綠城管理控股有限公司
GREENTOWN MANAGEMENT HOLDINGS COMPANY LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 9979

GREENTOWN

Joint Sponsors

CREDIT SUISSE   Deutsche Bank Group

Joint Global Coordinators

CREDIT SUISSE   Deutsche Bank Group   BNP PARIBAS

GLOBAL OFFERING

Joint Bookrunners and Joint Lead Managers

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

GREENTOWN MANAGEMENT HOLDINGS COMPANY LIMITED
綠城管理控股有限公司

(Incorporated in the Cayman Islands with limited liability)

GLOBAL OFFERING

Number of Offer Shares under the Global Offering	:	**477,560,000 Shares (subject to the Over-allotment Option)**
Number of Hong Kong Offer Shares	:	**47,756,000 Shares (subject to adjustment)**
Number of International Offer Shares	:	**429,804,000 Shares (including 47,756,000 Reserved Shares under the Preferential Offering, subject to adjustment (as applicable)) (subject to adjustment and the Over-allotment Option)**
Maximum Offer Price	:	**HK$3.00 per Share plus brokerage of 1%, SFC transaction levy of 0.0027% and the Stock Exchange trading fee of 0.005% (payable in full on application, subject to refund)**
Nominal value	:	**HK$0.01 per Share**
Stock code	:	**9979**

Joint Sponsors

Credit Suisse   Deutsche Bank Group

Joint Global Coordinators

Credit Suisse   Deutsche Bank Group   BNP PARIBAS

Joint Bookrunners and Joint Lead Managers

Credit Suisse   Deutsche Bank Group   BNP PARIBAS   CITIC SECURITIES

BOC INTERNATIONAL   廣發証券(香港)經紀有限公司 GF SECURITIES (HONG KONG) BROKERAGE LIMITED   CRIC 克而瑞證券 CRIC SECURITIES CO. LTD

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

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

The Offer Price is expected to be fixed by agreement among the Joint Representatives (on behalf of the Underwriters) and our Company on the Price Determination Date. The Price Determination Date is expected to be on or around Friday, July 3, 2020 and, in any event, not later than Thursday, July 9, 2020. The Offer Price will not be more than HK$3.00 and is currently expected to be not less than HK$2.20. Investors applying for the Hong Kong Offer Shares must pay, on application, the maximum Offer Price of HK$3.00 for each Share together with a brokerage of 1%, the SFC transaction levy of 0.0027% and the Stock Exchange trading fee of 0.005%, subject to refund if the Offer Price is less than HK$3.00 per Offer Share.

The Joint Representatives (on behalf of the Underwriters) with the consent of our Company, may reduce the number of Offer Shares and/or the indicative offer price range below that stated in this prospectus (which is HK$2.20 to HK$3.00 per Offer Share) at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, notices of the reduction in the number of Offer Shares and/or the indicative offer price range will be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) not later than the morning of the last day for lodging applications under the Hong Kong Public Offering. Such notice will also be available at the website of the Stock Exchange at **www.hkex.com.hk** and our website at **www.lcgljt.com**. Further details are set out in "Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares and Reserved Shares". If, for any reason, the Joint Representatives (on behalf of the Underwriters) and our Company are unable to reach an agreement on the Offer Price by Thursday, July 9, 2020, the Global Offering will not become unconditional and will lapse immediately.

Prior to making an investment decision, prospective investors should consider carefully all of the information set out in this prospectus, including the risk factors set out in "Risk Factors". The obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement to subscribe for, and to procure subscribers for, the Hong Kong Offer Shares, are subject to termination by the Joint Representatives (on behalf of the Underwriters) if certain events shall occur prior to 8:00 a.m. on Friday, July 10, 2020. Such grounds are set out in "Underwriting". It is important that you refer to that section for further details.

The Offer Shares have not been, and will not be, registered under the U.S. Securities Act or any state securities laws of the United States and may not be offered, sold, pledged or transferred within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. The Offer Shares are being offered and sold (i) within the United States solely to QIBs as defined in Rule 144A pursuant to an exemption from registration under the U.S. Securities Act and (ii) outside the United States in offshore transactions in accordance with Regulation S.

June 29, 2020

Dispatch of **BLUE** application form to qualifying greentown shareholders on or before	Monday, June 29, 2020
Hong Kong Public Offering and Preferential Offering commence and **WHITE** and **YELLOW** Application Forms available from	9:00 a.m. on Monday, June 29, 2020
Latest time to complete electronic applications under **White Form eIPO** service through the designated website at **www.eipo.com.hk**[2]	11:30 a.m. on Friday, July 3, 2020
Application lists of the Hong Kong Public Offering and the Preferential Offering open[3]	11:45 a.m. on Friday, July 3, 2020
Latest time to lodge **WHITE**, **YELLOW** and **BLUE** application forms	12:00 noon on Friday, July 3, 2020
Latest time to complete payment for **White Form eIPO** service by effecting internet banking transfers or PPS payment transfer(s)	12:00 noon on Friday, July 3, 2020
Latest time to give **electronic application instructions** to HKSCC[4]	12:00 noon on Friday, July 3, 2020
Application lists of the Hong Kong Public Offering and the Preferential Offering close	12:00 noon on Friday, July 3, 2020
Expected Price Determination Date[5]	Friday, July 3, 2020

Announcement of:

- the Offer Price;
- the level of indications of interest in the International Offering;
- the level of applications in the Hong Kong Public Offering and the Preferential Offering; and

- the basis of allocation of the Hong Kong Offer Shares under the Hong Kong Public Offering and the Reserved Shares under the Preferential Offering

to be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) on or before . . . . Thursday, July 9, 2020

A full announcement of the Hong Kong Public Offering and the Preferential Offering containing the information above will be published on the website of the Hong Kong Stock Exchange at **www.hkexnews.hk** and our Company's website at **www.lcgljt.com** from . . . . .Thursday, July 9, 2020

Results of allocations in the Hong Kong Public Offering and the Preferential Offering will be available at **www.iporesults.com.hk** (alternatively: English **https://www.eipo.com.hk/en/Allotment**; Chinese **https://www.eipo.com.hk/zh-hk/Allotment**) with a "search by ID" function from . . . . Thursday, July 9, 2020

Dispatch of share certificates and deposit of share certificates into CCASS in respect of wholly or partially successful applications pursuant to the Hong Kong Public Offering on or before[6][7][8] . . . . .Thursday, July 9, 2020

Dispatch of White Form e-Refund payment instructions/refund cheques in respect of wholly or partially successful applications (if applicable) or wholly or partially unsuccessful applications pursuant to the Hong Kong Public Offering and the Preferential Offering on or before . . . . .Thursday, July 9, 2020

Dealings in the Shares on the Stock Exchange expected to commence on . . . . .Friday, July 10, 2020

Notes:

(1) Unless otherwise stated, all times and dates refer to Hong Kong local times and dates. Details of the structure of the Global Offering, including its conditions, are set out in "Structure of the Global Offering."

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

(3) If there is/are a "black" rainstorm warning, a tropical cyclone warning signal number 8 or above and /or Extreme Conditions in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Friday, July 3, 2020, the application lists will not open and close on that day. Please refer to "How to apply for Hong Kong Offer Shares and Reserved Shares – 10. Effect of Bad Weather on the Opening of the Application Lists" for further details. If the application lists do not open and close on Friday, July 3, 2020 or if there is a tropical cyclone warning signal number 8 or above or a "black" rainstorm warning signal in force in Hong Kong that may affect the dates mentioned in the "Expected Timetable," we will make an announcement in such event.

(4) Applicants who apply for Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC should refer to "How to apply for Hong Kong Offer Shares and Reserved Shares – 6. Applying By Giving **Electronic Application Instructions** to HKSCC via CCASS."

(5) We expect to determine the Offer Price by agreement with the Joint Representatives (on behalf of the Underwriters) on the Price Determination Date. The Price Determination Date is expected to be on or around Friday, July 3, 2020, and, in any event, not later than Thursday, July 9, 2020. If, for any reason, the Offer Price is not agreed between the Joint Representatives (on behalf of the Underwriters) and our Company by Thursday, July 9, 2020, the Hong Kong Public Offering and the International Offering will not proceed. Notwithstanding that the Offer Price may be fixed at below the maximum offer price of HK$3.00 per Share payable by applicants for Hong Kong Offer Shares under the Hong Kong Public Offering, applicants for the Hong Kong Offer Shares are required to pay, on application, the maximum Offer Price of HK$3.00 for each Share, together with the brokerage fee of 1%, a Stock Exchange trading fee of 0.005% and a SFC transaction levy of 0.0027% but will be refunded the surplus application monies as provided in "How to apply for Hong Kong Offer Shares and Reserved Shares."

(6) Share certificates for the Offer Shares will become valid certificates of title at 8:00 a.m. on Friday, July 10, 2020 provided that (i) the Global Offering has become unconditional in all respects and (ii) neither of the Underwriting Agreements has been terminated in accordance with its terms If the Global Offering does not become unconditional or the Underwriting Agreements are terminated in accordance with their respective terms, we will make an announcement as soon as possible.

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

(8) Applicants who have applied on (i) **WHITE** Application Forms or **White Form eIPO** for 1,000,000 or more Hong Kong Offer Shares under the Hong Kong Public Offering or; (ii) **BLUE** Application Forms for 1,000,000 or more Reserved Shares under Preferential Offering and have provided all required information in their applications may collect refund check (where applicable) and/or share certificates (where applicable) in person from our Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong between 9:00 a.m. to 1:00 p.m. on Thursday, July 9, 2020. Applicants being individuals who are eligible for personal collection may not authorize any other person to make collection on their behalf. Applicants being corporations who are eligible for personal collection must attend through their authorized representatives bearing letters of authorization from their corporation stamped with the corporation's chop. Both individuals and authorized representatives of corporations must produce, at the time of collection, evidence of identity acceptable to the Hong Kong Share Registrar.

Applicants who have applied on **YELLOW** Application Forms for 1,000,000 or more Hong Kong Offer Shares under the Hong Kong Public Offering and have provided all information required may collect their refund check, if any, in person but may not elect to collect their share certificates as such share certificates will be deposited into CCASS for the credit of their Designated CCASS Participants' Stock Accounts or CCASS Investor Participant Stock Accounts, as appropriate. The procedures for collection of refund check for **YELLOW** Application Form applicants are the same as those for **WHITE** Application Form applicants.

Applicants who apply for Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC should refer to "How to apply for Hong Kong Offer Shares and Reserved Shares – 14. Despatch/Collection of Share Certificates and Refund Monies – (iv) If you apply via **Electronic Application Instructions** to HKSCC" for details. Uncollected share certificates and refund check will be dispatched by ordinary post, at the applicants' risk, to the addresses specified in the relevant applications.

Further information is set out in "How to apply for Hong Kong Offer Shares and Reserved Shares – 13. Refund of Application Monies" and "How to apply for Hong Kong Offer Shares and Reserved Shares – 14. Despatch/Collection of Share Certificates and Refund Monies."

The above expected timetable is a summary only. If there is a "black" rainstorm warning or a tropical cyclone warning signal number 8 or above and/or Extreme Conditions in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Friday, July 3, 2020, the application lists will not open and close on that day. Please refer to the "How to apply for Hong Kong Offer Shares and Reserved Shares – Effect of bad weather on the opening of the Application Lists" of this prospectus. You should refer to "Structure of the Global Offering" and "How to apply for Hong Kong Offer Shares and Reserved Shares" of this prospectus for details of the structure of the Global Offering, including the conditions of the Global Offering, and the procedures for application for the Hong Kong Offer Shares and the Reserved Shares.

IMPORTANT NOTICE TO INVESTORS

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

You should rely on the information contained in this prospectus and the Application Forms to make your investment decision. We have not authorized anyone to provide you with information that is different from what is contained in this prospectus. Any information or representation not made in this prospectus must not be relied on by you as having been authorized by us, the Joint Sponsors, the Joint Representatives, the Joint Global Coordinators, the Joint Bookrunners, and the Joint Lead Managers, the Underwriters, any of our or their respective directors, officers or representatives or any other person involved in the Global Offering. Information contained in our website, located at www.lcgljt.com, does not form part of this prospectus.

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

There are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are set out in "Risk Factors" beginning on page 42 of this prospectus. You should read that section carefully before you decide to invest in the Offer Shares.

OVERVIEW

Founded in 2010, we were the largest project management company in the PRC real estate market in terms of accumulated contracted GFA from 2017 to 2019, newly contracted GFA in 2019 and total revenue in 2019, according to China Index Academy. In particular, in 2019, we (by ourselves and through cooperation with business partners) had 72 newly contracted projects with newly contracted GFA of approximately 16.0 million sq.m., achieving a market share of 23.7% in the PRC project management market, which is more than double the size of the second largest market player, according to China Index Academy. From 2017 to 2019, we had consecutively earned the accolade of a Leading Enterprise in Real Estate Project Management Operation (中國房地產代建運營引領企業) granted by China Real Estate Top 10 Research Team.

As a leading project management company, we are devoted to helping our Project Owners lead the property development process, and providing comprehensive project management services covering the entire life span of property management. Leveraging the "Greentown" brand, our extensive experience in the PRC property development industry, our innovative Project Management 4.0 management system, our proprietary "Greentown Star" standards, and our network of quality contractors and suppliers, we believe we have integrated the best practices of property development, offered "one-stop," optimized solutions to the Project Owners, and created value for our managed projects in terms of quality, efficiency and premium pricing.

Since our inception, we have experienced significant business growth due to the rapid development of the PRC real estate market and the PRC project management market, as well as the strong demand for quality property development. As of December 31, 2019, we (by ourselves and through cooperation with business partners) had 260 project management projects located in 85 cities across 26 provinces, municipalities and autonomous regions in the PRC and one city in Cambodia, with a total GFA under management of 67.5 million sq.m. According to the China Index Academy Report, the PRC project management market is expected to continue to grow at a CAGR of 23.5% in terms of the newly contracted GFA from 2020 to 2024. We believe that we are well positioned to benefit from the fast growing project management industry and, we will continue scaling up our project management services to capture strong business opportunities in the future.

According to the China Index Academy, we are the first project management company with an asset-light business model in the PRC. As a project management company, we generally do not need to commit a significant amount of financial resources to the projects since the Project Owners are primarily responsible for the acquisition cost of land and the construction cost of property. We believe that our asset-light business model empowers the Project Owners with our expertise, experience and reputation in project management and enables us to replicate our success to new project management projects operated by ourselves and through cooperation with business partners.

During the Track Record Period, our Project Owners generally included: (i) private property developers; (ii) state-owned property developers; and (iii) Government Entities. In most cases, our Project Owners have already received or are in the process of applying for, land use rights grants. In recent years, there has been an increasingly strong demand from such Project Owners, for project management service providers with professional teams, standardized management system, stringent product quality control, qualified contractors and suppliers and premium pricing strategies. We differentiate ourselves from other project management companies by the "Greentown" brand, our experienced employees, our established management and quality control system, our network of quality contractors and suppliers, our ability to customize our services to meet the needs of various types of Project Owners as well as our upholding of industry leading standards, allowing us to seize the growth opportunities in the PRC project management industry.

During the Track Record Period, we generated revenue primarily from three business segments, as follows:

- **Commercial Project Management**

  Our commercial project management business is our largest segment, accounting for a majority of our revenue during the Track Record Period. We provide various services throughout the property development process including preliminary management, planning and design, construction management, cost control, marketing, sales services, delivery management and after-sales services. The vast majority of projects we undertake in this business segment are residential property development. We operate our commercial project management business primarily by ourselves and through cooperation with business partners. See "Business – Project Management Business – Commercial Project Management."

- **Government Project Management**

  The vast majority of projects we undertake in this business segment are public housing property development, and to a lesser extent, public infrastructure including schools, museums and sports facilities. Our government project management services generally include planning and design, project schedule management, construction management, cost control, completion acceptance and delivery management. We operate our government project management business primarily by ourselves and to a lesser extent, through cooperation with business partners. See "Business – Project Management Business – Government Project Management."

- **Other Services**

  Our other services business segment includes project management consulting services, design consultation services and other services. See "Business – Project Management Business – Other Services."

We experienced significant growth during the Track Record Period. In 2017, 2018 and 2019, our revenue was RMB1,015.9 million, RMB1,481.2 million and RMB1,993.9 million, respectively. In 2017, 2018 and 2019, our profit for the year from continuing operations was RMB255.8 million, RMB363.1 million and RMB388.9 million, respectively.

The table below sets forth the breakdown of our total revenue by business segments for the periods indicated:

	Year ended December 31,					
	2017		2018		2019	
	Amount	% of Revenue	Amount	% of Revenue	Amount	% of Revenue
	(in thousands of RMB, except percentage)					
Commercial project management	806,666	79.4	1,145,542	77.3	1,470,763	73.8
attributable to:						
Self-operated	686,776	67.6	762,764	51.5	795,201	39.9
Cooperation with business partners	119,890	11.8	382,778	25.8	675,562	33.9
Government project management	149,803	14.8	202,889	13.7	358,438	18.0
attributable to:						
Self-operated	149,484	14.7	193,806	13.1	348,735	17.5
Cooperation with business partners	319	0.1	9,083	0.6	9,703	0.5
Other services	59,411	5.8	132,756	9.0	164,691	8.2
Total	1,015,880	100.0	1,481,187	100.0	1,993,892	100.0

The table below sets forth our gross profit and gross profit margin by business segments for the periods indicated:

	Year ended December 31,					
	2017		2018		2019	
	Gross profit	Gross profit margin (%)	Gross profit	Gross profit margin (%)	Gross profit	Gross profit margin (%)
	(in thousands of RMB, except percentages)					
Commercial project management	495,124	61.4	637,682	55.7	679,547	46.2
attributable to:						
Self-operated	434,747	63.3	523,715	68.7	512,628	64.5
Cooperation with business partners	60,377	50.4	113,967	29.8	166,919	24.7
Government project management	56,874	38.0	61,149	30.1	155,343	43.3
Other services	24,524	41.3	44,952	33.9	46,681	28.3
Total	576,522	56.8	743,783	50.2	881,571	44.2

The table below sets forth the breakdown of our project management projects operated by ourselves and through cooperation with business partners, by business segments, as of December 31, 2019:

	Number of projects we managed[(1)(2)]	GFA Under Management[(1)(2)] Constructed	Under Construction	To be Constructed	Total
		(in thousands of sq.m.)			
As of December 31, 2019					
Project management					
Commercial project management	145	4,741.9	15,673.6	17,787.6	38,203.1
attributable to:					
Self-operated	56	3,057.9	5,779.9	5,804.3	14,642.1
Cooperation with business partners	89	1,684.0	9,893.7	11,983.3	23,561.0
Government project management	115	769.7	21,849.5	6,701.8	29,321.0
attributable to:					
Self-operated	98	229.4	17,922.5	5,601.8	23,753.7
Cooperation with business partners	17	540.3	3,927.0	1,100.0	5,567.3
Total	260	5,511.6	37,523.1	24,489.4	67,524.1

Notes:

(1) The number of projects and their respective GFA we managed as disclosed in the preceding table did not include those projects under development for which the respective Project Owners had not received the land use rights as of the date indicated.

(2) The number of projects and their respective GFA we managed as disclosed in the preceding table only included those projects that remained under our management as of the date indicated.

(3) The number of projects and their respective GFA we managed as disclosed in the preceding table only contain those from our consolidated subsidiaries and through cooperation with business partners as of the dates indicated.

In the years ended December 31, 2017, 2018 and 2019, we (by ourselves and through cooperation with business partners) had newly contracted project management projects of 43, 106 and 72, respectively with newly contracted GFA achieving 10.6 million sq.m., 22.4 million sq.m. and 16.0 million sq.m. We had a lower growth of newly contracted project management projects and newly contracted GFA in 2019 primarily because we tightened up our project selection for government project management business to prioritize projects with better potential project profitability and non-economic values such as brand recognition and promotion and as a result we forewent a number of opportunities for the year.

A detailed discussion of our business is set out in "Business" section of this prospectus.

CUSTOMERS AND SUPPLIERS

We have a large and growing customer base primarily comprising the Project Owners. In 2017, 2018 and 2019, revenue derived from sales to our five largest customers accounted for approximately 27.8%, 19.3% and 20.5%, respectively, of our total revenue. For the same periods, revenue derived from our single largest customer accounted for approximately 8.5%, 4.2% and 5.1%, respectively, of our total revenue. All of our five largest customers during the Track Record Period were independent third parties. As of the Latest Practicable Date, none of our Directors, their close associates or any Shareholders who, to the knowledge of our Directors, owned more than 5% of our issued share capital, had any interest in any of our five largest customers. We do not have any long-term agreements with our five largest customers. We typically enter into agreements with our customers on a project-by-project basis, in which the tenure of such agreement depends on the duration of each project development plan.

We have established stable business relationships with our suppliers, consisting mainly of our joint venture business partners established with our JV partners. In 2017, 2018 and 2019, service fees paid to our five largest suppliers accounted for approximately 68.9%, 56.9% and 49.7% respectively, of our total purchases (including service fees). For the same periods, service fees paid to our single largest supplier accounted for approximately 31.0%, 15.1% and 10.8%, respectively, of our total purchases (including service fees).

OUR INDUSTRY

In recent years, a large number of property developers have undertaken project management services. According to China Index Academy, there were 28 sizeable project management companies in the PRC in 2019, undertaking projects with an aggregate contracted GFA of approximately 275.6 million sq.m., 59.0% and 71.1% of which were managed by the top five and top ten companies in the project management industry, respectively, in 2019. The project management industry is still at a preliminary development stage and may gradually develop as a separate industry from the broader property development industry. Our major competitors include large national and regional project management companies in the PRC real estate industry. For further discussion of our competitive environment, see the sections headed “Industry Overview” and “Risk Factors – Risks Relating to Our Business and Our Industry – Increasing competition in the PRC project management market may adversely affect our business and financial condition” in this prospectus.

OUR COMPETITIVE STRENGTHS

We believe the following competitive strengths contribute to our success and position us well for continued growth:

- The leading project management company in the fast growing PRC project management market;
- Unique value proposition to the Project Owners with proprietary management systems and standards, a renowned and strong brand and a network of quality service providers;
- Our asset-light business model which drives rapid growth and profitability with reduced risk;
- Strong and diversified pipeline to drive sustainable growth; and
- Experienced management team and an employee-focused culture.

OUR STRATEGIES

We plan to pursue the following strategies:

- Maintain our leadership position in the industry and further expand our project management business in existing and new cities and regions;
- Develop ourselves as a comprehensive project management platform through enriching our services along the value chain;
- Expand our project coverage scope to different property types and develop our research and development capabilities;
- Further implement the "Greentown Star" standards to solidify project management industry standards and benchmarks; and
- Retain existing and recruit new talents to reinforce and enhance the "Greentown" brand.

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

We are subject to various risks related to our business and our industry. These risks include:

- The business and prospects of our commercial project management business are dependent on and may be adversely affected by the economic conditions in China and the performance of the real estate market in China;
- Increasing competition in the PRC project management market may adversely affect our business and financial condition;
- We may not be able to maintain our business growth at the same level we had during the Track Record Period;
- The national and regional economies in China and the world and our prospects may be adversely affected by COVID-19 or occurrence of other epidemics;
- Our Project Owners and other counterparties may not be able to fulfill their contractual obligations owed to us, which could negatively impact our reputation, business, financial condition and results of operations;
- We may be adversely affected by material issues that affect our relationship or business ventures with our business partners;
- We may be adversely affected by the performance of third-party contractors and suppliers, and if our relationship with any of them deteriorates, our reputation or business operation may be adversely affected; and
- Our results of operations and financial position could be adversely affected by the goodwill impairment.

A detailed discussion of these and other risks relating to our business, our industry and the Global Offering are set out in "Risk Factors" beginning on page 42 of this prospectus.

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

The following tables set out selected financial data from our consolidated financial information for the Track Record Period, extracted from the Accountants' Reports set out in Appendix I to this prospectus. The selected financial data set out below should be read together with our combined financial statements and the related notes, as well as the section entitled "Financial Information" beginning on page 229 of this prospectus.

Summary Consolidated Statements of Profit or Loss and Other Comprehensive Income

The following table sets forth our summary consolidated statements of profit or loss for the periods indicated.

	Year ended December 31,		
	2017	**2018**	**2019**
	(in thousands of RMB)		
Continuing operations			
Revenue	1,015,880	1,481,187	1,993,892
Cost of sales	(439,358)	(737,404)	(1,112,321)
Gross profit	576,522	743,783	881,571
Selling and marketing expenses	(13,041)	(34,696)	(21,965)
Administrative expenses	(241,289)	(248,265)	(302,215)
Profit before tax	349,926	411,764	538,204
Profit for the year from continuing operations	255,751	363,092	388,922
Discontinued operations			
Profit/loss for the year from discontinued operation	6,829	1,855	(18,204)
Profit for the year	262,580	364,947	370,718
Profit for the year attributable to owners of the Company			
– from continuing operations	243,399	332,675	339,880
– from discontinued operations	3,483	2,225	(15,111)
	246,882	334,900	324,769
Profit for the year attributable to non-controlling interests			
– from continuing operations	12,352	30,417	49,042
– from discontinued operations	3,346	(370)	(3,093)
	15,698	30,047	45,949
Profit for the year	262,580	364,947	370,718

During the Track Record Period, the continued growth of our revenue was mainly due to increases in the revenue from our commercial project management through our cooperation with business partners and conducted by ourselves. The gross profit margin of our commercial project management business decreased during the Track Record Period mainly due to the rapid development of this business conducted through our cooperation with business partners under which we need to pay certain percentage of our management fee to our cooperated business partners. See "Financial Information – Description of selected statements of profit or loss line items – Revenue" and "Financial Information – Description of selected statements of profit or loss line items – Gross profit and gross profit margin."

Our profit for the year attributable to the owners of the Group increased from RMB246.9 million in 2017 to RMB334.9 million in 2018 which is in line with our significant revenue growth. Our profit for the year attributable to the owners of the Group decreased from RMB334.9 million in 2018 to RMB324.8 million in 2019 primarily due to loss incurred for our discontinued operations. See "Financial Information – Description of Selected Statements of Profit or Loss Line Items – Discontinued Operations."

Summary of Consolidated Statements of Financial Position

The following table sets forth our key financial data from our consolidated statements of financial position as of the dates indicated:

	As of December 31,		
	2017	**2018**	**2019**
	(in thousands of RMB)		
Total non-current assets	1,025,159	1,131,109	1,238,710
Total current assets	1,270,733	1,260,045	2,520,997
Total assets	2,295,892	2,391,154	3,759,707
Total current liabilities	1,729,871	1,444,512	2,054,240
Net current assets/(liabilities)	(459,138)	(184,467)	466,757
Total assets less current liabilities	566,021	946,642	1,705,467
Net assets	535,865	901,790	1,681,189

As of December 31, 2017, 2018 and 2019, we had net current liabilities of RMB459.1 million, RMB184.5 million and net current assets of RMB466.8 million, respectively. We recorded net current liabilities as of December 31, 2017 and 2018 primarily due to (i) the relatively larger amounts due to related parties mainly representing the fee payable in relation to project management services provided by our cooperated business partners and the non-trade due to (a) Greentown Real Estate in connection with the unpaid consideration for our acquisition of Greentown Shidai and Greentown Dingyi in 2017 and (b) Greentown Real Estate in connection with the payments made to suppliers and constructors in the Media Village Project Management on behalf of us as well as (ii) the relatively larger amounts of trade and other payables mainly representing other payables to Project Owners in connection with the deposits they placed with us and payroll payable.

We had net current assets of RMB466.8 million as of December 31, 2019 compared to net current liabilities of RMB184.5 million as of December 31, 2018 primarily as a result of the increase in our bank balances and cash from RMB471.6 million as of December 31, 2018 to RMB1,126.8 million as of December 31, 2019 primarily due to the increase in our net cash generated from financing activities. The increase in our net current assets was partially offset by the increase in our amounts due to related parties from RMB374.4 million as of December 31, 2018 to RMB800.8 million as of December 31, 2019 primarily due to the increases in the amount due to related parties mainly reflecting advance from Greentown China, as well as the operation entrustment arrangements between us and Greentown Real Estate.

