000
Total purchase consideration	
— Cash	<u>11,057</u>
Total recognised amounts of identifiable assets acquired and liabilities assumed.....	
— Property, plant and equipment	573
— Property management contracts (included in intangible assets) (Note 14, (a)).....	11,980
— Trade and other receivables	21,395
— Inventories	63
— Cash and cash equivalents	909
— Deferred income tax assets	1,621
— Contract liabilities	(5,461)
— Short-term borrowings	(2,946)
— Trade and other payables	(8,497)
— Deferred income tax liabilities	<u>(2,995)</u>
Total identifiable net assets	16,642
Non-controlling interests.....	(8,155)
Goodwill	<u>2,570</u>
	<u>11,057</u>
Outflow of cash to acquire business, net of cash acquired	
— Partial settlement of cash considerations	5,000
— Cash and cash equivalents in the subsidiaries acquired	<u>(909)</u>
Net cash outflow on acquisitions	<u>4,091</u>

- (a) Intangible assets including property management contracts of RMB11,980,000 in relation to the acquisitions have been recognised by the Group.
- (b) The acquired businesses contributed total revenues of RMB29,371,000 and net profit of RMB2,644,000 to the Group for the period from their respective acquisition dates to 31 December 2017.
- (c) Had these companies been combined from 1 January 2017, the combined statements of comprehensive income would show pro-forma revenue of RMB3,147,647,000 and net profit of RMB445,245,000.

31. Related party transactions

- (a) Names and relationship with related parties

The ultimate holding company of the Company is CGH and the ultimate controlling shareholder of the Company is Ms. Yang Huiyan.

(b) Transactions with related parties

	Year ended 31 December		
	2015	2016	2017
	RMB'000	RMB'000	RMB'000
Provision of services			
— Entities controlled by the Ultimate Controlling Shareholder	195,816	363,338	439,621
— Joint ventures of CGH	1,036	17,792	37,722
— Associates of CGH	—	4,737	17,941
— Entities controlled by the close relatives of the Ultimate Controlling Shareholder	145	1,159	844
— Key management of the Group and CGH and their close families	1,027	867	736
	<u>198,024</u>	<u>387,893</u>	<u>496,864</u>
Purchase of goods and services			
— Entities controlled by the Ultimate Controlling Shareholder	44,457	44,954	35,163
— Entities controlled by the close relatives of the Ultimate Controlling Shareholder	—	—	2,561
— Associates of the Group	—	—	47
	<u>44,457</u>	<u>44,954</u>	<u>37,771</u>
Rental expenses			
— Entities controlled by the Ultimate Controlling Shareholder	155	591	605
— Associates of CGH	—	2	—
	<u>155</u>	<u>593</u>	<u>605</u>

The prices for the above service fees and other transactions were determined in accordance with the terms mutually agreed by the contract parties.

(c) Free trademark licence agreement

CG Property Services entered into a trademark licence agreement with Foshan Shunde Country Garden Property Development Company Limited (佛山市順德區碧桂園物業發展有限公司) (“Shunbi Property”), a subsidiary of CGH, in respect of certain trademarks which had been registered by the name of Shunbi Property. Pursuant to the agreement, Shunbi Property agreed to licence such trademarks for CG Property Services to use in connection with its operations on an exclusive and royalty-free basis till termination to be agreed by both parties.

(d) Key management compensation

Compensations for key management other than those for directors as disclosed in Note 32 is set out below:

	Year ended 31 December		
	2015	2016	2017
	RMB'000	RMB'000	RMB'000
Salaries and other short-term employee benefits	1,827	2,769	7,511
Share-based compensation expenses	—	1,385	—
	<u>1,827</u>	<u>4,154</u>	<u>7,511</u>

(e) Balances with related parties

	As at 31 December		
	2015	2016	2017
	RMB'000	RMB'000	RMB'000
Receivables from related parties			
Trade receivables (iii)			
— Entities controlled by the Ultimate Controlling Shareholder.....	226,553	35,736	13,820
— Entities controlled by the close relatives of the Ultimate Controlling Shareholder.....	4,446	6	—
— Joint ventures of CGH.....	585	1,353	—
— Associates of CGH.....	—	—	2,654
	<u>231,584</u>	<u>37,095</u>	<u>16,474</u>
Other receivables (i).....			
— Entities controlled by the Ultimate Controlling Shareholder (ii).....	<u>291,039</u>	<u>233,803</u>	<u>233,489</u>
Prepayments to suppliers			
— Entities controlled by the Ultimate Controlling Shareholder.....	<u>2</u>	<u>—</u>	<u>—</u>
	<u>522,625</u>	<u>270,898</u>	<u>249,963</u>

- (i) Other receivables due from related parties were unsecured and interest-free and repayable on demand. These balances as at 31 December 2017 were fully repaid in February 2018.
- (ii) During the Track Record Period, the Group participated the intra-group treasury management system monitored by CGH (the “Cash Pool”), the participants could deposit their cash in the bank account in the name of CGH’s subsidiary specifically for the Cash Pool and could draw out the cash by issuing notice to CGH. As at 31 December 2015, 2016 and 2017, included in other receivables from related parties, the amounts of RMB288,978,000, RMB233,803,000 and RMB233,489,000 were deposited in the bank accounts of Cash Pool. Net cash changes were treated as cash flow from investing activities in the combined statements of cash flows.

- (iii) During the Track Record Period, certain subsidiaries of CGH primarily engaged in property development business (“Property Development Companies”) entered into sales contracts with the property buyers, which included sales of properties developed by them and provision of property management services by the Group. The Property Development Companies collected the contract sum from the property buyers and then transferred the amounts relating to the part of property management services to the Group on a regular basis. The amounts entitled by the Group but not yet transferred from the Property Development Companies were included in trade receivables from related parties.

	As at 31 December		
	2015	2016	2017
	RMB'000	RMB'000	RMB'000
Payables to related parties			
Trade payables			
—Entities controlled by the Ultimate Controlling Shareholder	5,052	14,300	15,238
—Entities controlled by the close relatives of the Ultimate Controlling Shareholder	—	—	3,226
—Associates of the Group	—	—	4
	<u>5,052</u>	<u>14,300</u>	<u>18,468</u>
Other payables (i)			
—Entities controlled by the Ultimate Controlling Shareholder	234	439	439
Contract liabilities			
—Entities controlled by the Ultimate Controlling Shareholder	72,811	—	—
—Joint ventures of CGH	646	—	—
—Entities controlled by the close relatives of the Ultimate Controlling Shareholder	305	—	—
	<u>73,762</u>	<u>—</u>	<u>—</u>
	<u>79,048</u>	<u>14,739</u>	<u>18,907</u>

- (i) The other payables due to related parties were unsecured, interest-free and were repayable on demand. These balances as at 31 December 2017 were fully settled in March 2018.

32. Directors' benefits and interests

In March 2018, the following directors were appointed:

Chairman and Non-executive Director

Ms. Yang Huiyan (Note (a)(i))

Executive Director

Mr. Li Changjiang, General manager

Mr. Xiao Hua

Mr. Guo Zhanjun (Note (a)(ii))

Non-executive directors

Mr. Yang Zhicheng (Note (a)(i))

Ms. Wu Bijun (Note (a)(i))

In May 2018, the following directors were appointed:

Independent non-executive directors

Mr. Mei Wenjue (Note (a)(iii))
 Mr. Rui Meng (Note (a)(iii))
 Mr. Chen Weiru (Note (a)(iv))

(a) Directors' emoluments

The directors received emoluments from the Group (in their role as senior management and employee before their appointment as directors respectively) for the year ended 31 December 2017 as follows:

Name	Fees	Salaries and bonus	Housing allowances and contributions to a retirement benefit scheme	share-based compensation expenses	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors					
Mr. Li Changjiang	—	5,580	34	—	5,614
Mr. Xiao Hua.....	—	2,040	24	—	2,064
Mr. Guo Zhanjun	—	750	11	—	761
Independent non-executive directors					
Mr. Chen Weiru	120	—	—	—	120
	<u>120</u>	<u>8,370</u>	<u>69</u>	<u>—</u>	<u>8,559</u>

The directors received emoluments from the Group (in their role as senior management and employee before their appointment as directors and supervisors respectively) for the year ended 31 December 2016 as follows:

Name	Fees	Salaries and bonus	Housing allowances and contributions to a retirement benefit scheme	share-based compensation expenses	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors					
Mr. Li Changjiang	—	5,200	32	4,779	10,011
Mr. Xiao Hua.....	—	1,900	20	860	2,780
Independent non-executive directors					
Mr. Chen Weiru	73	—	—	—	73
	<u>73</u>	<u>7,100</u>	<u>52</u>	<u>5,639</u>	<u>12,864</u>

The directors received emoluments from the Group (in their role as senior management and employee before their appointment as directors and supervisors respectively) for the year ended 31 December 2015 as follows:

Name	Fees RMB'000	Salaries and bonus RMB'000	Housing allowances and contributions to a retirement benefit scheme RMB'000	share-based compensation expenses RMB'000	Total RMB'000
Executive directors					
Mr. Li Changjiang	—	4,900	31	—	4,931
Mr. Xiao Hua.....	—	1,800	18	—	1,818
	—	6,700	49	—	6,749
	<u>—</u>	<u>6,700</u>	<u>49</u>	<u>—</u>	<u>6,749</u>

- (i) The non-executive directors, Ms. Yang Huiyan, Mr. Yang Zhicheng and Ms. Wu Bijun did not receive any emoluments from the Group during the years ended 31 December 2015, 2016 and 2017.
- (ii) The director, Mr. Guo Zhanjun joined the Group in August 2017.
- (iii) The independent non-executive directors, Mr. Mei Wenjue and Mr. Rui Meng were appointed as directors of the Company in May 2018.
- (iv) The independent non-executive director, Mr. Chen Weiru, was appointed as director of CG Property Services in May 2016.

(b) Directors' retirement benefits

There were no retirement benefits was paid to or receivable by directors during the Track Record Period by defined benefit pension plans operated by the Group.

(c) Directors' termination benefits

There were no director's termination benefits subsisted during the Track Record Period.

(d) Consideration provided to third parties for making available directors' services

There was no consideration provided to third parties for making available directors' services subsisted during the Track Record Period.

(e) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

There were no loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors subsisted during the Track Record Period.

(f) Directors' material interests in transactions, arrangements or contracts

The Chairman and non-executive director, Ms. Yang Huiyan, is an executive director of CGH. The Group's transactions with CGH and related entities are set out in Note 31.

Except for mentioned above, no significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted during the Track Record Period.

33. Events after the balance sheet date

Apart from the events disclosed elsewhere in the accountant's report, the Group has the following significant events after the balance sheet date:

- (a) In March 2018, the Group transferred its 30% equity interests in Guangdong Shunde Fenghuang Youxuan Commercial Company Limited to a subsidiary of CGH, at a consideration of RMB6,000,000. The consideration was fully paid in March 2018.
- (b) In March 2018, the Group transferred its 15.1% equity interests in Shenzhen Wangshenghuo Internet Technology Company Limited to an independent third party at a consideration of RMB7,550,000. The consideration was fully paid in March 2018.
- (c) In March 2018, the Company adopted a share option scheme (the "Pre-Listing Share Option Scheme") to provide incentive or reward to certain directors, senior management, employees and other eligible persons who are important to the long-term growth and profitability of the Group. In May 2018, the Company granted share options under the Pre-Listing Share Option Scheme under which the option holders are entitled to acquire an aggregate of 132,948,000 shares of the Company.

Subject to the terms of Pre-Listing Share Option Scheme, the options granted should be subject to certain performance conditions.

The options granted to the grantees will be vested based on the following rates on the date of the audit report of the Group for the relevant financial year, provided that the vesting conditions above are satisfied in the relevant financial year: (i) 40% of the total number of the share options will be vested in the financial year the Group successfully listing ("Listing Year"); (ii) 30% of the total number of the share options will be vested in the financial year immediately following the Listing Year; and (iii) 30% of the total number of the share options will be vested in the second financial year after the Listing Year. If the vesting conditions above have not been fulfilled during the relevant financial year, the corresponding percentage of the share options granted will lapse.

All the options under the Pre-Listing Share Option Scheme should be exercisable after vesting but before the expiry of 5 years after the grant date at the exercise price of HKD0.94 per share.

- (d) In May 2018, CG Property Services received the certificate of "High and New Technology Enterprise" under which CG Property Services is entitled to a preferential income tax rate of 15% for the three years from 1 January 2017 to 31 December 2019 and such accreditation can be applied for renewal every three years. This preferential income tax treatment obtained subsequent to the reporting period is a non-adjusting event and thus does not affect the income tax provision made for the years ended 31 December 2015, 2016 and 2017.
- (e) According to the shareholder's resolution of CG Management Services and CG Management Consultation dated 8 March 2018, total dividends of RMB116,000,000 were declared and distributed to CG Property Services HK. According to the board resolution of CG Property Services HK dated 5 May 2018, a dividend of RMB96,400,000 was declared and distributed to United Gain. According to the shareholder's resolution of United Gain dated 5 May 2018, a dividend of RMB96,400,000 was declared and distributed to the Company. Zunyi Country Garden Property City Services Company Limited declared a dividend of

RMB2,590,000 in February 2018 and distributed in May 2018. Guangdong Country Garden Huimin Property Company Limited declared a dividend of RMB1,187,000 in April 2018. Hancheng Country Garden City Services Company Limited declared a dividend of RMB323,000 in March 2018 and distributed in April and May 2018. All these dividend declarations and distributions are between companies comprising the Group. After elimination of intra-group dividends, RMB1,695,000 were declared to non-controlling interests of the Group.

In addition, according to the shareholder's resolution of the Company dated 5 May 2018, a dividend of RMB93,900,000 was declared and distributed to Wise Fame.

III FINANCIAL INFORMATION OF THE COMPANY

The Company was incorporated on 24 January 2018 in the Cayman Islands and has not entered into any significant business transactions other than the Reorganisation. As the Company was incorporated after the Track Record Period, no company stand-alone balance sheet was presented in this report.

IV SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company or any of its subsidiaries in respect of any period subsequent to 31 December 2017 and up to the date of this report. Save for the distribution of dividends disclosed in Note 33(e), no dividends or distribution have been declared or made by other group companies in respect of any period subsequent to 31 December 2017 and up to the date of this report.

The information set forth in this appendix does not form part of the Accountant's Report received from the Company's reporting accountant, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, as set forth in Appendix I to this listing document, and is included herein for illustrative purpose only.

The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" in this listing document and the Accountant's Report set forth in Appendix I to this listing document.

UNAUDITED PRO FORMA STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

The following unaudited pro forma statement of adjusted net tangible assets of the Group prepared in accordance with Rule 4.29 of the Listing Rules, is for the purpose of illustrating the effect of the Listing on the combined net tangible assets of the Group attributable to the owners of the Company as at 31 December 2017 as if the Listing had taken place on 31 December 2017.

This unaudited pro forma statement of adjusted net tangible assets has been prepared for illustrative purpose only and because of its hypothetical nature, it may not give a true picture of the net tangible assets of the Group as at 31 December 2017 or at any future dates following the Listing. It is prepared based on the combined financial information of the Group as at 31 December 2017 as set forth in the Accountant's Report of the Group, the text of which is set out in Appendix I to this listing document, and adjusted as described below. The unaudited pro forma statement of adjusted net tangible assets does not form part of the Accountant's Report.

	Audited combined net tangible assets of the Group attributable to owners of the Company as at 31 December 2017 <u>(Note 1)</u> RMB'000	Pro forma adjustments		Unaudited pro forma adjusted net tangible assets attributable to owners of the Company as at 31 December 2017 RMB'000	Unaudited pro forma adjusted net tangible assets per share	
		Listing expenses borne by the Company <u>(Note 2)</u> RMB'000	Cash consideration for Reorganisation <u>(Note 3)</u> RMB'000		RMB	HK\$
Based on 2,500,000,000 Shares issued prior to the Listing	1,400,315	(14,922)	(115,200)	1,270,193	0.51	0.62

Notes:

- (1) The audited combined net tangible assets attributable to owners of the Company as of 31 December 2017 is extracted from the Accountant's Report set out in Appendix I to this listing document, which is based on the audited combined net assets of the Group attributable to owners of the Company as of 31 December 2017 of RMB1,421,173,000, with an adjustment for the intangible assets as at 31 December 2017 of RMB20,858,000.
- (2) Listing expenses totalling approximately RMB47,095,000 is expected to be incurred by the completion of the Spin-off and the Listing, of which an estimated amount of approximately RMB32,173,000 will be borne by the CGH Group, and RMB14,922,000 will be charged to our consolidated statement of comprehensive income for the year ending 31 December 2018. The listing expenses mainly include fees and expenses to the Joint Sponsors, the Legal Advisers to the Company, the Legal Advisers to the Joint Sponsors and the Reporting Accountant. During the Track Record Period, the Company did not incur or pay any listing expenses.
- (3) As part of the Reorganisation, pursuant to the equity transfer agreement entered into by CG Management Services and CG Management Consultation with Tibet Shunqi on 24 January 2018, Tibet Shunqi transferred an 8% equity interest of CG Property Services to CG Management Services and CG Management Consultation at a total consideration of RMB115,200,000 which was fully paid in February 2018.
- (4) The unaudited pro forma adjusted net tangible assets per share is arrived at after the adjustments referred to in the preceding paragraphs and on the basis that 2,500,000,000 Shares were issued prior to the Listing, not taking into account any Shares which may be issued upon the exercise of the Pre-Listing Share Option Scheme or Shares which may be issued or repurchased by the Company pursuant to the general mandates granted to the Directors to issue or repurchase Shares.

- (5) The unaudited pro forma statement of adjusted net tangible assets has not taken into account the dividend of RMB93,900,000 which was declared and paid before the Listing by the Company and the dividends of RMB1,695,000 which were declared by other companies comprising the Group to their non-controlling shareholders. Had the dividends been taken into account, the unaudited pro forma adjusted net tangible assets per share would be RMB0.47(HK\$0.58).
- (6) Save as disclosed above, no adjustment has been made to the unaudited pro forma adjusted net tangible assets to reflect any trading results or other transactions of the Group entered into subsequent to 31 December 2017.
- (7) For the purpose of this unaudited pro forma statement of adjusted net tangible assets, the balance stated in Renminbi was converted into Hong Kong dollars at rate of RMB1.00 to HK\$1.2265. No representation is made that Renminbi amounts have been, could have been or may be converted to Hong Kong dollars, or vice versa, at that rate.

The following is the text of a report received from PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this listing document.



羅兵咸永道

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

To the Directors of Country Garden Services Holdings Company Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Country Garden Services Holdings Company Limited (the "Company") and its subsidiaries (collectively the "Group") by the directors for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted net tangible assets of the Group as at 31 December 2017, and related notes (the "Unaudited Pro Forma Financial Information") as set out on pages II-1 to II-2 of the Company's listing document dated 6 June 2018, in connection with the proposed listing of shares of the Company (the "Listing"). The applicable criteria on the basis of which the directors have compiled the Unaudited Pro Forma Financial Information are described on pages II-1 to II-2.

The Unaudited Pro Forma Financial Information has been compiled by the directors to illustrate the impact of the Listing on the Group's financial position as at 31 December 2017 as if the Listing had taken place at 31 December 2017. As part of this process, information about the Group's financial position has been extracted by the directors from the Group's financial information for the year ended 31 December 2017, on which an accountant's report has been published.

Directors' Responsibility for the Unaudited Pro Forma Financial Information

The directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies Hong Kong Standard on Quality Control 1 issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountant's Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

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We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the HKICPA. This standard requires that the reporting accountant plans and performs procedures to obtain reasonable assurance about whether the directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of unaudited pro forma financial information included in a listing document is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the proposed listing of shares at 31 December 2017 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgement, having regard to the reporting accountant's understanding of the nature of the company, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong
6 June 2018

PRC Regulatory Overview

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

1. COMPANY LAW AND LAWS AND REGULATIONS RELATING TO FOREIGN INVESTMENT

Company Law of the PRC (《中華人民共和國公司法》) (Order No.16 of the President) (the “**Company Law**”), which was enacted by the Standing Committee National People’s Congress (the “SCNPC”) on 29 December 1993 and was implemented since 1 July 1994, and was amended on 25 December 1999, 28 August 2004, 27 October 2005 and 28 December 2013, respectively, provides for the establishment, corporate structure and corporate management of companies, which also applies to foreign-invested enterprises in PRC.

Company Law stipulates that a limited company shall prepare a shareholders’ register, which shall record the following matters: (1) The name and address of each shareholders; (2) The capital contribution made by each shareholder; and (3) The serial number of each capital contribution certificate. The shareholders recorded in the shareholders’ register may, pursuant to the shareholders’ register, claim and exercise shareholders’ rights. A company shall register the name of each shareholder and the shareholder’s capital contribution at the company registration authority. The company shall carry out amendment of the registration in the event of any change in the registered details. Any registration detail that fails to be amended or registered shall not be valid against any third-party.

Law of the PRC on Wholly Foreign-owned Enterprises (《中華人民共和國外資企業法》) (Order No.39 of the President) which was promulgated and effective on 12 April 1986, amended on 31 October 2000, 3 September 2016 and the Detailed Rules for the Implementation of the Law of the PRC on Wholly Foreign-owned Enterprises (《中華人民共和國外資企業法實施細則》) which was promulgated on 12 December 1990, amended on 12 April 2001, 19 February 2014, regulate the establishment, change, approval procedures of wholly foreign-owned enterprises.

According to Interim Measures for the Recordation Administration of the Formation and Modification of Foreign-Funded Enterprises (《外商投資企業設立及變更備案管理暫行辦法》)(Order No. 3 [2016] of the Ministry of Commerce) which was promulgated and effective on 8 October 2016, amended on 30 July 2017, foreign-funded enterprises that do not involve special administrative measures for access shall fill out and submit Application Form for the Recordation of its Formation as well as its Modification of basic information, investors, equity, cooperation interests, etc. The Recordation Formalities shall be conducted through the integrated management system of MOFCOM.

According to Interim Provisions on the Domestic Investment of Foreign-funded Enterprises (《關於外商投資企業境內投資的暫行規定》) (Order No.6 [2000] of the State Administration for Industry and Commerce), which was promulgated on 25 July 2000, came into effect since 1 September 2000 and was amended on 26 May 2006, 28 October 2015, the domestic investment by a foreign-funded enterprise shall, by analogy, be governed by the Interim Provisions on Guiding Foreign Investment (has been replaced by Guideline Catalogue of Foreign Investment Industries) and the Guideline Catalogue of Foreign Investment Industries. No foreign-funded enterprise shall invest in fields banned to foreign investment.

According to Regulations on Foreign Investment Guidelines (《指導外商投資方向規定》) (Order No. 346 of the State Council), which was promulgated by the State Council on 11 February 2002 and came into effect on 1 April 2002, foreign investment projects shall be classified into four categories: encouraged, permitted, restricted and prohibited. Encouraged, restricted and prohibited foreign investment projects shall be listed in the Guideline Catalogue of Foreign Investment Industries, while foreign investment projects that do not fall within the encouraged, restricted and prohibited categories shall be classified as belonging to permitted foreign investment projects.

According to the Guideline Catalogue of Foreign Investment Industries (《外商投資產業指導目錄(2017)》) (Order No.4 of NDRC and MOFCOM), which was jointly amended by NDRC and the MOFCOM on 28 June 2017 and came into effect on 28 July 2017, the property management service, real estate agency does not fall into the restricted and prohibited categories, so it shall be classified as belonging to permitted foreign investment projects.

2. LAWS AND REGULATIONS RELATING TO PROPERTY MANAGEMENT SERVICE AND OTHER RELATED SERVICES

(i) The Supervision of Property Management Enterprises

According to the Regulation on Property Management (《物業管理條例》) (Order No. 379 of the State Council), which was promulgated on 8 June 2003, came into effect since 1 September 2003, and was amended on 26 August 2007, 6 February 2016, 4 April 2018, a system of joint incentive for honesty and joint punishment for dishonesty shall be improved in the supervision of property management enterprises by the State Council's construction administration department together with other relevant departments, to strengthen the credit management of the industry.

According to Measures for the Administration on Qualifications of Property Management Enterprises (《物業管理企業資質管理辦法》) (Order No.125 of the MOHURD), which was promulgated by the MOHURD on 17 March 2004, came into effect on 1 May 2004, amended on 26 November 2007 and was abolished on 8 March 2018, a system of qualification administration was once adopted and the qualifications of a property management enterprise was classified into first, second and third grades.

According to Decision of the State Council on Canceling the Third Batch of Administrative Licencing Items Designated by the Central Government for Implementation by Local Governments (《國務院關於第三批取消中央指定地方實施行政許可事項的決定》), which was promulgated by the State Council on 12 January 2017, the examination and approval of second grade or below qualifications of property management enterprises were cancelled. According to the Decision of the State Council on Canceling a Group of Administrative Licencing Items (國務院關於取消一批行政許可事項的決定) (GF [2017] No.46), which was promulgated by the State Council on September 22 2017, the examination and approval of first grade qualification of property management enterprises was cancelled.

According to the Notice of the General Office of Ministry of Housing and Urban-Rural Development on Effectively Implementing the Work of Canceling the Qualification Accreditation for Property Management Enterprises (《住房城鄉建設部辦公廳關於做好取消物業服務企業資質核定相關工作的通知》) (Jianbanfang [2017] No.75), which was promulgated by the General Office of MOHURD on 15 December 2017, application, change, renewal or re-application of the qualifications of property management enterprises shall not be accepted, and the qualifications obtained already shall not be a requirement for property management enterprises to undertake new property management projects. The real estate administration department at and above the county level shall instruct and supervise the property management work, and the integrity management system of the property management industry will be established, the supervision of property management enterprises will be based on credit appraisal.

(ii) Appointment of the Property Management Enterprise

According to Property Law of the PRC (《中華人民共和國物權法》) (Order No. 62 of the President), which was promulgated by the National People's Congress (the "NPC") on 16 March 2007 and came into effect on 1 October 2007, the owners of a building may manage the building and its affiliated facilities by themselves or by entrusting a property management enterprise or other management personnel. The owners are entitled to change the property management enterprise or any other management personnel hired by the developer according to law.

Property management enterprises or other management personnel shall manage the building and its ancillary facilities within the building area upon the entrustment of the owners and be subject to the supervision of the owners.

According to the Regulation on Property Management (《物業管理條例》), the selecting, employing and dismissing of property management enterprise shall be subject to the approval by owners who possess exclusive areas accounting for more than half of the total area of buildings and owners who account for more than half of the total number of owners.

Where the construction entity selects any property management enterprise before the owners and/or the owners' general meeting do so, it shall conclude a written preliminary property management contract with the enterprise. A sales contract concluded by the construction entity and the realty buyer shall include the contents stipulated in the preliminary property management contract, and when the property management contract concluded by the owners' association and the property management enterprise takes effect, the preliminary property management contract shall be terminated.

According to Interim Measures for Bid-Inviting and Bidding Management of Preliminary Property Management (《前期物業管理招標投標管理暫行辦法》) (Jian Zhu Fang [2003] No. 130), which was promulgated by the MOHURD on 26 June 2003 and came into effect on 1 September 2003, preliminary property management services shall be implemented by the property management enterprise employed by the construction entity before the owners or the owners' general meeting select a property management enterprise at its own discretion. The construction entity of residential buildings and non-residential buildings located in the same property management areas shall engage the property management enterprises of corresponding qualification through bid-invitation and bidding.

The bid inviter shall establish tender evaluation committee consisting of an odd number of no less than five members, among which the experts in property management other than the representatives of the bid inviter shall be no less than 2-thirds of total members.

The property management experts shall be confirmed by the means of random sampling from the expert name list set up by the administrative departments of real estate, and person of interest with the bidder shall not a member of the Bidding Evaluation Commission of the relevant project.

In cases where there are no more than 3 bidders or the residence scale is relatively small, the construction entity may select the property management enterprise with corresponding qualifications through agreement upon approval by the administrative department of real estate of the people's government of the district or county of the place where the realty is located.

(iii) Fees Charged by Property Management Enterprises

According to Administrative Measures for Property Service Charges (《物業服務收費管理辦法》) (Fa Gai Jia Ge [2003] No. 1864), which was jointly promulgated by the NDRC and the MOHURD on 13 November 2003 and came into effect on 1 January 2004, property management enterprises are permitted to charge property service fees from property owners for repairing, maintaining and managing houses as well as their accompanying facilities and equipment and relevant sites, and ensuring the sanitation and order of relevant areas according to relevant property management contracts.

Property service charges shall be reasonable, transparent, and suitable for the level of services offered, and shall take into account the unique nature and characteristics of different property and be priced under the government's guidance and market regulation respectively. In what way the charges are priced shall be determined by competent price departments under the people's governments of all provinces, autonomous regions and municipalities directly under the Central Government, in concert with the competent departments of real estate.

As agreed between the property owners and property management enterprise, the fees for property management services can be charged either as a lump sum of all property management fees collected, in which case property owners pay fixed property management fees to property management enterprise who shall enjoy or assume all the profits or losses as its own risk, or a fixed percentage of property management fees collected, in which case 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 contract, and property owners shall enjoy or assume the surplus or shortage. Property management enterprises shall, pursuant to the applicable rules of the competent price departments under governments, clearly mark the prices of property services, and publish in a prominent position in areas under their management information about services, criteria of services, charging items, charging criteria, etc.

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 contract 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's 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.

According to the Circular of NDRC on the Opinions for Decontrolling the Prices of Some 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)(the “**Decontrolling Service Price Opinions**”), which was promulgated by NDRC and became effective on 17 December 2014, price control on property services of non-government-supported houses was cancelled, including fees charged by a property service company from property owners for the maintenance, conservation and management of non-government-supported houses, the supporting facilities and equipment, and the relevant sites thereof, activities of maintaining the environment, sanitation, and relevant order inside the property management regions, and other actions completed in accordance with the agreement of the property service contract, upon commission of the property owners. The provincial price authorities shall, jointly with the housing and urban-rural development administrative authorities, decide to implement government guidance prices for charges of property management for government-supported houses, houses under housing reform, old residence communities and preliminary property management service in light of the actual situation. In decontrolling the charges of property services for government-supported houses and implementing market-regulated prices, the affordability of the supported subjects shall be considered and a subsidy mechanism shall be established.

According to the Circular of the NDRC and the Ministry of Construction on Issuing the Measures for the Supervision and Examination of Pricing Costs of Property 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 jointly issued by the NDRC and the Ministry of Construction on 10 September 2007 and came into effect on 1 October 2007, competent pricing department of people's government formulates or regulates property management charging standards and implements pricing cost supervision and examination on relevant property management enterprises. Property management pricing cost is determined according to the social average cost of property management services verified by the competent pricing department of the people's government. With the assistance of competent real estate administrative department, competent pricing department is responsible to organise the implementation of the property management pricing cost supervision and examination work. Property management service pricing cost shall include staff costs, expenses for daily operation and maintenance on public facilities and equipment, green conservation costs, sanitation fee, order maintenance cost, public facilities and equipment as well as public liability insurance costs, office expenses, shared administration fee, fixed assets depreciation and other fees approved by property owners.