Summary Financial Data from Consolidated Statements of Cash Flows

The table below summarizes our consolidated statement of cash flows for the periods indicated:

	Year ended December 31,		
	2017	2018	2019
	(in thousands of RMB)		
Net cash generated from operating activities	375,617	530,541	121,116
Net cash generated from/(used in) investing activities	(531,837)	467,881	(180,686)
Net cash generated from/(used in) financing activities	(1,106)	(821,138)	727,140
Net increase/(decrease) in cash and cash equivalents	(157,332)	177,288	667,599
Cash and cash equivalents at the beginning of the year	451,607	294,275	471,563
Cash and cash equivalents at the end of the year	294,275	471,563	1,139,162

KEY FINANCIAL RATIOS

The following table sets forth certain of our key financial ratios for the periods or as of the dates indicated:

	As of and for the year ended December 31,		
	2017	2018	2019
Growth ratio			
Revenue growth (%)	N/A	45.8	34.6
Gross profit growth (%)	N/A	29.0	18.5

	As of and for the year ended December 31,		
	2017	2018	2019
Profitability ratio			
Gross profit margin (%)[(1)]	56.8	50.2	44.2
Net profit margin from continuing operations (%)[(2)]	25.2	24.5	19.5
Liquidity ratio			
Current ratio (times)[(3)]	0.73	0.87	1.23
Capital adequacy ratio			
Return on equity (%)[(4)]	61.4	50.3	26.7
Gearing ratio (%)[(5)]	1.9	1.1	–

Notes:

(1) The calculation of gross profit margin is based on gross profit for the period divided by revenue for the same period and multiplied by 100%.

(2) The calculation of net profit margin from continuing operations is based on profit for the year from continuing operations divided by revenue for the same period and multiplied by 100%.

(3) The calculation of current ratio is based on current assets at the end of the period divided by current liabilities at the end of the same period and multiplied by 100%.

(4) The calculation of return on equity is based on profit for the period attributable to owners of the Company divided by the average of equity attributable to owners of the Company at the beginning of the period and at the end of the period and multiplied by 100%.

(5) The calculation of gearing ratio is based on total debt (including bank and other borrowings – due within one year) at the end of the period divided by total equity at the end of the same period.

SHAREHOLDER INFORMATION AND RELATIONSHIP WITH GREENTOWN CHINA

Immediately after the completion of the Global Offering, and assuming that the Over-allotment Option is not exercised, Greentown China will be interested in and control approximately 75.0% of our issued share capital and will remain as our Controlling Shareholder under the Listing Rules.

We consider that there is sufficient business delineation between the Parent Group (i.e. Greentown China and its subsidiaries other than our Group) and our Group. We undertake a line of business distinct from that of the Parent Group, given that our Group and the Parent Group focus on different business models and target different groups of customers by offering different products/services. For further details, please see the section entitled "Relationship with Controlling Shareholder – Business Delineation between the Parent Group and our Group" in this prospectus.

On operational independence, (i) we have independent access to suppliers and customers and an independent management team to oversee our daily operations; (ii) as advised by our PRC Legal Advisor, we possess all the material licenses and permits necessary to carry on and operate our business; and (iii) we consider that we have sufficient operational capacity in terms of capital and employees to operate independently. The Group currently undertakes certain state-owned capital investment projects (國有資本投資項目) government project management projects assigned from Greentown Real Estate (a member of the Parent Group). We do not consider that such arrangement would affect the operational independence of the Group as a whole taking into account the relatively small amount of revenue from such arrangements. For further details, please see the section entitled "Relationship with Controlling Shareholder – Independence from Greentown China – Operational Independence."

On financial independence, our Group has its own financial management system, internal control and accounting systems, accounting and finance department, independent treasury function for cash receipts and payments and therefore we consider that we have the ability to operate independently from Greentown China from a financial perspective. For the years ended December 31, 2017, 2018 and 2019, our revenue generated from Greentown China was RMB84.9 million, RMB82.4 million and RMB118.5 million, accounting for 8.4%, 5.6% and 5.9% of our total revenue, respectively, primarily related to project management and design services we provided to Greentown China. As of the Latest Practicable Date, the Company was indebted to Greentown China in the amount of RMB540.0 million in the offshore market, which is expected to be settled on the Listing Date using the net proceeds from the Global Offering. See to the section headed "Future Plans and Use of Proceeds" for further details. As of the Latest Practicable Date, an amount of approximately RMB454.3 million in the onshore market (primarily representing the payments which our Group made to suppliers on behalf of the Parent Group in connection with the Media Village Project Management Project) was due from the Parent Group to us, which amount is expected to be settled on or before the Listing Date. We intend to use such amount for general corporate purposes. We believe that our Group is capable of obtaining financing from external sources without reliance on Greentown China. As of the Latest Practicable Date, there was no unsettled financial guarantee given by the Parent Group for our Group. The Company currently expects that none of the debts or loans of the Group will be guaranteed by any connected person of the Company after the Listing. For further details, please see the section entitled "Relationship with Controlling Shareholder – Independence from Greentown China – Financial Independence."

RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE

As of March 31, 2020, we (by ourselves and through cooperation with business partners) had 266 project management projects. As of the same date, our project management projects operated by ourselves and through cooperation with business partners had a total GFA under management of approximately 69.8 million sq.m., of which 26.3 million sq.m. were classified as to be constructed, 38.0 million sq.m. were under construction and 5.5 million sq.m. were constructed. As of March 31, 2020, we (by ourselves and through cooperation with business partners) had 150 commercial project management projects and 116 governmental project management projects with a total GFA under management of 40.2 million sq.m. and 29.6 million sq.m., respectively.

Impact of COVID-19 Outbreak on Our Business

On January 30, 2020, the World Health Organization declared that the outbreak of COVID-19 constitutes a Public Health Emergency of International Concern (PHEIC). In February and March 2020, an increasing number of additional cases were confirmed in many other countries and regions around the world. In March 2020, the World Health Organization declared the coronavirus disease, or COVID-19, as a global pandemic. Since the outbreak of COVID-19, the local governments of various provinces and cities in which we operate have introduced a series of measures in order to prevent or control the epidemic, including but not limited to restrictions on enterprises from resuming work, traffic control, travel bans, management and control over commencement schedules of construction in new and exiting construction sites. As a result, our Group had not officially resumed onsite work until February 2020 and a majority of our project management projects under construction had not officially resumed onsite work until March 2020. As of the Latest Practicable Date, all of our project management projects under construction had officially resumed onsite work. The outbreak of COVID-19 is expected to result in delays in the timetable for our project management projects and its impact on the PRC real estate markets in general remain uncertain. Since April 2020, China and some other countries have gradually lifted stay-at-home orders and began to resume work and school at varying levels and scopes, and have introduced various policies to boost the economy and stimulate the local real estate markets while continually taking various measures to reduce potential spread and impact of infection. Given the uncertainties as to the development of the outbreak and the national and regional restriction and circumstances at the moment, it is difficult to predict how long these conditions will persist and to what extent to which we may be affected. For further details, see "Business – Impact of COVID-19 outbreak on our business," "Risk factors – Risks Relating to Our Business and Our Industry – The national and regional economies in China and our prospects may be adversely affected by COVID-19 or occurrence of other epidemics" and "Industry Overview – Outlook of the PRC Project Management Industry" of this document.

Our revenue decreased by 35.7% from RMB437.0 million for the three months ended March 31, 2019 to RMB281.1 million for the same period in 2020, and our gross profit decreased by 48.4% from RMB202.2 million for the three months ended March 31, 2019 to RMB104.3 million for the same period in 2020, primarily due to the temporary suspension of our business operations and our project management projects in the first quarter of 2020 as a result of the COVID-19 outbreak. In the three months ended March 31, 2020, we (by ourselves and through cooperation with business partners) had 14 newly contracted project management projects with newly contracted GFA of 3.2 million sq.m., as compared with 22 newly projects with newly contracted GFA of 6.4 million sq.m. for the same period of 2019.

Our financial information as of and for the three months ended March 31, 2020 as set out above and disclosed elsewhere in this prospectus have been extracted from our unaudited condensed consolidated financial information of the Group for the three months ended March 31, 2020, which has been reviewed by our reporting accountant in accordance with the Hong Kong Standard on Review Engagement 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. The unaudited condensed consolidated financial information of the Group for the three months ended March 31, 2020 does not present comparative figures for the three months ended March 31, 2019 in accordance with International Accounting Standard 34 "Interim Financial Reporting" issued by the International Accounting Standards Board.

Based on the current information available to us and assuming that the outbreak of COVID-19 in the PRC will not be prolonged significantly, our Directors are of the view that our continuing business operation, results of operations, financial positions and prospects in 2020, are expected to be adversely affected by the COVID-19 outbreak. The Directors further estimate that our profit for the year ending December 31, 2020 may decrease primarily attributable to (i) the impact from the COVID-19 outbreak; (ii) payment of licensing fees to Greentown China pursuant to the License Agreement. See "– Trademark License Agreement"; and (iii) listing expenses incurred and to be incurred in connection with the Global Offering.

Assuming the worst case scenario where we could not generate any revenue from our businesses due to the COVID-19 outbreak, the Directors estimate that our working capital is sufficient to maintain our financial viability for at least the next 12 months following the date of this prospectus, taking into consideration: (i) 10.0% of our net proceeds from the Global Offering which is allocated for working capital and general corporate purpose; (ii) bank balances and cash of RMB1,004.0 million as of March 31, 2020; and (iii) an amount of approximately RMB454.3 million as of the Latest Practicable Date (primarily representing the payments which our Group made to suppliers on behalf of the Parent Group in connection with the Media Village Project Management Project) due from the Parent Group to us which will be settled on or before the Listing, partially offset by estimated monthly fixed costs (including staff costs, rental costs and etc.), minimal operating and administrative expenses, trade and other payables to be settled during the ordinary course of business.

We are constantly monitoring the situations of the COVID-19 outbreak as well as various regulatory and administrative measures adopted by the local governments to prevent and control the epidemics. If the situations deteriorate, we will continue to evaluate the impact of this outbreak on us and may enhance measures to mitigate any adverse effect on our business operations, results of operations, financial positions and prospects.

Trademark License Agreement

Our Company and Greentown China entered into a License Agreement in respect of certain "綠城" (Greentown) and related trademarks for a term commencing from its effective date for an initial term of ten years after the Listing. Pursuant to the License Agreement, there are licensing fees payable by us to our Parent Group upon Listing in the following manner: (i) for the 1st year: RMB30 million; (ii) for the 2nd year: RMB40 million; (iii) for the 3rd year: RMB50 million; (iv) for each of the 4th to 10th year: RMB60 million; and (v) (where applicable) for each of the 11th to 20th year: RMB60 million, calculated on a pro-rated basis for less than an entire calendar year. The licensing fee for the 1st to 10th year shall also be subject to a lower amount that may be agreed by Greentown China and our Company, and the licensing fee for the 11th to 20th year may also be adjusted as agreed by Greentown China and our Company. Please see "Connected Transactions – Continuing Connected Transactions" for details. Such trademark licensing fee, which does not exist prior to the Listing, will affect our profit margin, financial condition and results of operations after Listing.

To the best of our knowledge, save as disclosed above in this section, there is no change to the overall economic and market condition in China or in the real estate or project management industry in which we operate that may have a material adverse effect to our business operations and financial position.

Our Directors also confirm that, save as disclosed above in this section, as far as they are aware, there had been no material adverse change in our financial, trading position or prospects since December 31, 2019 up to the date of this prospectus.

OFFERING STATISTICS

	Based on an Offer Price of HK$2.20	**Based on an Offer Price of HK$3.00**
Market capitalization of our Shares(1)	HK$4,202 million	HK$5,731 million
Unaudited pro forma adjusted net tangible asset per Share(2)	HK$0.98	HK$1.18

Notes:

(1) The calculation of market capitalization is based on 1,910,220,000 Shares expected to be in issue following completion of the Global Offering (assuming the Over-allotment Option is not exercised). This calculation is based on the indicative Offer Prices of HK$2.20 and HK$3.00.

(2) The unaudited pro forma adjusted net tangible asset per Share is calculated after making the adjustments referred to in "Unaudited Pro Forma Financial Information" included in Appendix II to this prospectus and on the basis of a total of 1,910,220,000 Shares expected to be in issue following the completion of the Global Offering. This calculation is based on the indicative Offer Prices of HK$2.20 and HK$3.00.

LISTING EXPENSES

Assuming an Offer Price of HK$2.60 per Share (being the mid-point of the indicative offer price range stated in this prospectus), the aggregate commission and fees, together with the Stock Exchange listing fee, SFC transaction levy and Stock Exchange trading fee, legal and other professional fees, printing and other expenses relating to the Global Offering, which are payable by us are estimated to amount in aggregate to approximately RMB88.4 million (HK$96.6 million). Such listing expenses represent approximately 8.4% of the net proceeds we expect to receive from the Global Offering after deducting the underwriting fees, commissions and estimated expenses payable by us in relation to the Global Offering, assuming the Over-allotment Option is not exercised and an Offer Price of HK$2.60 per Share, being the mid-point of the indicative offer price range stated in this prospectus. For the years ended December 31, 2017, 2018 and 2019, listing expenses charged to profit or loss were nil, nil and RMB15.6 million, respectively. We expect to charge the estimated remaining listing expenses of RMB20.8 million to profit or loss during the year ending December 31, 2020 and to capitalize approximately RMB72.3 million following the Listing.

USE OF PROCEEDS

We estimate that we will receive net proceeds from the Global Offering of approximately HK$1,145.1 million (after deducting the underwriting fees, commissions and estimated expenses payable by us in relation to the Global Offering) assuming the Over-allotment Option is not exercised and an Offer Price of HK$2.60 per Share, being the mid-point of the indicative offer price range stated in this prospectus. We intend to use the net proceeds we receive from the Global Offering as follows:

- Approximately 20.0% of the net proceeds or HK$229.0 million will be used to scale up our business through organic growth and strategic acquisitions of selected businesses along downstream of the value chain of project management such as design institutes, consulting services providers and occupational training businesses to develop ourselves as a comprehensive project management platform through enriching our services along the value chain;

- Approximately 14.5% of the net proceeds or HK$166.0 million will be used for our development of commercial project management with capital contribution;

- Approximately 51.5% of the net proceeds or HK$590.2 million will be used to repay the indebtedness to Greentown China in the amount of RMB540.0 million as of the Latest Practicable Date, which is expected to be settled on the Listing Date;

- Approximately 4.0% of the net proceeds or HK$45.4 million will be used for the development of our ecosystem, which will be operated as a platform integrating comprehensive services provided by quality suppliers in property development; Out of the net proceeds intended to be applied for this purpose, approximately 2.0% of the net proceeds or HK$22.7 million will be used to build platforms for knowledge and standard sharing and industry participants certification and approximately 2.0% of the net proceeds or HK$22.7 million will be used to optimize our "Greentown Star" standard for our products, operations and services, and suppliers in the property development;

- Approximately 10.0% of the net proceeds or HK$114.5 million will be used for working capital, marketing, and other general corporate purposes.

See "Future Plans and Use of Proceeds" for further details, including the proposed arrangement in case the final Offer Price is higher or lower than the mid-point of the Offer Price range.

DIVIDEND POLICY

No dividend had been paid or proposed by the Company during the Track Record Period.

Our future declarations of dividends will be at the absolute discretion of our Directors. Any amount of dividends we declare and pay will depend on our future operations and earnings, capital requirements and surplus, general financial conditions and other factors that our Directors consider relevant. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents and the relevant laws. Please refer to a summary of the constitution of our Company and Cayman Companies Law set out in Appendix IV to this prospectus. No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution. Our Group currently does not have any specific dividend policy or a predetermined dividend payout ratio.

THE SPIN-OFF

Greentown China is our controlling shareholder for the purpose of the Listing Rules. The Parent Group (i.e. Greentown China and its subsidiaries other than our Group) is principally engaged in property development in the PRC. Our Listing will constitute a spin-off from the Parent Group under Practice Note 15 to the Listing Rules. Our Directors believe that the spin-off would bring in a number of benefits, including (i) proceeds from the Global Offering will enable our Group to have additional funding to develop our project management business; (ii) the separate listing of our Company will enable investors to appraise and assess the potential and performance of the project management business of our Group separate and distinct from the property development business of the Parent Group; (iii) the businesses of our Group and the Parent Group have distinctive cost structures and business models, the Spin-off is expected to allow a clearer separation of operations and management and facilitate dedicated management focus on the project management business; (iv) after the Spin-off, the Company will be a company listed on the Main Board of the Stock Exchange which would enhance our Company's corporate profile and brand awareness; (v) our Group will be able to be valued on a standalone basis and investors will be provided with more details of the operating performance of our Group which would help broaden investor base by attracting new investors who are seeking investments in a project management company with asset light business model; and (vi) upon completion of the Spin-off, we are expected to remain as a subsidiary of Greentown China and the Parent Group will thus be able to continue enjoying the benefits from the growth of the project management business notwithstanding the separate listing of our Group.

Greentown China has submitted a spin-off proposal to the Stock Exchange pursuant to Practice Note 15 of the Listing Rules. Greentown China and our Company will comply with the applicable requirements under Practice Note 15 and other applicable requirements of the Listing Rules regarding the Spin-off.

In this prospectus, unless the context otherwise requires, the following terms shall have the meanings set out below.

"Accountants' Report" or "Accountants' Reports"	the report or reports of our Company's reporting accountant, Deloitte Touche Tohmatsu, dated June 29, 2020, the text of which is set out in Appendix I to this prospectus
"affiliate"	with respect to any specified person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
"Application Form(s)"	**WHITE** application form(s), **YELLOW** application form(s) and **GREEN** application form(s) or where the context so requires, any of them, relating to the Hong Kong Public Offering and the **BLUE** application form(s) relating to the Preferential Offering
"Articles" or "Articles of Association"	the articles of association conditionally adopted by our Company on June 23, 2020 which shall become effective upon listing of the Shares on the Stock Exchange, as amended or supplemented from time to time, a summary of which is set out in Appendix III to this prospectus
"Asian Games"	the 19th Asian Games to be held in Hangzhou, China in 2022
"Assured Entitlement"	the entitlement of the Qualifying Greentown Shareholders to apply for the Reserved Shares on an assured basis under the Preferential Offering to be determined on the basis of their respective shareholdings in Greentown China as at 4:30 p.m. on the Record Date
"**BLUE** application form(s)"	the application form(s) to be sent to Qualifying Greentown Shareholders to subscribe for the Reserved Shares pursuant to the Preferential Offering
"Bluetown Lianjie"	Shanghai Bluetown Lianjie Construction Management Co., Ltd. (上海藍城聯捷建設管理有限公司), a company established on November 30, 2015 under the laws of the PRC with limited liability and an indirect non wholly-owned subsidiary of our Company

"Bluetown Yifang"	Shanghai Bluetown Yifang Construction Management Co., Ltd. (上海藍城一方建設管理有限公司), a company established on January 29, 2016 under the laws of the PRC with limited liability and an indirect non wholly-owned subsidiary of our Company
"Board"	the board of directors of our Company
"BPO"	business process outsourcing
"Business Day"	a day (other than a Saturday or a Sunday) on which banks in Hong Kong are open for normal banking business
"BVI"	British Virgin Islands
"CAGR"	compound annual growth rate
"Cayman Companies Law"	the Companies Law (2020 Revision) of the Cayman Islands, Cap. 22 (Law 3 of 1961), as amended or supplemented or otherwise modified from time to time
"CBIRC"	China Banking and Insurance Regulatory Commission (中國銀行保險監督管理委員會)
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"CCASS Broker Participant"	a person admitted to participate in CCASS as a broker participant
"CCASS Clearing Participant"	a person admitted to participate in CCASS as a direct clearing participant or general clearing participant
"CCASS Custodian Participant"	a person admitted to participate in CCASS as a custodian participant
"CCASS Investor Participant"	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
"CCASS Operational Procedures"	the operational procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to the operation and functions of CCASS as from time to time in force

"CCASS Participant"	a CCASS Broker Participant, a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant
"China Index Academy" or "CIA"	China Index Academy (中國指數研究院), an independent industry consultant
"China Index Academy Report"	the report dated June 26, 2020 prepared by China Index Academy
"Chun'an Greentown"	Chun'an Greentown Engineering Project Management Co., Ltd. (淳安綠城工程項目管理有限公司), a company established on February 26, 2016 under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of our Company
"Chun'an Qiandao Lake"	Chun'an Qiandao Lake Greentown Real Estate Construction Management Co., Ltd. (淳安縣千島湖綠城房產建設管理有限公司), a company established on January 13, 2011 under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of our Company
"Companies (Winding Up and Miscellaneous Provisions) Ordinance"	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
"Commercial Project Owner(s)"	the owner of a commercial property development project who utilizes project management services to complete property development
"Company"	Greentown Management Holdings Company Limited (綠城管理控股有限公司), an exempted company incorporated on December 12, 2016 under the laws of the Cayman Islands with limited liability
"Controlling Shareholder(s)"	has the meaning ascribed to it under the Listing Rules
"COVID-19"	coronavirus disease 2019
"CSRC"	the China Securities Regulatory Commission (中國證券監督管理委員會)

"Dajiangdong Greentown"	Hangzhou Dajiangdong Greentown Construction Management Co., Ltd. (杭州大江東綠城建設管理有限公司) (formerly known as Hangzhou Dajiangdong Bluetown Construction Management Co., Ltd. (杭州大江東藍城建設管理有限公司)), a company established on June 26, 2015 under the laws of the PRC and an indirect wholly-owned subsidiary of our Company
"Demerger"	the demerger of Greentown Construction Management (Old), as further described in "History and Reorganization – Our Corporate History and Development"
"Directors"	the directors of our Company
"ECL"	expected credit loss
"Extreme Conditions"	extreme conditions caused by a super typhoon as announced by the Government of Hong Kong
"GDP"	gross domestic product
"General Rules of CCASS"	the General Rules of CCASS as from time to time in force
"GF Capital"	GF Capital (Hong Kong) Limited, a corporation licensed to carry on type 6 (advising on corporate finance) regulated activity under the SFO, which has been appointed our compliance advisor upon Listing
"GFA"	gross floor area
"Global Offering"	the Hong Kong Public Offering and the International Offering
"Government Entity"	for the purpose of this prospectus, the government authority, state-owned entity or public institution that is primarily engaged in the investment of public housing and infrastructure projects in the PRC
"Government Project Owner"	the Government Entity in a property development project which utilizes project management services to complete public housing property development and public development infrastructure

"**GREEN** application form(s)"	the application form(s) to be completed by the **White Form eIPO** Service Provider, Computershare Hong Kong Investor Services Limited
"Greenstar Education"	Zhejiang Lvxing Education Technology Company Limited (浙江綠星教育科技有限公司) (formerly known as Hangzhou Lvnuo Investment Management Co., Ltd. (杭州綠諾投資管理有限公司)), a company established on September 21, 2015 under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of our Company
"Greentown Changyu Construction"	Greentown Changyu Construction Management Co., Ltd. (綠城長裕建設管理有限公司), a company established on April 1, 2017 under the laws of the PRC with limited liability and a joint venture of our Group
"Greentown China"	Greentown China Holdings Limited, 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: 3900), our Controlling Shareholder
"Greentown Construction Management (Old)"	Bluetown Property Construction Management Group Co., Ltd. (藍城房產建設管理集團有限公司) (formerly known as Greentown Property Construction Management Company Ltd (綠城房產建設管理有限公司)), a company established on September 8, 2010 under the laws of the PRC with limited liability
"Greentown Construction Management"	Greentown Construction Management Group Co., Ltd. (綠城建設管理集團有限公司) (formerly known as Hangzhou Bluetown Zhixin Construction Management Group Co., Ltd. (杭州藍城致信建設管理有限公司)) , a company established on September 8, 2016 under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of our Company
"Greentown Group"	Greentown China and its subsidiaries
"Greentown Ideal House"	Greentown Ideal House Technology Service Co., Ltd. (綠城理想家房屋科技服務有限公司), a company established on June 23, 2017 under the laws of the PRC with limited liability

"Greentown Innovation Construction"	Greentown Innovation Construction Management Co., Ltd. (綠城創新建設管理有限公司) (formerly known as Greentown Innovation Construction Management (Beijing) Co., Ltd. (綠城創新建設管理(北京)有限公司)), a company established on March 9, 2017 under the laws of the PRC with limited liability and a joint venture of our Group
"Greentown Jiayuan"	Zhejiang Greentown Jiayuan Construction Project Management Co., Ltd. (浙江綠城佳園建設工程管理有限公司), a company established on December 6, 2011 under the laws of the PRC with limited liability owned by the Group as to 25%
"Greentown Jingfeng"	Greentown Jingfeng Real Estate Co., Ltd. (綠城景豐房地產建設管理有限公司) (formerly known as Shandong Greentown Jingfeng Real Estate Co., Ltd. (山東綠城景豐房地產建設管理有限公司)), a company established on December 15, 2016 under the laws of the PRC with limited liability and a joint venture of our Group
"Greentown Kunyi"	Hangzhou Greentown Kunyi Garden Decoration & Consulting Co., Ltd. (杭州綠城坤一景觀設計諮詢有限公司) (formerly known as Hangzhou Liuheng Garden Decoration & Consulting Co., Ltd. (杭州六橫景觀設計諮詢有限公司) and Hangzhou Kunyi Decoration & Consulting Co., Ltd. (杭州坤一景觀設計諮詢有限公司)), a company established on August 13, 2014 under the laws of the PRC with limited liability and an indirect non-wholly owned subsidiary of our Company
"Greentown Landscape Garden"	Zhejiang Greentown Landscape Garden Project Company Limited (浙江綠城景道園林工程有限公司), a company established on November 29, 2012 under the laws of the PRC with limited liability and an indirect non-wholly owned subsidiary of our Company

"Greentown Leju"	Greentown Leju Construction Management Group Co., Ltd. (綠城樂居建設管理集團有限公司) (formerly known as Hangzhou Greentown Leju Construction Management Co., Ltd. (杭州綠城樂居建設管理有限公司) and Greentown Leju Construction Management Co., Ltd. (綠城樂居建設管理有限公司)), a company established on November 30, 2011 under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of our Company
"Greentown Lipu"	Zhejiang Greentown Lipu Construction Design Co., Ltd. (浙江綠城利普建築設計有限公司), a company established on September 30, 2011 under the laws of the PRC with limited liability and a joint venture of our Group
"Greentown Lvming Construction"	Greentown Lvming Construction Management Co., Ltd (綠城綠明建設管理有限公司), a company established on February 22, 2017 under the laws of the PRC with limited liability and a joint venture of our Group
"Greentown Management"	Greentown Real Estate Construction Management Group Co., Ltd (綠城房地產建設管理集團有限公司) (formerly known as Greentown Dingyi Real Estate Investment Management Co., Ltd. (綠城鼎益房地產投資管理有限公司) and Greentown Real Estate Construction Management Co., Ltd (綠城房地產建設管理有限公司)), a company established on March 21, 2012 under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of our Company
"Greentown Northern Construction"	Greentown Northern Construction Management Co., Ltd. (綠城北方建設管理有限公司), a company established on March 16, 2017 under the laws of the PRC with limited liability and a joint venture of our Group
"Greentown Qinghe"	Shandong Greentown Qinghe Construction Design Co., Ltd. (山東綠城青和建築設計有限公司) (formerly known as Qingdao Lvxing United Architectural Design Company Limited (青島綠興聯合建築設計有限公司), a company established on April 20, 2018 under the laws of the PRC with limited liability and a joint venture of our Group