(iv) Judicial Interpretation

According to Interpretation of the Supreme People's Court on Several Issues concerning the Specific Application of Law in Hearing Cases of Property Service Disputes (《最高人民法院關於審理物業服務糾紛案件具體應用法律若干問題的解釋》) (Fa Shi [2009] No. 8), which was promulgated by Supreme People's Court on 15 May 2009 and came into effect on 1 October 2009, the preliminary property service contract legally entered into by a construction entity and a property service enterprise and the property service contract entered into by the owners' association and the property service enterprise lawfully elected by the owners' general meeting shall be binding on the owners. Where any owner pleads against such contract as he/she is not the contract party thereto, it shall not be supported by the people's court.

Furthermore, the court shall support if property owners' association or property owners appealed for the court to confirm the clauses of property service contracts which exempt the responsibility of property service enterprise, and aggravate the responsibility or exempt the rights of property owners' association or property owners are invalid.

(v) Laws and Regulations on Real Estate Intermediary Services

According to Urban Real Estate Administration Law of the PRC (《中華人民共和國城市房地產管理法》)(Order No. 29 of the President), which was promulgated by SCNPC on 5 July 1994, effective since 1 January 1995, amended on 30 August 2007 and 27 August 2009, The real estate intermediate service agencies include real estate consultants, real estate evaluation agencies and real estate brokerages. A real estate intermediate service agency shall have its title, organisation, fixed business site, necessary assets and funds as well as sufficient number of professionals.

Pursuant to Administrative Measures for Real Estate Brokerage (《房地產經紀管理辦法》), which was jointly promulgated by MOHURD, NDRC and MOHRSS on 20 January 2011, effective on 1 April 2011, amended on 1 March 2016, a real estate brokerage institution or its branch shall, within 30 days as of the date of fetching a business licence, go through the filing formalities with the competent housing and urban-rural development (real estate) authority. The real estate brokerage services shall be subject to a marked price system. A real estate brokerage institution shall abide by the price laws, regulations and rules, and indicate real estate brokerage service items, service details, fee rate, prices of relevant properties and other information at an eye-catching place in its premise.

According to the Decontrolling Service Price Opinions, price control on real estate brokerage services was cancelled.

(vi) Regulations on the Internet Information Services

According to the Administrative Measures on Internet Information Services (互聯網信息服務管理辦法)(No.292 Order of the State Council) which was issued by the State Council on 25 September 2000, and amended on 8 January 2011, Internet information service refers to the provision of information through Internet to web users, and includes two categories: commercial and non-commercial. Commercial Internet information service refers to the provision with charge of payment of information through the Internet to web users or of web page designing, etc. Non-commercial Internet information service refers to the provision free of charge of public, commonly-shared information through the Internet to web users.

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

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

According to the Provisions on Administration of Mobile Internet Application Information Services (移動互聯網應用程序信息服務管理規定) which was issued by the Cyberspace Administration of China on 28 June 2016 and came into effect on 1 August 2016, entities providing information services through mobile Internet applications shall obtain relevant qualifications according to laws and regulations. Mobile Internet application provider shall not use mobile Internet application program to carry out activities prohibited by laws and regulations, such as endangering national security, disturbing public orders, and infringing other's legal rights and interests, or use mobile internet applications to produce, copy, publish and spread illegal information prohibited by laws and regulations. The Cyberspace Administration of China shall be responsible for the supervision and administration of information on mobile Internet applications. The local cyberspace administrations shall be responsible for the supervision and administration of information on mobile Internet application program within the administrative regions.

(vii) Regulations on the Advertising Business

According to the Advertising Law of the PRC (《中華人民共和國廣告法》) (No. 34 order of the President) which was issued by the SCNPC on 27 October 1994, came into effect on 1 February 1995 and amended on 24 April 2015, advertisement shall be expressed in a true, legal, healthy manners, in line with requirements of construction of socialist spiritual civilisation and development of Chinese national fine cultural tradition, shall not contain false or misleading content and defraud or mislead consumers. Advertisers, advertising agents and advertisement publishers shall abide by the laws, regulations and the principles of justice, honesty and fair competition in carrying out advertising activities. Local administrative departments for industry and commerce at and above the county level shall take charge of the supervision and administration on advertising within their respective administrative jurisdictions. Other relevant departments of the local people's governments at and above the county level shall take charge of the advertising management related work within their respective scope of duties.

(viii) the Guiding Opinions of the General Office of the State Council on Accelerating the Development of the Resident Service Industry to Promote the Upgrading of Consumption Structure (《國務院辦公廳關於加快發展生活性服務業促進消費結構升級的指導意見》)

On 19 November 2015, the general office of the State Council promulgated the Guiding Opinions of the General Office of the State Council on Accelerating the Development of the Resident Service Industry to Promote the Upgrading of Consumption Structure (《國務院辦公廳關於加快發展生活性服務業促進消費結構升級的指導意見》) (Guo Ban Fa [2015] No. 85), which sets out the general requirements, the main tasks and the policy measures to accelerate the development of resident services and upgrade consumption structures. Such main tasks focus on the development of the living services that are closely related to the people's livelihood with vast demand potentials and strong driving forces, among others, to promoting the standardisation developments of the real estate intermediary, house leasing, property management, moving and cleaning, household vehicles maintenance and other resident services.

3. LAWS AND REGULATIONS RELATING TO ACCREDITATION OF HIGH AND NEW TECHNOLOGY ENTERPRISES

According to the Measures for the Administration of the Accreditation of High and New Technology Enterprises (《高新技術企業認定管理辦法》), which was promulgated by the Ministry of Science and Technology of the PRC, the Ministry of Finance of the PRC and the SAT on 29 January 2016 and became effective from 1 January 2016, registered resident enterprises in the PRC (excluding Hong Kong, Macau Special Administrative Region of the PRC and Taiwan) that fall within the scope of new technology supported by the

PRC, and undertake operational activities on the basis of its core intellectual properties which converted from the outcome of its continuous research and development, will be qualified as high and new technology enterprises. Enterprises which satisfy certain criteria will be awarded “Certificate of High and New Technology Enterprise” upon validation by the local high and new technology enterprises accreditation management authority in the jurisdiction of which the said enterprises operate. The certificate is valid for three years from the date of issuance. After an enterprise obtains the qualification as a high-tech enterprise, it will be granted with the preferential tax treatment as of the year in which the certificate of high and new technology enterprises was issued.

4. LAWS AND REGULATIONS RELATING TO TAXES

(i) Income Tax

According to the EIT Law (《中華人民共和國企業所得稅法》)(Order No.63 of the President), which was promulgated by the NPC on 16 March 2007 and came into effect on 1 January 2008 and was amended on 24 February 2017, and the Implementation Regulations of EIT Law (Order No. 512 of the State Council)(《企業所得稅法實施條例》), which was promulgated by the State Council on 6 December 2007 and came into effect on 1 January 2008, the 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 enterprises are classified as either resident enterprises or non-resident enterprises. An enterprise that is established in China in accordance with PRC laws, or that is established in accordance with the law of a foreign country (region) but whose “de facto management bodies” is inside China is resident enterprise, 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 conduct substantial and all-round management and control with respect to the production, operations, personnel, finance, property, etc. of the enterprise.”

An enterprise that is established according to the law of a foreign country (region) and whose “de facto management bodies” are not in China, but which have established institutions or premises in China or which have not established institutions or premises in China but have income earned in China is non-resident enterprise. According to the Implementation Regulations of EIT Law, non-resident enterprises which have not established institutions or premises in China or which have established institutions in China but whose incomes have no actual connection to its institution or establishment inside China shall be subject to a reduced enterprise income tax rate of 10% on incomes derived from China.

High and new technology enterprises to which the State needs to give key support are given the reduced enterprise income tax rate of 15%.

According to the Circular of the State Administration of Taxation on Issues Concerning Implementation of the Preferential Income Tax Treatment for New and High Technology Enterprises (《國家稅務總局關於實施高新技術企業所得稅優惠有關問題的通知》(Guo Shui Han [2009] No. 203), upon completion of the application procedures, the new and high technology enterprises are able to file tax return at an income tax rate of 15%.

According to the Announcement of the State Administration of Taxation on Issuing the Revised Measures for Handling Enterprise Income Tax Preferences (《國家稅務總局關於發佈修訂後的<企業所得稅優惠政策事項辦理辦法>的公告》)(Announcement of the SAT [2018] No. 23), which was promulgated by the SAT on 25 April 2018 and effected from 1 January 2017, enterprises shall adopt the handling methods of “making independent judgement, declaring for enjoyment and retaining the relevant materials for future reference” when enjoying enterprise income tax preferences. An enterprise shall, according to its operating condition and related tax provisions, independently determine whether it meets the conditions required for enterprise income tax preferences. Those who meet the conditions may independently calculate the tax deductions or exemptions

according to the time listed in the Catalogue for the Administration of Enterprise Income Tax Preferences (2017), and enjoy tax incentives by filing enterprise income tax returns. Meanwhile, they shall, in accordance with the relevant provisions, collect and retain the relevant materials for future reference.

(ii) Income Tax Relating To Dividend Distribution

According to Agreement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Incomes (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》) which was promulgated by State Administration of Taxation on 21 August 2006 and came into effect on 8 December 2006, the withholding tax rate 5% applies to dividends paid by a PRC company to a Hong Kong company if such Hong Kong company directly holds at least 25% of the equity interests in the PRC company, otherwise the 10% withholding tax rate applies.

Pursuant to Notice of the State Administration of Taxation on the Issues concerning the Application of the Dividend Clauses of Tax Agreements (《國家稅務總局關於執行稅收協定股息條款有關問題的通知》) (Guo Shui Han [2009] No.81) which was promulgated and became effective on 20 February 2009, to enjoy the treatment under the tax agreement, the fiscal resident of the other contracting party shall meet all of the following requirements (i) the fiscal resident of the other contracting party shall be limited to a company; (ii) Both the proportion of all ownership interest and the proportion of all voting shares in the Chinese resident company of the fiscal resident of the other contracting party shall meet the prescribed proportions; and (iii) The proportion of capital of the Chinese resident company directly owned by the fiscal resident of the other contracting party shall meet the proportion prescribed in the tax agreement at any time during 12 consecutive months before dividends are obtained.

According to the Notice of SAT on the Issues Relating to the Beneficial Owners in the Tax Treaty (《國家稅務總局關於稅收協定中「受益所有人」有關問題的公告》) (Notice of SAT [2018] No. 9), which was promulgated by SAT on 3 February 2018 and became effective on 1 April 2018, a comprehensive analysis will be used to determine beneficial ownership based on the actual situation of a specific case combined with certain principles, and if an applicant was obliged to pay more than 50% of its income to a third country (region) resident within 12 months of the receipt of the income, or the business activities undertaken by an applicant did not constitute substantive business activities including substantive manufacturing, distribution, management and other activities, the applicant was unlikely to be recognised as an beneficial owner to enjoy tax treaty benefits.

(iii) Value-added Tax

According to Provisional Regulations on Value-added Tax of the PRC (《中華人民共和國增值稅暫行條例》) (Order No. 134 of the State Council), which was promulgated by the State Council on 13 December 1993, came into effect on 1 January 1994, and was amended on 5 November 2008, 6 February 2016, 19 November 2017, organisations and individuals engaging in sale of goods or processing, repair and assembly services (hereinafter referred to as “labour services”), sale of services, intangible assets, immovables and importation of goods in the PRC shall be taxpayers of Value-added Tax (“VAT”), the tax rate for taxpayers engaging in sale of services and intangible assets shall be 6% unless otherwise stipulated.

In addition, in accordance with the Notice on Fully Launch of the Pilot Scheme for the Conversion of Business Tax to Value-Added Tax (關於全面推開營業稅改徵增值稅試點的通知) (Cai Shui [2016] No. 36) which was issued by the Ministry of Finance and the State Administration of Taxation on 23 March 2016 and came into effect on 1 May 2016, the state started to fully implement the pilot change from business tax to value-added tax on 1 May 2016. All taxpayers of business tax in construction industry, real estate industry, financial industry and living service industry have been included in the scope of the pilot and should pay value-added tax instead of business tax.

5. LAWS AND REGULATIONS RELATING TO FOREIGN EXCHANGE CONTROL IN THE PRC

According to Regulations on Foreign Exchange Administration of the PRC (《中華人民共和國外匯管理條例》) (Order No.193 of the State Council)(the “**Foreign Exchange Administration Regulations**”), which was

promulgated by the State Council of on 29 January 1996 and came into effect since 1 April 1996 and was amended on 14 January 1997 and 1 August 2008, PRC imposes no restrictions on regular international payments and transfers, such as trade and service-related foreign exchange transactions and dividend payments, but it shall be based on true and legitimate transactions and financial institutions engaging in conversion and sale of foreign currencies shall carry out reasonable examination, and the foreign exchange control authorities shall have the right to carry out supervision and inspection.

For capital account items, such as capital transfer, direct investment, investment in securities, derivative products or loans, shall be conducted upon the prior approval by the competent authorities for the administration of foreign exchange.

According to Notice of the State Administration of Foreign Exchange on Further Simplifying and Improving the Foreign Exchange Management Policies for Direct Investment (《國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知》)(Hui Fa [2015] No.13), the administrative approval for foreign exchange registration under domestic direct investment and overseas direct investment have been cancelled, the banks will review and carry out foreign exchange registration under domestic direct investment and overseas direct investment (collectively known as direct investment foreign exchange registration) directly, while the SAFE and its branches shall implement indirect supervision over foreign exchange registration of direct investment via the banks.

According to the Notice of State Administration of Foreign Exchange on Reforming and Regulating the policies for the Administration of Foreign Exchange Settlement under the Capital Account (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 issued by the State Administration of Foreign Exchange on 9 June 2016 and came into effect on the same day, the settlement of foreign exchange receipts under the capital account (including foreign exchange capital, external debts, funds repatriated from overseas listing, etc.) entitled to discretionary settlement according to relevant policies, shall be conducted in the banks as actually needed for business operation. The RMB funds obtained by a domestic entity from its discretionary settlement of foreign exchange receipts under the capital account shall be included in the account pending for foreign exchange settlement and payment. The discretionary exchange settlement ratio of foreign exchange receipts under the capital account of domestic entities is tentatively set as 100%. The State Administration of Foreign Exchange may adjust the above ratio in due time in accordance with the balance of payment status.

6. LAWS AND REGULATIONS RELATING TO LABOUR PROTECTION IN THE PRC

According to Labour Law of the PRC (《中華人民共和國勞動法》) (Order No. 28 of the President), which was promulgated by the SCNPC on 5 July 1994, came into effect on 1 January 1995 and was amended on 27 August 2009, an employer shall develop and improve its rules and regulations to safeguard the rights of its workers.

According to Labour Contract Law of the PRC (《中華人民共和國勞動合同法》) (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 Implementation Regulations on Labour Contract Law of the PRC (《中華人民共和國勞動合同法實施條例》) (Order No.535 of the State Council), which was promulgated and became effective on 18 September 2008, employers and employees shall enter into written labour contracts to establish their employment relationship. The labour contracts shall set forth the terms, duties, remunerations, disciplinary rules of the employment and conditions to terminate the labour contracts. With respect to a circumstance where a labour relationship has already been established but no formal contract has been made, a written labour contracts shall be entered into within one month from the date when the employee begins to work.

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

According to Social Security Law of the PRC (《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 and was effective from 1 July 2011, and other relevant PRC laws and regulations such as the Interim Regulations on the Collection and Payment of Social Insurance Premiums (《社會保險費徵繳暫行條例》), Regulations on Work Injury Insurance (《工傷保險條例》), Regulations on Unemployment Insurance (《失業保險條例》) and Trial Measures on Employee Maternity Insurance of Enterprises (《企業職工生育保險試行辦法》), the employer shall register with the social insurance authorities and contribute to social insurance plans covering basic pensions insurance, basic medical insurance, maternity insurance, work injury insurance and unemployment insurance. Basic pension, medical and unemployment insurance contributions shall be paid by both employers and employees, while work injury insurance and maternity insurance contributions shall be paid only by employers, and employers who failed to promptly contribute social security premiums in full amount shall be ordered by the social security premium collection agency to make or supplement contributions within a stipulated period, and shall be subject to a late payment fine computed from the due date at the rate of 0.05% per day; where payment is not made within the stipulated period, the relevant administrative authorities shall impose a fine ranging from one to three times the amount of the amount in arrears.

According to Regulations on the Administration of Housing Provident Fund (《住房公積金管理條例》) (Order No. 262 of the State Council), which was promulgated and became effective on 3 April 1999, and was amended on 24 March 2002, employers shall undertake registration at the competent administrative centre of housing fund and then, upon the verification by such administrative centre of housing fund, go to a commissioned bank to go through the formalities of opening housing provident fund accounts on behalf of its employees.

The employer shall timely pay up and deposit housing provident fund contributions in full amount and late or insufficient payments shall be prohibited. The employer shall process housing provident fund payment and deposit registrations with the housing provident fund administration centre. With respect to companies who violate the above regulations and fail to process housing provident fund payment and deposit registrations or open housing provident fund accounts for their employees, such companies shall be ordered by the housing provident fund administration centre to complete such procedures within a prescribed time limit; where failing to do so at the expiration of the time limit, a fine of not less than 10,000 yuan nor more than 50,000 yuan shall be imposed. When an employer breach these regulations and fail to pay up housing provident fund contributions in full amount as due, the housing provident fund administration centre shall order such it to pay up within a prescribed time limit; where the payment and deposit has not been made after the expiration of the time limit, an application may be made to a people's court for compulsory enforcement.

7. LAWS AND REGULATIONS RELATING TO INTELLECTUAL PROPERTY

China has adopted legislations related to intellectual property rights, including application, obtaining or licencing of rights on trademarks, patents, copyrights and domain names.

According to Trademark Law of the PRC (《中華人民共和國商標法》) (Order No.10 of SCNPC), which was promulgated on 23 August 1982, and amended on 22 February 1993, 27 October 2001, 30 August 2013, and Implementation Regulations on the Trademark Law of the PRC (《中華人民共和國商標法實施條例》) (Order No.358 of the State Council) which was promulgated by the State Council on 3 August 2002 and amended on 29 April 2014, the trademark registrant may, by concluding a trademark licencing contract, authorise others to use the registered trademark. The licensor shall supervise the quality of the goods on which the licensee uses the licensor's registered trademark, and the licensee shall guarantee the quality of the goods on which the registered trademark is used. For licenced use of a registered trademark, the licensor shall file record of the licencing of the said trademark with the trademark bureau, while non-filing of the licencing of a trademark shall not be contested against a good faith third-party.

According to the Patent Law of the PRC (中華人民共和國專利法) (No.11 Order of the President) which was issued by the SCNPC on 12 March 1984, came into effect on 1 April 1985, and amended on 4 September 1992,

25 August 2000 and 27 December 2008, the State Intellectual Property Office is responsible for managing patent work of the whole nation. The patent management departments of the people's governments of each province, autonomous region and municipality directly under the central government are responsible for the patent management in their respective administrative regions. Chinese patent system adopts the principle of "prior application", i.e. where two or more applicants file applications for patent for the identical invention or creation respectively, the patent right shall be granted to the applicant whose application was filed first. If one wishes to file application for patent for invention or utility models, the following three standards must be met: novelty, creativity and practicability. The validity period of a patent for invention is 20 years, while the validity period of utility models and design is 10 years. Others may use the patent after obtaining the permit or proper authorisation of the patent holder, otherwise such behaviour will constitute an infringing act of the patent right.

The Copyright Law of the PRC (中華人民共和國著作權法) (No.31 Order of the President), which was issued by the SCNPC on 7 September 1990, came into effect on 1 June 1991 and amended on 27 October 2001 and 26 February 2010, specifies that works of Chinese citizens, legal persons or other organisations, including literature, art, natural sciences, social sciences, engineering technologies and computer software created in writing or oral or other forms, whether published or not, all enjoy the copyright. Copyright holder can enjoy multiple rights, including the right of publication, the right of authorship and the right of reproduction.

The Measures for the Registration of Computer Software Copyright (計算機軟件著作權登記辦法) (No.1 Order of the National Copyright Administration), which was issued by the National Copyright Administration on 20 February 2002, and came into effect on the same day, regulates the registration of software copyright, the exclusive licencing contract and transfer contracts of software copyright. The National Copyright Administration is mainly responsible for the registration and management of national software copyright and recognises the China Copyright Protection Centre as the software registration organisation. The China Copyright Protection Centre will grant certificates of registration to computer software copyright applicants in compliance with the regulations of the Measures for the Registration of Computer Software Copyright and the Regulations on Protection of Computers Software (計算機軟件保護條例) (No.339 Order of the State Council) (issued by the State Council on 20 December 2001, came into effect on 1 January 2002 and revised on 8 January 2011 and 30 January 2013).

According to the Administrative Measures for Internet Domain Names (互聯網域名管理辦法) (No.43 Order of the Ministry of Industry and Information Technology), which was issued by the Ministry of Industry and Information Technology on 24 August 2017 and came into effect on 1 November 2017, the Ministry of Industry and Information Technology is responsible for managing Internet network domain names of China. The ". CN" and the ".zhongguo (in Chinese character)" shall be China's national top level domains. The principle of "first-to-file" is adopted for domain name services. The applicant of domain name registration shall provide the agency of domain name registration with the true, accurate and complete information about the domain name holder's identity for the registration purpose, and sign the registration agreements. Upon the completion of the registration process, the applicant will become the holder of the relevant domain name.

APPENDIX IV SUMMARY OF THE CONSTITUTION OF THE COMPANY AND CAYMAN ISLANDS COMPANY LAW

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 24 January 2018 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 Amended and Restated Memorandum of Association (the “Memorandum”) and its Amended and Restated 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 25 May 2018 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.

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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) subdivide 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).

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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 the 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

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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 (including those appointed for a specific term) 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 Directors 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 the 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 or that based on legal opinions provided by legal advisers, the board considers it necessary or expedient not to allot, offer, grant options over or otherwise dispose of the shares to such members on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place. 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

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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.

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(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;

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- (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 benefit of employees of the Company or its subsidiaries including: the adoption, modification or operation of any employees' share scheme or any share incentive or share option scheme under which the Director or his close associate(s) may benefit; or the adoption, modification or operation of a pension fund or retirement, death, or disability benefits scheme which relates both to Directors, their 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 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.

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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 other than the year of the Company's adoption of the Article 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 particulars of resolutions to be considered at 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, among others, 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 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.

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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%) of the number of its existing issued share capital and the number of any securities repurchased pursuant to the Articles; 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. Members shall not be permitted to participate in any meeting of members or any class thereof by means of a conference telephone, electronic or other communications equipment, unless present in person or by proxy or, in the case of a member being a corporation, by its duly authorised representative at the venue of the meeting.

(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.

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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. 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

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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.

APPENDIX IV SUMMARY OF THE CONSTITUTION OF THE COMPANY AND CAYMAN ISLANDS COMPANY LAW

(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

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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 to 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.

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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 the Tax Concessions Law of the Cayman Islands, the Company has obtained an undertaking:

- (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 1 February 2018.

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.

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(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) **Beneficial Ownership Register**

An exempted company is required to maintain a beneficial ownership register at its registered office that records details of the persons who ultimately own or control, directly or indirectly, more than 25% of the equity interests or voting rights of the company or have rights to appoint or remove a majority of the directors of the company. The beneficial ownership register is not a public document and is only accessible by a designated competent authority of the Cayman Islands. Such requirement does not, however, apply to an exempted company with its shares listed on an approved stock exchange, which includes the Stock Exchange. Accordingly, for so long as the shares of the Company are listed on the Stock Exchange, the Company is not required to maintain a beneficial ownership register.

(q) 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.

(r) 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.

(s) 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

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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.

(t) **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 available for inspection" in Appendix VII to this listing document. 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.

The following summary of certain PRC, Hong Kong, Cayman Islands and U.S. tax consequences of the acquisition, ownership and disposition of our Shares is based upon the laws, regulations, rulings and decisions now in effect, all of which are subject to change (possibly with retroactive effect). The summary does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to acquire, own or dispose of our Shares and does not purport to apply to all categories of prospective investors, some of whom may be subject to special rules. Prospective investors should consult their own tax advisers concerning the application of PRC, Hong Kong, Cayman Islands, U.S. and other tax laws to their particular situation as well as any consequences of the acquisition, ownership and disposition of our Shares arising under the laws of any other taxing jurisdiction.

The taxation of our Company and that of our Shareholders is described below. Where PRC, Hong Kong, Cayman Islands and U.S. tax laws are discussed, these are merely an outline of the implications of such laws.

Investors should note that the following statements are based on advice received by our Company regarding taxation laws, regulations and practise in force as at the date of this listing document, which may be subject to change.

A. OVERVIEW OF TAX IMPLICATIONS IN THE PRC

1. Income Tax

According to the EIT Law (《中華人民共和國企業所得稅法》) (Order No. 63 of the President), which was promulgated by the NPC on 16 March 2007 and came into effect on 1 January 2008 and was amended on 24 February 2017, and the Implementation Regulations of EIT Law (Order No. 512 of the State Council) (《企業所得稅法實施條例》), which was promulgated by the State Council on 6 December 2007 and came into effect on 1 January 2008, the 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 enterprises are classified as either resident enterprises or non-resident enterprises. An enterprise that is established in China in accordance with PRC laws, or that is established in accordance with the law of a foreign country (region) but whose “de facto management bodies” is inside China is resident enterprise, 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 conduct substantial and all-round management and control with respect to the production, operations, personnel, finance, property, etc. of the enterprise.”

An enterprise that is established according to the law of a foreign country (region) and whose “de facto management bodies” are not in China, but which have established institutions or premises in China or which have not established institutions or premises in China but have income earned in China is non-resident enterprise. According to the Implementation Regulations of EIT Law, non-resident enterprises which have not established institutions or premises in China or which have established institutions in China but whose incomes have no actual connection to its institution or establishment inside China shall be subject to a reduced enterprise income tax rate of 10% on incomes derived from China.

High and new technology enterprises to which the State needs to give key support are given the reduced enterprise income tax rate of 15%.

According to the Circular of the State Administration of Taxation on Issues Concerning Implementation of the Preferential Income Tax Treatment for New and High Technology Enterprises (《國家稅務總局關於實施高新技術企業所得稅優惠有關問題的通知》 (Guo Shui Han [2009] No. 203), upon completion of the application procedures, the new and high technology enterprises are able to file tax return at an income tax rate of 15%.

According to the Announcement of the State Administration of Taxation on Issuing the Revised Measures for Handling Enterprise Income Tax Preferences (《國家稅務總局關於發佈修訂後的〈企業所得稅優惠政策事項辦理辦法〉的公告》) (Announcement of the SAT [2018] No. 23), which was promulgated by the SAT on 25 April 2018 and applied to the final settlement of enterprise income tax in 2017 and the procedures for handling enterprise income tax preferences after 2017, enterprises shall adopt the handling methods of “making independent judgement, declaring for enjoyment and retaining the relevant materials for future reference” when enjoying enterprise income tax preferences. An enterprise shall, according to its operating condition and related tax provisions, independently determine whether it meets the conditions required for enterprise income tax preferences. Those who meet the conditions may independently calculate the tax deductions or exemptions according to the time listed in the Catalogue for the Administration of Enterprise Income Tax Preferences (2017), and enjoy tax incentives by filing enterprise income tax returns. Meanwhile, they shall, in accordance with the relevant provisions, collect and retain the relevant materials for future reference.

2. Value-added Tax

According to Provisional Regulations on Value-added Tax of the PRC (《中華人民共和國增值稅暫行條例》) (Order No. 134 of the State Council), which was promulgated by the State Council on 13 December 1993, came into effect on 1 January 1994, and was amended on 5 November 2008, 6 February 2016, 19 November 2017, organisations and individuals engaging in sale of goods or processing, repair and assembly services (hereinafter referred to as “labour services”), sale of services, intangible assets, immovables and importation of goods in the PRC shall be taxpayers of Value-added Tax (“VAT”), the tax rate for taxpayers engaging in sale of services and intangible assets shall be 6% unless otherwise stipulated.

In addition, in accordance with the Notice on Fully Launch of the Pilot Scheme for the Conversion of Business Tax to Value-Added Tax (關於全面推開營業稅改徵增值稅試點的通知) (Cai Shui [2016] No. 36), which was issued by the Ministry of Finance and the State Administration of Taxation on 23 March 2016 and came into effect on 1 May 2016, the state started to fully implement the pilot change from business tax to value-added tax on 1 May 2016. All taxpayers of business tax in construction industry, real estate industry, financial industry and living service industry have been included in the scope of the pilot and should pay value-added tax instead of business tax.

3. Dividends Derived from Operations in the PRC

According to the Implementation Regulations on the Enterprises Income Tax Law of the PRC (《中華人民共和國企業所得稅法實施條例》), PRC withholding tax at the rate of 10% is applicable to dividends payable to investors that are non-resident enterprises (who do not have an establishment or place of business in the PRC, or that have such establishment or place of business but to whom the relevant income tax is not effectively connected) to the extent that such dividends have their source within the PRC unless there is an applicable tax treaty between the PRC and the jurisdiction of the non-resident enterprise which may reduce or provide exemption to the relevant tax. Similarly, any gain realised on the transfer of shares by such investor is subject to 10% PRC income tax rate (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 and the Prevention of Fiscal Evasion with respect to Taxes on Income (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》), which was promulgated by the SAT on 21 August 2006 and came into effect on 8 December 2006, a company incorporated in Hong Kong will be subject to withholding tax at the lower rate of 5% on dividends it receives from a company incorporated in the PRC if it holds a 25% interest or more in the PRC company. According to the Notice of SAT on the Issues Relating to the Beneficial Owners in the Tax Treaty (《國家稅務總局關於稅收協定中「受益所有人」有關問題的公告》) (Notice of SAT [2018] No. 9), which was promulgated by SAT on 3 February 2018 and became effective on 1 April 2018, a comprehensive analysis will be used to determine beneficial ownership based on the actual

situation of a specific case combined with certain principles, and if an applicant was obliged to pay more than 50% of its income to a third country (region) resident within 12 months of the receipt of the income, or the business activities undertaken by an applicant did not constitute substantive business activities including substantive manufacturing, distribution, management and other activities, the applicant was unlikely to be recognised as an beneficial owner to enjoy tax treaty benefits.

B. OVERVIEW OF TAX IMPLICATIONS IN HONG KONG

1. Hong Kong Taxation of our Company

Profits Tax

Our Company will be subject to Hong Kong profits tax in respect of profits arising in or derived from Hong Kong at the current rate of 16.5%. Dividend income derived by our Company from its subsidiaries will be excluded from Hong Kong profits tax.

2. Hong Kong Taxation of our Shareholders

Dividends

No tax is imposed in Hong Kong in respect of dividends in our Company pays to our Shareholders. Dividends paid to our Shareholders are free of withholding taxes in Hong Kong.

Capital Gains and Profits Tax

Hong Kong profits tax will not be payable by any Shareholders (other than our Shareholders carrying on a trade, profession or business in Hong Kong and holding our Shares for trading purposes) on any capital gains made on the sale or other disposal of our Shares.