"Greentown Quanshun"	Greentown Quanshun Real Estate Construction Management Co., Ltd. (綠城全順房地產建設管理有限公司), a company established on June 26, 2018 under the laws of the PRC with limited liability and an indirect non-wholly owned subsidiary
"Greentown Real Estate"	Greentown Real Estate Group Co., Ltd (綠城房地產集團有限公司), a company established on January 6, 1995 under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of Greentown China
"Greentown Shareholders"	holders of the Greentown Shares
"Greentown Shares"	shares of a par value of HK$0.10 each in the share capital of Greentown China
"Greentown Shenye"	Zhejiang Greentown Shenye Real Estate Construction Management Co., Ltd (浙江綠城珅業房產建設管理有限公司) (formerly known as Greentown Southern China (Shenzhen) Construction Management Co., Ltd. (綠城華南(深圳)建設管理有限公司)), a company established on February 24, 2017 under the laws of the PRC with limited liability and a joint venture of our Group
"Greentown Shidai"	Greentown Shidai Urban Construction Development Co., Ltd. (綠城時代城市建設發展有限公司), a company established on September 17, 2012 under the laws of the PRC with limited liability and previously an indirect wholly-owned subsidiary of our Company which was deregistered in December 2018
"Greentown Tianyuan"	Greentown Tianyuan City Construction Development Co., Ltd. (綠城田園城市建設發展有限公司), a company established on January 24, 2018 under the laws of the PRC with limited liability and a joint venture of our Group
"Greentown Urban Design"	Hangzhou Greentown Urban Architectural Design Co., Ltd. (杭州綠城都會建築設計有限公司), a company established on June 26, 2012 under the laws of the PRC with limited liability and a joint venture of our Group

"Greentown Zhenghong"	Greentown Zhenghong (Beijing) Construction Management Co., Ltd. (綠城正弘(北京)建設管理有限公司), a company established on April 25, 2017 under the laws of the PRC with limited liability and a joint venture of our Group
"Greentown Zhijia"	Chengdu Greentown Zhijia Construction Management Co., Ltd. (成都綠城致嘉建設管理有限公司), a company established on December 6, 2019 under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of our Company
"Group" or "Spin-off Group"	our Company and its subsidiaries or any of them, or, where the context so requires, in respect of the period before our Company became the holding company of its present subsidiaries, such subsidiaries as if they were subsidiaries of our Company at the relevant time
"Hangzhou Binfeng"	Hangzhou Greentown Binfeng Construction Management Company Limited (杭州綠城濱峰建設管理有限公司), a company established on April 29, 2016 under the laws of the PRC with limited liability and a joint venture of our Group
"Hangzhou Greentown Dingli"	Hangzhou Greentown Dingli Construction Management Co., Ltd. (杭州綠城鼎力建設管理有限公司), a company established on May 9, 2018 under the laws of the PRC with limited liability and a joint venture of our Group
"Hangzhou Greentown Jiulue"	Hangzhou Greentown Jiulue Investment Management Co., Ltd. (杭州綠城九略投資管理有限公司) (formerly known as Hangzhou Lvding Investment Management Co., Ltd. (杭州綠鼎投資管理有限公司)), a company established on September 21, 2015 under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of our Company
"Hangzhou Jiangnan"	Hangzhou Jiangnan Greentown Leju Construction Management Co., Ltd. (杭州江南綠城樂居建設管理有限公司), a company established on February 9, 2018 under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of our Company
"HK dollars" or "HK$"	Hong Kong dollars, the lawful currency of Hong Kong

"HKAS"	the Hong Kong Accounting Standards
"HKFRS"	the Hong Kong Financial Reporting Standards (including HKASs and their interpretations) issued by the Hong Kong Institute of Certified Public Accountants
"HKSCC"	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
"HKSCC Nominees"	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Offer Shares"	the 47,756,000 new Shares being initially offered by our Company for subscription at the Offer Price pursuant to the Hong Kong Public Offering (subject to re-allocation as described in "Structure of the Global Offering")
"Hong Kong Public Offering"	the offer by our Company of the Hong Kong Offer Shares for subscription by the public in Hong Kong (subject to re-allocation as described in "Structure of the Global Offering") for cash at the Offer Price (plus brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%), on the terms and subject to conditions set out in this prospectus and the Application Forms
"Hong Kong Share Registrar"	Computershare Hong Kong Investor Services Limited Limited
"Hong Kong Underwriters"	the underwriters of the Hong Kong Public Offering whose names are set out in the section headed "Underwriting – Hong Kong Underwriters" in this prospectus
"Hong Kong Underwriting Agreement"	the underwriting agreement dated June 26, 2020, relating to the Hong Kong Public Offering, entered into among the Company, Greentown China, Credit Suisse (Hong Kong) Limited, Deutsche Securities Asia Limited, Deutsche Bank AG, Hong Kong Branch and the Hong Kong Underwriters, as further described in the section headed "Underwriting" in this prospectus

"IFRS"	International Financial Reporting Standards
"independent third party"	an entity or person who is not a connected person of our Company within the meaning ascribed thereto under the Listing Rules
"International Offer Shares"	the 429,804,000 Shares being initially offered for subscription under the International Offering subject to the Over-allotment Option and re-allocation as described in "Structure of the Global Offering"
"International Offering"	the offer of the International Offer Shares at the Offer Price outside the United States in offshore transactions in accordance with Regulation S and in the United States to QIBs as defined in Rule 144A or any other available exemption from registration under the U.S. Securities Act, on and subject to the terms and conditions stated herein and in the International Underwriting Agreement, as further described in "Structure of the Global Offering"
"International Underwriters"	the underwriters of the International Offering
"International Underwriting Agreement"	the international underwriting agreement relating to the International Offering and expected to be entered into on or about the Price Determination Date by, among others, our Company, the Joint Representatives and the International Underwriters, as further described in the section headed "Underwriting" in this prospectus
"Jiaxing Lvxing Leju"	Jiaxing Lvxing Leju Construction Management Co., Ltd. (嘉興綠星樂居建設管理有限公司), a company established on May 6, 2019 under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of our Company
"Jinhua Greentown Construction"	Jinhua Greentown Real Estate Construction Management Co., Ltd. (金華綠城房產建設管理有限公司), a company established on November 4, 2013 under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of our Company
"Jinhua Greentown Information"	Jinhua Greentown Information Economy Industrial Park Construction Management Co., Ltd. (金華綠城信息經濟產業園建設管理有限公司), a company established on November 10, 2016 under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of our Company

"Jing-Jin-Ji"	for the purpose of this prospectus, the region refers to Beijing Municipality, Tianjin Municipality and Hebei Province
"Joint Bookrunners"	Credit Suisse (Hong Kong) Limited, Deutsche Bank AG, Hong Kong Branch, BNP Paribas Securities (Asia) Limited, CLSA Limited, BOCI Asia Limited, GF Securities (Hong Kong) Brokerage Limited and CRIC Securities Company Limited
"Joint Global Coordinators"	Credit Suisse (Hong Kong) Limited, Deutsche Bank AG, Hong Kong Branch and BNP Paribas Securities (Asia) Limited
"Joint Lead Managers"	Credit Suisse (Hong Kong) Limited, Deutsche Bank AG, Hong Kong Branch, BNP Paribas Securities (Asia) Limited, CLSA Limited, BOCI Asia Limited, GF Securities (Hong Kong) Brokerage Limited and CRIC Securities Company Limited
"Joint Representatives"	Credit Suisse (Hong Kong) Limited and Deutsche Bank AG, Hong Kong Branch
"Joint Sponsors"	Credit Suisse (Hong Kong) Limited and Deutsche Securities Asia Limited
"Latest Practicable Date"	June 22, 2020, being the latest practicable date for the purpose of ascertaining certain information contained in this prospectus prior to its publication
"Lishui Greentown Leju"	Lishui Greentown Leju Construction Management Co., Ltd. (麗水綠城樂居建設管理有限公司), a company established on November 26, 2018 under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of our Company
"Listing"	the listing of the Shares on the Main Board of the Stock Exchange
"Listing Committee"	the listing committee of the Stock Exchange
"Listing Date"	the date, expected to be on or around July 10, 2020, from which the Shares are listed and dealings therein are first permitted to take place on the Stock Exchange

"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
"Lvxin Enterprise"	Wenzhou Lvxin Enterprise Management Co., Ltd. (溫州綠欣企業管理有限公司), a company established on December 3, 2019 under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of our Company
"Lvxin Haihe"	Hangzhou Lvxin Haihe Construction Project Management Co., Ltd. (杭州綠欣海河工程項目管理有限公司), a company established on December 12, 2019 under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of our Company
"Lvxin Investment"	Shaoxing Lvxin Investment Management Co., Ltd. (紹興綠欣投資管理有限公司), a company established on April 22, 2015 under the laws of the PRC with limited liability and an indirect non-wholly owned subsidiary of our Company
"Lvxing Asset Service"	Lvxing Asset Service and Real Estate Construction Management Hangzhou Co., Ltd. (綠星資服房地產建設管理(杭州)有限公司), a company established on December 25, 2018 under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of our Company
"Lvxing Construction"	Wenzhou Lvxing Construction Project Management Co., Ltd. (溫州綠興工程項目管理有限公司), a company established on December 3, 2019 under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of our Company
"Lvxing Construction Design"	Lvxing Construction Design Hangzhou Co., Ltd. (綠星建築設計(杭州)有限公司), a company established on December 25, 2018 under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of our Company
"Lvxing Real Estate Consulting"	Lvxing Real Estate Consulting Hangzhou Co., Ltd. (綠星房產諮詢(杭州)有限公司), a company established on December 25, 2018 under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of our Company

"Main Board"	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the Growth Enterprise Market of the Stock Exchange
"Mainwide HK"	Mainwide (H.K.) Limited, a company incorporated on April 1, 2016 under the laws of Hong Kong with limited liability and a wholly-owned subsidiary of our Company
"Memorandum" or "Memorandum of Association"	the memorandum of association of our Company conditionally adopted by our Company on June 23, 2020 which shall become effective upon listing of the Shares on the Stock Exchange, as amended or supplemented from time to time, a summary of which is set out in Appendix III to this prospectus
"MOFCOM"	Ministry of Commerce of the PRC (中華人民共和國商務部)
"NDRC"	the National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)
"Non-Qualifying Greentown Shareholders"	the Greentown Shareholders on the Record Date with registered addresses in, or who are otherwise known by Greentown China to be residents of any of the Specified Territories
"Offer Price"	the final HK dollar price per Offer Share (exclusive of brokerage of 1%, the SFC transaction levy of 0.0027% and the Stock Exchange trading fee of 0.005%) at which the Hong Kong Offer Shares are to be subscribed for under the Hong Kong Public Offering and the International Offer Shares are to be offered under the International Offering, to be determined in the manner as further described in "Structure of the Global Offering – Pricing and Allocation"
"Offer Shares"	the Hong Kong Offer Shares and the International Offer Shares together, where relevant, with any additional Shares to be issued by our Company pursuant to the exercise of the Over-allotment Option

"Over-allotment Option"	the option expected to be granted by our Company to the International Underwriters exercisable by the Joint Representatives on behalf of the International Underwriters, pursuant to which our Company may be required to allot and issue up to 47,756,000 additional new Shares, representing in aggregate 10.0% of the Shares initially available under the Global Offering
"Parent Group"	Greentown Group, excluding our Group
"PBOC"	the People' s Bank of China (中國人民銀行)
"Pearl River Delta Economic Region"	for the purpose of this prospectus, the region refers to Guangdong Province
"plot ratio"	the ratio of a property's total floor area to the size of the piece of land upon which the property is built
"PRC" or "China"	the People's Republic of China, and "Chinese" shall be construed accordingly. References in this prospectus to the PRC or China exclude Hong Kong, Macau and Taiwan
"PRC GAAP"	the generally accepted accounting principles in the PRC
"PRC Legal Advisor"	Zhejiang T&C Law Firm
"Preferential Offering"	the preferential offering to the Qualifying Greentown Shareholders of 47,756,000 Offer Shares (representing 10.0% of the Offer Shares being offered under the Global Offering) as Assured Entitlement as further described in the section entitled "Structure of the Global Offering – The Preferential Offering" and subject to the terms and conditions stated in this prospectus and in the **BLUE** application form
"Price Determination Agreement"	the agreement to be entered into between our Company and the Joint Representatives (on behalf of the Underwriters), on the Price Determination Date to record and fix the Offer Price
"Price Determination Date"	the date, expected to be July 3, 2020, on which the Offer Price is fixed for the purposes of the Global Offering, and in any event no later than July 9, 2020

"Project Owner(s)"	any or both of the Commercial Project Owner and the Government Project Owner
"Public City Garden"	Zhejiang Greentown Public City Garden Construction Co., Ltd. (浙江綠城市政園林建設有限公司), a company established on September 13, 2017 under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of our Company
"QIBs"	a qualified institutional buyer within the meaning of Rule 144A
"Qingdao Greentown Construction"	Qingdao Greentown Real Estate Construction Management Co., Ltd. (青島綠城房產建設管理有限公司), a company established on October 22, 2012 under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of our Company
"Qualifying Greentown Shareholders"	Greentown China Shareholders whose names appear on the register of members of Greentown China as at 4:30 p.m. on the Record Date, other than the Non-Qualifying Greentown Shareholders
"Record Date"	June 19, 2020, being the record date for ascertaining the Assured Entitlement
"Regulation S"	Regulation S under the U.S. Securities Act
"Reorganization"	the reorganization arrangements we have undergone in preparation for the Listing which are more particularly described in the section headed "History and Reorganization"
"Repurchase Mandate"	the general unconditional mandate to repurchase Shares given to the Board by our Shareholder, particulars of which are set out in the paragraph headed "A. Further information about our Company and our Subsidiaries – 3. Resolutions of the Shareholder of Our Company" in Appendix IV to this prospectus
"Reserved Shares"	47,756,000 Shares offered pursuant to the Preferential Offering at the Offer Price to the Qualifying Greentown Shareholders, representing 10.0% of the Offer Shares being offered under the Global Offering

"Richwise"	Richwise Holdings Limited, a company established on November 16, 2004 under the laws of the British Virgin Islands and a direct wholly-owned subsidiary of Greentown China and a member of the Parent Group
"RMB" or "Renminbi"	Renminbi yuan, the lawful currency of the PRC
"Rule 144A"	Rule 144A under the U.S. Securities Act
"SAFE"	the State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
"SAIC"	the State Administration for Industry and Commerce of the PRC (中華人民共和國國家工商行政管理總局), whose duty has been integrated and brought under the SAMR pursuant to the Institution Reform Plan of the State Council issued by the SCNPC
"SAMR"	the State Administration for Market Regulation of the PRC (中華人民共和國國家市場監督管理總局)
"Sanya Zhujiu"	Sanya Zhujiu Real Estate Consulting Management Co., Ltd. (三亞鑄就房地產諮詢管理有限公司), a company established on January 28, 2019 under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of our Company
"SAT"	the State Administration of Taxation of the PRC (中華人民共和國國家稅務總局)
"SCNPC"	the Standing Committee of the National People's Congress of the PRC (中華人民共和國全國人民代表大會常務委員會)
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
"Shandong Bluetown"	Shandong Bluetown Construction Management Co., Ltd. (山東藍城建設管理有限公司), a company established on July 25, 2014 under the laws of the PRC with limited liability and a joint venture of our Group

"Shandong Greentown Wanhe"	Shandong Greentown Wanhe Real Estate Construction Management Co., Ltd. (山東綠城萬合房地產建設管理有限公司), a company established on July 3, 2017 under the laws of the PRC with limited liability and a joint venture of our Group
"Shanghai Fuqin"	Shanghai Fuqin Project Management Co., Ltd. (上海輔秦建設工程管理有限公司) (formerly known as Xinjiang Greentown Weige Investment Management Co., Ltd. (新疆綠城維格投資管理有限公司) and Xinjiang Greentown Weige Construction Engineering Management Co., Ltd. (新疆綠城維格建設工程管理有限公司), a company established on March 19, 2014 under the laws of the PRC with limited liability and a joint venture of our Group
"Shanghai Greentown Lianjie"	Shanghai Greentown Lianjie Construction Management Co., Ltd. (上海綠城聯捷建設管理有限公司), a company established on June 4, 2013 under the laws of the PRC with limited liability and an indirect non-wholly owned subsidiary of our Company
"Share(s)"	shares with a nominal value of HK$0.01 each in the capital of our Company
"Shareholders"	holders of the Shares
"Specified Territories"	jurisdictions outside Hong Kong where, taking into account the legal restrictions under the applicable laws or requirements of the relevant regulatory body or stock exchange of such jurisdictions, Greentown China and the Company consider the exclusion of the holders of the Greentown Shares with registered addresses in, or who are otherwise known by Greentown China to be residents of, such jurisdictions from the Preferential Offering to be necessary or expedient
"Spin-off"	the spin-off of our Group from the Greentown Group for separate listing of shares of our Company on the Main Board of the Stock Exchange pursuant to Practice Note 15 to the Listing Rules
"sq.m"	square meters
"Stabilizing Manager"	Credit Suisse (Hong Kong) Limited
"State Council"	the State Council of the PRC (中華人民共和國國務院)

"Stock Borrowing Agreement"	the stock borrowing agreement entered into between the Stabilizing Manager and Greentown China on or around the Price Determination Date
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Suichang Lvxing"	Suichang Lvxing Project Management Co., Ltd. (遂昌縣綠興項目管理有限公司), a company established on May 6, 2020 under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of our Company
"Taizhou Greentown Leju"	Taizhou Greentown Leju Construction Management Co., Ltd. (台州綠城樂居建設管理有限公司), a company established on September 12, 2017 under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of our Company
"Taizhou Huangyan Leju"	Taizhou Huangyan Greentown Leju Enterprise Management Co., Ltd. (台州黃岩綠城樂居企業管理有限公司), a company established on June 14, 2018 under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of our Company
"Tier 1 cities"	Beijing, Shanghai, Guangzhou and Shenzhen for the purposes of this prospectus
"Tier 2 cities"	(i) Hangzhou, Tianjin, Wuhan, Chengdu, Chongqing, Nanjing, Suzhou, and Zhengzhou; and (ii) the provincial cities of each province and autonomous region, certain cities specifically designated in the state plan in the PRC, Wuxi and Foshan for the purposes of this prospectus
"Tier 3 and 4 cities"	any PRC cities not qualified as Tier 1 cities or Tier 2 cities for the purposes of this prospectus
"Track Record Period"	the period comprising the three years ended December 31, 2017, 2018 and 2019
"Trademark Bureau"	Trademark Office of National Intellectual Property Administration, PRC (中國國家知識產權局商標局)
"Underwriters"	the Hong Kong Underwriters and the International Underwriters

"Underwriting Agreements"	the Hong Kong Underwriting Agreement and the International Underwriting Agreement
"U.S." or "United States"	the United States of America, its territories and possessions, any State of the United States and the District of Columbia
"U.S. Securities Act"	the United States Securities Act of 1933, as amended
"USD", "US$" or "U.S. dollar"	United States dollars, the lawful currency of the United States
"we", "us" or "our"	our Company and, unless the context indicates otherwise, its subsidiaries
"Wenzhou Leju"	Wenzhou Greentown Leju Construction Management Co., Ltd. (溫州綠城樂居建設管理有限公司), a company established on December 13, 2017 under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of our Company
"**WHITE** application form(s)"	the application form(s) for use by the public who require such Hong Kong Offer Shares to be issued in the applicant's own names
"**White Form eIPO**"	the application for the Hong Kong Offer Shares to be issued in the applicant's own name by submitting applications online through the designated website at **www.eipo.com.hk**
"**White Form eIPO** Service Provider"	Computershare Hong Kong Investor Services Limited
"Xinjiang Chuangjing"	Xinjiang Greentown Chuangjing Construction Management Co., Ltd. (新疆綠城創景建設管理有限公司) (formerly known as Xinjiang Bluetown Real Estate Development Co., Ltd. (新疆藍城房地產開發有限公司)), a company established on September 24, 2014 under the laws of the PRC with limited liability and a joint venture of our Group
"Yangtze River Delta"	for the purpose of this prospectus, the region refers to Shanghai Municipality, Jiangsu Province and Zhejiang Province

"**YELLOW** application form(s)"	the form of application for the Hong Kong Offer Shares for use by the public who require such Hong Kong Offer Shares to be deposited directly into CCASS
"Yiwu Greentown Construction"	Yiwu Greentown Real Estate Construction Management Co., Ltd. (義烏綠城房產建設管理有限公司), a company established on December 18, 2012 under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of our Company
"Yiwu Greentown Investment"	Yiwu Greentown Investment Development Co., Ltd. (義烏綠城投資發展有限公司), a company established on September 11, 2013 under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of our Company
"Zhejiang Greentown Huaying"	Zhejiang Greentown Huaying Construction Management Co., Ltd. (浙江綠城華贏建設管理有限公司), a company established on December 11, 2017 under the laws of the PRC with limited liability and previously a joint venture of our Group which was deregistered in June 2020
"Zhejiang Greentown Jianfu"	Zhejiang Greentown Construction Service and Management Co., Ltd. (浙江綠城建服建設管理有限公司), a company established on December 21, 2018 under the laws of the PRC with limited liability and an indirect non-wholly owned subsidiary of our Company
"Zhejiang Greentown Jiangxin"	Zhejiang Greentown Jiangxin Construction Management Co., Ltd. (浙江綠城匠信建設管理有限公司), a company established on August 25, 2017 under the laws of the PRC with limited liability and a joint venture of our Group
"Zhejiang Greentown Shangdi"	Zhejiang Greentown Shangdi Construction Management Co., Ltd. (浙江綠城商地建設管理有限公司), a company established on September 19, 2017 under the laws of the PRC and a joint venture of our Group
"Zhejiang Greentown Zheqi"	Zhejiang Greentown Zheqi Construction Management Co., Ltd. (浙江綠城浙企建設管理有限公司), a company established on May 9, 2019 under the laws of the PRC with limited liability and an indirect non-wholly owned subsidiary of our Company

"Zhejiang Shidai"	Zhejiang Greentown Shidai Construction Management Co., Ltd. (浙江綠城時代建設管理有限公司), a company established on April 18, 2017 under the laws of the PRC with limited liability and a joint venture of our Group
"%"	per cent

In this prospectus, the terms "associate," "close associate," "connected person," "core connected person," "connected transaction," "controlling shareholder" and "substantial shareholder" shall have the meanings given to such terms in the Listing Rules, unless the context otherwise requires.

The number of project management projects we had as disclosed in this prospectus included both of the projects we operated by ourselves and through cooperation with business partners.

Unless otherwise specified, all times refer to Hong Kong time and references to years in this prospectus are to calendar years.

For identification purposes only, unless otherwise expressly stated or the context otherwise requires, all data in this prospectus is as of the date of this prospectus.

The English names of the PRC entities, PRC laws or regulations, and the PRC governmental authorities referred to in this prospectus are translations from their Chinese names and are for identification purposes only. If there is any inconsistency, the Chinese names shall prevail.

This prospectus contains forward-looking statements that state our intentions, beliefs, expectations or predictions for the future that are, by their nature, subject to significant risks and uncertainties. These forward-looking statements include all statements in this prospectus that are not historical fact, including, without limitation, statements relating to:

- our operations and business prospects;
- our business and operating strategies and our ability to implement such strategies;
- our ability to develop and manage our operations and business;
- our future acquisitions;
- our future collaborations;
- our other strategies, business plans, objectives, prospects and goals;
- the future growth, developments, trends and conditions in our industry;
- the future competition in our industry and the actions of our competitors;
- the future regulatory environment in Hong Kong, the PRC and other jurisdictions in which we may operate and our ability to comply with applicable regulations in the future;
- our ability to control costs;
- our future dividends and our dividend policy;
- our future capital needs, capital expenditure plans and ability to obtain funding;
- prospective financial matters regarding our business;
- the general political and economic environment in Hong Kong, the PRC and other factors beyond our control; and
- all other risks and uncertainties described in "Risk Factors" in this prospectus.

When used in this prospectus, the words "aim," "anticipate," "believe," "could," "estimate," "expect," "going forward," "intend," "may," "plan," "seek," "will," "would" and similar expressions, as they relate to us, are intended to identify a number of these forward-looking statements. Such statements reflect the current views of our management with respect to future events and are subject to certain risks, uncertainties and assumptions, including the risk factors described in this prospectus. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove to be incorrect, our results of operations and financial condition may be adversely affected and may vary materially from those described herein as anticipated, believed or expected. Accordingly, such statements are not a guarantee of future performance and you should not place undue reliance on such forward-looking information. Moreover, the inclusion of forward-looking statements should not be regarded as representations by us that our plans and objectives will be achieved or realized.

An investment in our Shares involves risks. You should carefully consider the following information, together with the other information contained in this prospectus, including our consolidated financial statements and related notes, before you decide to purchase our Shares. Any of the risks and uncertainties described below could have a material adverse effect on our business, financial condition and results of operations or the trading price of the Shares, and could cause you to lose your investment. Additional risks that we currently believe are immaterial or which are currently unknown to us may arise or become material in the future and may have a material adverse effect on our Group. This prospectus also contains forward-looking information that involves risks and uncertainties. Our actual results could differ materially from those anticipated in the forward-looking statements as a result of many factors, including the risks described below and elsewhere in this prospectus.

We believe there are certain risks involved in our operations, many of which are beyond our control. These risks can be categorized into (i) risks relating to our business and our industry; (ii) risks relating to doing business in China; and (iii) risks relating to the global offering. You should consider our business and prospects in light of the challenges we face, including the risk factors discussed in this section.

RISKS RELATING TO OUR BUSINESS AND OUR INDUSTRY

The business and prospects of our commercial project management business are dependent on and may be adversely affected by the economic conditions in China and the performance of the real estate market in China.

Our commercial project management business is our largest revenue generating business segment. We experienced a steady growth of our business during the Track Record Period, with the number of projects in our commercial project management business operated by ourselves and through cooperation with our business partners increasing from 80 as of December 31, 2017 to 145 as of December 31, 2019. In 2017, 2018 and 2019, we generated revenue of RMB806.7 million, RMB1,145.5 million and RMB1,470.8 million, respectively, from our commercial project management, accounting for 79.4%, 77.3% and 73.8% of our total revenue. Our business and prospects, in particular the number of commercial project management projects that we manage, and hence, our income level, depend on the performance of the real estate market in China. Social, political, economic, legal and other factors will continue to affect the development of the real estate market in China. Any market downturn, any oversupply of properties or potential decline in demand for or prices of properties in China generally or in the regions where we operate could adversely affect our business, financial condition and results of operations.

The PRC real estate market has been affected by a slowdown in China's economic growth in recent years. The real GDP growth in China has been decelerating in recent years from 7.8% in 2013 to 6.1% in 2019. The fixed asset investment growth rate in China has also experienced a general downtrend, with a persisting decline from 19.1% in 2013 to 5.4% in 2019. There have been increasing concerns over the sustainability of the real estate market growth in China. Factors such as changes in regulatory measures affecting housing demands and financings, and decreases in available funds and investor confidence may influence demand and consumer spending for properties, including the properties we develop. As a result, the real estate market may experience over supply of properties and slow moving or idle housing inventory. Any over supply of properties or any potential decline in the demand or prices for properties in the cities may affect the investment plans of the Commercial Project Owners, which in turn could have a material and adverse impact on our cash flows, financial condition and results of operations.

Moreover, China's economic growth may also slowdown due to weakened exports as well as recent developments surrounding the trade tension with the United States since April 2018. The amicable resolution of such a trade tension and the lasting impacts any trade tension may have on the economy and the real estate market of China remain uncertain. Should the trade tension between the United States and China begin to materially impact the PRC economy, our business, results of operations and financial condition would be materially and adversely affected. In addition, in Asia and other emerging markets, some countries are expecting increasing inflationary pressure as a consequence of liberal monetary policy or excessive foreign fund inflow, or both. To control inflation in the past, the PRC government has imposed control on bank credits, limits on loans for fixed assets and restrictions on state bank lending. Such stringent measures can lead to a slowdown in the economic growth. Recently, there have been growing concerns about the volatility of the PRC economy and the adjustments of its fiscal policies. For example, after a rapid surge from the second half of 2014 to early June 2015, the Chinese domestic equity markets experienced sharp declines and severe volatility beginning from June 13, 2015. The Chinese government has taken monetary and regulatory measures to stabilize the market, including measures affecting market liquidity, new equity offering pipelines, trading activities of certain market participants and changes in the benchmark lending rates and bank reserve requirement ratios. These and other issues resulting from the global economic slowdown and financial market turmoil have adversely impacted, and may continue to adversely impact current and potential property purchasers, which may lead to a decline in the general demand for properties and erosion of their selling prices, and in turn affect the prospect and financial condition of our commercial project management business. Any further tightening of liquidity in the global financial markets may in the future negatively affect our liquidity. If the global economic and financial market slowdown and volatility continue or become more severe than currently anticipated, or if the PRC economy and financial market continue to slow down, our business, financial condition, results of operations and prospects could be materially and adversely affected.

Increasing competition in the PRC project management market may adversely affect our business and financial condition.

The Project Owners' selection of a project management company depends on a number of factors, including but not limited to the quality of services, the level of pricing, the operating scales, the operating history and reputation of the project management company in the real estate industry. The project management market in the PRC is highly competitive and in recent years, a large number of property developers have undertaken project management services. According to China Index Academy, in 2019, there are 28 sizeable project management companies undertaking projects in the real estate industry in China with an aggregate contracted GFA of approximately 275.6 million sq.m., 59.0% and 71.1% of which were managed by the top five and top ten companies in the project management industry, respectively, in 2019. Our competitors may have greater financial, technical and other resources, better brand recognition and larger customer bases, and may be able to devote more resources to the development, promotion and sale of their services and solutions. There is no assurance that we will be able to procure new project management service contracts in the future as planned or at a desirable pace or price, or at all, as a result of the factors discussed above. If we cannot respond to changes in customer preferences more swiftly or more effectively than our competitors, or increased competition arising from new market participants, our business, results of operations and financial condition could be adversely affected.

We may not be able to maintain our business growth at the same level we had during the Track Record Period.

We are the first project management company with an asset-light business model in the PRC, according to the China Index Academy. We have experienced a steady growth of our business since our inception. Our total revenue increased by 45.8% from RMB1,015.9 million in 2017 to RMB1,481.2 million in 2018, and by 34.6% from RMB1,481.2 million in 2018 to RMB1,993.9 million in 2019. Our growth during the Track Record Period was mainly driven by the expansion of our commercial project management business, specifically resulting from our cooperation with business partners. Our asset-light business model is relatively new as compared to traditional business model adopted by property developers in the PRC and is evolving. We cannot assure you that we will be able to continue to grow our business at the same pace, or at all, because our business is affected by various factors, many of which are beyond our control, such as the macroeconomic condition of the PRC, the state of PRC property development, the demand for project management services and the competition from other project management companies in the PRC. Our expansion is based on our assessment of market prospects and our close cooperation with our business partners. We cannot assure you that our assessments will always be accurate and our relationship with our business partners will continue as expected. In addition, to succeed in our business expansion, we will need to recruit and train new project managers and other employees and build our operations and reputation in our target regional markets within a relatively short period of time. We may not have sufficient knowledge of the conditions of local real estate markets. As we enter into new markets, we may not have the same level of familiarity with contractors, suppliers, business practices and customs and customer tastes, behavior and preferences as compared with the cities where we are an established project management company. In addition, when we enter into new geographical areas, we may face intense competition from local or regional project management companies with an established presence and market share in those areas. Therefore, we cannot assure you that we can execute successfully our expansion plan or that we will succeed in effectively integrating our expanding operations, or that our expanding operations will generate adequate returns on our investments or positive operating cash flows. Furthermore, our business expansion may place a substantial strain on our managerial and financial resources and any failure in effectively managing our expanding operations may materially and adversely affect our business, prospects, results of operations and financial condition.

The national and regional economies in China and the world and our prospects may be adversely affected by COVID-19 or occurrence of other epidemics.

In December 2019, COVID-19 was first detected in Wuhan, China and quickly spread across China and the world. On January 30, 2020, the World Health Organization declared that the outbreak of COVID-19 constitutes a Public Health Emergency of International Concern (PHEIC). In February and March 2020, an increasing number of additional cases were confirmed in many other countries and regions around the world. In March 2020, the World Health Organization declared COVID-19 as a global pandemic. Many foreign countries have also implemented a variety of measures, such as travel bans and closing of boarders, to help contain the spread of the virus. The accelerated spread of the virus globally caused extreme volatility in the global financial market, including the repeated triggering of stock market "circuit breakers" in the U.S. and many other countries. In China, the recent outbreak of COVID-19 has endangered the health of many people, resulting in numerous confirmed cases and deaths and significantly disrupted travels and local economies in and outside of China. In order to prevent and control the outbreak of COVID-19, the local governments of various provinces and cities in which we operate may introduce a series of continuous control measures, including but not limited to restrictions on enterprises from resuming work, traffic control, travel bans, management and control over commencement schedules of construction in new and exiting construction sites. See "Business – Impact of COVID-19 outbreak on our business" for further details relating to the impact of COVID-19 on our business operations and financial positions. The COVID-19, or other adverse public health developments, could, among others, significantly disrupt our businesses and cause temporary suspension and shortage of labor and raw materials of our project management projects under construction and to be constructed as well as delays in sales and delivery of our project management projects ready for sale and delivery. For example, the outbreak of COVID-19 has caused (i) temporary suspension, and shortage of labor and raw materials, of our project management projects under construction or to be constructed; (ii) delays in construction, sales and delivery of our project management projects in the first half of 2020; (iii) increasing pressure on operational costs and expenses as well as cash flow positions of certain Project Owners; and (iv) potential adverse impact on the PRC real estate industry and accordingly, our business operations and financial performance for the first half of 2020 as a result. Accordingly, based on our unaudited interim condensed consolidated financial information as of and for the three months ended March 31, 2020, our revenue decreased by 35.7% from RMB437.0 million for the three months ended March 31, 2019 to RMB281.1 million for the same period in 2020, and our gross profit decreased by 48.4% from RMB202.2 million for the three months ended March 31, 2019 to RMB104.3 million for the same period in 2020. In addition, if any of our employees were suspected of contracting or contracted an epidemic disease, it could adversely affect or disrupt our operations, as we may be required to quarantine some or all of our employees, disinfect the buildings or sites or even close some or all of our business to prevent the spread of the disease. The spread of any severe communicable disease in China may also affect the business operations and financial performance of the relevant Project Owners, the contractors and suppliers and our business partners in our project management projects, which could in turn adversely affect our business, financial condition, results of operations and growth prospects. Moreover, although our agreements with Project Owners and other contractual counterparties generally contain typical *force majeure* clause which may excuse each party from performing its obligations, either entirely or partially, under the relevant agreements if it is unable to do so due to *force majeure*, there is no assurance that the outbreak of any severe communicable diseases constitutes a *force majeure* event under the governing laws of our existing legal agreements, nor can we assure that we can be exempted from our obligations thereunder pursuant to such clause or renegotiating terms and other arrangements with these counterparties at commercially acceptable terms or at all. Our failure to resolve any potential dispute with the counterparties in this regard may lead to litigations or legal proceedings which may therefore have a material adverse impact on our reputation, business, financial conditions and results of operations. Furthermore, such adverse epidemics may severely affect and restrict the level of economic activity in China as a result of the government measures adopted for disease control purposes, which together with the disruption of business in major industries, may adversely affect the overall business sentiment and environment in China, which in turn may lead to slower overall economic growth, recession or other negative developments in the social, political, economic or legal environment of the PRC, causing a decrease in real estate investments, fewer new property development projects, a decline in the purchasing power of potential purchasers and lower demand for our services. Any contraction or slowdown in the economic growth of China and the world could adversely affect our business, financial condition, results of operations and growth prospects.

Our Project Owners and other counterparties may not be able to fulfill their contractual obligations owed to us, which could negatively impact our reputation, business, financial condition and results of operations.

It generally takes us five to six years to recognize all the revenue of a project management project. Therefore, based on the contracts for our project management business, the Project Owners are generally required to pay us within the pre-agreed period based on the project milestone achieved. Delays in or failures to make payment by the Project Owners may negatively affect our cash flow position and our ability to meet our working capital requirements. As of December 31, 2017, 2018 and 2019, our trade receivables, net of allowance for credit losses amounted to RMB102.4 million, RMB78.2 million and RMB137.7 million, respectively. Any default in payments of receivables and progress payments by the Project Owners may lead to a decrease in working capital available for our other operations. While we may file claims against the Project Owners for any outstanding payment owed to us pursuant to our contracts, dispute resolutions may require significant time, financial and other resources, and the outcome is often uncertain. We cannot assure you that the Project Owners will make payments to us in full on a timely basis, or at all, or that we will be able to efficiently manage the level of bad debt arising from late payments.

In addition, the Project Owners may be unable to perform their contractual obligations to us due to failure to obtain sufficient funding for project development, such capital resources may not be available on commercially reasonable terms, or due to general financial difficulties or other reasons. In particular, many of the Project Owners require bank financings for the real estate projects for which we provide project management services. The ability of the Project Owners to obtain external financings in the future and the cost of such financings are subject to uncertainties, some of which are beyond our control, including but not limited to, requirements to obtain PRC government approvals necessary for obtaining financings in the domestic or international markets; the future results of operations, financial condition and cash flows; the condition of the international and domestic financial markets and financing availability; changes in the monetary policies of the PRC government with respect to bank interest rates and lending practices; and changes in policies regarding regulation and control of the real estate market. The PRC government has implemented a number of measures to manage money supply growth and credit availability, especially with respect to the property development sector. These measures and other similar government actions and policy initiatives have limited the Project Owners' ability and flexibility in using bank loans to finance property projects. The availability and terms of financing in the market have a significant influence on the Project Owners' demand for our services. To the extent there is instability in the credit markets, the availability of credit may be limited and it may be relatively difficult or expensive to obtain financing. This situation could negatively impact the Project Owners' ability to fund their projects and use our services. Accordingly, if the Project Owners are unable to obtain financing in a timely manner or at a reasonable cost, relevant projects may be adversely affected, and our financial performance and prospects may be materially and adversely affected.

Moreover, the counterparties to our agreements, including our own vendors and suppliers, may suffer liquidity constraints or financial distress or otherwise be negatively impacted by the credit market, which may prevent them from fulfilling their obligations under our agreements and adversely affect our cash flows. If those counterparties are unable to perform their obligations to us, we may be required to make alternate arrangements on less favorable terms with other parties to ensure adequate performance and delivery of services to us. Moreover, we may be subject to disputes brought by the Project Owners or our vendors and suppliers that seek to avoid payment to us of costs exceeding forecasted expenditures or who deny their obligation to perform certain duties under their contracts with us.

Furthermore, in order to achieve operational efficiency, in July 2019, we entered into business process outsourcing ("BPO") arrangements with a BPO company, in which we have 20% equity interest, to provide various assistances for our project management projects in the provision of comprehensive services such as construction management, cost management and sales and marketing management. The workers in the BPO company, however, may not possess the same level of skills, profession or experience like our employees, or may be insufficient to support our operations, and we have less control over them compared to that over our own employees. Therefore, any lower-than-expected performance of workers of this BPO company will adversely affect our business operation and the quality of our services, and in some cases cause harm to our brand and reputation. In addition, we and this BPO company have entered into a five-year term business cooperative framework agreement and will enter into separate service cooperative agreements on a project-by-project basis. We cannot guarantee that we will be able to renew our agreements with them upon expiration, at commercially acceptable terms or at all, and our business and operations will be negatively affected as a result. These circumstances could also lead to disputes and litigations with the Project Owners or other contractual counterparties, which could have a material adverse impact on our reputation, business, financial condition and results of operations.

Our business ventures with our business partners subject us to various risks.

We have cooperated with our business partners mainly comprising our joint ventures to develop our project management business during the Track Record Period, and may continue to do so from time to time in the future. As of December 31, 2019, we had jointly established 17 joint ventures with our JV partners to provide commercial and government project management services, and we also cooperated with two third-party companies to develop these businesses. During the Track Record Period, we also had one associate business partner engaged in project management business, namely Greentown Shenye, which became our joint venture in February 2019 after we increased our equity interests in it. Although we do not have control over these joint venture business partners, associate business partner and third-party business partners, the performance of them has affected, and will continue to affect, our results of operations and financial position. Based on the mandates that we entered into directly with the Commercial Project Owners, we generally recognize as revenue the full amount of the management fees generated from project management services provided by our business partners. After taking the pre-agreed percentage (typically 20% to 30%) of such management fees, we are required to pay the remaining balance to the business partners and record it as service costs of our cost of sales, pursuant to the profit sharing agreements we enter into the relevant business partners. Our revenue generated from commercial project management through cooperation with business partners was RMB119.9 million, RMB382.8 million and RMB675.6 million, respectively, accounting for 11.8%, 25.8% and 33.9% of our total revenue, in 2017, 2018 and 2019. During the same periods, we have incurred service costs of RMB75.4 million, RMB312.2 million and RMB690.4 million, respectively, mainly consisting of the management fee we paid to the business partners in the project management business, accounting for 7.4%, 21.1% and 34.6%, respectively, of our revenue. There is no guarantee that our cooperation with business partners will continue to grow at the same pace we had during the Track Record Period.

The operation of our joint ventures and associates engaged in the project management businesses are subject to a variety of risks similar to those of our subsidiaries and us. The success of our joint ventures and associates depends on a number of factors, some of which are beyond our control. As a result, we may not be able to realize the anticipated economic and other benefits from these entities. Although we generate cash inflow from our cooperation with business partners in relation to the split of project management fees, we are subject to liquidity risk associated with investments in our joint ventures and associates given that such investments are not as liquid as other investment products and there are no cash inflows from such investments until dividends received, even profits have been reported under equity accounting. There is also no guarantee that our joint ventures or associates may declare dividends. The business rationale for our business partners to cooperate with us primarily include, amongst others, the use of the "Greentown" brand in the origination and daily operation of the project management businesses. If such business partners use such trademarks in ways that negatively affect the brand images, our reputation could be damaged, which in turn may have an adverse effect on our financial condition and results of operations. In addition, our interests in joint ventures and associates may subject us to adverse financial risks. For example, during the Track Record Period, our share of results of joint ventures and associates fluctuated subject to the increase or decrease in our interests in joint ventures and associates as well as the operations of those entities. Since some of those entities were at an early stage of operation and had been operating at a loss, our profitability and our results of operation as a whole were adversely affected. During the Track Record Period, our share of results of joint ventures was a loss of RMB8.7 million, a loss of RMB27.4 million and a loss of RMB15.4 million in 2017, 2018 and 2019. Our share of result of associates increased from a loss of RMB1.7 million in 2018 to a loss of RMB6.6 million in 2019, primarily resulting from the net losses mainly incurred by Greentown Shenye's operating project management business mainly due to its preliminary development state while ramping up its businesses. As advised by our PRC Legal Advisor, the liability of shareholders of a limited liability company in the PRC is limited by their respective subscribed capital contribution to such company. As of the Latest Practicable Date, the potential maximum exposure of our share of losses of our joint venture business partners is estimated to be RMB237.1 million, which reflects our total subscribed capital contribution to these joint ventures. See "Business – Project Management Business – Commercial Project Management – Cooperation with Business Partners – Performance of our business partners" for details. Our financial performance may continue to be subject to fluctuations in future periods in conjunction with our future investments in joint ventures and associates or the performance of such entities.

Major decisions of the joint ventures require board approval. According to our PRC Legal Advisor and based on the shareholders' agreements and articles of association of the joint ventures, valid board resolutions on major decisions will require approval by a specific minimum proportion of the directors, but none of the shareholders by itself will be entitled to appoint the number of directors required to approve such valid board resolutions or to vary such requirement. Accordingly, we do not have control over the joint ventures. Therefore, such joint ventures involve a number of risks, including but not limited to (i) we may not be able to pass certain important board resolutions requiring such specific minimum proportion of directors or unanimous consent of all of the directors of our joint ventures (as applicable) if there is a disagreement between us and our business partners; (ii) we may disagree with our business partners in connection with the scope or performance of our respective obligations under the arrangements; (iii) our business partners may be unable or unwilling to perform their obligations under the arrangements with us, including their obligations to make required capital contributions, whether as a result of financial difficulties or other reasons; (iv) our business partners may have economic or business interests or goals and philosophies inconsistent with ours; (v) our business partners may take actions contrary to our requests, instructions, policies or objectives with respect to our property investments; and (vi) our business partners may face financial or other difficulties affecting their ability to perform their obligations under the relevant arrangements with us.

Furthermore, in 2017, 2018 and 2019, service fees paid to our single largest supplier amounted for approximately 31.0%, 15.1% and 10.8%, respectively, of our total purchases (including service fees), and service fees paid to our five largest suppliers amounted for approximately 68.9%, 56.9% and 49.7%, respectively, of our total purchases (including service fees). See "Business – Suppliers" for details. These purchases mainly represent the management service fee that we paid to our business partners comprising mainly our joint ventures, under our cooperation with business partners model for commercial project management. If any of these joint ventures terminates its business relationship with us, we may not be able to immediately find replacements, which may adversely affect our business and financial results.

We may be adversely affected by the performance of third-party contractors and suppliers.

As part of our project management process, we assist the Project Owner in identifying and engaging third-party contractors and suppliers to provide various services, including design, pile setting, foundation digging, construction, equipment installation, interior decoration, electromechanical engineering, pipeline engineering and elevator installation, among others and a series of construction materials and other materials. The ability of a third-party contractor or supplier to perform its functions in relation to a project effectively and efficiently will affect our ability to meet the project's quality expectations, budget and milestones based on our project development plan. We generally select these third-party contractors and suppliers for the Project Owners through tender processes and taking into account factors including their demonstrated competence, market reputation, track records, our prior relationships with them, and adequate human resources for our managed projects. We also adopt and follow our own quality control procedures and routinely monitor works performed by third-party contractors. However, we cannot assure you that third-party contractors and suppliers will provide services and products pursuant to our required standard of quality or fully comply with the applicable PRC laws and regulations. If the performance of any third-party contractor or supplier is not satisfactory or does not comply with the applicable laws and regulations, we may need to assist the Project Owners to replace that contractor or supplier or take other remedial actions, which could increase the cost and lengthen the time required to complete the work and the project as a whole. In addition, we are expanding our business into other regional markets in China, and there may be a shortage of contractors and suppliers that meet our quality requirements in such markets. Moreover, contractors and suppliers may undertake other real estate projects, engage in risky or unsound practices or encounter financial or other difficulties, which may affect their ability to complete their work for us on time or within budget. The occurrence of any of the above factors could have a material adverse effect on our reputation, business, results of operations and financial condition.

The business and prospects of our government project management business depend upon the continued public spending and investment by the PRC government.

The business and prospects of our government project management business segment depend upon the continued public spending and investment by the PRC government. The vast majority of the projects we undertake in this business segment are public housing property development. The renewal of urban and rural areas to public housing is an important direction of the PRC housing policy, with a target to build 20 million houses in the 13th Five-Year Planning Period (2016 to 2020). According to the arrangement of the PRC government work meeting of the States Council in 2017, a three-year renewal plan would be implemented between 2018 and 2020, with an aim to build 15 million houses. In 2019, the annual development target plan of public housing was set at approximately 2.85 million apartments, which creates an ample development potential for the project management industry in the coming years. According to China Index Academy, the total investment in the infrastructure spent by the PRC government amounted to RMB510.6 billion in 2011 and increased to RMB1,453.3 billion in 2018, representing a CAGR of 16.1%. Any significant reduction in the PRC government's public budgets or changes in policies relating to the property market and city development plans could materially and adversely affect our business, results of operations and financial condition.

In addition, as a leading company undertaking government project management services, we need to closely collaborate with the local PRC government. Although we believe that we are currently maintaining a close working relationship with the public bodies, there can be no assurance that these relationships will continue to be maintained in the future. The public bodies may (i) be unable or unwilling to fulfill their obligations, (ii) encounter financial difficulties, or (iii) have disputes with us as to the contractual terms or other matters. Such authorities may not perform their contractual obligations in a timely manner, if at all, or may, without prior notice or consent from us, change existing policies and project plans for a number of reasons, such as government budgeting. Any failure of our contracting public bodies to fulfill their contractual obligations or any adverse change to the policies or their plans may require us to adjust our construction and development plans and thus adversely affect our operating results. If there is any material disagreement between the PRC government and us, we may not be able to successfully resolve the disagreement in a timely manner, or at all. Disputes with public bodies may last for a considerably longer period of time than for those with private sector counterparties, and payments from the public bodies may be delayed as a result. Any of these factors may materially and adversely affect our business, prospects, results of operations and financial condition.

The projects we manage may not progress according to our project development schedule, on budget or at all, which may lead to deterioration of our reputation and loss of or delay in recognizing revenues.

Any changes to the project development schedule may affect the cash flows and results of operations of the Project Owners and therefore, us. We generally receive our consultation and management fees and performance-based bonus in parts according to the project development progress and the sales and cash collection progress, where the final payment may be receivable within a certain period of time after the projects are completed and delivered. The progress of the development of our managed project can be adversely affected by many factors, which may be beyond our control, including:

- changes in market conditions, an economic downturn or a decline in consumer confidence;
- shortage of financing of the Project Owners to fund the project development;
- delays in obtaining necessary licenses, permits or approvals or the land use right certificates of the managed projects from governmental agencies or authorities;
- relocation of existing residents and demolition of existing structures;
- shortages of materials, equipment, contractors and skilled labor in certain new markets that we plan to penetrate into;
- latent soil or subsurface conditions and latent environmental damage requiring remediation;
- unforeseen engineering, design, environmental or geographic problems;
- labor disputes;
- construction accidents;
- natural disasters, acts of God or occurrence of epidemics;
- adverse weather conditions;
- changes in governmental practices and policies, including reclamation of land for public works or facilities; and
- other unforeseen problems or circumstances.

Our project management business is at risk from earthquakes, floods and other natural disasters in the regions where we operate. Damage to any of the properties we develop or impact on the markets, whether by natural disasters or otherwise, may either delay or preclude the construction progress and sale of the property in our project management projects or adversely affect our budget for the projects. Construction delays or failure to complete construction of a project according to its planned specifications, schedule or budget may materially and adversely affect our reputation as a project manager in the real estate industry, further causing loss of or delay in recognizing revenues and generating positive cash flows of the Project Owners, which in turn may affect our business, results of operations and financial condition. If a property project is not completed on time, the purchasers of pre-sold units may be entitled to late delivery compensation or even terminate the pre-sale agreements and claim damages. We may then be subject to penalty charges caused by delays due to claim of the Commercial Project Owners, the limit of which is up to the total management fee we actually collected.

Any inappropriate use of any of the "綠城" (Greentown) or related trademarks and deterioration in the "綠城" (Greentown) brand image could adversely affect our business.

We have benefited significantly and expect to continue to benefit significantly from Greentown's strong brand recognition and brand image. Any negative incident or negative publicity concerning any of the "綠城" (Greentown) or related trademarks or the "綠城" (Greentown) brand image could adversely affect the brand value and accordingly our reputation and business. Currently, various "綠城" (Greentown) and related trademarks have been registered respectively under the names of Greentown Holdings Group Limited (綠城控股集團有限公司) (an associate of former substantial shareholder of Greentown China, as of the Latest Practicable Date, and whose interests may not align with ours) ("Greentown Holdings Group") and member(s) of our Parent Group for various classes and categories of services and products. Most of our managed commercial project management projects use the "綠城" (Greentown) or related trademarks including trademarks previously acquired by our Parent Group from Greentown Holdings Group which are licensed by our Parent Group to us. A few related entities (which are not members of our Parent Group or our Group), such as Greentown Real Estate Development Group Co. Ltd (綠城置業發展集團有限公司) (a company previously held as to 5% by our Parent Group which equity interests were subsequently transferred to our Group as described in "Relationship with Controlling Shareholders – Business Delineation Between the Parent Group and Our Group"), among others, have historically been licensed and are still licensed by Greentown Holdings Group and/or the Parent Group to use the "Greentown" (綠城) or related trademarks (including certain trademarks licensed by our Parent Group to us pursuant to the Trademark License Agreement between Greentown China and our Company as described below) for, as the case may be and among other things, project management businesses that may be similar to our businesses. Therefore, there may be third parties using "綠城" (Greentown) or related trademarks in their project management business or other businesses in competition with us. Moreover, the interests of the owners or licensees (other than us) of the "綠城" (Greentown) or related trademarks may not align with our interests. In addition, there is no assurance whether Greentown Holdings Group will use the "綠城" (Greentown) brand for registered uses including non-real estate related purposes.

Greentown Holdings Group may also allow its certain related entities or other third parties to use the "Greentown" trademark in their business operations, such as parties which are engaged in businesses including property management, interior decoration, media, hospital investment, and education businesses. If such entities use such trademarks in ways that negatively affect the "綠城" (Greentown) brand images, our reputation could be damaged, which in turn may have an adverse effect on our financial condition and results of operations.

In anticipation of the Global Offering and to ensure that we will continue to be able to use certain "綠城" (Greentown) or related trademarks that we have been using in our project management business, our Company and Greentown China entered into a trademark license agreement on February 24, 2020 (the "Trademark License Agreement") for a term commencing from the date of the agreement for an initial term of 10 years from the Listing, subject to renewal for another 10 years at our choice. Any such renewal would be subject to compliance with relevant laws and regulations, including the Listing Rules, and may hence be subject to approval by independent Shareholders in the future. Therefore, there is no guarantee that we will be able to renew such agreement in a timely manner, or at favorable terms, or at all, in the future. In the event that we fail to renew or encounter significant delays in renewing such agreement, we may not be able to undertake certain project management projects or allow the Project Owners to use or continue to use the "綠城" (Greentown) brand as part of our project management services, and therefore our business, financial condition and results of operations may be adversely affected. Moreover, licensing fees are payable by us to our Parent Group under the Trademark License Agreement upon Listing. The licensing fee payable to Greentown China during the term of the license per year is a fixed amount and shall be gradually increased to RMB60 million per year, The licensing fee for the 1st to 10th year shall be subject to a lower amount that may be agreed by Greentown China and our Company, and the licensing fee for the 11th to 20th year may also be adjusted as agreed by Greentown China and our Company. Such trademark licensing fee, which does not exist prior to the Listing, may have an adverse effect on our profit margin, financial condition and results of operations after Listing.

Moreover, while we have been advised by our PRC Legal Advisor that we have been granted by our Parent Group with sufficient licensing rights to use the relevant "綠城" (Greentown) and related trademarks pursuant to the Trademark License Agreement for our businesses, there is no assurance that there would be no person who alleges that we do not possess all sufficient rights to use all relevant "綠城" (Greentown) or related trademark in engaging in our businesses. Any such allegations, whether or not ultimated be substantiated, may harm our reputation, draw our resources in responding to any such allegations and may have an adverse effect on our operation, business, financial condition or prospect. Brand value is based largely on subjective consumer perceptions and can be damaged by isolated incidents that reduce consumer trust. Consumer demand for products associated with the "綠城" (Greentown) brand and the "綠城" (Greentown) brand value could diminish significantly if the development projects that we, our Parent Group or others undertake to manage fail to live up to the "綠城" (Greentown) brand standard, or fail to deliver a consistently positive consumer experience, or if we are perceived to act in an unethical or socially irresponsible manner.

In addition, the respective efforts (if any) of the owners or licensees to protect the "綠城" (Greentown) or related brand name may not be adequate, and they or we may fail to identify any unauthorized use of the "Greentown" brand name or to take appropriate steps to enforce the rights on a timely basis, or at all, resulting in the Greentown brand's misappropriation or misuse. Any unauthorized use of "綠城" (Greentown) or related trademarks or infringement of the "綠城" (Greentown) or related brand name may impair its value and in turn reduce the incentive for a Project Owner to mandate us to manage their property development projects. Any deterioration in the "綠城" (Greentown) or related brand name may ultimately damage our reputation as a project management enterprise and have a material adverse effect on our business, financial position and results of operations.

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

Our success and growth depend on the continued services of our executive Directors such as Mr. Li Jun, and other members of our senior management team, as well as the efforts of our other key employees, including but not limited to the project managers of each managed project. They have extensive experience in the PRC real estate and project management industries, and in-depth knowledge of various aspects of project management, strategic planning and business management. We cannot assure you that any executive Director or member of senior management, or any of our key employees is willing or able to continue in his or her present position or that we will be able to promptly find and hire a suitable replacement if he or she is recruited by a competitor or departs to start a competing business. Any negative news regarding our senior management team or our employees may also adversely affect our reputation or business. Moreover, along with our steady growth and expansion into other regional markets in China, we will need to employ, train and retain additional suitable skilled and qualified management and employees from a wider geographical area. If we cannot attract and retain suitable personnel, our business and future growth may be materially and adversely affected.