Stamp Duty

Hong Kong stamp duty, currently charged at the ad valorem rate of 0.1% on the higher of the consideration for or the market value of our Shares, will be payable by the purchaser on every purchase, and by the seller on every sale, of Shares, whether or not the sale or purchase is on or off the Stock Exchange (in other words, a total of 0.2% is currently payable on a typical sale and purchase transaction involving our Shares). In addition, a fixed duty of HK\$5.00 is currently payable on any instrument of transfer of Shares.

Estate Duty

Pursuant to the Revenue (Abolition of Estate Duty) Ordinance 2005, Hong Kong estate duty was abolished effective from 11 February 2006. No Hong Kong estate duty is payable by our Shareholders in relation to the Shares owned by them upon death and no estate clearance papers are needed for an application for a grant of representation in respect of our Shareholders whose deaths occur on or after 11 February 2006.

C. OVERVIEW OF TAX IMPLICATIONS IN THE CAYMAN ISLANDS

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold an interest in land in the Cayman Islands.

D. OVERVIEW OF TAX IMPLICATIONS IN THE UNITED STATES**1. Certain United States Federal Income Tax Considerations**

The following discussion is a summary of certain U.S. federal income tax considerations under present law of holding CGH Shares at the time of the CGH Distribution, and the sale by CGH on behalf of a U.S. Holder (as defined below) of the Shares which such U.S. Holder would have otherwise received pursuant thereto. This summary deals only with our Shareholders that hold CGH Shares as capital assets and that use the U.S. dollar as their functional currency.

This summary does not address tax considerations applicable to investors subject to special rules, such as certain financial institutions, persons owning directly, indirectly or constructively 10 percent or more of CGH's share capital, dealers or traders, insurance companies, tax exempt entities, persons holding their Shares as part of a hedge, straddle, conversion, constructive sale or other integrated transaction. It also does not address U.S. state and local tax considerations.

EACH U.S. HOLDER OF CGH SHARES SHOULD SEEK ADVICE FROM AN INDEPENDENT TAX ADVISER ABOUT THE TAX CONSEQUENCES UNDER ITS OWN PARTICULAR CIRCUMSTANCES OF THE SALE BY CGH ON ITS BEHALF OF THE SHARES WHICH IT WOULD HAVE OTHERWISE RECEIVED PURSUANT TO THE CGH DISTRIBUTION.

As used here, "U.S. Holder" means, for the purposes of the Spin-off, a beneficial owner of CGH Shares, and otherwise a beneficial owner of Shares that is, for U.S. federal income tax purposes, (i) a citizen or individual resident of the United States, (ii) a corporation or entity treated as such created or organised under the laws of the United States or its political subdivisions, (iii) a trust subject to the control of a U.S. person and the primary supervision of a U.S. court or (iv) an estate the income of which is subject to U.S. federal income tax without regard to its source.

As used here, "Non-U.S. Holder" means a beneficial owner of Shares that is neither a U.S. Holder nor a partnership (or other entity treated as a partnership for U.S. federal income tax purposes).

The tax consequences to a partner in a partnership (or other entity treated as a partnership for U.S. federal income tax purposes) generally will depend on the status of the partner and the activities of the partnership. Partners of a partnership that is a beneficial owner of Shares should consult their own tax advisers about the U.S. federal income tax consequences to them of the partnership participating in the Spin-off.

The Spin-off and the Sale of Shares

It is possible that the distribution of the Shares pursuant to the CGH Distribution may qualify as a tax-free distribution under Section 355 of the U.S. Internal Revenue Code of 1986, as amended (the "Code"). Each U.S. Holder of CGH Shares should seek advice from an independent tax adviser regarding whether the CGH Distribution qualifies under Section 355 of the Code.

If the distribution of the Shares pursuant to the CGH Distribution qualifies under Section 355 of the Code, a U.S. Holder (i) should be deemed to have received Shares without recognition of any income, gain or loss, (ii) should apportion its tax basis in the CGH Shares between such shares and the Shares deemed to have been received pursuant to the CGH Distribution in proportion to the relative fair market value of the CGH Shares and the Shares on the date of the CGH Distribution, (iii) should have a holding period for the Shares that includes the period during which the U.S. Holder held CGH Shares, and (iv) upon the sale of the Shares by CGH on its behalf, should recognise gain or loss equal to the difference between the sale price and its basis in the Shares determined in accordance with (ii) above (such gain or loss will be characterised as a long-term capital gain or loss if the holding period for the Shares, determined in accordance with (iii) above, exceeds one year).

If the distribution of the Shares pursuant to the CGH Distribution does not qualify under Section 355 of the Code, a U.S. Holder should be treated as having received a dividend in an amount equal to the fair market value of the Shares on the date of the CGH Distribution to the extent of CGH's current and accumulated earnings and profits (this dividend generally would be treated as from sources outside the United States for foreign tax credit purposes, and should not be eligible for the dividends-received deduction generally allowed to U.S. corporations or for the reduced rate of tax on qualified dividend income available to certain non-corporate U.S. Holders). Any excess of the fair market value of the Shares on the date of the CGH Distribution over the earnings and profits would first be treated as a tax-free return of capital to the extent of the U.S. Holder's adjusted tax basis in the CGH Shares and, after such adjusted tax basis is reduced to zero, as a taxable capital gain. If the distribution of the Shares pursuant to the CGH Distribution does not qualify under Section 355 of the Code, the U.S. Holder should take tax basis in the Shares deemed to have been received upon the CGH Distribution equal to the fair market value of the Shares on the date of the CGH Distribution. Upon the sale of the Shares by CGH on the U.S. Holder's behalf, the U.S. Holder shall recognise gain or loss equal to the difference (if any) between the sale price and its basis in the Shares determined in accordance with the preceding sentence (such gain or loss will be characterised as a short-term capital gain or loss assuming the sale of the Shares by CGH on the U.S. Holder's behalf occurs less than one year after the CGH Distribution).

If CGH were to have been a Passive Foreign Investment Company or "PFIC" for U.S. tax purposes (as discussed below) in any prior taxable year in which a U.S. Holder has held its CGH Shares, special rules would apply. The gain (but not the loss) recognised as a result of the CGH Distribution and the sale of the Shares received on such holders' behalf if the CGH Distribution qualifies under Section 355 of the Code or, where the CGH Distribution does not qualify under Section 355 of the Code, the amount of the dividend received (to the extent that it represents a ratable portion of the total distributions on the CGH Shares during the year that are in excess of 125% of the average amount of distributions in respect of the CGH Shares during the three prior years), would be treated as an "excess distribution" and subject to special PFIC rules. In particular, the amount of the "excess distribution" will be (i) allocated rateably over the U.S. Holder's holding period, (ii) the amount allocated to the current taxable year and any year before CGH became a PFIC will be taxed as ordinary income in the current year and (iii) the amount allocated to each other taxable year will be taxed at the highest applicable marginal rate in effect for such year and an interest charge will be imposed to recover the deemed benefit from the deferred payment of the tax attributable to each such year. CGH has not made a determination whether it was a PFIC in any prior taxable year. Each U.S. Holder of CGH Shares should seek advice from its own tax adviser regarding CGH's possible status as a PFIC and the consequences to them if CGH were a PFIC in any prior taxable year in which such holder held CGH Shares.

A U.S. Holder that receives a currency other than U.S. dollars on the sale of the Shares will realise an amount equal to the U.S. dollar value of the currency received at the spot rate on the date of sale or other disposition (or, in the case of cash basis and electing accrual basis U.S. Holders, the settlement date). An accrual basis U.S. Holder that does not elect to determine the amount realised using the spot rate on the settlement date will recognise foreign currency gain or loss equal to the difference between the U.S. dollar value of the amount received based on the spot exchange rates in effect on the date of sale or other disposition and the settlement date. A U.S. Holder will have a tax basis in the currency received equal to the U.S. dollar value of the currency received at the spot rate on the settlement date. Any gain or loss realised on a subsequent disposition or conversion of the non-U.S. currency for a different U.S. dollar amount generally will be U.S. source ordinary income or loss.

Passive Foreign Investment Company Considerations

A company is treated as a Passive Foreign Investment Company (a "PFIC") for U.S. tax purposes in any taxable year in which either (i) at least 75% of its gross income is "passive income" or (ii) at least 50% of the quarterly average market value of its assets is attributable to assets that produce or are held to produce "passive income." In applying these tests, a company is treated as having held its proportionate share of the assets and receiving its proportionate share of the income of any other corporation in which the company owned at least 25% by value of the shares. Passive income for this purpose generally includes dividends, interest, royalties, rent and capital gains.

Neither CGH nor the Company expect to be a PFIC for the current taxable year. However, the PFIC status of a company is determined annually, and could change based on changes in its assets, income, activities and the structure through which the company holds property.

As noted above, if CGH and/or the Company were determined to be a PFIC for any prior taxable year in which a U.S. Holder has held CGH Shares, for the current taxable year, or for future taxable years, the U.S. Holder may be subject to special rules on the CGH Distribution, the sale of the Shares by CGH on the U.S. Holder's behalf or otherwise. Each U.S. Holder of CGH Shares should seek advice from an independent tax adviser regarding the consequences resulting from an eventual determination of PFIC status of CGH or our Company.

Medicare Tax on Net Investment Income

Certain non-corporate U.S. Holders whose income exceeds certain thresholds generally will be subject to a 3.8 per cent. surtax tax on their "net investment income" (which generally includes, among other things, dividends on, and capital gain from the sale or other disposition of Shares). Non-corporate U.S. Holders should consult their own tax advisers regarding the possible effect of such tax on their deemed receipt and disposition of Shares.

Reporting and Backup Withholding

Dividends and proceeds from the sale of Shares may be reported to the United States Internal Revenue Service ("**IRS**") unless the holder is a corporation or otherwise establishes a basis for exemption. Backup withholding may apply to reportable payments unless the holder makes the required certification, including providing its taxpayer identification number, or otherwise establishes a basis for exemption. Any amount withheld may be credited against a U.S. Holder's U.S. federal income tax liability or refunded to the extent it exceeds the holder's liability, provided the required information is timely furnished to the IRS.

Certain U.S. Holders are required to report information with respect to Shares not held through an account with a financial institution to the IRS. Investors who fail to report required information could become subject to substantial penalties. Potential investors are encouraged to consult with their own tax advisers about these and any other reporting obligations arising from the CGH Distribution and sale of the Shares.

A. FURTHER INFORMATION ABOUT OUR COMPANY

1. Incorporation of our Company

Our Company was incorporated on 24 January 2018 in the Cayman Islands under the Companies Law as an exempted company with limited liability.

Our Company was registered with the Companies Registry in Hong Kong as a non-Hong Kong company on 6 April 2018 under Part 16 of the Companies Ordinance. Our principal place of business in Hong Kong is at 25th Floor, Jardine House, 1 Connaught Place, Central, Hong Kong. In compliance with the requirements of the Companies Ordinance, Mr. Li Changjiang who resides at 25th Floor, Jardine House, 1 Connaught Place, Central, Hong Kong has been appointed as the authorised representative of our Company for the acceptance of service of process and notices in Hong Kong.

As our Company was incorporated in the Cayman Islands, its operations are subject to the Cayman Companies Law and to its constitution, which comprises of the Memorandum and Articles of Association. A summary of certain relevant parts of the Memorandum and the Articles of Association and certain relevant aspects of the Companies Law is set out in “Appendix IV — Summary of the Constitution of the Company and Cayman Islands Company Law”.

2. Changes in Share Capital of our Company

(a) Changes in share capital

(i) As at the date of incorporation of our Company, the authorised share capital of our Company was HK\$380,000 divided into 3,800,000 ordinary shares of a par value of HK\$0.10 each. One nil-paid ordinary share of a par value of HK\$0.10 was allotted and issued to an Independent Third Party on 24 January 2018, which was then transferred to Wise Fame on the same date.

(ii) On 6 March 2018, our Company acquired 100% of the issued shares of United Gain from Wise Fame, at a consideration of US\$200. The consideration was satisfied by (i) crediting as fully paid at par the nil-paid share held by Wise Fame in our Company and (ii) allotting and issuing one new share, credited as fully paid at par, of our Company to Wise Fame.

(iii) On 13 March 2018, a written resolution was passed by our Company, approving (i) the application for 76 shares of HK\$0.10 each, issued as fully paid at par, from Wise Fame; (ii) the increase of our authorised share capital to US\$1,000,000 divided into 10,000,000,000 shares of a par value of US\$0.0001 each (the “**Increase of the Authorised Share Capital**”); (iii) the allotment of 10,000 Shares of US\$0.0001 each, issued as fully paid at par, to Wise Fame (the “**Allotment of US Shares**”), which was the funding for the Repurchase (as defined below); (iv) our Company repurchased the 78 fully paid shares of a par value of HK\$0.10 each (the “**HK Shares**”) in the share capital of our Company in issue immediately prior to the Increase of the Authorised Share Capital at a price of HK\$0.10 per HK Share which was paid out of the proceeds of the Allotment of US Shares mentioned above (the “**Repurchase**”) and the HK Shares were cancelled; and (v) upon completion of the Repurchase, all authorised but unissued shares of HK\$0.10 each of our Company was diminished by the cancellation of all the 3,800,000 unissued shares of a par value of HK\$0.10 each in the share capital of our Company.

(iv) On 13 March 2018, a written resolution was passed by our Company, approving our Company allotting and issuing a total of 2,499,990,000 Shares credited as fully paid at a par value of US\$0.0001 each to Wise Fame by way of capitalisation.

Save as disclosed above, there has been no alteration in the share capital of our Company within the two years immediately preceding the date of this listing document.

(b) *Founder shares*

Our Company has no founder shares, management shares or deferred shares.

3. Resolutions in Writing of the Sole Shareholder Passed on 25 May 2018

Written resolutions were passed by Wise Fame, our then sole Shareholder on 25 May 2018 pursuant to which, among other matters:

- (a) the Listing was approved and any Director was authorised to sign and execute such documents and do all such acts and things incidental to the Listing or as he or she considered necessary, desirable or expedient in connection with the implementation of or giving effect to the Listing;
- (b) the adoption of the Articles of Association (the terms of which are summarised in Appendix IV to this listing document) with effect from the Listing Date was approved;
- (c) subject to the fulfilment of the conditions of the Spin-off, a general unconditional mandate was given to our Directors to exercise all the powers of our Company to allot, issue and deal with, additional Shares or securities convertible into Shares, and to make or grant offers, agreements, options or securities (including but not limited to warrants, bonds and debentures convertible into Shares) which would or might require Shares to be allotted or issued, (such approval to include authorisation of the Directors to, during the validity of this mandate, make or grant offers, agreements, options or securities (including but not limited to warrants, bonds and debentures convertible into Shares) which would or might require Shares to be allotted and issued either during the validity of this mandate or after it has expired) provided that the aggregate nominal amount of Shares allotted and issued or agreed conditionally or unconditionally to be allotted and issued (whether pursuant to an option or otherwise), otherwise than pursuant to a rights issue, or pursuant to the exercise of any rights of subscription or conversion under any outstanding warrants to subscribe for Shares or any securities which are convertible into Shares or any scrip dividend in lieu of the whole or part of a dividend on the Shares, shall not exceed 20% of the aggregate number of Shares in issue as at the Listing Date. Such mandate will expire at the earliest of:
 - (i) the conclusion of the next annual general meeting of our Company following the passing of the resolution;
 - (ii) the expiration of the period within which the next annual general meeting of our Company is required by law to be held; or
 - (iii) the revocation or variation of the authority given to our Directors by the passing of an ordinary resolution of the Shareholders.
- (d) subject to the fulfilment of the conditions of the Spin-off, a general unconditional mandate was given to the Directors to exercise all the powers of our Company to make repurchases of Shares 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, provided that

such number of Shares shall not exceed 10% of the aggregate number of Shares in issue as at the Listing Date. Such mandate will expire whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of our Company following the passing of the resolution;
 - (ii) the expiration of the period within which the next annual general meeting of our Company is required by the Articles or any applicable law to be held; or
 - (iii) the revocation or variation of the authority given to our Directors by the passing of an ordinary resolution of the Shareholders; and
- (e) subject to the fulfilment of the condition of Spin-off and the passing of the resolutions referred to in sub-paragraphs (c) and (d) above, the extension of the general mandate to allot, issue and deal with Shares as mentioned in sub-paragraph (c) by the addition to the aggregate number of our Shares which may be allotted and issued or agreed conditionally or unconditionally to be allotted and issued by our Directors pursuant to such general mandate of an amount representing the aggregate number of our Shares repurchased by us pursuant to subparagraph (d) above, provided that such extended amount shall not exceed 10% of the aggregate number of our Shares in issue as at the Listing Date.