We may not be able to sustain the gross profit margins of the commercial project management services at the levels we had during the Track Record Period.

We have experienced decreases in gross profit margin of the commercial project management services during the Track Record Period. The gross profit margin of the commercial project management decreased from 61.4% in 2017 to 55.7% in 2018 and decreased from 55.7% in 2018 to 46.2% in 2019. The decreases in gross profit margin for the commercial project management services were mainly due to the rapid development through cooperation with business partners under which we need to pay certain percentage of our management fee to the cooperated business partners. The number of projects we operated through cooperation with business partners has increased from 37 as of December 31, 2017 to 89 as of December 31, 2019. See "Business – Project Management Business – Commercial Project Management – Cooperation with Business Partners" and "Financial Information – Description of selected statements of profit or loss line items – Gross Profit and Gross Profit Margin."

There can be no assurance that we will be able to maintain the gross profit margins of the commercial project management business at the levels we had during the Track Record Period. We may, from time to time, operate our commercial project management business through cooperation with business partners in the future which may affect our gross profit margin. Furthermore, there is no guarantee that we will be able to control or reduce our cost and expenses or improve our cost efficiency and accordingly, our gross profit margin. If there is any decline in our gross profit margins in the future, or if we fail to sustain the margin levels, our profitability and financial condition may be materially and adversely affected.

We experienced net current liabilities during the Track Record Period and may need additional external financings to fund our working capital requirements and we may not be able to obtain such financings on acceptable terms or at all.

As of December 31, 2017, 2018 and 2019, we had net current liabilities of RMB459.1 million, RMB184.5 million and net current assets of RMB466.8 million, respectively. We recorded net current liabilities as of December 31, 2017 and 2018 primarily due to (i) the relatively larger amounts due to related parties mainly representing the fee payable in relation to project management services provided by our cooperated business partners and the non-trade payables due to (a) Greentown Real Estate in connection with the unpaid consideration for our acquisition of Greentown Shidai and Greentown Dingyi in 2017 and (b) Greentown Real Estate in connection with the payments made to suppliers and constructors in the Media Village Project Management on behalf of us as well as (ii) the relatively larger amounts of trade and other payables mainly representing other payables to Project Owners in connection with the deposits they placed with us and payroll payable. For further information on our net current liabilities position during the Track Record Period, see "Financial Information – Working Capital" in this prospectus. Net current liabilities may expose us to certain liquidity risks and could constrain our operational flexibility and adversely affect our ability to expand our business. Although we had net current assets as of December 31, 2019, we cannot guarantee if we will be able to maintain such position and will not have net current liabilities in the future. We cannot assure you that we will have sufficient financial resources to meet our anticipated cash needs, including capital requirements, capital expenditure, repayment of our future indebtedness, if any, when it falls due and various contractual obligations. In the event that we are unable to maintain adequate cash inflows from our operating activities, or if we fail to obtain alternative bank and credit facilities, or fail to obtain them on reasonable terms, or at all, our business, financial condition and results of operations may be materially and adversely affected.

Our results of operations and financial position could be adversely affected by any goodwill impairment.

We recognized goodwill of RMB769.2 million in connection with the acquisition of subsidiaries Greentown Management and Greentown Shidai in 2015. This goodwill was allocated to an individual cash generating unit and was subject to the assessment for impairment annually or more frequently if certain events or changes in circumstances indicate that it might be impaired. We did not recognize any impairment losses in respect of goodwill based on the impairment testing conducted by us during the Track Record Period. See Note 20 in the Accountants' Report included in Appendix I to this prospectus for details.

Pursuant to applicable accounting standards, the impairment loss of goodwill is recognized for the amount by which the carrying amount of cash generating unit exceeds its recoverable amount. The recoverable amount is the higher of the cash generating unit's value in use and its fair value less costs of disposal. In evaluating the potential for impairment of goodwill, we make assumptions including but not limited to annual incremental sales contract rate, gross margin rate, pre-tax discount rate and long-term growth rate to determine the basis of recoverable amount of the cash generating unit. These assumptions could be affected by our future operating performance, business trends, and general market and economic conditions which we cannot assure you that our assumptions will be proved to be correct. If any of these assumptions do not materialize, or if the performance of our business is not consistent with such assumptions, we were required to recognize impairment loss. Any significant impairment of goodwill could have a substantially adverse effect on our financial position and results of operations.

Our equity instruments are measured at fair value through other comprehensive income and are subject to risks associated with valuation uncertainty due to the use of unobservable inputs.

As of December 31, 2019, the equity instrument at fair value through other comprehensive income was RMB87.2 million, representing our equity interest in private entities engaging in project management industry in the PRC. We have elected to designate these investments in equity instruments at fair value through other comprehensive income as we consider that such instruments would be held for the long term for the objective of strengthening our business relationships. The accounting estimates in the fair value measurement and the use of significant unobservable inputs in the valuation process are subject to risks and uncertainty and may materially and adversely affect our financial condition and results of operations.

We are subject to credit risks.

Our credit risk is primarily attributable to our trade receivables, contract assets and amounts from related parties. We adopted the expected credit loss model from January 1, 2018. Our impairment losses under expected credit loss model, net of reversal were a loss of RMB11.3 million and a loss of RMB7.8 million in 2018 and 2019, respectively. Our trade receivables mainly represented trade receivables from our Project Owners and customers of our consulting services. As of December 31, 2017, 2018 and 2019, our trade receivables, net of allowance for credit losses amounted to RMB102.4 million, RMB78.2 million and RMB137.7 million, respectively. Our trade receivables, net of allowance for credit losses increased from RMB78.2 million as of December 31, 2018 to RMB137.7 million as of the same date in 2019 primarily because of the growth of our commercial project management and government project management businesses. Our contract assets mainly represented our right to consideration for work completed but not billed because such right remains subject to our future performance in achieving specified milestones stipulated in the relevant project management contracts. The contract assets will be transferred to trade receivables when the rights become unconditional. Our contract assets were RMB220.3 million, RMB244.0 million and RMB311.9 million as of December 31, 2017, 2018 and 2019. The increase of our contract assets during the Track Record Period mainly reflected the state of our billing, the development stages of the projects we had and our continued expansion of our business. We are subject to the credit risk of our Project Owners in connection with our business, which could, in turn, adversely affect our results of operations and financial conditions.

Our amounts due from related parties mainly represented (i) the management fee payable by Greentown Real Estate which in certain projects entered into the project management mandates directly with the Project Owners under which we provided project management services and were entitled to the fee Greentown Real Estate charged the Project Owners (ii) the performance deposits paid to the related parties and funds paid in advance to our cooperated joint ventures before the completion of the relevant projects as well as (iii) the service fee payable by our related parties as customers of our other services. Additionally, it also includes non-trade financing receivable from our related parties.

We perform credit evaluations of our customers' and related parties' credibilities based on our past dealings. However, we cannot assure you that such evaluations are sufficient and adequate or our Project Owners or related parties will not defer or default on payment. Delay in settling receivables by our Project Owners may affect our cash flows and increase our working capital needs. If a Project Owner or a related party defaults on its payments to us, it could also affect our liquidity and limit the capital resources available to us for other purposes. We may seek compensation for losses that we incurred, but the settlement process generally takes a significant amount of time as well as financial and other resources, and the outcome may not be favorable to us.

Changes in fair value of investment properties measured at fair value through profit or loss may affect our financial condition and results of operations.

During the Track Record Period and up to the Latest Practicable Date, we had property interests held under operating leases to earn rentals or for capital appreciation purposes, which were recorded as investment properties at fair value through profit or loss. During the Track Record Period, we acquired these investment properties from two defaulting Project Owners who offered these properties to settle their payables to us. We assessed the fair value of these investment properties as of December 31, 2017, 2018 and 2019, and recorded gain or loss from changes in the fair value for the respective periods. Our gain or loss from changes in the fair value of investment properties was a gain of RMB1.2 million, a loss of RMB15.4 million and a loss of RMB1.0 million in 2017, 2018 and 2019, respectively. The fair value of such investment properties as of December 31, 2017, 2018 and 2019 are derived from the valuations carried out as of such dates by an independent valuer. The estimation of our investment properties at fair value through profit or loss primarily uses direct comparison method and makes adjustments according to other market observable transactions of similar properties. The market condition has, from time to time, experienced price fluctuations that are subject to uncertainty and beyond our control. We cannot guarantee that investment properties will not be offered from Project Owners to settle their payable in the future. As a result, such treatment of carrying amounts of our investment properties measured at fair value through profit or loss may cause volatility in or adversely affect our financial condition and results of operations.

Our business strategies are subject to uncertainties and risks and therefore our future growth may not materialize as planned.

Our ability to continue to grow our business will depend on our continuing ability to successfully implement our business strategies. For further details, see the section headed "Business – Our Strategies" in this prospectus. However, we base our expansion plans on our assessment of market prospects. We cannot assure you that our assessment will prove to be correct or that we can grow our business as planned. Our ability to implement our business strategies depends on, among other things, the general economic conditions in the PRC, our ability to continue to maintain close relationships with our key customers, the increasing spending by the PRC government on public works projects, the current growth prospects for private development projects, the availability of management, financial, technical, operational and other resources, and competition. The implementation of these strategies is therefore subject to factors beyond our control, we cannot assure you that our future growth will be at a rate comparable to that in the past, or at all. Consequently, if we fail to effectively implement our business strategies, our business, financial position and results of operations may be materially and adversely affected.

We plan to expand into the real estate-related financial solutions business, which is an evolving industry subject to developing regulations in China.

We plan to further enhance our value proposition to the Commercial Property Owners by providing real estate-related financial solution services, which are mainly comprised of liquidity support, debt financing and equity investment through sourcing from third-parties or with own capital in response to the needs of the Commercial Project Owners in selective project management projects. Since early 2019, we have explored the opportunities to provide liquidity support, debt financing and equity investment through sourcing from third-parties or with own capital in response to the needs of the Commercial Project Owners in selected commercial project management projects, as part of our efforts to provide comprehensive commercial project management solutions. The regulatory framework for the real estate-related financial solutions industry in China is evolving and may remain uncertain for the foreseeable future. Expansion in this new business area involves new risks and challenges. For example, our contemplated liquidity support and debt financing solutions may involve the lending of money which may not be in compliance with the General Lending Provisions (《貸款通則》), a departmental rule promulgated by the PBOC in 1996, although we are advised by our PRC Legal Advisor that under normal circumstances, the possibility that the PBOC would impose a penalty on us pursuant to the General Lending Provisions is low. See "Business – Project Management Business – Commercial Project Management – Commercial Project Management with Capital Contribution." In addition, for certain financial solution services, we have committed or will commit our own capital and may introduce our financing partners, which are reputable and credible large-scale enterprises or established financial institutions, to our selective Project Owners to provide or contribute their capital. Our lack of familiarity with the real estate-related financial solutions sector may make it difficult for us to anticipate the demands and preferences of the Commercial Project Owners and develop financial solution services that meet those preferences. We may need to obtain certain business licenses for providing financial services and there is no guarantee that we will be able to obtain such licenses in a timely manner or at all. We may not be able to successfully identify new service opportunities or develop and introduce these opportunities to the Commercial Project Owners in a timely and cost-effective manner, or our financing partners may be dissatisfied with the returns from real estate-related financial solution services that we offer. Furthermore, our ability to manage the quality of our financial asset portfolio will have significant impact on the results of operations of our real estate-related financial solution services business. There is no guarantee that the Commercial Project Owners will always be able to repay debts owed to our financing partners or us, or generate returns from businesses invested by the financing partners and us. Deterioration in the overall quality of our financial asset portfolio may occur due to a variety of reasons, including factors beyond our control, such as a liquidity or credit crisis of the Commercial Project Owners, a slowdown in the growth of the Chinese or global economies, a liquidity or credit crisis in the Chinese or global finance sectors or real estate sectors or a material adverse regulatory change affecting our industry in China. Any significant deterioration in the asset quality of our real estate-related financial solutions business may have an adverse effect on our business, results of operations and financial condition.

We are susceptible to changes in the regulatory landscape of the project management industry and the real estate industry in the PRC in general.

As we are a project management service provider, our growth potential is, and will likely continue to be, affected by developments in the project management industry and the real estate industry in the PRC in general. The PRC government promulgates new laws and regulations from time to time in relation to these industries. Among other measures, the PRC government may reduce the land available for property development, determine the means of bidding for the grant of land in a flexible manner including "restrict housing price and bid for land," "restrict land price and bid for housing," "restrict land price and bid for resettlement housing area" and "sell existing houses or bid for self-holding areas after the premium rate is exceeded for a certain percentage," implement measures including restriction policies on sales and loans of commodity housing to suppress the level of increase in property prices, impose foreign exchange restrictions on cross-border investment and financing, restrict foreign investment and taxation. Such policies are introduced to curb overheating or speculation in the real estate industry and may reduce market demand for properties overall. In the event that they decelerate the overall growth of property development in the PRC, we may experience slower growth in the market for project management services, which could in turn restrict our potential in and efforts to expand our business. Furthermore, the PRC government implements macro-economic control measures from time to time to ensure the orderly development of the real estate market. The control measures implemented by the PRC government will affect the development of real estate projects, reducing the demand to hire project managers for their management of projects, and thus affecting the operation of or project management business. Any adverse changes in the regulatory environment, 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 potential purchasers, resulting in lower demand for our services and lower revenue for us. As such, our business, financial condition and results of operations could be materially and adversely affected.

Our business may be adversely affected if we fail to obtain, or experience material delays in obtaining requisite approvals, licenses and permits to conduct certain services.

We have obtained and maintained certain approvals, licenses and permits and fulfilled registration and filing requirements in order to conduct certain government project management services and related consultation services of which some Government Project Owners have corresponding requirements. 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 business operations or that we will not encounter material delays or difficulties in fulfilling the necessary conditions to obtain and/or renew all requisite licenses and 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 approvals, licenses and permits, we will not be able to undertake some government projects and our business, financial condition and results of operations may be adversely affected.

We may fail to effectively implement our risk management and internal control policies and procedures.

The complexity of our operations and products exposes us to various risks, including market risk, liquidity risk, credit risk, operational risk and legal and compliance risk. We have established corporate governance and risk management control systems and procedures. See the section headed "Business – Internal Control and Risk Management – Risk Management." Certain areas within our risk management systems may require constant monitoring, maintenance and continual improvements by our senior management and staff. We cannot assure you that our risk management systems are adequate. Our businesses and prospects may be materially and adversely affected if our efforts to maintain these systems are proved to be inadequate.

Deficiencies in our risk management systems and procedures may adversely affect our ability to record, process, summarize and report financial and other data in an accurate and timely manner, as well as adversely impact our ability to identify any reporting errors and non-compliance with rules and regulations. Future risk exposure can be significantly greater than the exposure estimated under the historical methods. Moreover, the information and empirical data that we rely on may become obsolete quickly as a result of market and regulatory developments, and our historical data may not be able to adequately reflect risks that may emerge from time to time in the future.

The internal control systems may contain inherent limitations caused by misjudgment. Any failure to address any risk related matters and other deficiencies in a timely and effective manner may result in investigations, disciplinary actions or even prosecution being initiated against us or our employees, or disruption to our risk management systems, any of which may impose a material and adverse effect on our business, financial condition and results of operations.

Any acquisitions, dispositions, market development or other investments that we may undertake may present risks or uncertainties.

We may selectively pursue acquisitions or dispositions of businesses, or strategic investments. See "Business – Our Strategies – Develop ourselves as a comprehensive project management platform through enriching our services along the value chain." There can be no assurance that we will be able to locate suitable targets for acquisitions or investments, or that we will be able to consummate any such transactions on terms and conditions acceptable to us, or that such transactions will be successful. Acquisitions may cause us to enter into businesses that we have not previously conducted and expose us to additional business risks that are different from those we have historically experienced. We may also encounter difficulties identifying all significant risks relating to potential acquisitions during our due diligence activities and successfully managing the growth we expect to experience from such acquisitions. We may face difficulties in integrating acquired operations with our existing business. With respect to potential dispositions, we may be unable to successfully cause a buyer of a divested business to assume the liabilities of that business or, even if such liabilities are assumed, we may have difficulties enforcing our rights, contractual or otherwise, against the buyer. With respect to other investments, the companies that we invest in may fail, causing a loss of all or part of our investment.

We may be involved from time to time in disputes, administrative, legal and other proceedings arising out of our projects or subject to fines and sanctions in relation to our non-compliance with certain PRC laws and regulations, and may face significant liabilities or damage to our reputation as a result.

We may be involved in disputes with various parties involved in the construction, development and the sale of the managed projects that we were engaged to provide project management services, including contractors, suppliers, construction workers, Project Owners and residents, partners and purchasers. These disputes may lead to protests, legal or other proceedings and may result in damage to our reputation, incurrence of substantial costs and the diversion of resources and management's attention. The judicial process may distract us from devoting our attention to normal and customary operating functions. In addition, we may have compliance issues with regulatory bodies in the course of our operations, which may subject us to administrative proceedings and unfavorable decrees that result in liabilities, fines or sanctions and cause damage to our reputation and delays to our project management projects. We may also be involved in disputes or legal proceedings in relation to delays in the completion and delivery of our managed projects. During the Track Record Period, we had not been and were not a party to any material legal, arbitral or administrative proceedings and we were not aware of any material pending or threatened legal, arbitral or administrative proceedings against us or any of our Directors which, in the opinion of our Directors, could have a material adverse effect on our business operations or financial condition as a whole. After the Track Record Period and up to the Latest Practicable Date, we were named as a defendant in two legal proceedings in the ordinary course of our business of project management with alleged claims in the aggregate amount of approximately RMB60.3 million against us due to early termination of the project management agreements with the relevant

Project Owners. Our external PRC litigation advisor, Zhejiang T&C Law Firm, has advised us that the counterparties to these two legal proceedings do not have sufficient legal ground to support their major claims because (i) we have timely performed our corresponding obligations and rendered our services in accordance with the timelines stipulated in the relevant project management projects prior to June 2019; (ii) the project milestones were not fully achieved as planned since June 2019 primarily due to reasons beyond our control; and (iii) due to non-performing of the relevant Project Owners since the third quarter of 2019, we have the rights to terminate, and have notified the relevant Project Owners to terminate, the relevant project management agreements in January 2020 and the project deposits we received were therefore forfeited, and accordingly, the chance of receiving favorable final judgments by these counterparties for their monetary claims in these two legal proceedings is remote. Based on the foregoing, our Directors are of the view that the two legal proceedings will not have a material impact on the reputation, business, financial condition and results of operations of the Group as a whole. The occurrence of any of the above events, and failure to comply with any applicable PRC laws or regulations, may have a material adverse effect on our business, results of operations and financial condition. Finally, any failure or alleged failure by us or any of our directors, officers or other agents to fully adhere to the PRC or other applicable bribery or anti-corruption laws, or any investigation in relation to such failure or alleged failure by any regulatory body, could also materially and adversely affect our reputation and our business, results of operations and financial condition. For more information, see "Business – Legal Proceedings and Compliance."

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

We are exposed to fraud, negligence or other misconduct, intended or unintended, committed by our employees, subcontractors, agents, customers or other third parties that could subject us to financial losses and sanctions imposed by governmental authorities as well as seriously harm our reputation. We cannot assure you that our risk management and internal control systems will always enable us to detect, prevent and take remedial measures in relation to fraud, negligence or other misconduct committed by our employees, third-party subcontractors or third parties in a timely and effective manner. Examples of such behavior include crimes such as theft, vandalism and bribery during tenders.

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

We may be subject to risks relating to our leased properties.

As of the Latest Practicable Date, we entered into 43 lease agreements as tenants with independent third parties (including a director of one of our joint ventures). Some of the lessors to these leases have not provided us with evidence of the right to lease such properties. Therefore, we cannot guarantee that the lessors from whom we leased such properties are the landlords and have the right to lease such properties to us. If the relevant right holders or other third parties challenge our use of such leased properties and we may be required to relocate on short notice. Our Directors do not anticipate any material difficulty in identifying comparable alternative premises if we need to relocate for our operation.

In addition, we did not register 42 of such lease agreements. Pursuant to the Administrative Measures for Commodity House Leasing (商品房屋租賃管理辦法), which became effective on February 1, 2011, parties to a lease agreement are required to file the lease agreements for registration and obtain property leasing filing certificates for their leases. Although we have been taken all practicable and reasonable steps to request the landlords of such properties to cooperate with us to complete the registration in a timely manner, we cannot assure you that such landlords will do so. Our PRC Legal Advisor has advised us that the lack of registration of the lease agreements does not affect the validity of the lease agreements under the relevant PRC laws and regulations. However, we may be required by relevant government authorities to file the lease agreements to complete the registration formalities and may be subject to a fine for non-registration, which may range from RMB1,000 to RMB10,000 per lease agreement if we fail to complete the lease registration after we are requested to do so by the competent PRC government authorities. As of the Latest Practicable Date, we had not received any rectification order or been subject to any fines in respect of non-registration of any of our lease agreements. The imposition of the above fines could require us to make additional efforts and/or incur additional expenses, any of which could impact our business, financial condition and results of operations. The registration of these lease agreements to which we are a party requires additional steps to be taken by the respective other parties to the lease agreement which are beyond our control. There can be no assurance that the other parties to our lease agreements will be cooperative and that we can complete the registration of these lease agreements and any other lease agreements that we may enter into in the future. See "Business – Properties – Leased Properties" for details.

Failure to make adequate statutory social welfare payments for our employees may subject us to penalties.

PRC laws and regulations require us to pay several statutory social welfare benefits for our employees, including pension insurance, unemployment insurance, medical insurance, work-related injury insurance, maternity insurance and housing provident fund. The amounts of our contributions for our employees under such benefit plans are calculated based on a certain percentage of salaries, including bonuses and allowances, up to a maximum amount specified by the local government from time to time at locations where we operate.

During the Track Record Period, we did not pay in full the required contributions to the social insurance plans and the housing provident fund for a certain number of our employees in accordance with the relevant PRC laws and regulations. Our PRC Legal Advisor has advised us that in respect of outstanding social insurance contributions, if the competent authority is of the view that the social insurance contributions we made for our employees do not satisfy the requirements under the relevant PRC laws and regulations, we might be ordered to pay the unpaid amount within a certain period and a late fee that equals to 0.05% of the total unpaid amount per day, failing which we may be subject to a fine ranging from one to three times of the total unpaid amount of the social security fund. In respect of the outstanding housing provident fund contributions, if the competent authority is of the view that the housing provident fund contributions we made for our employees do not satisfy the requirements under the relevant PRC laws and regulations, it can order us to pay the outstanding balances to the relevant local authority within a prescribed period, failing which it can apply to the local people's court for compulsory enforcement. As of the Latest Practicable Date, we had not received any notice from the local authorities or any claim or request from the relevant employees that require us to make payments for insufficient contributions. We estimate that the aggregate amount of social insurance payments that we did not make was RMB3.9 million, RMB8.9 million and RMB14.4 million in 2017, 2018 and 2019, respectively, and the housing provident fund contributions that we did not make were RMB3.8 million, RMB5.0 million and RMB8.4 million for the same periods, respectively.

We cannot assure you that the relevant local government authorities will not require us to pay the outstanding amount within a prescribed time and impose late charges or fines on us, which may materially and adversely affect our business, financial condition and results of operations.

We may enter into loan agreements that contain restrictions limiting our flexibility in operating our business.

We may enter into loan agreements, some of which may contain restrictive covenants, including significant operating and financial restrictions that limit our ability or the ability of our subsidiaries to, among other actions, pay dividends, enter into joint ventures, change shareholding structure, consolidate, spin off, merge or sell or otherwise dispose of any of our assets or business, incur or guarantee additional indebtedness and make certain investments. In addition, future loan agreements may contain cross-default clauses whereby a default under one of our loan agreements may trigger an event of default under other loan agreements. We may also be required to maintain specified financial ratios and satisfy other financial covenants under some loan agreements. Our ability to meet such financial ratios and other financial covenants can be affected by events beyond our control, and there can be no assurance that we will meet these ratios and comply with such covenants in the future. A breach of any of these covenants could result in a default under these and other loan agreements, which may allow the lenders to declare all amounts outstanding thereunder to be immediately due and payable and terminate all commitments to extend further credit. If the indebtedness under our loan agreements were to be accelerated, there can be no assurance that we will be able to pay such indebtedness in full or at all.

We maintain limited insurance coverage.

In line with industry practice, we do not carry comprehensive insurance against all potential losses or damages with respect to our properties before their delivery to customers nor do we maintain insurance coverage against liability from tortious acts, property damage or personal injury relating to the construction and maintenance of our properties. Although we expect our third-party construction companies to maintain appropriate insurance coverage and we also recommend the Project Owners to maintain necessary engineering insurances, we cannot assure you that their insurance would cover or be sufficient to satisfy all claims, or that we would not be sued or held liable for damages notwithstanding their insurance coverage. Moreover, there are certain losses for which insurance is not available on commercially practicable terms in China, such as losses suffered due to earthquake, typhoon, flooding, war and civil disorder. If we suffer from any losses, damages or liabilities in the course of our business, we may not have sufficient financial resources to cover such losses, damages or liabilities or to satisfy our related obligations. Any payment we make to cover any losses, damages or liabilities may have a material and adverse effect on our business, results of operations and financial condition.

We rely on the proper performance of our information technology system.

We rely to a certain degree on the uninterrupted operation of our information technology. We do not currently carry insurance to cover the risk of business interruption. We cannot assure you that our information systems will always operate without interruption. Any malfunction to a particular part of our system for an extended period of time may affect the quality of our services or cause delay in the delivering process, which may have a material and adverse effect on our business operations.

The national and regional economies in China and our prospects may be adversely affected by natural disasters, acts of God, or occurrence of epidemics.

Our business is subject to general economic and social conditions in China. Natural disasters, epidemics and other acts of God which are beyond our control may adversely affect the economy, infrastructure and livelihood of the people in China. Some regions in China, including the cities where we operate, are susceptible to the threat of flood, earthquake, sandstorm, snowstorm, fire, drought, or epidemics such as COVID-19, Middle East respiratory syndrome coronavirus, or MERS-CoV, Ebola, severe acute respiratory syndrome, or SARS, the human swine influenza A (H1N1), the human swine influenza A (H5N1) and the human swine influenza A (H7N9). Serious natural disasters may result in a tremendous loss of lives, injuries and the destruction of assets, as well as disrupt our business operations. Severe communicable disease outbreaks could result in widespread health crises and strict disease control measures that may materially and adversely affect economic systems and financial markets. Acts of war or terrorism may also injure our employees, cause loss of life, disrupt our business operations and adversely affect the financial well-being of our customers. Any of these and other factors beyond our control may create uncertainties within the overall business environment, thereby causing our business to suffer in ways that we cannot predict and may materially and adversely impact our business, financial condition and results of operations.

RISKS RELATING TO DOING BUSINESS IN CHINA

Adverse changes in the PRC economic, political and social conditions as well as laws and government policies, may materially and adversely affect our business, financial condition, results of operations and prospects.

China has been, and will continue to be our primary operating base and currently most of our assets are located in China. While the PRC economy has grown significantly in the past 30 years, growth has been uneven, both geographically and among the various sectors of the economy. The PRC government has implemented various measures to encourage economic growth and to guide the allocation of resources. Some of these measures benefit the overall PRC economy, but may also negatively affect our operations. For example, our financial position and results of operations may be adversely affected by the PRC government's control over capital investment, price controls or any changes in tax regulations or foreign exchange controls that are applicable to us.

The PRC economy has been transitioning from a planned economy to a market oriented economy. For the past three decades, the PRC government has implemented economic reform measures emphasizing the utilization of market forces in the development of the PRC economy. The PRC economy has grown significantly in recent decades, but there can be no assurance that this growth will continue or continue at the same pace. In May 2017, Moody's Investors Service downgraded China's sovereign credit rating for the first time since 1989 and changed its outlook from stable to negative, citing concerns about the country's rising levels of debt and expectations of slower economic growth. The full impact of the Moody's downgrade remains to be seen, but the perceived weaknesses in China's economic development model, if proven and left unchecked, would have profound implications. In addition, demand for our services and our business, financial position and results of operations may be adversely affected by:

- political instability or changes in social conditions in the PRC;
- changes in laws, regulations or policies or the interpretation of laws, regulations or policies;
- measures that may be introduced to control inflation or deflation;
- changes in the rate or method of taxation;
- the imposition of additional restrictions on currency conversion and remittances abroad; and
- changes in U.S. and international trade policies that may impact the PRC economy and in turn the purchasing power of homebuyers in the PRC real estate market.

PRC regulation of loans and direct investment by offshore holding companies to PRC entities may delay or prevent us from using the proceeds of the Global Offering to make loans or additional capital contributions to our PRC operating subsidiaries, which could materially and adversely affect our liquidity and our ability to fund and expand our business operations.

We may transfer funds to our PRC operating subsidiaries or finance their operations by means of shareholder loans or capital contributions, including transferring the net proceeds of the Global Offering to our PRC operating subsidiaries upon completion of the Global Offering. Any loans to our PRC operating subsidiaries, which are foreign-invested enterprises, may not exceed statutory limits based on the difference between their registered capital and investment amount, and shall be registered with banks that have obtained the financial institution identification code assigned by the relevant Foreign Exchange Bureau and that has activated the capital account information system with the Foreign Exchange Bureau at its domicile (已經取得外匯局金融機構標識碼且在所在地外匯局開通資本專案資訊系統的銀行). Furthermore, any equity contributions we make to our PRC operating subsidiaries, some of which are foreign-invested enterprises, shall submit information report to the MOFCOM or its local counterparts. Although the Foreign Investment Law of the PRC (《中華人民共和國外商投資法》)("Foreign Investment Law"), which came into effect on January 1, 2020 and replaced the three separate foreign investment laws enacted between 1979 and 1990, has changed the regulatory requirements with respect to funds transferring from us to our PRC operating subsidiaries or financing their operations by means of shareholder loans or capital contributions to enable foreign investment and financing in the PRC become more convenient and liberalized, there is no guarantee that we will be able to obtain any government permits as requested by the relevant authorities on a timely basis, or at all. If we fail to receive such approvals, our ability to provide loans or capital contributions to our PRC operating subsidiaries may be negatively affected, which could materially and adversely affect our liquidity and our ability to fund and expand our business.

Failure by our beneficial owners who are PRC residents to make any required applications and filings pursuant to regulations relating to offshore investment activities by PRC residents may prevent us from being able to distribute profits or inject capital and could expose us and our PRC resident beneficial owners to liability under the PRC laws.

The Circular on Relevant Issues concerning Foreign Exchange Administration of Overseas Investment and Financing and Return Investments Conducted by Domestic Residents through Overseas Special Purpose Vehicles (《關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知》) ("SAFE Circular No. 37"), which was promulgated by SAFE and became effective on July 4, 2014, requires a PRC individual resident ("PRC Resident") to register with the local SAFE branch before he or she contributes assets or equity interests in an overseas special purpose vehicle ("Offshore SPV") that is directly established or controlled by the PRC Resident for the purpose of conducting investment or financing. Following the initial registration, the PRC Resident is also required to register with the local SAFE branch for any major change in respect of the Offshore SPV, including, among other things, any major change of a PRC Resident shareholder, name or term of operation of the Offshore SPV, or any increase or reduction of the Offshore SPV's registered capital, share transfer or swap, merger or division. Failure to comply with the registration procedures of SAFE Circular No. 37 may result in penalties and sanctions, including the imposition of restrictions on the ability of the Offshore SPV's Chinese subsidiary to distribute dividends to its overseas parent.

Our dividend income from our foreign-invested PRC subsidiaries may be subject to a higher rate of withholding tax than that which we currently anticipate.

Under the EIT Law and the EIT Implementation 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 treaty or similar arrangement with the PRC and the foreign shareholder obtains approval from competent local tax authorities for application of such tax treaty or similar arrangement. If certain conditions and requirements under the Arrangement between the Mainland of China and Hong Kong Special Administrative Region on 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(國稅函[2006]第884號)》, or the "China-Hong Kong Tax Arrangement") are met, the withholding rate could be reduced to 5%. However, the Announcement of the State Administration of Taxation on the Determination of "Beneficial Owners" in the Tax Treaties which became effective on April 1, 2018 (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) (the "Notice 9"), provides that "Beneficial Owners" refer to persons who engaged in substantial business operations. It is unclear whether Notice 9 applies to dividends from our PRC operating subsidiaries paid to us through Mainwide HK, our direct subsidiary incorporated in Hong Kong which holds our PRC entities. If, under Notice 9, Mainwide HK was not considered the "beneficial owner" of any such dividends, such dividends would, as a result, be subject to income tax withholding at the rate of 10% rather than the more favorable 5% rate applicable under the China-Hong Kong Tax Arrangement. In that case, our financial condition and results of operations may be materially and adversely affected.

Changes in the PRC governmental standards, rules and regulations may have a significant impact on our business.

Currently, certain of our business and operations in the PRC entail the procurement of permits, licenses and certificates from the relevant government authorities and are subject to the inspection and testing by the relevant regulatory authorities. Thus, our business and operations in the PRC are subject to PRC government standards, rules and regulations. From time to time, changes in the standards, rules and regulations or the implementation thereof may require us to obtain additional approvals and licenses from the PRC authorities and enhance our existing measures to comply with evolving inspection and testing methodologies prescribed under the applicable standards for the conduct of our operations in the PRC. In such event, we may incur additional expenses in order to comply with such requirements. This will in turn affect our financial performance as our business costs will increase. Furthermore, we cannot assure you that such approvals or licenses will be granted to us promptly or at all. In addition, we may be subject to evolving inspection and testing methodologies adopted by the relevant regulatory authorities which are different from the applicable standards. If we experience delay in or are unable to obtain any required approvals or licenses, or fail to comply with the applicable standards due to different inspection or testing methodologies adopted by different regulatory bodies or other reasons, our operations and business in the PRC, and hence our overall financial performance will be adversely affected.

Compliance with M&A Rules, security review and other related procedures could make it more difficult for us to pursue growth through acquisitions in China.

In August 2006, six PRC regulatory authorities, including the MOFCOM, the State Assets Supervision and Administration Commission, the SAT, the SAIC, the CSRC, and the SAFE, jointly issued the Regulations on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (關於外國投資者併購境內企業的規定) (the "M&A Rules"), which became effective in September 2006 and were amended in June 2009. In March 2019 and December 2019, the SCNPC and the State Council issued the Foreign Investment Law and the Implementation Regulations for Foreign Investment Law of the PRC (《中華人民共和國外商投資法實施條例》) ("Implementation Regulations for Foreign Investment Law"), respectively, which both became effective on January 1, 2020. The Foreign Investment Law, the Implementation Regulations for Foreign Investment Law and the M&A Rules establish an approval system on particular foreign mergers and acquisitions, such as the foreign mergers and acquisitions involving the negative list of foreign investment access, which could make such acquisitions time-consuming and complex. In addition, the Notice on Launching the Security Review System for Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (關於建立外國投資者併購境內企業安全審查制度的通知) issued by the General Office of the State Council in February 2011 requires acquisitions by foreign investors of domestic companies engaged in military-related or certain other industries that are crucial to national security to be subject to prior security review. Moreover, the Anti-Monopoly Law requires that clearance of anti-monopoly review with the MOFCOM be required in advance of any concentration of undertaking if certain thresholds are triggered. We may expand our business in part by acquiring additional projects and complementary businesses in China. Complying with the requirements of the M&A Rules, security review rules and other PRC regulations to complete such transactions could be time-consuming, and any required approval processes, including obtaining approval from the MOFCOM or its local counterparts, may delay or inhibit our ability to complete such transactions, which could affect our ability to expand our business.

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 the section entitled "Regulatory Overview – Legal Regulations on Foreign Exchange" in this prospectus. We receive substantially all our revenue in Renminbi. Under our current structure, our income is primarily derived from dividend payments from our PRC subsidiaries. The foreign exchange control system may prevent us from obtaining sufficient foreign currency to satisfy our currency demands. Shortages in the availability of foreign currency may restrict our ability to remit sufficient foreign currency to pay dividends or other payments to our shareholders, or otherwise satisfy our foreign currency denominated obligations, if any.

The PRC government may also at its discretion restrict access in the future to foreign currencies for current account transactions. Under existing PRC foreign exchange regulations, payments of certain current account items can be made in foreign currencies without prior approval from the local branch of SAFE by complying with certain procedural requirements. However, approval of or registration with or filing with 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 ability to obtain foreign exchange through debt or equity financing, including by means of loans or capital contribution from us.

Fluctuations in exchange rates may result in foreign currency exchange losses and may have a material adverse effect on your investment.

The value of the Renminbi against the Hong Kong dollar and the U.S. dollar and other currencies fluctuates, is subject to changes resulting from the PRC government's policies and depends to a large extent on domestic and international economic and political developments as well as supply and demand in the local market. In July 2005, the PRC government changed its decade-old policy of pegging the value of the Renminbi to the U.S. dollar, and adopted a more flexible managed floating exchange rate system to allow the value of the Renminbi to fluctuate within a regulated band that is based on market supply and demand with reference to a basket of currencies. The PRC government has since then introduced various further changes to the exchange rate system, and the floating band was gradually widened to 2% in March 2014. In August 2015, the PBOC authorized market-makers to provide central parity quotations to the China Foreign Exchange Trading Center with reference to the interbank foreign exchange market closing rate of the previous trading date, the supply and demand for foreign exchange, as well as changes in major international currency exchange rates. Shortly after the announcement, the central parity rate of the Renminbi against the U.S. dollar depreciated substantially. In November 2015, the International Monetary Fund approved to add Renminbi to its Special Drawing Rights basket, which took effect in October 2016. This represented a major step in the internationalization of the Renminbi. With the development of foreign exchange market and progress towards interest rate liberalization and Renminbi internationalization, the PRC government may in the future announce further changes to liberalize the exchange rate system. With an increased floating range of the Renminbi value against foreign currencies, the Renminbi may further appreciate or depreciate significantly in value against the Hong Kong dollar and the U.S. dollar or other foreign currencies in the long-term.

The proceeds from the Global Offering will be received in Hong Kong dollars. As a result, any appreciation of the Renminbi against the Hong Kong dollar or any other foreign currencies may result in a decrease in the value of our foreign currency-denominated assets and our proceeds from the Global Offering. Conversely, any depreciation of the Renminbi may adversely affect the value of, and any dividends payable on, our Shares in foreign currency. As we do not have a foreign currency hedging policy, we cannot assure you that we will be able to reduce our foreign currency risk exposure relating to our foreign currency-dominated assets. In addition, there are limited instruments available for us to reduce our foreign currency risk exposure at reasonable costs. Furthermore, we are also currently required to obtain the SAFE's approval before converting significant sums of foreign currencies into Renminbi. All of these factors could materially and adversely affect our business, financial condition, results of operations and prospects, and could reduce the value of, and dividends payable on, our Shares in foreign currency terms.

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

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

The legal system of the PRC is not fully developed and there are inherent uncertainties that may affect the protection afforded to our business and our Shareholders.

Almost all of our business is conducted in China and our principal operating subsidiaries are located in China. As such, we are subject to PRC laws and regulations and in particular, those applicable to foreign investments in China. The PRC legal system is a civil law system based on written statutes. Unlike common law systems, court decisions may be cited for reference in subsequent legal proceedings but have limited precedential value. Since 1979, the PRC government began to promulgate a comprehensive system of laws and regulations governing general economic and business matters. However, these laws, regulations and legal requirements are constantly changing and their interpretation and enforcement involve uncertainties. These uncertainties could limit the legal protections available to us and our Shareholders. In addition, we cannot predict the effect of future developments in the PRC legal system, particularly with regard to environmental protection, foreign investment and foreign exchange control, including the promulgation of new laws, changes to existing laws or the interpretation or enforcement thereof, or the preemption of local regulations by national laws. In particular, since January 1, 2020, the Foreign Investment Law which replaced the three separate foreign investment laws (namely, the Law of the People's Republic of China on Sino-foreign Equity Joint Ventures (《中華人民共和國中外合資經營企業法》), the Law of the People's Republic of China on Sino-foreign Co-operative Enterprises (《中華人民共和國中外合作經營企業法》), and the Law of the People's Republic of China on Wholly Foreign-owned Enterprises (《中華人民共和國外資企業法》), each of which was enacted in the early years of the PRC economic reform between 1979 and 1990, has come into effect. The Foreign Investment Law formulated the principle of equal treatment among domestic and foreign investments and introduced the management system of pre-establishment national treatment and negative list (准入前國民待遇加負面清單) for foreign investment as the basic statutory scheme. Accordingly, newly established foreign-invested enterprises in the PRC will apply the company laws and regulations or partnership laws and regulations, which were previously applicable to domestic enterprises only in the future. In addition, the organizational form, enterprise structure and operational rules of the existing foreign-invested enterprises will transform accordingly to conform to those of domestic enterprises within a five-year transition period starting from January 1, 2020. With the promulgation of the detailed implementation rules of the Foreign Investment Law, such as the Implementation Regulations for the Foreign Investment Law of the People's Republic of China (《中華人民共和國外商投資法實施條例》) and the Measures for the Reporting of Foreign Investment Information (《外商投資信息報告辦法》) which came into effect on January 1, 2020 or other regulatory requirements to enforce Foreign Investment Law, it can be expected that the PRC regulatory requirements with respect to foreign investment be subject to change constantly. Furthermore, any litigation in China may be protracted and result in substantial costs and diversion of resources and management attention.

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

All our senior management members reside in mainland China, and substantially all of our assets, and substantially all of the assets of those persons are located in mainland China. Therefore, it may be difficult for investors to effect service of process upon those persons inside mainland China or to enforce against us or them in mainland China any judgments obtained from non-PRC courts. China does not have treaties providing for the reciprocal recognition and enforcement of judgments of courts with the Cayman Islands, the United States, the United Kingdom, Japan and many other developed countries. Therefore, recognition and enforcement in China of judgments of a court in any of these jurisdictions in relation to any matter not subject to a binding arbitration provision may be difficult or even impossible. The PRC and Hong Kong have entered into certain arrangements on the reciprocal recognition and enforcement of judgments in civil and commercial matters (the "Reciprocal Arrangements") which allow for a final court judgment (relating to the payment of money or other civil or commercial proceedings) rendered by a Hong Kong court or PRC court (as the case may be) to be recognized and enforced in the PRC or Hong Kong (as the case may be), provided certain conditions are met. However, certain matters may be excluded under the Reciprocal Arrangements and a judgment may be refused to be recognized and enforced by the requested place in certain circumstances such as for public policy reasons or where the judgment was obtained by fraud. As a general matter, a judgment of a court of another jurisdiction may be reciprocally recognized or enforced if the jurisdiction has a treaty with the PRC or if judgments of the PRC courts have been recognized before in that jurisdiction, subject to the satisfaction of other requirements. However, investors are reminded that only an enforceable final judgment requiring payment of money arising out of a commercial contract with an exclusive jurisdiction clause and granted by Hong Kong courts may be recognized by the PRC courts, subject to the requirements and restrictions set forth in the arrangement.

Furthermore, an original action may be brought in China against us or our Directors or officers only if the actions are not required to be arbitrated in the first place by the PRC law and upon satisfaction of the conditions for institution of a cause of action pursuant to the PRC Civil Procedure Law. As a result of the conditions set forth in the PRC Civil Procedure Law, and the discretion of the PRC courts to determine whether the conditions are satisfied and whether to accept the action for adjudication, there remains uncertainty on whether an investor like you will be able to bring an original action in China in this fashion.

The enforcement of the Labor Contract Law and other labor-related regulations in the PRC may adversely affect our business and profitability.

The PRC Labor Contract Law and the Implementation Rules on PRC Labor Contract Law took effect in January 2008 and September 2008, respectively. The PRC Labor Contract Law was further amended in December 2012, which became effective in July 2013. These labor laws and rules impose stringent requirements on employers in relation to entering into employment contracts, hiring of temporary employees and dismissal of employees. According to the PRC Labor Contract Law, an employer is obligated to sign a non-fixed term labor contract with an employee if the employer continues to employ the employee after two consecutive fixed term labor contracts or the employee has already worked for the employer for ten years consecutively. The employer also has to pay compensation to employees if the employer terminates a non-fixed term labor contract or in the event of employer's dismissals. Unless an employee refuses to extend an expired labor contract, financial compensation is also required when the labor contract expires and the employer does not extend the labor contract with the employee under the same terms or terms which are better than those in the original labor contract. A minimum wage requirement has also been imposed by the PRC Labor Contract Law. In addition, under the Regulations on Paid Annual Leave for Employees and its implementation measures, which became effective in January 2008 and September 2008, respectively, employees who have worked continuously for more than one year are entitled to a paid vacation ranging from five to 15 days, depending on the length of the employees' work time. Employees who waive their vacation time at the request of employers shall be compensated for three times their normal daily salaries for each vacation day being waived. Such laws and regulations may increase our staff costs. In addition, certain companies operating in the PRC have experienced labor unrest conditions in recent years. We cannot assure you that labor disputes, work stoppages or strikes will not arise in the future. Increases in our staff costs and future disputes with our employees could significantly disrupt our operations and expansion plans, and thus materially and adversely affect our business, financial condition or results of operations.

If we are classified as a PRC "resident enterprise," our global income may be subject to 25% PRC enterprise income tax.

The PRC Enterprise Income Tax Law provides that an enterprise established outside China whose "*de facto* management body" is located in China is considered a "PRC resident enterprise" and will generally be subject to the uniform 25% enterprise income tax rate on its global income. Under the Implementation Rules of the PRC Enterprise Income Tax Law, "*de facto* management body" is defined as the organization body that effectively exercises management and control over such aspects as the business operations, personnel, accounting and properties of the enterprise.

In April 2009, the SAT released the Notice Regarding the Determination of Chinese-Controlled Offshore Incorporated Enterprises as PRC Tax Resident Enterprises on the Basis of *De Facto* Management Bodies ("Circular 82"), which was later amended and supplemented by the SAT in January 2014. Circular 82 sets out the standards and procedures for determining whether the "*de facto* management body" of an enterprise registered outside of the PRC and controlled by PRC enterprises or PRC enterprise groups is located within the PRC. Under Circular 82, a foreign enterprise controlled by a PRC enterprise or PRC enterprise group is considered a PRC resident enterprise if all of the following requirements are satisfied: (i) the senior management and core management departments in charge of daily operations are located mainly within the PRC; (ii) financial and human resources decisions are subject to determination or approval by persons or bodies in the PRC; (iii) major assets, accounting books, company seals and minutes and files of board and shareholders' meetings are located or kept within the PRC; and (iv) at least half of the enterprise's directors with voting rights or senior management reside within the PRC. Further to Circular 82, the SAT issued the Administrative Measures for Enterprise Income Tax of Chinese-controlled Offshore Incorporated Resident Enterprises (For Trial Implementation) ("Bulletin 45") to provide more guidance on the implementation of Circular 82 and clarify the reporting and filing obligations of such "Chinese-controlled offshore-incorporated resident enterprises." Effective in September 2011, Bulletin 45 provides procedures and administrative details for the determination of PRC resident enterprise status and administration on post-determination matters. Although Circular 82 and Bulletin 45 explicitly provide that the above standards apply to enterprises which are registered outside the PRC and controlled by PRC enterprises or PRC enterprise groups, Circular 82 may reflect SAT's criteria for determining the tax residence of foreign enterprises in general, regardless of whether they are controlled by Chinese enterprises or Chinese individuals. Our tax resident status is subject to the determination by the PRC tax authorities and there are uncertainties as to whether a company incorporated overseas with Chinese controlling shareholders should be treated as a PRC resident enterprise before a determination by the competent PRC tax authorities is made. If we were treated as a PRC resident enterprise, the 25% PRC income tax on our global taxable income could materially and adversely affect our financial condition and ability to satisfy any cash requirements we may have.

The heightened scrutiny over acquisition transactions by the PRC tax authorities may have a negative impact on our business operations, our acquisition or restructuring strategy or the value of your investment in us.

Pursuant to the Notice on Strengthening Administration of Enterprise Income Tax for Share Transfers by Non-PRC Resident Enterprises ("Circular 698") issued by the SAT in December 2009 with retroactive effect from January 2008 and repealed by the Notice of the State Administration of Taxation on the Deduction of Income Tax Sources for Non-resident Enterprises ("Circular 37") issued by the SAT in October 2017 and became effective on December 1, 2017, where a non-resident enterprise transfers the equity interests of a PRC resident enterprise indirectly by disposition of the equity interests of an overseas non-public holding company, or an Indirect Transfer, and such overseas holding company is located in a tax jurisdiction that (i) has an effective tax rate of less than 12.5% or (ii) does not impose income tax on foreign income of its residents, the non-resident enterprise, being the transferor, must report to the competent tax authority of the PRC resident enterprise this Indirect Transfer. Using a "substance over form" principle, the PRC tax authority may disregard the existence of the overseas holding company if it lacks a reasonable commercial purpose and was established for the purpose of reducing, avoiding or deferring PRC tax. As a result, gains derived from such Indirect Transfer may be subject to PRC tax (including withholding tax) at a rate of up to 10%. Circular 698 also provides that, where a non-PRC resident enterprise transfers its equity interests in a PRC resident enterprise to its related parties at a price lower than the fair market value, the relevant tax authority has the power to make a reasonable adjustment to the taxable income of the transaction.

In March 2011, the SAT released the SAT Public Notice (2011) No. 24 ("Notice 24") to clarify several issues related to Circular 698, which became effective in April 2011. According to Notice 24, the term "effective tax" refers to the effective tax on the gain derived from the disposition of the equity interests of an overseas holding company, and the term "does not impose income tax" refers to the cases where the gain derived from disposition of the equity interests of an overseas holding company is not subject to income tax in the jurisdiction where the overseas holding company is a resident.

In February 2015, the SAT issued the Announcement on Several Issues Concerning Enterprise Income Tax for Indirect Transfer of Assets by Non-Resident Enterprise ("SAT Circular 7"). This regulation repealed certain provisions in Circular 698 and stipulated certain rules clarifying Circular 698. SAT Circular 7 provides comprehensive guidelines relating to, and heightened the PRC tax authorities' scrutiny on, indirect transfers by a non-resident enterprise of assets (including equity interests) of a PRC resident enterprise ("PRC Taxable Assets"). For example, when a non-resident enterprise transfers equity interests in an overseas holding company that directly or indirectly holds certain PRC Taxable Assets and if the transfer is believed by the PRC tax authorities to have no reasonable commercial purpose, SAT Circular 7 allows the PRC tax authorities to reclassify this indirect transfer of PRC Taxable Assets as a direct transfer and impose on the non-resident enterprise PRC enterprise income tax at the rate of 10% in respect of the taxable income. That said, SAT Circular 7 contains certain tax exemptions including, for example, (i) when a non-resident enterprise derives income from an indirect transfer of PRC Taxable Assets by acquiring and selling share of a listed overseas holding company in the public market, (ii) where a non-resident enterprise transfers PRC Taxable Assets that it directly holds and an applicable tax treaty or arrangement exempts this transfer from PRC enterprise income tax and (iii) where the transactions qualify as a legitimate corporate reorganization. It remains unclear whether any exemption under SAT Circular 7 will be applicable to the transfer of our Shares outside of the HKSE or to any future acquisition or disposal by us outside China involving PRC Taxable Assets, or whether the PRC tax authorities will reclassify such transaction by applying SAT Circular 7. Therefore, the PRC tax authorities may deem any transfer of our Shares outside of the HKSE by our Shareholders that are a non-resident enterprise, or any future acquisition or disposal by us outside of China involving PRC Taxable Assets, to be subject to the foregoing regulations, which may subject our Shareholder or us to additional PRC tax reporting obligation or tax liabilities.

You may be subject to PRC withholding tax on dividends from us and PRC income tax on any gain realized on the transfer of our Shares.

Under the PRC Enterprise Income Tax Law and its implementation rules, subject to any applicable tax treaty or similar arrangement between the PRC and your jurisdiction of residence that provides otherwise, PRC withholding tax at the rate of 10% is normally applicable to dividends from PRC sources paid to investors that are non-PRC resident enterprises, which do not have an establishment or place of business in the PRC, or which have such establishment or place of business but the relevant income is not effectively connected with the establishment or place of business. Any gain realized on the transfer of shares by such investors is generally subject to 10% PRC income tax if such gain is regarded as income derived from sources within the PRC. Under the PRC Individual Income Tax Law and its implementation rules, dividends from sources within the PRC paid to foreign individual investors who are not resident individuals are generally subject to a PRC withholding tax at a rate of 20% and gains from PRC sources realized by such investors on the transfer of shares are generally subject to PRC income tax at a rate of 20% for individuals. Any PRC tax may be reduced or exempt under applicable tax treaties or similar arrangements.

If we are treated as a PRC resident enterprise as described under "– If we are classified as a PRC 'resident enterprise,' our global income may be subject to 25% PRC enterprise income tax," dividends we pay with respect to our Shares, or the gain realized from the transfer of our Shares, may be treated as income derived from sources within the PRC and as a result be subject to the PRC income taxes described above. If PRC income tax is imposed on gains realized through the transfer of our Shares or on dividends paid to our non-resident investors, the value of your investment in our Shares may be materially and adversely affected. Furthermore, our Shareholders whose jurisdictions of residence have tax treaties or arrangements with China may not be able to obtain benefits under such tax treaties or arrangements.

RISKS RELATING TO THE GLOBAL OFFERING

No public market currently exists for our Shares; the market price for our Shares may be volatile and an active trading market for our Shares may not develop.

No public market currently exists for our Shares. The initial Offer Price for our Shares to the public will be the result of negotiations between our Company and the Joint Representatives (on behalf of the Underwriters), and the Offer Price may differ significantly from the market price of the Shares following the Global Offering. We have applied to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Shares. A listing on the Hong Kong Stock Exchange, however, does not guarantee that an active and liquid trading market for the Shares will develop, or if it does develop, that it will be sustained following the Global Offering, or that the market price of the Shares will not decline following the Global Offering.

In addition, the trading price and trading volume of the Shares may be subject to significant volatility in responses to various factors, including:

- variations in our operating results;
- changes in financial estimates by securities analysts;
- announcements made by us or our competitors;
- regulatory developments in China affecting us, our industry or the real estate industry;
- investors' perception of us and of the investment environment in Asia, including Hong Kong and the Mainland China;
- developments in the project management market in China;
- changes in the economic performance or market valuations of other project management companies;
- the depth and liquidity of the market for our Shares;
- additions to, or departures of, our executive officers and other members of our senior management;
- release or expiry of lock-up or other transfer restrictions on our Shares;
- sales or anticipated sales of additional Shares; and
- the general economy and other factors.

Moreover, shares of other companies listed on the Hong Kong Stock Exchange with significant operations and assets in China have experienced price volatility in the past, and it is possible that our Shares may be subject to changes in price not directly related to our performance.

You will incur immediate and significant dilution and may experience further dilution if we issue additional Shares or other equity securities in the future.

The Offer Price of the Offer Shares is higher than the net tangible asset value per Share immediately prior to the Global Offering. Therefore, purchasers of the Offer Shares in the Global Offering will experience an immediate dilution in pro forma net tangible asset value. In order to expand our business, we may consider offering and issuing additional Shares in the future. Purchasers of the Offer Shares may experience dilution in the net tangible asset value per share of their Shares if we issue additional Shares in the future at a price which is lower than the net tangible asset value per Share at that time.

Future sales or perceived sales of our Shares in the public market by the Controlling Shareholders following the Global Offering could materially and adversely affect the price of our Shares.

Prior to the Global Offering, there has not been a public market for our Shares. Future sales or perceived sales by our Controlling Shareholder, or issuance by us of significant amounts of our Shares after the Global Offering, could result in a significant decrease in the prevailing market prices of our Shares. Only a limited number of the Shares currently outstanding will be available for sale or issuance immediately after the Global Offering due to contractual and regulatory restrictions on disposal and new issuance. Nevertheless, after these restrictions lapse or if they are waived, future sales of significant amounts of our Shares in the public market or the perception that these sales may occur could significantly decrease the prevailing market price for our Shares and our ability to raise equity capital in the future.

We have significant discretion as to how we will use the net proceeds of the Global Offering, and you may not necessarily agree with how we use them.