4. The Reorganisation

In preparation for the listing of our Shares on the Stock Exchange, the companies comprising our Group underwent the Reorganisation and our Company became the holding company of our Group. For information with regard to the Reorganisation, please refer to the section headed “Reorganisation” in the section entitled “History, Reorganisation and Corporate Structure”.

5. Changes in Share Capital of Our Subsidiaries

The subsidiaries of our Company are listed in the Accountant’s Report set out in Appendix I.

The following alterations in the share capital of our Company’s subsidiary took place within the two years immediately preceding the date of this listing document:

Name of subsidiary	Date of change	Registered capital before change	Registered capital after change
CG Jinyang Property Services	29 December 2016	RMB5,000,000	RMB33,165,500
	17 July 2017	RMB33,165,500	RMB19,390,000
	25 July 2017	RMB19,390,000	RMB50,000,000

Except the alterations as shown above and the disclosure in the section entitled “History, Reorganisation and Corporate Structure”, there is no other changes in the share capital of our subsidiary.

6. Securities Repurchase Mandate

This paragraph includes information required by the Stock Exchange to be included in this listing document 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 own securities on the Stock Exchange subject to certain restrictions, the more 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, either by way of general mandate or by specific approval of a particular transaction.

(ii) *Source of funds*

Repurchases must be funded out of funds legally available for the purpose in accordance with the Articles of Association, the Listing Rules, the Companies Law and other applicable laws and regulations. A listed company may not repurchase 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. Under Cayman Islands laws, any repurchases by our Company may be made out of profits of our Company, out of our share premium account or out of an issue of new Shares made for the purpose of the repurchase or, if authorised by the Articles of Association and subject to the Companies Law, out of capital, and, in the case of any premium payable on the repurchase, out of profits or from sums standing to the credit of our share premium account or, if authorised by its Articles of Association and subject to the Companies Law, out of capital.

(iii) *Trading restrictions*

The total number of shares which a listed company may repurchase on the Stock Exchange is the number of shares representing up to a maximum of 10% of the aggregate number of shares in issue. A company may not issue or announce a proposed issue of new securities for a period of 30 days immediately following a repurchase (other than an issue of securities pursuant to an exercise of warrants, share options or similar instruments requiring the company to issue securities which were outstanding prior to such repurchase) without the prior approval of the Stock Exchange. In addition, a listed company is prohibited from repurchasing its shares on the Stock Exchange if the purchase price is 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. The Listing Rules also prohibit a listed company from repurchasing its securities if that repurchase would result in the number of listed securities which are in the hands of the public falling below the relevant prescribed minimum percentage as required by the Stock Exchange. A company is required to procure that the broker appointed by it to effect a repurchase of securities discloses to the Stock Exchange such information with respect to the repurchase as the Stock Exchange may require.

(iv) *Status of repurchased shares*

All repurchased securities (whether effected on the Stock Exchange or otherwise) will be automatically delisted and the certificates for those securities must be cancelled and destroyed. Under the Companies Law, a company's repurchased shares may be treated as cancelled and the amount of the company's issued share capital shall be reduced by the aggregate nominal value of the purchased shares accordingly, although the authorised share capital of the company will not be reduced, or alternatively, may be kept by the company as treasury shares.

(v) *Suspension of repurchase*

A listed company may not make any repurchase of securities after inside information has come to its knowledge until the information is made publicly available. In particular, during the period of one month

immediately preceding the earlier of (1) 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, quarter or any other interim period (whether or not required under the Listing Rules) and (2) the deadline for publication of an announcement of a listed company's results for any year or half-year under the Listing Rules, or quarter or any other interim period (whether or not required under the Listing Rules), the listed company may not repurchase its shares on the Stock Exchange, other than in exceptional circumstances. In addition, the Stock Exchange may prohibit a repurchase of securities on the Stock Exchange if a listed company has breached the Listing Rules.

(vi) Reporting requirements

Certain information relating to repurchases of securities on the Stock Exchange or otherwise must be reported to the Stock Exchange not later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the following business day. In addition, a listed company's annual report is required to disclose details regarding repurchases of securities made during the year, including a monthly analysis of the number of securities repurchased, the purchase price per share or the highest and lowest price paid for all such purchases, where relevant, and the aggregate prices paid.

(vii) Connected persons

A listed company is prohibited from knowingly repurchasing its securities on the Stock Exchange from a "core connected person", that is, a director, chief executive or substantial shareholder of the company or any of its subsidiaries or their close associates and a core connected person is prohibited from knowingly selling his securities to the company.

(b) Reasons for Repurchases

Our Directors believe that the ability to repurchase our Shares is in the best interest of our Company and our Shareholders. Such repurchases may, depending on market conditions and funding arrangements at the time, result in an increase in the net assets and/or earnings per Share. Our Directors have sought the Repurchase Mandate to give our Company the flexibility to do so if and when appropriate. The number of Shares to be repurchased on any occasion and the price and other terms upon which the same are repurchased will be decided by our Directors at the relevant time, having regard to the circumstances then prevailing and such repurchases will only be made if our Directors believe that such repurchases will benefit our Company and our Shareholders.

(c) Funding of Repurchases

In repurchasing securities, our Company may only apply funds legally available for such purpose in accordance with the Memorandum and Articles of Association, the Listing Rules, the Companies Law and other applicable laws and regulations.

There could be a material adverse impact on the working capital and/or the gearing position of our Group as compared with the position disclosed in this listing document in the event that the Repurchase Mandate were to be carried out in full at any time during the Relevant Period. However, our Directors do not propose to exercise the Repurchase 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.

(d) General

The exercise in full of the Repurchase Mandate, on the basis of 2,500,000,000 Shares in issue immediately following the completion of the Spin-off, could accordingly result in up to 250,000,000 Shares being repurchased by our Company during the Relevant Period.

None of our Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their close associates currently intends to sell any Shares to our Company or our subsidiaries.

Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Listing Rules, the Memorandum and Articles of Association, the Companies Law and other applicable laws and regulations.

If, as a result of a securities repurchase, 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 Code on Takeovers and Mergers (the "Takeovers Code"). Accordingly, a Shareholder or a group of Shareholders acting in concert could obtain or consolidate control of our Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. Save for the foregoing, our Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any repurchases pursuant to the Repurchase Mandate.

Any repurchase of Shares that results in the number of Shares held by the public being reduced to less than 25% of our Shares then in issue (or such other percentage as may be prescribed as the minimum public shareholding under the Listing Rules) could only be implemented if the Stock Exchange agreed to waive the Listing Rules requirements regarding the public shareholding referred to above. It is believed that a waiver of this provision would not normally be given other than in exceptional circumstances.

No core connected person of our Company has notified our Company that he/she/it has any present intention to sell Shares to our Company, or has undertaken not to do so if the Repurchase Mandate is exercised.

B. FURTHER INFORMATION ABOUT THE BUSINESS OF OUR COMPANY

1. Summary of Material Contracts

The following contracts (not being contracts in the ordinary course of business) have been entered into by members of our Group within the two years preceding the date of this listing document and are or may be material:

- (a) the equity interest transfer agreement dated 24 January 2018 entered into between CG Management Services and Tibet Shunqi, pursuant to which Tibet Shunqi transferred 4% of equity interest of CG Property Services to CG Management Services at a consideration of RMB57,600,000;
- (b) the equity interest transfer agreement dated 24 January 2018 entered into between CG Management Consultation and Tibet Shunqi, pursuant to which Tibet Shunqi transferred 4% of equity interest of CG Property Services to CG Management Consultation at a consideration of RMB57,600,000;
- (c) the equity interest transfer agreement dated 26 February 2018 entered into between CG Property Services and Shenzhen Wanyu Business Management Consulting Company Limited* (深圳萬昱企業管理諮詢有限公司), pursuant to which CG Property Services transferred 30% of equity interest of Guangdong Fenghuang Youxuan to Shenzhen Wanyu Business Management Consulting Company Limited* (深圳萬昱企業管理諮詢有限公司) at a consideration of RMB6,000,000;
- (d) the share transfer agreement dated 1 March 2018 entered into between our Company and Ms. Wu Zhiqi (吳芷琪), pursuant to which Ms. Wu Zhiqi transferred the entire share capital of Ornate Forest to our Company at a consideration of US\$18,000;

- (e) the equity interest transfer agreement dated 1 March 2018 entered into between CG Property Services and Foshan Jingde Investment Management Company Limited* (佛山市敬德投資管理有限公司), pursuant to which CG Property Services transferred 15.1% of equity interest of Shenzhen Wangshenghuo to Foshan Jingde Investment Management Company Limited* (佛山市敬德投資管理有限公司) at a consideration of RMB7,550,000;
- (f) the equity interest transfer agreement dated 5 March 2018 entered into between CG Property Services HK and United Gain, pursuant to which United Gain transferred the entire equity interest of CG Management Consultation to CG Property Services HK in consideration of which CG Property Services HK allotted and issued credited as fully paid one share to United Gain;
- (g) the equity interest transfer agreement dated 5 March 2018 entered into between CG Property Services HK and United Gain, pursuant to which United Gain transferred the entire equity interest of CG Management Services to CG Property Services HK in consideration of which CG Property Services HK allotted and issued credited as fully paid one share to United Gain;
- (h) the share transfer agreement dated 6 March 2018 entered into between our Company and Wise Fame, pursuant to which Wise Fame transferred the entire share capital of United Gain to our Company in consideration of which our Company allotted and issued credited as fully paid one share to Wise Fame;
- (i) the Deed of Indemnity; and
- (j) the Deed of Non-competition.

2. Intellectual Property Rights of our Group

(a) Trademarks owned



As at the Latest Practicable Date, our Group had obtained intellectual property rights for its operations and is the registered owner of the following trademarks which were material to our business:

No.	Trademark	Place of Application/Registration	Class	Registration number	Date of Registration	Date of Expiry	Registered Owner
1.	鳳凰管家	PRC	40	20333634	14 October 2017	13 October 2027	CG Property Services
2.	鳳凰管家	PRC	41	20333954	14 October 2017	13 October 2027	CG Property Services
3.	鳳凰管家	PRC	43	20334032	21 October 2017	20 October 2027	CG Property Services
4.	鳳凰管家	PRC	45	20334379	14 October 2017	13 October 2027	CG Property Services
5.	铂金管家	PRC	37	20333271	14 October 2017	13 October 2027	CG Property Services
6.	铂金管家	PRC	39	20333534	14 October 2017	13 October 2027	CG Property Services






No.	Trademark	Place of Application/Registration	Class	Registration number	Date of Registration	Date of Expiry	Registered Owner
7.	铂金管家	PRC	40	20333670	21 October 2017	20 October 2027	CG Property Services
8.	铂金管家	PRC	45	20334515	14 October 2017	13 October 2027	CG Property Services
9.	铂金凤凰管家	PRC	45	20334426	7 August 2017	6 August 2027	CG Property Services
10.	铂金凤凰管家	PRC	44	20334353	7 August 2017	6 August 2027	CG Property Services
11.	铂金凤凰管家	PRC	41	20333998	7 August 2017	6 August 2027	CG Property Services
12.	铂金凤凰管家	PRC	43	20333987	7 August 2017	6 August 2027	CG Property Services
13.	铂金管家	PRC	41	20333908	7 August 2017	6 August 2027	CG Property Services
14.	铂金凤凰管家	PRC	40	20333584	7 August 2017	6 August 2027	CG Property Services
15.	铂金凤凰管家	PRC	39	20333447	7 August 2017	6 August 2027	CG Property Services
16.	凤凰管家	PRC	39	20333407	7 August 2017	6 August 2027	CG Property Services
17.	铂金凤凰管家	PRC	37	20333158	7 August 2017	6 August 2027	CG Property Services

(b) Trademarks licenced

As at the Latest Practicable Date, our Group was the licensee of the following trademarks which were material to our business:

No.	Trademark	Place of Application/Registration	Class	Registration number	Date of Registration	Date of Expiry	Registered Owner
1.		PRC	37	6643477	7 October 2011	6 October 2021	Shunbi Property
2.	碧桂园	PRC	37	6643645	7 April 2010	6 April 2020	Shunbi Property
3.		PRC	37	6643669	7 April 2010	6 April 2020	Shunbi Property
4.	COUNTRY GARDEN	PRC	37	6643963	28 September 2010	27 September 2020	Shunbi Property

Our Group will be licensed of the following trademarks which are material to our business upon the Listing:

No.	Trademark	Place of Application/Registration	Class	Registration number	Date of Registration	Date of Expiry	Registered Owner
1.		Hong Kong	20, 35, 36, 37, 39, 41, 43, 44, 45	301127682	29 May 2008	28 May 2028	Shunbi Property
2.		Hong Kong	35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45	304192911	30 June 2017	29 June 2027	Shunbi Property
3.		Hong Kong	35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45	304192902	30 June 2017	29 June 2027	Shunbi Property
4.		Hong Kong	35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45	304192894	30 June 2017	29 June 2027	Shunbi Property
5.		Hong Kong	35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45	304192885	30 June 2017	29 June 2027	Shunbi Property

(c) *Patents*

As at the Latest Practicable Date, our Group was the registered owner of the following patents.

Patent	Registered Owner	Place of Application/Registration	Expiry Date	Patent No.
Parking guidance system and method in parking lots	CG Property Services	PRC	6 September 2035	2015105604958
Energy-saving waste treatment system	CG Property Services	PRC	26 July 2036	2016105914234

(d) Software Copyright

As at the Latest Practicable Date, our Group was the registered owner of the following software copyrights.