Our management may use the net proceeds from the Global Offering in ways you may not agree with or that do not yield a favorable return to our Shareholders. We plan to use the net proceeds from the Global Offering to expand our project management business in existing and new markets, develop ourselves as a comprehensive project management platform, implement the "Greentown Star" system and reinforce and enhance the "Greentown" brand equity. Please see "Future Plans and Use of Proceeds – Use of Proceeds." However, our management will have discretion as to the actual utilization of our net proceeds. You are entrusting your funds to our management, upon whose judgment you must depend, for the specific uses we will make of the net proceeds from this Global Offering.

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

Immediately following the Global Offering, our Controlling Shareholders will directly or indirectly control in aggregate 75.0% of our Shares, assuming the Over-allotment Option is not exercised at all. See the section headed "Relationship with Controlling Shareholder" in this prospectus. Our Controlling Shareholders will, through their voting power at the Shareholders' meetings and its position on the Board, have significant influence over our business and affairs, including decisions in respect of mergers or other business combinations, acquisition or disposition of assets, issuance of additional shares or other equity securities, timing and amount of dividend payments, and our management. Our Controlling Shareholders may not act in the best interests of our minority Shareholders. In addition, without the consent of our Controlling Shareholders, we could be prevented from entering into transactions that could be beneficial to us. This concentration of ownership may also discourage, delay or prevent a change in control of our Company, which could deprive our Shareholders of an opportunity to receive a premium for the Shares as part of a sale of our Company and may significantly reduce the price of our Shares.

Investors may not have the same protection of their shareholder rights under the Cayman Islands law compared to what they would have under the Hong Kong law.

Our Company is incorporated in the Cayman Islands and its corporate affairs are governed by our Memorandum and Articles of Association, the Cayman Companies Law and the common law of the Cayman Islands. The rights of shareholders to take legal action against our directors, the rights of minority shareholders to instigate actions and the fiduciary responsibilities of our directors to us under the 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 the 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 the Cayman Islands companies may not have standing to initiate a shareholder derivative action in a Hong Kong court.

As a result of all of the above, our public shareholders may have more difficulty in protecting their interests through actions against our management, directors or major shareholders than would shareholders of a corporation incorporated in a jurisdiction other than in the Cayman Islands.

There will be a gap of several days between pricing and trading of our Shares, and the price of our Shares when trading begins could be lower than the Offer Price.

The Offer Price will be determined on the Price Determination Date. However, the Shares will not commence trading on the Hong Kong Stock Exchange until they are delivered, which is expected to be not more than five Business Days after the Price Determination Date. As a result, investors may not be able to sell or otherwise deal in the Shares during that period. Accordingly, holders of our Shares are subject to the risk that the price of the Shares when trading begins could be lower than the Offer Price as a result of adverse market conditions or other adverse developments that may occur between the time of sale and the time trading begins.

Facts, forecasts and statistics in this prospectus relating to the PRC economy and the project management industry may not be fully reliable.

Facts, forecasts and statistics in this prospectus relating to the PRC, the PRC economy and the project management industry in China, are obtained from various sources including official government publications that we believe are reliable, as well as from a report prepared by China Index Academy commissioned by us. However, we cannot guarantee the quality or reliability of these sources. Neither we, the Joint Sponsors, the Joint Representatives, the Joint Global Coordinators, the Underwriters nor our or their respective affiliates or advisors have verified the facts, forecasts and statistics nor ascertained the underlying economic assumptions relied upon in those facts, forecasts and statistics obtained from these sources. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice and other problems, the statistics in this prospectus relating to the PRC, the PRC economy or the project management industry in China may be inaccurate or may not be comparable to statistics produced for other economies and should not be unduly relied upon. As such, no representation as to the accuracy of such facts, forecasts and statistics obtained from various sources is made. Moreover, these facts, forecasts and statistics involve risk and uncertainties and are subject to change based on various factors and should not be unduly relied upon. Further, there can be no assurances that they are stated or compiled on the same basis or with the same degree of accuracy, as may be the case in other countries.

Forward-looking information may prove inaccurate.

This prospectus contains forward-looking statements and information relating to us and our operations and prospects that are based on our current beliefs and assumptions as well as information currently available to us. When used in this prospectus, the words “anticipate,” “believe,” “estimate,” “expect,” “plans,” “prospects,” “going forward,” “intend” and similar expressions, as they relate to us or our business, are intended to identify forward-looking statements. Such statements reflect our current views with respect to future events and are subject to risks, uncertainties and various assumptions, including the risk factors described in this prospectus. Should one or more of these risks or uncertainties materialize, or if any of the underlying assumptions prove incorrect, actual results may diverge significantly from the forward-looking statements in this prospectus. Whether actual results will conform to our expectations and predictions is subject to a number of risks and uncertainties, many of which are beyond our control, and reflect future business decisions that are subject to change. In light of these and other uncertainties, the inclusion of forward-looking statements in this prospectus should not be regarded as representations that our plans or objectives will be achieved, and investors should not place undue reliance on such forward-looking statements. All forward-looking statements contained in this prospectus are qualified by reference to the cautionary statements set out in this section. We do not intend to update these forward-looking statements in addition to our on-going disclosure obligations pursuant to the Listing Rules or other requirements of the Hong Kong Stock Exchange.

You should read the entire document carefully, and we strongly caution you not to place any reliance on any information contained in press articles or other media regarding us or the Global Offering.

There may be, subsequent to the date of this document but prior to the completion of the Global Offering, press and media coverage regarding us and the Global Offering, which may contain, among other things, certain financial information, projections, valuations and other forward-looking information about us and the Global Offering. We have not authorized the disclosure of any such information in the press or media and do not accept responsibility for the accuracy or completeness of such press articles or other media coverage. We make no representation as to the appropriateness, accuracy, completeness or reliability of any of the projections, valuations or other forward-looking information about us. To the extent such statements are inconsistent with, or conflict with, the information contained in this document, we disclaim responsibility for them. Accordingly, prospective investors are cautioned to make their investment decisions on the basis of the information contained in this document only and should not rely on any other information.

You should rely solely upon the information contained in this document, the Global Offering and any formal announcements made by us in Hong Kong in making your investment decision regarding our Shares. We do not accept any responsibility for the accuracy or completeness of any information reported by the press or other media, nor the fairness or appropriateness of any forecasts, views or opinions expressed by the press or other media regarding our Shares, the Global Offering or us. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such data or publication. Accordingly, prospective investors should not rely on any such information, reports or publications in making their decisions as to whether to invest in our Global Offering. By applying to purchase our Shares in the Global Offering, you will be deemed to have agreed that you will not rely on any information other than that contained in this document and the Global Offering.

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

MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rule 8.12 of the Listing Rules, we must have sufficient management presence in Hong Kong. This normally means that at least two of the executive Directors must be ordinarily resident in Hong Kong. Our business operations are located in China. Due to the business requirements of our Group, we expect that we will not have at least two executive Directors to be ordinarily based in Hong Kong after Listing.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with the requirements under Rule 8.12 of the Listing Rules. In order to maintain effective communication with the Stock Exchange, we have or will put in place the following measures in order to ensure that regular communication is maintained between the Stock Exchange and us:

(a) we have appointed two authorized representatives pursuant to Rule 3.05 of the Listing Rules, who will act as our principal channel of communication with the Stock Exchange. The two authorized representatives are Mr. Li Jun and Mr. Yu Cheeric James. The authorized representatives will provide their usual contact details to the Stock Exchange and will be readily contactable by telephone, facsimile and email by the Stock Exchange, if necessary, to deal with enquiries from the Stock Exchange from time to time;

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

(c) all the Directors who are not ordinarily resident in Hong Kong possess or can apply for valid travel documents to visit Hong Kong and would be able to come to Hong Kong and meet with the Stock Exchange upon reasonable notice;

(d) GF Capital, our compliance advisor, will act as an additional channel of communication with the Stock Exchange; and

(e) each Director will provide their respective mobile phone numbers, office phone numbers, email addresses and fax numbers to the Stock Exchange.

CONTINUING CONNECTED TRANSACTIONS

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

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange has granted, waivers from strict compliance with the announcement requirement set out in Chapter 14A of the Listing Rules for such continuing connected transactions. Please refer to the section headed "Connected Transactions" for further information.

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

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

UNDERWRITING AND INFORMATION ON THE GLOBAL OFFERING

This prospectus is published solely in connection with the Hong Kong Public Offering, which forms part of the Global Offering. For applicants under the Hong Kong Public Offering, this prospectus and the Application Forms contain the terms and conditions of the Hong Kong Public Offering.

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

The Listing is sponsored by the Joint Sponsors and the Global Offering is managed by the Joint Representatives. Pursuant to the Hong Kong Underwriting Agreement, the Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement, subject to agreement on the Offer Price to be determined between the Joint Representatives (for itself and on behalf of the Underwriters) and us on the Price Determination Date. The International Offering is expected to be fully underwritten by the International Underwriters subject to the terms and conditions of the International Underwriting Agreement, which is expected to be entered into on or about the Price Determination Date. For further information relating to the underwriting arrangements, please refer to the section headed "Underwriting" in this prospectus.

The Offer Price is expected to be fixed among the Joint Representatives (for itself and on behalf of the Underwriters) and our Company on the Price Determination Date. The Price Determination Date is expected to be on or around July 3, 2020 and, in any event, not later than July 9, 2020 (unless otherwise determined between the Joint Representatives (for itself and on behalf of the Underwriters) and our Company). If, for whatever reason, the Offer Price is not agreed between the Joint Representatives and our Company on or before July 9, 2020, the Global Offering will not become unconditional and will lapse immediately.

Please refer to "Underwriting" of this prospectus for further information about the Underwriters and the underwriting arrangements.

PROCEDURES FOR APPLICATION FOR HONG KONG OFFER SHARES

The application procedures for the Hong Kong Offer Shares are set forth in "How to apply for Hong Kong Offer Shares and Reserved Shares" of this prospectus and on the relevant Application Forms.

STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

Details of the structure of the Global Offering, including its conditions, are set forth in "Structure of the Global Offering" of this prospectus.

SELLING RESTRICTIONS ON OFFERS AND SALE OF SHARES

Each person acquiring the Hong Kong Offer Shares under the Hong Kong Public Offering and the Reserved Shares under the Preferential Offering respectively will be required to, or be deemed by his/her acquisition of Offer Shares to, confirm that he/she is aware of the restrictions on offers for the Offer Shares described in this prospectus and on the relevant Application Forms.

No action has been taken to permit a public offering of the Offer Shares in any jurisdiction other than in Hong Kong, or the distribution of this prospectus and/or the Application Forms in any jurisdiction other than Hong Kong. Accordingly, this prospectus may not be used for the purpose of, and does not constitute an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this prospectus and the offering and sale of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom.

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

We have applied to the Listing Committee for the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Global Offering (including the Shares which may be issued pursuant to the exercise of the Over-Allotment Option). Save as disclosed in this prospectus (and as detailed in the section headed "Structure of the Global Offering"), no part of our Shares is listed on or dealt in on any other stock exchange and no such listing or permission to list is being or proposed to be sought in the near future.

OVER-ALLOTMENT OPTION AND STABILIZATION

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

COMMENCEMENT OF DEALINGS IN THE SHARES

Dealings in the Shares on the Main Board of the Stock Exchange are expected to commence on Friday, July 10, 2020. The Shares will be treated on the Main Board of the Stock Exchange in board lots of 1,000 Shares each. The stock code of the Shares will be 9979.

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the granting of the listing of, and permission to deal in, the Shares on the Stock Exchange and compliance with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or on 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 the Shares to be admitted into CCASS. Investors should seek the advice of their stockbroker or other professional advisor for details of those settlement arrangements and how such arrangements will affect their rights and interests.

SHARE REGISTER AND STAMP DUTY

Our principal register of members will be maintained by our principal registrar, Maples Fund Services (Cayman) Limited, in the Cayman Islands, and our Hong Kong register will be maintained by the Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited, in Hong Kong.

Dealings in the Shares will be subject to Hong Kong stamp duty. For further details of Hong Kong stamp duty, please seek professional tax advice. Unless otherwise determined by our Board, dividends will be paid to Shareholders whose names are listed on our register of members in Hong Kong, by ordinary post, at the Shareholders' risk in Hong Kong dollars."

If there is an odd lot number of Shares left after satisfying the excess applications, such number of odd lot Shares will be re-allocated, at the discretion of the Joint Representatives, to the International Offering.

PROFESSIONAL TAX ADVICE RECOMMENDED

Applicants for the Offer Shares are recommended to consult their professional advisors if they are in any doubt as to the taxation implications of holding and dealing in the Shares. It is emphasized that none of us, the Joint Sponsors, the Joint Representatives, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of our/their respective affiliates, directors, supervisors, employees, agents or advisors or any other party involved in the Global Offering accepts responsibility for any tax effects or liabilities of holders of the Shares resulting from the subscription, purchase, holding or disposal of the Shares.

EXCHANGE RATE CONVERSION

Unless otherwise specified, this prospectus contains certain translations for the convenience of the reader at the following rates:

HK$1 to US$0.12903

HK$1 to RMB0.91496

These translations are provided for reference and convenience only, and no representation is made, and no representation should be construed as being made, that any amounts in RMB, US$ or HK$ can be or could have been at the relevant dates converted at the above rates or any other rates or at all.

TRANSLATION

If there is any inconsistency between this prospectus and the Chinese translation of this prospectus, this prospectus shall prevail unless otherwise stated. If there is any inconsistency between the names of any of the entities mentioned in this English prospectus which are not in the English language and their English translations, the names in their respective original languages shall prevail.

ROUNDING

Any discrepancies in any table in this prospectus between total and sum of amounts listed therein are due to rounding.

Please refer to "Directors and Senior Management" for further information on our Directors.

DIRECTORS

Name	Residential Address	Nationality
Non-executive Directors		
Mr. Guo Jiafeng (郭佳峰) *(Chairman)*	Room 1201, Dingxiang Apartment Xihu District Hangzhou Zhejiang The PRC	Chinese
Mr. Zhang Yadong (張亞東)	85, De Sheng Men Wai Street Xicheng District Beijing The PRC	Chinese
Mr. Liu Wensheng (劉文生)	No. 302, Unit 4, Block 2 8 Workers' Stadium East Road Chaoyang District Beijing The PRC	Chinese
Executive Directors		
Mr. Li Jun (李軍) *(Chief Executive Officer)*	Room 501, Unit 2, Block 8 Xixi Sincere Garden West Lake District Hangzhou Zhejiang The PRC	Chinese
Mr. Lin Sanjiu (林三九)	No. 27-4 Waterfront Pavilion Chiangnan Watery Region Liansheng Road, Wuchang Avenue Yuhang District Hangzhou Zhejiang The PRC	Chinese

Independent non-executive Directors

Mr. Lin Zhihong (林治洪)	No. 2005, 1st Floor 1 Ciyun Temple Chaoyang District Beijing The PRC	Chinese
Dr. Ding Zuyu (丁祖昱)	Room D.01, 1985 Hongqiao Lu Changning District Shanghai The PRC	Chinese
Mr. Chan Yan Kwan Andy (陳仁君)	Flat D, 23/F, Yat Tien Mansion Horizon Garden, Taikoo Shing Hong Kong	Chinese (Hong Kong)

PARTIES INVOLVED IN THE GLOBAL OFFERING

Joint Sponsors	**Credit Suisse (Hong Kong) Limited** Level 88, International Commerce Centre 1 Austin Road West Kowloon Hong Kong
	Deutsche Securities Asia Limited Level 52, International Commerce Centre 1 Austin Road West Kowloon Hong Kong
Joint Global Coordinators	**Credit Suisse (Hong Kong) Limited** Level 88, International Commerce Centre 1 Austin Road West Kowloon Hong Kong
	Deutsche Bank AG, Hong Kong Branch Level 52, International Commerce Centre 1 Austin Road West Kowloon Hong Kong

BNP Paribas Securities (Asia) Limited
59/F-63/F, Two International Finance Centre
8 Finance Street
Central
Hong Kong

Joint Bookrunners and Joint Lead Managers

Credit Suisse (Hong Kong) Limited
Level 88, International Commerce Centre
1 Austin Road West
Kowloon
Hong Kong

Deutsche Bank AG, Hong Kong Branch
Level 52, International Commerce Centre
1 Austin Road West
Kowloon
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The information and statistics set forth in this section and elsewhere in this prospectus have been derived from various official and government publications, publicly available market research sources and an industry report commissioned by us and independently prepared by China Index Academy (中國指數研究院) in connection with the Global Offering. We believe that the sources of the information are appropriate, including forward-looking information for future periods as identified, and we have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading in any material respect or that any fact has been omitted that would render the information false or misleading in any material respect. The information has not been independently verified by us, the Joint Sponsors, the Joint Representatives, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, or any of our or their respective directors, officers, representatives, affiliates or advisors and any other party (other than China Index Academy) involved in the Global Offering and no representation is given as to its accuracy or completeness. The relevant information and statistics may not be consistent with other information and statistics available from other sources within or outside the PRC. Certain information and statistics included in this section and elsewhere in this prospectus, including those excerpted from official and government publications and sources in China, may not be consistent with other information and statistics compiled within or outside China by third parties. Accordingly, you are advised not to place undue reliance on such information.

BACKGROUND AND METHODOLOGIES OF CHINA INDEX ACADEMY

In connection with the Global Offering, we commissioned China Index Academy, an independent third party and an experienced property research institution in the PRC, to prepare the China Index Academy Report as to the project management markets in China. We paid a total consideration of RMB900,000 for this report, which we believe is in line with the market rate.

China Index Academy is the leading independent property research institution with offices in 75 cities nationwide. Currently, China Index Academy has more than 600 experienced research analysts covering real-time property transaction data in more than 600 cities across China. China Index Academy has prepared the industry report based on its self-developed database, CREIS China Index Database ("CREIS 中指數據"), the database of fdc.fang.com and various government publications. These databases and government publications have been widely used and relied upon in the PRC real estate market. China Index Academy established the PRC Real Estate Top 10 Research Team jointly with Enterprise Research Institute under the Development Research Center of the State Council (國務院發展研究中心企業研究所) and the Property Research Institute Tsinghua University (清華大學房地產研究所) which is dedicated to evaluate PRC real estate developers and releases reports with respect to the top 100 real estate developers in terms of comprehensive development capacity in China every year, based on various assumptions and factors, covering over 30 elements under seven categories, namely scale, profitability, growth, stability, financing capacity, operating efficiency and social responsibility. China Index Academy releases an industry report regarding the top 100 real estate enterprises in China every year based on the previous year's market insights. China Index Academy started the research of China's project management industry in 2016. Based on years of experience in China's real estate industry, China Index Academy systematically studied the development of China's project management industry through comprehensive research, in-depth data analysis, and the study of operating models and future development trends of the industry. In 2017, China Index Academy published the "Blue Book on Development of China's Real Estate Project Management Industry" to make up for the research gap in the field of the project management industry in China.

While preparing the industry report and regional ranking information, China Index Academy has relied on the assumptions that (i) all published data by the Statistics Bureaus are accurate; (ii) all collected information relating to residential sales transactions from the relevant local housing administrative bureaus are accurate; and (iii) where subscribed data is obtained from renowned public institutions, China Index Academy has relied upon the expertise of such institutions. China Index Academy has conducted research on data of Chinese project management companies meeting the criteria of (i) being legally established and duly incorporated, (ii) having more than five projects under construction or completed or with project management revenue over RMB0.1 billion for the three years ended December 31, 2019, and (iii) having less than a 30% shareholding in any of their commercial project management projects. Based on the above criteria, China Index Academy has collected data from 28 project management companies (the "Major Project Management Companies") and utilized such data while preparing the industry report.

THE DEVELOPMENT OF PROJECT MANAGEMENT INDUSTRY IN DEVELOPED COUNTRIES

Project management has a long history in developed countries. For example, it started in the 1990s in the United States and Singapore and it has now developed into an advanced stage according to the China Index Academy Report. In those countries, when created project management was a new industry to address several critical issues surrounding traditional property development such as inefficient and ineffective property development, lack of brand awareness and lower profitability.

Project management facilitated the separation of land acquisition and property development management, thereby improving the efficiency, quality and profitability of property development by allocating land acquisition and property development management to the most suitable parties. As a result, project management companies in the United States and Singapore generally adopt an asset-light business model and focus on providing comprehensive solutions in property development while the cost of land acquisition and property development are mainly assumed by Project Owners. For example, according to the China Index Academy Report, Tishman Speyer, a large-scale project management company in the United States, operates a business model in which it is in charge of raising equity funds from Project Owners, conducting project management and ultimately generating equity returns to all Project Owners. This model achieves a higher leverage with a small amount of own funds committed by the project management company. The development of Singapore's project management industry is mainly divided into traditional government procurement-based project management and commercial project management service. Similar to the United States, with the cooperation with different fund providers in commercial project management projects, project management companies in Singapore, such as CapitaLand, one of Asia's largest real estate companies, participates in whole or in part of the process of project financing and provides project management services. This business model has gradually become one of the mainstream models of real estate development in developed countries. According to the China Index Academy Report, the project management industry in China will experience significant growth in the future as discussed further below.

OVERVIEW OF THE PRC PROJECT MANAGEMENT INDUSTRY

Since the systematic reform of the government project management and the marketization of the real estate industry in the PRC, the project management market has gradually developed as a separate industry from the broader property development industry. With the transformation from pursuing larger scale to pursuing stronger capability in the PRC real estate industry, the project management industry gradually differentiates itself with the asset-light operation model, high profitability and professional management capability. The features and connotations of project management continue to evolve constantly from a narrowly defined project management of real estates to a broadly defined service management industry in the market-oriented industry reform.

According to the China Index Academy Report, the project management industry has four core elements. First, the project management company receives and recognizes project management fees from the Project Owner as their income. Second, the project management company can utilize its brand or cooperate with the Project Owner under a co-brand mechanism in their projects. Although the project management company does not have any control stake over the project, it can still have certain operational control depending on its agreement with the Project Owner. Third, the project management company and the Project Owner have a clear division of responsibilities. They cooperate in projects through agreement on payment of service fee in return for project management services performed, trust fund or other forms of cooperation in project management. In addition, the project management company will not recognize sale of properties as revenue like real estate development companies. Instead, the project management company recognizes the management service fee as its revenue.

As the real estate industry entered into the "Silver Age," coupled with the increasingly effects of declining investments, high inventory level, decreasing profit and intensifying regional differentiation, numerous real estate developers have taken precautionary measures in response to these effects. They seek transformation and development in areas outside the traditional real estate development and sales. Hence, certain real estate developers began transforming their operations into an asset-light operation model which is noted for its small investment, low risk exposures, as well as high leverage ratio, high profitability and professional level. The transformation mainly focuses on project management based on the real estate developers' brand, expertise, and professional management ability.

Different Business Models between the Project Management Industry and the Traditional Property Development Industry

Traditional property developers such as Greentown China have gradually established project management teams or project management companies, in order to create value with their own brands and professional development capacity. Project management covers various property development areas, such as residential property development, public housing development in the public service area and urban renewal development.

1. Asset-light Operation

Project management companies differ from traditional real estate developers in several aspects. Traditional real estate development is a capital-intensive business calling for both investment and property development. The investment return is realized through land value appreciation and property sales. Hence, the traditional real estate development model is mainly driven by investment. Traditional property development will increase leverage when the economy is booming and deleverage when economic growth slows down. Project management is not driven by investment as it usually only engages in project management without land acquisition. Project management companies receive service fees in return for their project management services provided based on the needs of different projects and different nature of clients and authorization of their brands. Project management is mainly driven by services provided to Project Owners.

The services provided by project management companies are comprehensive and diversified. Project management companies are typically transformed from traditional property developers. Project management companies generally have three service models: (i) the project management fee model, in which the project management company receives the management fee to manage property development; (ii) the combination of return on capital investment and project management fee model, in which the company has a small amount of the capital investment in the project while still providing project management services in return for management fees; and (iii) the real estate funds model, in which the project management company introduces real estate funds to invest in property development projects to diversify its own credit risk and the real estate fund could share the profits.

2. Counter-cyclical Business Model

The business development cycle of project management companies is also different from that of traditional real estate developers. The business of traditional real estate developers is cyclical. However, the business of project management companies is counter-cyclical because when the real estate market is in a downward trend, the scale of project management businesses generally continues to expand as small and medium-sized property developers tend to utilize more professional project management service to withstand the cyclical risks of the market downturn. Faced with tight cash flows and unsatisfactory sell-through rate resulting from the market downturn, small and medium-sized developers would have to explore multiple business strategies, such as price reduction, quality compromise or other means, in order to maintain their property sell-through rate and avoid liquidity issues. Small and medium-sized property developers are generally unable to afford this kind of strategy for a sustained period of time, given its size of capital and scale of operation. The cooperation with project management companies will allow such property developers to solve their liquidity issues by increasing the sell-through rate and net profits and shortening the investment payback cycles, and in some cases, source financing support at a time when they require it most and further ensure the steady development of their businesses.

In addition, small and medium-sized property developers tend to engage major project management companies due to the following reasons: (i) major, reputable project management companies in the real estate industry usually have significant brand value, standardized products or solutions, high customer satisfaction and quality services, which help small and medium-sized property developers accelerate their property sell-through rate and improve their liquidity; (ii) major project management companies could cooperate with funds, trusts and other external professional financial institutions or deploy its own resources to provide financing support in response to the demand of small and medium-sized property developers; and (iii) major project management companies' centralized procurement and comprehensive cost management measures could increase profitability and shorten the investment payback cycles of the managed projects.

At present, China has a fragmented real estate market compared with developed countries. According to the research report of China Top 100 Real Estate Enterprises in 2020, the market share of China's top 100 real estate enterprises in terms of sales in 2019 is 61.5%. With intensified competition in the industry, it is becoming increasingly difficult for small and medium-sized property developers to stand out and survive. It is also difficult for them to compete in light of fierce market competition due to high property development cost, weak product capability and low brand awareness. It has become increasingly difficult for property developers to obtain land appreciation premium from property development because of the rising financing cost and decreasing profit margin of traditional property developers. Project management has become an important way for property developers to react to these challenges. For small and medium-sized real estate enterprises, their market recognition and market competitiveness can be increased by cooperation with project management companies with outstanding execution capabilities and brand recognition and professional capabilities. The brand recognition in the industry is also beneficial for their project financing and project sales. CIA expects that project management will become an important driving force in the Chinese real estate market.

3. Profitability

According to the China Index Academy Report, the net profit margin of project management business is much higher than that of traditional real estate development business, especially when the profit margin of the traditional real estate development business has been decreasing in recent years. In addition, project management can fully take advantage of the asset-light model and brand authorization. From 2016 to 2019, the net profit margin of the project management industry steadily increased. The net profit margin of the project management business exceeds that of the real estate development business by 10% to 15% from 2015 to 2019. In addition, the gap between the net profit margin of project management business and traditional real estate business is widening. Based on the development trend, the project management industry generally features high profitability and has a promising development potential in the future.

The higher net profit margin of the project management industry is justified by its quality improvement, service upgrade, and on-demand customization. At present, the enterprises participating in project management have established a system of standardized products. The first-tier project management companies, such as Greentown Management, have established their own project management models, and built their reputation and presence in the project management industry through replicating standardized models in various projects. At the same time, project management companies can also provide customized services by adjusting product models. Furthermore, project management companies constantly pursue innovation and research and development in improving their product systems to adapt to the rapidly changing market demands.