<u>Software Copyright</u>	<u>Registered Owner</u>	<u>Place of Registration</u>	<u>Expiry Date of Protection Period</u>	<u>Registration No.</u>
Community residents big data acquisition and application system V1.0	CG Property Services	PRC	31 December 2064	2017SR273620
Management system of property contracts V1.0	CG Property Services	PRC	31 December 2065	2017SR274430
Financial service platforms in Intelligent Community based on the application of big data V1.0	CG Property Services	PRC	31 December 2065	2017SR274438
Dissemination and media systems of distinctive humanities and sciences in different communities V1.0	CG Property Services	PRC	31 December 2064	2017SR274443
Wechat platform for service in Intelligent Community V1.0	CG Property Services	PRC	31 December 2065	2017SR274453
Accurate personalised value-added service platform V1.0	CG Property Services	PRC	31 December 2065	2017SR289987
One-stop public service platform based on the Internet + Community V1.0	CG Property Services	PRC	31 December 2065	2017SR290357
Digital property service system V1.0	CG Property Services	PRC	31 December 2065	2017SR290363
Property engineering management system V1.0	CG Property Services	PRC	31 December 2065	2017SR290374
O2O electronic shopping mall platform for the convenience of residents in the Country Garden community V1.0	CG Property Services	PRC	31 December 2064	2017SR290385
Building management system in Intelligent Community V1.0	CG Property Services	PRC	31 December 2064	2017SR290396
Phoenix housekeeper service platform V1.0	CG Property Services	PRC	31 December 2065	2017SR290406
Mobile verification system of property service V1.0	CG Property Services	PRC	31 December 2063	2017SR290446
Intelligent display system of Country Garden property V1.0	CG Property Services	PRC	31 December 2065	2017SR290452

APPENDIX VI**GENERAL INFORMATION**

<u>Software Copyright</u>	<u>Registered Owner</u>	<u>Place of Registration</u>	<u>Expiry Date of Protection Period</u>	<u>Registration No.</u>
“One-in-all-card” management system in Intelligent Community V1.0	CG Property Services	PRC	31 December 2065	2017SR291367
Video security monitoring and management system V1.0	CG Property Services	PRC	31 December 2065	2017SR291379
Management system of fast response to customer service call centre based on GPS location V1.0	CG Property Services	PRC	31 December 2064	2017SR291556
ERP system of Country Garden Property management V1.0	CG Property Services	PRC	31 December 2063	2017SR291562
Housekeeper mobile application platform V1.0	CG Property Services	PRC	31 December 2063	2017SR291567
Intelligent hardware integrated platform V1.0	CG Property Services	PRC	31 December 2065	2017SR291572
Intelligent visitor management platform V1.0	CG Property Services	PRC	31 December 2065	2017SR291580
CRM customer management system of Country Garden property V1.0	CG Property Services	PRC	31 December 2063	2017SR291638
Intelligent management system of unattended parking lots based on automatic recognition V1.0	CG Property Services	PRC	31 December 2064	2017SR291650
Systems of consumption of community reserve goods and intelligent warning of replenishing and procuring in community V1.0	CG Property Services	PRC	31 December 2065	2017SR291651
Big data management and application systems of residents information in Intelligent Community V1.0	CG Property Services	PRC	31 December 2065	2017SR291655
Fast access system of logistics based on the Internet + Community V1.0	CG Property Services	PRC	31 December 2064	2017SR291658
Community rental service management system V1.0	CG Property Services	PRC	31 December 2064	2017SR291661
Comprehensive management system of property equipment V1.0	CG Property Services	PRC	31 December 2065	2017SR292636

<u>Software Copyright</u>	<u>Registered Owner</u>	<u>Place of Registration</u>	<u>Expiry Date of Protection Period</u>	<u>Registration No.</u>
EBA Internet of Things Management System V1.0	CG Property Services	PRC	31 December 2065	2017SR292641
Face recognition security system in open community V1.0	CG Property Services	PRC	31 December 2065	2017SR292670
Report and repair work orders system of property V1.0	CG Property Services	PRC	31 December 2065	2017SR292730
Big data analysis system of intelligent monitoring V1.0	CG Property Services	PRC	31 December 2065	2017SR292737
Property intelligent management and control platform V1.0	CG Property Services	PRC	31 December 2065	2017SR292741
Maintenance and scheduling system V1.0	CG Property Services	PRC	31 December 2064	2017SR302292
On-line monitoring and control system for property vehicles V1.0	CG Property Services	PRC	31 December 2065	2017SR308518

(e) *Domain name*

As at the Latest Practicable Date, our Group had registered the following domain names which were material to its business:

<u>Domain Name</u>	<u>Registered Owner</u>	<u>Date of expiry</u>
bgyfw.com	CG Property Services	11 May 2026

C. FURTHER INFORMATION ABOUT DIRECTORS AND SHAREHOLDERS

1. Directors

(a) *Particulars of Directors' service contracts*

Executive Directors and Non-executive Directors

Our executive Directors, Mr. Li Changjiang (李長江), Mr. Xiao Hua (肖華) and Mr. Guo Zhanjun (郭戰軍), and our non-executive Directors, Ms. Yang Huiyan (楊惠妍), Mr. Yang Zhicheng (楊志成) and Ms. Wu Bijun (伍碧君), have been appointed for an initial term of three years commencing from 9 March 2018 until terminated by either party giving not less than three months' written notice to the other. The designation is subject to the provisions of the Articles of Association with regard to vacation of office of Directors and removal and retirement by rotation of Directors. Each of our non-executive Directors agrees to waive their director's fee.

Independent Non-executive Directors

Each of our independent non-executive Directors has been appointed for an initial term of three years until terminated by either party giving not less than three months' written notice to the other. The appointments are subject to the provisions of the Articles of Association with regard to vacation of office of Directors and removal and retirement by rotation of Directors. Each of our independent non-executive Directors is entitled to an annual director's fee as follows:

Name	Annual director's fee (RMB)
Mr. Mei Wenjue (梅文珏).....	200,000
Mr. Rui Meng (芮萌).....	200,000
Mr. Chen Weiru (陳威如).....	200,000

Save for the above director's fee, none of our independent non-executive Directors is expected to receive any other remuneration for holding their office as an independent nonexecutive Director.

Save as disclosed above, none of our Directors has or is proposed to have a service contract with any member of our Group, other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation).

(b) Directors remuneration

- (i) For the year ended 31 December 2015, 2016 and 2017, the aggregate amount of salaries, allowances, discretionary bonus, pension-defined contribution plans and other benefits in kind (if applicable) granted by us to our Directors were approximately RMB6.7 million, RMB12.9 million and RMB8.6 million, respectively.
- (ii) For the three years ended 31 December 2015, 2016 and 2017, no emoluments had been paid and no benefits in kind had been granted by our Group to our Directors at the time.
- (iii) Under the arrangements currently in force, the aggregate emoluments (excluding discretionary bonus) payable by our Group to and benefits in kind receivable by our Directors (including our non-executive Director and our independent non-executive Directors in their respective capacity as Directors) for the year ending 31 December 2018 are expected to be approximately RMB9.8 million.
- (iv) For the three years ended 31 December 2015, 2016 and 2017, none of our Directors at the time or any past directors of any member of our Group has been paid any sum of money (i) as an inducement to join or upon joining our Group or (ii) for loss of office as a director of any member of our Group or of any other office in connection with the management of the affairs of any member of our Group.
- (v) There has been no arrangement under which a Director at the time has waived or agreed to any emoluments for the three years ended 31 December 2015, 2016 and 2017.

(c) Interests and short positions of Directors in the shares, underlying shares or debentures of our Company and our associated corporations

Immediately following the completion of the Spin-off, the interests and/or short positions (as applicable) of our Directors and the chief executive of our Company in our Shares or underlying Shares or debentures of our Company and any interests and/or short positions (as applicable) in the shares or underlying shares or debentures

of any of our Company's associated corporations (within the meaning of Part XV of the SFO) which (i) will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions (as applicable) which they are taken or deemed to have under such provisions of the SFO), (ii) which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required to be notified to our Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules, in each case once our Shares are listed, will be as follows:

(i) *Long positions in Shares and underlying Shares of our Company*

Name of Director	Nature of interest	Number of Shares held	Approximate percentage of interest in our Company
Ms. Yang Huiyan ⁽²⁾	Interest of controlled corporations	1,416,985,624(L)	56.68%

Notes:

- (1) The letter "L" denotes the person's long position in our Shares.
- (2) Following completion of the Spin-off and assuming its shareholding in CGH remains unchanged on the Record Date, Concrete Win, Genesis Capital and Golden Value will hold 1,078,901,840 Shares, 326,436,781 Shares and 11,647,003 Shares, respectively. Concrete Win, Genesis Capital and Golden Value are beneficially wholly owned by Ms. Yang Huiyan. By virtue of the SFO, Ms. Yang Huiyan is deemed to be interested in the same number of Shares in which Concrete Win, Genesis Capital and Golden Value will be interested.

(ii) *Long positions in shares and underlying shares of our Company's associated corporations*

Name of Director	Name of associated corporation	Nature of interest	Number of shares held	Approximate percentage of interest
Ms. Yang Huiyan ⁽¹⁾	CGH	Interest of controlled corporations	12,327,774,943	56.70%
Mr. Yang Zhicheng	CGH	Beneficial owner	5,184,428	0.02%

Notes:

- (1) Following completion of the Spin-off and assuming its shareholding in CGH remains unchanged on the Record Date, Concrete Win, Genesis Capital and Golden Value will hold 1,078,901,840 Shares, 326,436,781 Shares and 11,647,003 Shares, respectively. Concrete Win, Genesis Capital and Golden Value are beneficially wholly owned by Ms. Yang Huiyan. By virtue of the SFO, Ms. Yang Huiyan is deemed to be interested in the same number of Shares in which Concrete Win, Genesis Capital and Golden Value will be interested.

(iii) *Directors' positions in substantial shareholders*

As at the Latest Practicable Date, each of Ms. Yang Huiyan, Mr. Chen Chong (interest of spouse), Concrete Win and Genesis Capital was a substantial shareholder disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO. Ms. Yang Huiyan is a director of our Company and CGH.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors were directors or employees of a company which had an interest or short position in the Shares and underlying Shares of our Company which would fall to be disclosed to our Company under the provisions of Division 2 and 3 of Part XV of the SFO.

Save as disclosed above, none of our Directors or the chief executive of our Company will, immediately following the completion of the Spin-off, have an interest and/or short position (as applicable) in the Shares or

the underlying Shares or debentures of our Company or any interests and/or short positions (as applicable) in the shares or the underlying shares or debentures of our Company's associated corporations (within the meaning of Part XV of the SFO) which (i) will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), (ii) will be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or (iii) will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules, to be notified to our Company and the Stock Exchange, in each case once our Shares are listed on the Stock Exchange.

2. Agency Fees or Commissions Received

No commissions, discounts, brokerages or other special terms have been granted by our Group to any person (including our Directors and experts referred to in “— F. Other Information — 7. Qualifications of Experts” below) in connection with the issue or sale of any capital or security of our Company or any member of our Group within the two years immediately preceding the date of this listing document.

3. Personal Guarantees

The Directors have not provided personal guarantees in favour of lenders in connection with banking facilities granted to our Group.

4. Disclaimers

Save as disclosed in this listing document:

- (a) none of our Directors nor any of the experts referred to in “— F. Other Information — 7. Qualifications of Experts” below has any direct or indirect interest in the promotion of, or in any assets which have been, within the two years immediately preceding the date of this listing document, acquired or disposed of by or leased to, any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group;
- (b) none of our Directors nor any of the experts referred to in “— F. Other Information — 7. Qualifications of Experts” below is materially interested in any contract or arrangement subsisting at the date of this listing document which is significant in relation to business of our Group;
- (c) none of the experts referred to in “— F. Other Information — 7. Qualifications of Experts” below:
 - (i) is interested legally or beneficially in any securities of any member of our Group; or
 - (ii) has any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group; and
- (d) none of our Directors is interested in any business apart from our Group's business which competes or is likely to compete, directly or indirectly, with the business of our Group.

D. PRE-LISTING SHARE OPTION SCHEME

The following is a summary of the principal terms of the Pre-Listing Share Option Scheme conditionally approved and adopted by the written resolution of the Shareholders of our Company passed on 13 March 2018.

(a) *Purpose*

The purpose of the Pre-Listing Share Option Scheme is to provide incentive or reward to Eligible Participants (as defined in sub-paragraph (b)) for their past and continuing contribution to any member of our Group.

(b) *Who may participate*

The Board may at its discretion grant options to persons who satisfy the following eligibility criteria (“**Eligible Participant(s)**”):

- (i) any full-time employee, administrative personnel, and senior staff of any member of our Group;
- (ii) any director (including non-executive director and independent non-executive director of any member of our Group); and
- (iii) any other eligible person who, in the discretion of our Board and its authorised person, has made contributions or will make contributions to our Company.

(c) *Grant of options*

Our Board or its authorised person shall have the authority but shall not be bound at any time of any business day within 180 days on or after the adoption date of the Pre-Listing Share Option Scheme to grant options to any Eligible Participants as our Board and its authorised person may at the absolute discretion select. Each grant of options shall be in writing made to an Eligible Participant (the “**Grantee**”) by letter in such form as our Board may from time to time determine (the “**Grant Letter**”).

An offer shall be deemed to have been accepted when the duplicate letter comprising acceptance of the offer is duly signed by the Grantee, together with a remittance in favour of our Company of HK\$1.00 (receipt of which shall be deemed to be acknowledged by our Company upon receipt of the duplicate letter comprising acceptance of the offer letter duly signed by the Grantee) by way of consideration for the grant thereof, is received by our Company. Such remittance shall not be refundable.

To the extent that the offer is not accepted within 30 days from the offer date in accordance with paragraph (c) below, it will be deemed to have been irrevocably declined.

(d) *Maximum number of Shares available for subscription*

The total number of Shares in respect of which options will be granted under the Pre-Listing Share Option Scheme is 132,948,000, representing 5.3179% of the issued share capital of our Company as at the adoption date of the Pre-Listing Share Option Scheme, and 5.0494% of the enlarged issued share capital of our Company assuming all options to be granted under the Pre-Listing Share Option Scheme are exercised.

The maximum aggregate number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Pre-Listing Share Option Scheme and any other share option schemes of our Company, must not, in aggregate, exceed 30% of the total number of Shares in issue from time to time. No options may be granted under the Pre-Listing Share Option Scheme and any other share option scheme of our Company if this will result in such limit being exceeded.

The total number of Shares which may be issued upon exercise of all options to be granted under this scheme and any other schemes of our Company must not in aggregate exceed 10% of the Shares in issue from time to time.

(e) *Exercise price*

The exercise price is HK\$0.94 per Share, which was determined with reference to the fair value of the Shares as at 31 December 2017, based on a valuation report prepared by an independent valuer appointed by our Company.

(f) *Exercise of options*

An option may be exercised according to the terms of the Pre-Listing Share Option Scheme in whole or in part by the Grantee after vesting but before the expiry of 5 years after the grant date (“exercisable period”) by giving notice in writing to our Company stating that the option is to be exercised and the number of Shares in respect of which it is exercised, provided that the number of Shares shall be equal to the size of a board lot for dealing in Shares on the Stock Exchange or an integral number thereof. The Grantee shall also fully pay to our Company the exercise price in Hong Kong dollars in immediately available funds. Within 28 days after receipt of the notice and the relevant payment amount, and (where appropriate) receipt of the auditors of our Company’s or the independent financial adviser’s certificate under sub-paragraph (m), our Company shall allot and issue the relevant Shares to the Grantee credited as fully paid and issue to the Grantee.

(g) *Vesting*

Subject to the terms of Pre-Listing Share Option Scheme, the options granted should be subject to the following vesting conditions:

- (i) the net profit as shown in the audited consolidated financial statements of our Group for the relevant financial year represents an increase of 25% or more as compared to the immediately preceding financial year (as adjusted by excluding non-recurring gains and losses, listing expenses and share-based compensation expenses in relation to the Pre-Listing Share Option Scheme); and (ii) the relevant grantee has achieved the annual performance appraisal target set by our Group for the relevant financial year;
- (ii) the options granted to the grantees will be vested in the Grantee based on the following rates on the date of the audit report of our Group for the relevant financial year, provided that the vesting conditions in paragraph (g)(i) above are satisfied in the relevant financial year:
 - 40% of the total number of the share options will be vested in the financial year of the Listing Date;
 - 30% of the total number of the share options will be vested in the financial year immediately following the Listing Date; and
 - 30% of the total number of the share options will be vested in the second financial year after the Listing Date.

If any Grantee has not been employed for more than one year as of the grant date, the financial years for performance appraisal and the vesting dates above shall be deferred for one year respectively, in respect of such Grantee.

- (iii) if the vesting conditions in paragraph (g)(i) above have not been fulfilled during the relevant financial year, the corresponding percentage of the share options granted will lapse;

- (iv) subject to the compliance with the terms of the Pre-Listing Share Option Scheme, in respect of exercising of options, the Grantee may exercise the option at any time during the exercisable period after the vesting date for such share options, however if:
- if a general offer by way of voluntary offer or takeover, schemes of arrangement or otherwise is made to all the Shareholders (other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror) and such offer becomes or is declared unconditional, our Company shall forthwith notify all the Grantees and any Grantee (or his personal representatives) that they may by notice in writing to our Company within 14 days after such offer becoming or being declared unconditional exercise the option to its full extent or to extent specified in such notice;
 - in the event of a compromise or arrangement between our Company and its members and/or creditors is proposed for the purposes of or in connection with a scheme for the reconstruction of our Company or its amalgamation with any other company or companies, our Company shall give notice thereof to all grantees on the same day as it first gives notice of the meeting to its members and/or creditors to consider such a scheme or arrangement and the grantee may at any time thereafter but before such time as shall be notified by our Company exercise the option to its full extent or to the extent specified in the notice; and
 - a notice is given by our Company to its members to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up our Company, our Company shall on the same date as or soon after it despatches such notice to each member of our Company give notice thereof to all Grantees (together with a notice of the existence of the provisions of this paragraph) and thereupon, each Grantee (or his personal representatives) shall be entitled to exercise all or any of his options at any time not 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 Exercise 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 the relevant Shares to the Grantee credited as fully paid.

(h) *Transfer of options*

An option is personal to the Grantee and shall not be assignable nor transferable. No Grantee shall sell, transfer, charge, mortgage, pledge, encumber or create any interest (legal or beneficial) in favour of any third-party over or in relation to any option granted under the Pre-Listing Share Option Scheme. In case of any violation of any of the above provisions, our company reserves the right to cancel all or any portion of the share options granted but not yet exercised by the Grantee.

(i) *Ranking of the Shares*

Our Shares to be issued upon the exercise of an option will not carry voting rights until completion of the registration of the Grantee (or such other person nominated by the Grantee) as the holder thereof. Subject to the aforesaid, Shares issued on the exercise of options will rank *pari passu* in all respects with and shall have the same voting, dividend, transfer and other rights including those arising on liquidation of our Company as attached to the other fully-paid Shares in issue on the date of issue, except that they will not rank for any rights for dividend or other distribution declared or recommended or resolved to be paid or made by reference to a record date falling on or before the date of allotment.

(j) Lapse of options

An option shall lapse automatically and not be exercisable, to the extent not already exercised, on the earliest of:

- (i) the date of lapse referred to in sub-paragraph (g)(iii) above;
- (ii) the expiry of exercisable period in respect of any vested but unexercised share option;
- (iii) the expiry of each of the periods referred to in sub-paragraph (g)(iv) above (in respect of any unexercised options);
- (iv) the date of the commencement of the winding-up of our Company;
- (v) the date of termination of employment (which should be the last actual working day at any member of our Group, and no matter whether the payment in lieu of notice has been made), if the Grantee is a director or an employee of our Group who for any reason ceases to be employed by our Group, or for any reason changes, demotes or downgrades (except for the inter-transfer in the senior management level within our Group) his/her current positions;
- (vi) the date on which the Grantee commits a breach of sub-paragraph (h); or
- (vii) the date on which our Board, at its discretion cancels any share options granted but not yet exercised by the Grantee.

(k) Lock-up on the Shares

Within two years after the date of exercise of the option, a Grantee shall not sell, offer to sell, contract or agree to sell, mortgage, charge, pledge, lend, grant or sell any option, warrant, contract or right to purchase, grant or purchase any option, warrant, contract or right to sell, or otherwise transfer or dispose of or create an encumbrance over, or agree to transfer or dispose of or create an encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares which have been issued to him/her pursuant to his/her exercise of any option granted to and vested on him/her under the Pre-Listing Share Option Scheme.

(l) Cancellation of options

Our Board may cancel an option granted but not exercised by a Grantee in breach of sub-paragraph (h).

No options may be granted to an Eligible Participant in place of his/her cancelled options unless there are available unissued options (excluding the cancelled options) within the limit as mentioned in sub-paragraph (d).

(m) Effect of alterations in share capital

In the event of any alteration in the capital structure of our Company including a capitalisation issue, rights issue, subdivision, or consolidation or reduction of the share capital of our Company (other than an issue of any share capital as consideration in respect of a transaction), such corresponding adjustments (if any) shall be made to:

- (i) the number of Shares subject to any unexercised option; and/or

- (ii) the exercise price; and/or
- (iii) any combination of the above.

The auditors or the independent financial advisor engaged by our Company shall certify in writing to the Board that such adjustments are in their opinion fair and reasonable.

Any such adjustments shall give each participant the same proportion of the equity capital of our Company for which such participant was entitled to subscribe for prior to such adjustments, and any adjustments to the advantage of the participants to the exercise price or to the number of Shares subject to the options must be approved by the Shareholders in general meeting. No adjustment may be made to the extent that Shares would be issued at less than their nominal value.

(n) Alteration of the Pre-Listing Share Option Scheme

The Pre-Listing Share Option Scheme may be altered in any respect by resolution of our Board except for:

- (i) the definition of “Eligible Participant” and “Grantee”; and
- (ii) the provisions relating to the matters contained in Rule 17.03 of the Listing Rules.

(o) Termination of the Pre-Listing Share Option Scheme

Our Company, by resolution in general meeting of our shareholders, or our Board may at any time terminate the operation of the Pre-Listing Share Option Scheme and in such event no further option will be offered but in all other respects the provisions of the Pre-Listing Share Option Scheme shall remain in full force and effect and options granted prior to such termination shall continue to be valid and exercisable in accordance with the Pre-Listing Share Option Scheme.

(p) Conditions of the Pre-Listing Share Option Scheme

The Pre-Listing Share Option Scheme shall take effect on the date when all of the following conditions are fulfilled:

- (i) the approval and adoption of the Pre-Listing Share Option Scheme by the resolution of the Shareholders of our Company;
- (ii) the approval and adoption of the Pre-Listing Share Option Scheme by the resolutions of the shareholders of CGH;
- (iii) the Listing Committee granting approval of the listing of, and permission to deal in, the Shares which may fall to be issued pursuant to the exercise of any options granted; and
- (iv) the commencement of dealings in the Shares on the Stock Exchange.

(q) Summary of Grantees

On 21 May 2018, the Company granted an aggregate of 132,948,000 options to a total of 15 grantees. Details of the grantees who have been granted options under the Pre-listing Share Option Scheme are set out below:

Name of Grantee	Main position in the Group	Number of Shares subject to the option ¹	Percentage of enlarged issued share capital of our Company immediately upon completion of the Spin-off and full exercise of the options granted under the Pre-listing Share Option Scheme
<i>Directors of our Company</i>			
LI Changjiang	Executive Director	12,964,000	0.4924%
WU Bijun	Non-executive Director	12,964,000	0.4924%
GUO Zhanjun	Executive Director	4,699,000	0.1785%
XIAO Hua	Executive Director	4,762,000	0.1809%
Sub-total		35,389,000	1.3442%
<i>Senior Management of our Company</i>			
GONG Shunsong	Chief operating officer	4,257,000	0.1617%
XU Binhuai	Deputy general manager	5,000,000	0.1899%
HUANG Peng	Chief financial officer and joint company secretary	4,411,000	0.1675%
YU Xiangdong	Deputy general manager	4,884,000	0.1855%
YUAN Hongkai	Deputy general manager	4,591,000	0.1744%
Sub-total		23,143,000	0.8790%
<i>Others</i>			
MO Bin	President of CGH	38,892,000	1.4771%
XIE Shutai	Deputy president of CGH	19,446,000	0.7386%
CHEN Yuhui	General Manager of Operational Management Center of CG Property Services	3,769,000	0.1431%
XIA Xiaonan	General Manager of Administrative Management Center and Overseas Department of CG Property Services	4,465,000	0.1696%
WANG Cuiqin	General Manager of External Development and Management Department of CG Property Services	3,931,000	0.1493%
WANG Yingwu	Deputy General Manager of CG Property Services	3,913,000	0.1486%
Sub-total		74,416,000	2.8263%
Total		132,948,000	5.0494%

¹ Less than 1,000 shares are rounded (trading unit of 1,000 shares).

E. UNDERTAKING BY MS. YANG HUIYAN TO THE STOCK EXCHANGE PURSUANT TO THE LISTING RULES

Pursuant to Rule 10.07(1)(a) of the Listing Rules, Ms. Yang Huiyan has undertaken to the Stock Exchange and to our Company that (a) other than pursuant to the Spin-off and a deemed disposal of Shares upon any issue of securities by our Company as out in the section entitled “Waivers from Strict Compliance with the Listing Rules — Share Issue Restriction” in this listing document, she will not and will procure that the relevant registered holder of the Shares in which she is beneficially interested will not in the period commencing on the date by reference to which the disclosure of her shareholding is made in this listing document and ending on the date which is six months from the Listing date, 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 she is shown by this listing document to be the beneficial owner (b) in the period of six months commencing on the date on which the period referred to in paragraph (a) above expires, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of our 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, she would cease to be our Controlling Shareholder.

F. OTHER INFORMATION**1. Estate Duty**

Our Directors have been advised that no material liability for estate duty is likely to fall on our Group in Hong Kong, the PRC or the Cayman Islands.

2. Tax and Other Indemnity

Ms. Yang Huiyan has entered into the Deed of Indemnity with our Company (for itself and as trustee for each of our Company’s present subsidiaries) to indemnify our Group in respect of, among other matters:

- (a) any tax liabilities (including all fines, penalties, costs, charges, expenses and interests incidental or relating to taxation) which might be payable by any member of our Group in respect of any income, profits, gains, transactions, events, matters or things earned, accrued, received, entered into or occurring on or before the Listing Date, whether alone or in conjunction with any other circumstances whenever occurring and whether or not such tax liabilities are chargeable against or attributable to any other person, firm, company or corporation; and
- (b) any liability which is suffered, imposed or incurred by us in connection with the incidents of non-compliance.

3. Litigation

As at the Latest Practicable Date, no member of our Group was engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance is known to our Directors to be pending or threatened by or against any member of our Group.

4. Taxation of holders of Shares*(a) The Cayman Islands*

Under the present laws of the Cayman Islands, transfers and other disposals of Shares are exempted from the Cayman Islands stamp duty so long as our Company does not hold interests in land in the Cayman Islands.

(b) Hong Kong

Dealings in our Shares registered on our Company's Hong Kong branch register of members will be subject to Hong Kong stamp duty and the current rate charged on each of the purchaser and the seller is 0.1%. Profits from dealings in our Shares arising in or derived from Hong Kong may also be subject to Hong Kong profits tax.

5. Preliminary Expenses

The preliminary expenses of our Company were approximately US\$9,100.

6. Promoters

Our Company has no promoter. Save as disclosed above, within the two years immediately preceding the date of this listing document, no cash, securities or other benefits have been paid, allotted or given to the promoters in connection with the Spin-off or the related transactions described in this listing document.

7. Joint Sponsors

Each of the Joint Sponsors satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules.

The Joint Sponsors will receive an aggregate fee of US\$2 million for acting as the sponsors for the Listing.

8. Registration Procedures

The principal register of members of our Company will be maintained in the Cayman Islands by Conyers Trust Company (Cayman) Limited and a Hong Kong branch register of members of our Company will be maintained in Hong Kong by Tricor Investor Services Limited. Save where our Directors otherwise agree, all transfers and other documents of title to Shares must be lodged for registration with, and registered by, our Company's branch share register in Hong Kong and may not be registered on the principal register of members in the Cayman Islands.

9. Qualifications of Experts

The qualifications of the experts who have given opinions and/or whose names are included in this listing document are as follows:

Name	Qualification
HSBC Corporate Finance (Hong Kong) Limited	Licensed under the SFO to conduct type 6 (advising on corporate finance) regulated activities as defined under the SFO
Goldman Sachs (Asia) L.L.C.	Licensed under the SFO to conduct type 1 (dealing in securities), type 2 (dealing in futures contracts), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities as defined under the SFO
PricewaterhouseCoopers	Certified Public Accountants
DeHeng Law Offices (Shenzhen)	PRC Legal Advisers to our Company
Conyers Dill & Pearman	Cayman Islands attorneys-at-law
China Index Academy	Industry consultant

10. Consents of Experts

Each of the Joint Sponsors, PricewaterhouseCoopers, DeHeng Law Offices (Shenzhen), Conyers Dill & Pearman and China Index Academy has given and has not withdrawn its written consent to the issue of this listing document with copies of its reports, letters, opinions, summaries of opinions and/or references to its names included herein in the form and context in which they respectively appear.

11. No material adverse change

Our Directors confirm that there has been no material adverse change in the financial or trading position or prospects of our Group since 31 December 2017, being the date to which the latest audited financial statements of our Group were made, and up to the date of this listing document.

12. Miscellaneous

Save as disclosed in “History, Reorganisation and Corporate Structure”, “Share Capital” and in this Appendix,

- (a) Within two years preceding the date of this listing document:
 - (i) no share or loan capital of our Company or of any of our subsidiaries has been issued, agreed to be issued or is proposed to be issued fully or partly paid either for cash or for a consideration other than cash; and
 - (ii) no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any share or loan capital of our Company or any of our subsidiaries.
- (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) Our Company has no outstanding convertible debt securities or debentures.
- (d) There has not been any interruption in the business of our Group which may have or has had a significant effect on the financial position of our Group in the 12 months preceding the date of this listing document.
- (e) There is no arrangement under which future dividends are waived or agreed to be waived.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the offices of Sidley Austin at 39/F, Two International Finance Centre, 8 Finance Street, Central, Hong Kong during normal business hours from 9:30 a.m. to 5:30 p.m. up to and including the date which is 14 days from the date of this listing document:

- (a) The Memorandum of Association and the Articles of Association of our Company;
- (b) the Accountant's Report prepared by PricewaterhouseCoopers, the text of which is set out in "Appendix I — Accountant Report";
- (c) the report on the unaudited pro forma financial information prepared by PricewaterhouseCoopers, the text of which is set out in "Appendix II — Unaudited Pro Forma Financial Information";
- (d) the audited consolidated financial statements of our Group for the years ended 31 December 2015, 2016 and 2017;
- (e) the letter from Conyers Dill & Pearman, our Company's Cayman Islands legal adviser, summarising the constitution of our Company and certain aspects of the Companies Law referred to in "Appendix IV — Summary of the Constitution of the Company and Cayman Islands Company Law";
- (f) the Cayman Companies Law;
- (g) the PRC legal opinions issued by DeHeng Law Offices (Shenzhen), our Company's PRC Legal Advisers in respect of certain aspects of our Group;
- (h) the industry report issued by China Index Academy, our industry consultant;
- (i) the material contracts referred to in "Appendix VI — General Information — B. Further Information about the Business of our Company — 1. Summary of Material Contracts";
- (j) the written consents referred to in "Appendix VI — General Information — F. Other Information — 8. Consents of Experts"; and
- (k) the service contracts referred to in "Appendix VI — General Information — C. Further Information about Directors and Shareholders — 1. Directors".

The background of the page is a solid teal color. Overlaid on this background are several semi-transparent, light teal geometric shapes, primarily rectangles and trapezoids, arranged in a way that creates a sense of depth and architectural structure. These shapes are layered, with some appearing to be in front of others, and they vary in size and orientation, creating a modern, minimalist aesthetic.

Country Garden Services Holdings Company Limited
碧桂園服務控股有限公司