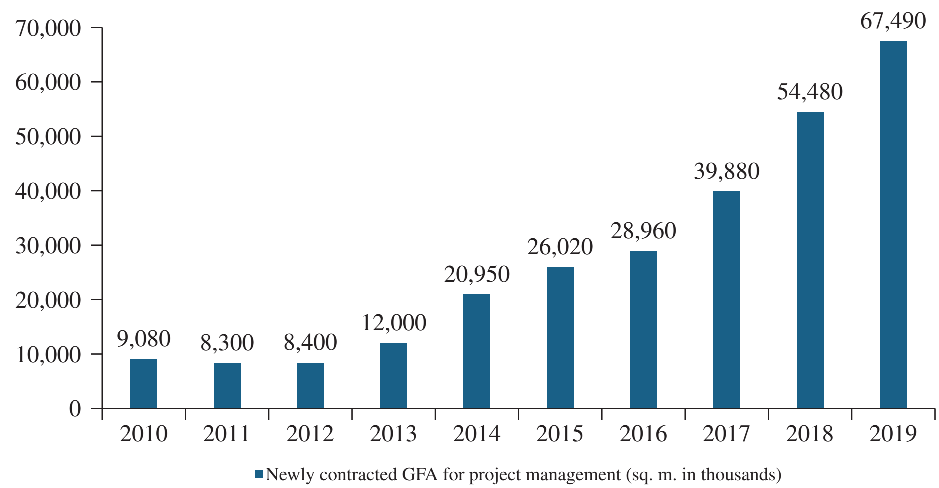
DEVELOPMENT OF THE PRC PROJECT MANAGEMENT INDUSTRY

Over the past two decades, the real estate market experienced rapid growth due to the economic surge, easing of monetary policy, and huge domestic demand in the market. From 1998 to 2019, the accumulated GFA of commodity properties sold reached 18.8 billion sq.m. in China. However, with increasing competition, the real estate industry in China is transforming. Real estate developers tap into low-invest-high-return project management business, apart from the traditional property development and sales business. Currently, the government has gradually streamlined the administrative procedures in the real estate market and aimed to establish an effective mechanism to promote the marketization of this industry.

The project management industry in the PRC originally developed from government project management. At present, project management businesses in China are mainly composed of commercial project management services. In 2010, Greentown Management was established, marking the birth of the first project management company with an asset-light business model in China. Subsequently, domestic property developers with a high degree of brand influence have gradually participated in commercial project management. Project management was widely accepted in the real estate industry with rapid growth. From 2010 to 2019, the GFA of newly contracted projects in the PRC project management market increased with a CAGR of 25.0%.

The following chart sets forth the GFA of newly contracted projects from 2010 to 2019 in China.

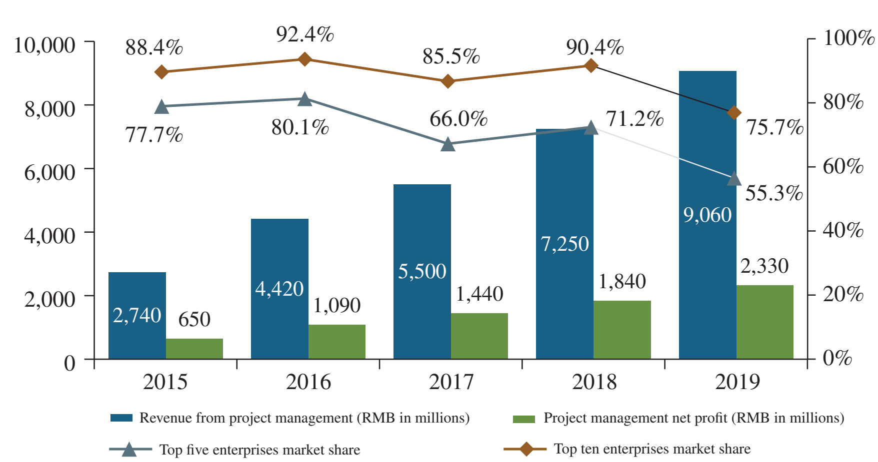
GFA of Newly Contracted Projects from 2010 to 2019



Source: China Index Academy

From 2015 to 2019, the revenue and net profit of the project management industry increased rapidly, with a CAGR of 34.8% and 37.6%, respectively. In spite of the rapid development, the overall scale of the project management industry is still relatively small. In 2019, the revenue of the Major Project Management Companies reached RMB9.1 billion, generating a net profit of RMB2.3 billion. The following chart sets forth the revenue of the Major Project Management Companies as well as top five and top ten project management companies' market shares in China from 2015 to 2019.

Revenue of the Project Management Industry and Market Shares of the Top Five and Top Ten Project Management Companies from 2015 to 2019



Source: China Index Academy

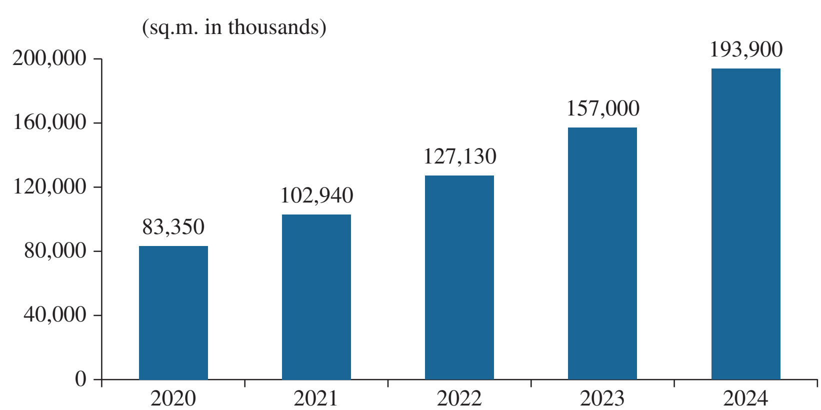
Currently, most real estate developers participating in project management only operate it as a supplementary business. The overall revenue and profit amount of the project management business is relatively low at present. According to the China Index Academy Report, the Major Project Management Companies had revenue of RMB9.1 billion and net profit of RMB2.3 billion in total in 2019. In terms of revenue in 2019, the top five companies and top ten companies had market shares of 55.3% and 75.7%, respectively. In 2019, the revenue of our Group was RMB1,993.9 million, with a market share of 22.0%. In the future, with the expansion of the project management scale and the development of the project management industry, it is estimated that our revenue will grow rapidly.

OUTLOOK OF THE PRC PROJECT MANAGEMENT INDUSTRY

Overview

According to the China Index Academy Report, the project management market is expected to continue to grow at a CAGR of 23.5% in terms of the newly contracted GFA in China from 2020 to 2024. The newly contracted GFA for the market is estimated to reach 193.9 million sq.m. in 2024. The following chart sets forth a forecast of the project management market in terms of newly contracted GFA from 2020 to 2024.

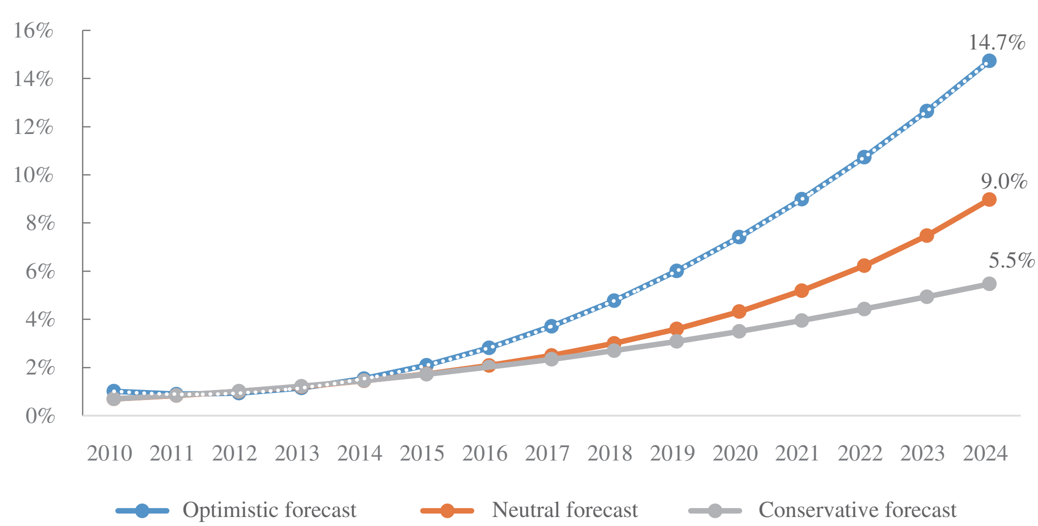
Forecast of Project Management Market of Newly Contracted GFA from 2020 to 2024



Source: China Index Academy

In light of the slowing macroeconomic growth, the prudent monetary policy, and the long-term mechanism which mainly consists of a series of measures, including financial, land, tax, investment and legislative that would affect the real estate industry in China, it is estimated that the real estate market demand in the next three to five years will be similar to previous years, with a small growth in investment and property sales. According to the middle and long-term dynamic forecast model of China Index Academy, the total demand for commodity properties and residential properties in terms of GFA from 2020 to 2024 would be approximately 7.3 billion sq.m. and 5.8 billion sq.m., respectively. Based on China Index Academy's estimation, the total demand for residential properties will reach 80.0% of the sales of commodity properties from 2020 to 2024. Currently, the market size of project management in terms of newly contracted GFA represents 2.0% to 4.0% of the GFA of commodity properties sold according to China Index Academy. By 2024, the project management market in terms of newly contracted GFA will reach 780.0 million sq.m., representing 14.7% of the real estate industry. According to the China Index Academy Report, it is estimated that real estate property prices will rise at an average annual rate of around 6%, keeping pace with annual GDP growth in China. The contracted sales of the project management industry will reach RMB3.6 trillion to RMB8.8 trillion from 2020 to 2024. The following chart sets forth the proportion of the GFA of newly contracted project management to the GFA of commodity properties sold from 2010 to 2024.

Proportion of the GFA of Newly Contracted Project Management to the GFA of Commodity Properties Sold from 2010 to 2024



Source: China Index Academy

By providing tailored project management services, project management companies can fulfill various customers' needs. Facing the pressure from the large property developers, small and medium-sized property developers look for project management business with featured products and their strong capability. At the same time, financial institutions also play an important role in the project management industry with their financial advantage. By co-operating with large-scale financial institutions, project management companies may help source financing for the project and provide project management services at the same time to effectively raise the return rate of the projects. In addition, since 2019, the PRC government has promulgated a series of administrative measures to support the initiatives of old town reconstruction and urban renovation, which will become an important pillar of the public housing development industry in the PRC in the future. According to the China Index Academy, old urban residential areas that need to be reconstructed in the PRC may involve hundreds of millions of households. For example, according to the same source, approximately 160,000 old residential communities in the PRC were developed before 2000, there remains more than 42 million households and a total construction area of approximately 4 billion sq.m. to be developed, which we believe will bring about significant government project opportunities.

Project management companies are expanding their service scope gradually from residential properties to commercial and office properties. The expansion made through creating an industrial ecosystem of connecting the upstream and downstream of the real estate industry chain and providing and optimizing professional services will effectively improve the value of the project. Project management companies intend to utilize such industrial ecosystem to consolidate all key resources in the project management industry value chain including Project Owners, project management companies, suppliers, home purchasers, etc. The industrial ecosystem offers comprehensive resources and benefits all participants to identify and cooperate with the appropriate counterparties in any given project management projects. For example, the Project Management 4.0 management system launched by Greentown Management is one of such industrial initiatives.

Commercial Project Management Services with Capital Contribution

According to the China Index Academy Report, commercial project management services with capital contribution have gradually become one of the mainstream business models of real estate development in developed countries. With the increasingly important role of financing in real estate industry, commercial project management services with capital contribution have become a fast growing business with a return on capital to commercial project management companies, mainly driven by customer demands to increase the scale of projects and provide liquidity support. According to the China Index Academy Report, commercial project management services with capital contribution has become a development trend in the industry in the PRC. The combination of project development, project management and project financing are more beneficial to the sound development of the industry landscape. Set forth below is further details about the demand, target customers and competitive landscape of commercial project management with capital contribution in China and our competitive strength.

- ***Expected Demand and Target Customers***

According to China Index Academy, the financing needs and target customers of commercial project management with capital contribution come from developers with contracted sales less than RMB100.0 billion or revenues less than RMB55.6 billion in 2019 (which are referred to as small and medium-sized property developers for the purpose of this prospectus) and financial institutions specialized in real estate investment. According to China Index Academy, there is an increasing number of small to medium-sized property developers tend to cooperate with project management companies and resort to project management services with capital contribution amidst high land prices and tight cash flows issues in China. As the competition in the real estate market intensifies in recent years, small and medium-sized property developers are facing with substantial difficulties in financing, and are in the urgent need of financing support from branded project management companies, in order to attract more quality investment and financing support. According to China Index Academy, the outstanding indebtedness of PRC real estate developers to be repayable from 2020 to 2024 is as high as RMB3,502.8 billion, of which the outstanding indebtedness of small and medium-sized property developers ranges from approximately RMB700 billion to RMB1,000 billion. Commercial project management services with capital contribution provide a great solution for small and medium-sized developers to tackle the tight cash flows and land acquisition difficulties resulting from its huge amount of indebtedness. Such a huge amount of capital demand provides broad market prospects for commercial project management with capital contribution to meet the capital demand of small and medium-sized property developers. In addition, financial institutions specialized in real estate investment have the expertise in fund-raising, but little experience or capacity in operating and managing real estate projects. A professional project management company may provide these financial institutions with full-spectrum services including pre-development consulting, land acquisition and property development, to help these financial institutions achieve effective and efficient investment. According to China Index Academy, the newly contracted GFA of project management market in 2019 has reached 67.5 million sq.m. and the Major Project Management Companies newly contracted GFA of commercial project management with capital contribution in 2019 has reached 3.2 million sq.m., accounting for 4.8% of the total newly contracted GFA of the project management market. It is estimated that the proportion of the total newly contracted GFA of commercial project management will increase to 11.6% and the market size of commercial project management with capital contribution will reach 22.6 million sq.m. and the market size of project management industry will reach 193.9 million sq.m. in 2024.

- ***Our Competitive Strength and Positioning***

Our strong brand and quality services can attract high quality financial investors, and provide credit support for small and medium-sized property developer and set a high bar for our competitors. In addition, our own platform resources can provide financial support for Project Owners because we, together with funds, trusts and other external professional financial institutions, can establish real estate funds to provide financing support for the project development.

- ***Competition Landscape***

In recent years, property developers have been experiencing difficulties in obtaining financing through conventional channels such as bank loans, and they are turning to alternative channels such as real estate funds. Real estate fund companies in China have been developing with continuously improved fund raising and investment management capability. The activity of the private capital in China and its participation in real estate funds will continue to increase, which promotes the rapid development of the real estate financing business, according to China Index Academy.

With the continuous development of the project management market, project management companies gradually integrate all resources to further thrive in the industry. For instance, the "Project Management 4.0 Solutions" developed by our Group with the core principles of "building a platform for customization, value creation and interest sharing" in order to maximize and integrate all resources in the industry chain is a good example of service integration for the clients, suppliers and property buyers. In the future, our Group will continue to develop the business by expanding the project management service team, developing maintenance service business, consultation service and financial business service, and in the meantime building a sustainable and healthy industrial ecosystem.

The Potential Impact from the Outbreak of COVID-19

Due to the outbreak of COVID-19 in the PRC since January 2020, the PRC real estate market is expected to experience a downward trend in the first half of 2020 according to the China Index Academy Report. Specifically, it is also expected that although the GFA of commodity properties to be sold in 2020 will decrease by 2.0% year-over-year mainly due to the outbreak of the COVID-19 in addition to another forecast 5.0% to 6.5% year-over-year decrease due to the overall slowing real estate market development, the real estate market demand in the next three to five years will still be similar to the level in the previous years primarily because the real estate market plays an important role in maintaining economic stability in the PRC.

The outbreak of COVID-19 is expected to result in no less than four months or more of delays in the timetable for project management in the near term, according to China Index Academy. However, according to China Index Academy, it will also present opportunities for project management companies. For example, (i) due to the light asset business model, project management companies can better weather the impact on cash flow or liquidity, (ii) project management companies, which mostly are brand real estate developers, can better adapt to challenges such as taking initiatives to market property online, and are easier to obtain support from financial institutions which prioritize financing to brand and leading businesses, and (iii) project management companies are more capable to meet the higher demand of products and services quality in light of the outbreak of COVID-19 such as better air circulation, better sunlight and better environment to promote the health and well-being of property residents. Compared to small and medium-sized property developers, project management companies, which are mostly brand real estate developers, generally devote more resources to product research concerning health, environment protection, and energy conservation in order to meet the higher demand of life quality and are more equipped to come up with new designs and research and development to address such demand according to China Index Academy.

According to China Index Academy, the project management industry in China is expected to continue its growth even after taking into account the outbreak of COVID-19 primarily because it becomes a more attractive way to develop property, compared to traditional property development, in that it offers featured products and strong capability to small and medium-sized property developers and helps cooperated financial institutions to improve the return rate of the projects by source financing and providing project management services at the same time, and as a result, the proportion of project management out of the overall real estate development in China will continue to increase, which is expected to offset the potential adverse impact brought by COVID-19.

COMPETITIVE LANDSCAPE OF THE PRC PROJECT MANAGEMENT INDUSTRY

Our Market Share

The project management market has a high market concentration in which the top five companies have an aggregated market share over 59.0% in terms of accumulated contracted GFA among the Major Project Management Companies in 2019. According to the China Index Academy Report, the Major Project Management Companies had an accumulated contracted GFA of 275.6 million sq.m. from 2010 to 2019, in which the top ten companies accounted for 71.1% of the accumulated contracted GFA in 2019. From 2017 to 2019, our Group, ranking top of the industry, had an accumulated contracted GFA of 49.0 million sq.m., accounting for 30.3% of the market share.

The following table sets forth the market share of top five project management companies in terms of accumulated contracted GFA from 2017 to 2019.

Market Share of Top Five Project Management Companies in terms of Accumulated Contracted GFA from 2017 to 2019

Company name	Market share
Our Group	30.3%
Company A	11.7%
Company B	10.7%
Company C	4.1%
Company D	3.7%

Source: China Index Academy

Due to the transformation of most PRC real estate developers to establish project management business in recent years, the concentration of the project management industry increased rapidly. In particular, our Group had newly contracted GFA of 16.0 million sq.m. with a market share of 23.7% in 2019. In addition to the development of commercial project management, our Group actively expanded its businesses for public housing development, urban renewal, and other government projects management.

The following table sets forth the market share in terms of newly contracted GFA of the top five project management companies in 2019.

Market Share in terms of Newly Contracted GFA of the Top Five Project Management Companies in 2019

Company name	Market share
Our Group	23.7%
Company B	10.8%
Company D	8.8%
Company E	7.9%
Company F	7.7%

Source: China Index Academy

The following table sets forth the market share of top five project management companies in terms of revenue in 2019.

Market Share of Top Five Project Management Companies in terms of Revenue for 2019

Company name	Market share
Our Group	22.0%
Company C	11.6%
Company B	11.3%
Company D	6.2%
Company E	4.3%

Source: China Index Academy

The key market players in the project management industry are nationally or regionally brand project management companies according to the China Index Academy Report. Certain key market players in the real estate industry have also participated in the project management industry. In general, companies such as our Group which have made asset-light project management as their core development strategy have relatively higher market shares. Other players with relatively slower development and a smaller market share in real estate industry only conduct project management as a supplementary business and an additional source of income.

In terms of project management geographic distribution, most projects in China are located in third-and fourth-tier cities which represented 57.9% of the total GFA in 2019. According to the China Index Academy Report, the proportion of project management in first- and second-tier cities will increase and the proportion in third-and fourth-tier cities will decrease in the future as third- and fourth-tier cities have a high inventory of housing and pressure in reducing the inventory. The regional layout of the project management companies is generally consistent with the national real estate policy and planning and business strategies of project management companies. It is expected that the five major metropolitan areas (Beijing-Tianjin-Hebei, Yangtze River Delta, Pearl River Delta, Middle Reach of Yangtze River and Chengyu) will become key development areas of project management in China.

Industry Barrier and Our Competitive Strength

According to the China Index Academy Report, significant brand name, strong project management capability and extensive project management experience are the key market barriers of the project management industry in the PRC. Our Group has enjoyed competitive advantages in this regard.

1. Significant brand value

The continuously increasing brand value of "Greentown" and the great performance in customer satisfaction have provided a strong support for our Group to promote the brand value and increase the value of brand authorization in project management.

2. Strong project management capability

According to the China Index Academy Report, our Group competes with other industry players, primarily through the establishment of the industry operational standard and integration of the service value chain through cooperation with strategic partners aiming to form a platformised ecosystem. On the basis of maximizing the integration of high-quality resources in the entire industry chain, our Group uses the platform to match massive demand and massive resources by customization on demand, cooperation with quality suppliers, quality control and other measures.

3. Extensive project management experience

Our Group has extensive experience and expertise in project management services. Our Group emphasizes employee development and training and strives to foster an entrepreneurial and merit-based culture. The skilled and stable workforce will continue to be a critical element to support the growth of its business in the project management area.

DIRECTORS' CONFIRMATION

As of the Latest Practicable Date, after taking reasonable care, our Directors confirmed that there was no significant or material adverse change in the market information since the respective dates of the various data contained in this section which may qualify, contradict or have an impact on the information herein.

The following is a brief summary of the laws and regulations in the PRC that relates to the current main business of our Group. The principle objective of this summary is to provide potential investors with an overview of the key laws and regulations applicable to us. This summary does not purport to be a comprehensive description of all the laws and regulations applicable to the business and operations of our Group and/or which may be important to potential investors. Investors should note that the following summary is based on laws, regulations and normative documents in force as of the date of this prospectus, which may be subject to changes from time to time.

I. FOREIGN INVESTMENTS

In March 2019, the SCNPC promulgated the Foreign Investment Law of the People's Republic of China (《中華人民共和國外商投資法》) ("Foreign Investment Law") (Presidential decree No. 26), which became effective from January 1, 2020 and repealing simultaneously the Law of the People's Republic of China on Sino-foreign Equity Joint Ventures (《中華人民共和國中外合資經營企業法》), Law of the People's Republic of China on Sino-foreign Co-operative Enterprises (《中華人民共和國中外合作經營企業法》), and the Law of the People's Republic of China on Wholly Foreign-owned Enterprises (《中華人民共和國外資企業法》). The Foreign Investment Law, which adopts the management system of pre-establishment national treatment and negative list for foreign investment, has become a unified law applicable to foreign investors' investment in China.

Accordingly, investment in the PRC conducted by foreign investors shall comply with the Administrative Measures (Negative List) for Foreign Investment Access (2019 Edition) (《外商投資准入特別管理措施(負面清單)(2019年版)》) (Order No. 25 of the National Development and Reform Commission and the Ministry of Commerce, which was promulgated by the National Development and Reform Commission and the Ministry of Commerce on June 30, 2019 and became effective from July 30, 2019) ("**Negative List 2019**"). Foreign investors shall obtain permits for foreign investment access when investing in the non-prohibited sectors in the Negative List 2019. Sectors not specified in the Negative List 2019 shall be subject to administration under the principle of treating domestic investments and foreign investments equally.

The project management sector is not listed in the Negative List 2019 and thus not subject to special administrative measures for foreign investment access.

In December 2019, MOFCOM issued The Measures for Foreign Investment Information Report (外商投資信息報告辦法), which became effective on January 2020, stipulates that foreign investors or foreign-invested enterprises shall submit investment information to the competent commercial department through the enterprise registration system and the National Enterprise Credit Information Publicity System.

II. QUALIFICATION OR QUALITATIVE CONDITIONS FOR PROJECT MANAGEMENT COMPANIES

Current laws and regulations of the PRC do not specifically set up a unified qualification management system for project management companies engaged in project management business. The project management company needs to have professional personnel, management experience and ability competent for various types of the project management business, although there is no mandatory requirement for the company to have the corresponding qualifications to engage in all types of project management business.

According to the Decision of the State Council on Reform of the Investment System (《國務院關於投資體制改革的決定》) (Guo Fa [2004] No. 20), in the case of non-operating government investment projects where "project management system" is implemented, professional project management units shall be selected for the development and implementation through bidding.

According to the regulations of the government authorities in different industries or localities on the implementation of the project management system for government investment projects, such as the Zhejiang Government Investment Project Management Measures (《浙江省政府投資項目管理辦法》) (promulgated by the Zhejiang Provincial People's Government Order No. 185 on January 19, 2005, amended pursuant to the Zhejiang People's Government's Decision on Amending the Four Regulations for the Administration of Zhejiang Government Investment Projects (《浙江省人民政府關於修改〈浙江省政府投資項目管理辦法〉等4件規章的決定》), promulgated by the People's Government of Zhejiang Province Order No. 363 of January 22, 2018, Interim Provisions on the Implementation of the Project Management System for Zhejiang Government Investment Projects (《浙江省政府投資項目實施代建制暫行規定》) (Zhefagai Regulation [2005] No. 130) and Interim Measures for the Administration of Project Management System of Hangzhou Municipal Government Investment Projects (《杭州市政府投資項目代建制管理暫行辦法》) (Hang Zheng Ban Han [2009] No. 33), the project management company is required to have the qualifications or qualitative conditions that are suitable for government investment project management business. Such qualification or qualitative conditions include the qualification of real estate development enterprises.

According to the Provision for the Administration of Qualifications of Real Estate Development Companies (《房地產開發企業資質管理規定》) (which was promulgated by the Ministry of Housing and Urban-Rural Development in Order No. 77 on March 29, 2000, and amended in May 2015 and December 2018, a real estate development enterprise shall apply for checking and ratifying its property development qualification grade, and a real estate enterprise that has not obtained a property development qualification grade certificate shall not be engaged in real estate development and operation business. According to the enterprise conditions, the qualification of real estate development enterprises can be divided into four grades, i.e. one, two, three and four. The enterprise conditions matching for the corresponding qualification grade include but not limited to the business operation period and performance, the number of professional managers and professional titles, etc.

III. ACQUISITION OF PROJECT MANAGEMENT BUSINESSES

Direct Commission

For commercial management projects, in addition to the tendering and bidding process (if any), the principal and the agent will have their rights and obligations clarified in the contract concluded between them and in accordance with the Contract Law of the PRC.

According to the Contract Law of the PRC (《中華人民共和國合同法》) (which was promulgated by Order No.15 of the President of the PRC and became effective from October 1, 1999), a commission contract refers to a contract whereby the principal and the agent agree that the agent shall handle the matters of the principal; the principal may specially entrust an agent to handle one or several items of matters, or generally entrust the agent to handle all matters; and the principal shall pay remuneration to the agent who has finished the entrusted matters.

Tendering and Bidding

It is likely that our government-related management projects, will be acquired through the tendering and bidding process, which is governed by the Law on Tendering and Bidding of the PRC.

According to the Law on Tendering and Bidding of the PRC (《中華人民共和國招標投標法》) (which was promulgated by Order No. 21 of the President of the PRC and became effective from January 1, 2000, and amended pursuant to the Decision of the Standing Committee of the National People's Congress on Revision of the Law on Tendering and Bidding of the PRC and the Metrology Law of the PRC (《全國人民代表大會常務委員會關於修改〈中華人民共和國招投標法〉、〈中華人民共和國計量法〉的決定》), promulgated by Presidential Order No. 86 on December 27, 2017), tendering and bidding activities shall be conducted openly, fairly, justly and in good faith; the bid inviter and the successful bidder shall enter into a contract in writing pursuant to the tendering document and the bid of the successful bidder, within 30 days as of the giving of the letter of acceptance; and the successful bidder shall perform its obligations and complete the project it wins in accordance with the contract.

Policies for Government-Related Management Project

According to the Decision of the State Council on the Reform of the Investment Regime (《國務院關於投資體制改革的決定》) (Guofa No. 20 [2004]) (which was promulgated by the State Council and became effective from July 16, 2004), the administration of government investment projects shall be strengthened, and the methods of construction be improved. For non-profitable government investment projects, the project management system shall be practiced at a faster pace, that is, through the tendering and bidding process, a professional project management company shall be selected, who is responsible for the construction and to strict control of the investment, quality and term, and upon the completion of the project, will transfer the project to the user.

According to the Measures of Zhejiang Provincial Government for the Administration of Government Investment Projects (《浙江省政府投資項目管理辦法》) (Order No. 185 of Zhejiang Provincial Government, which was promulgated by Zhejiang Provincial Government on January 19, 2005 and became effective from March 1, 2005, and amended pursuant to Decision of Zhejiang Provincial Government on Revision of Four Regulations Including the Measures of Zhejiang Provincial Government for the Administration of Government Investment Projects (《浙江省人民政府關於修改〈浙江省政府投資項目管理辦法〉等4件規章的決定》), promulgated by Order No. 363 of Zhejiang Provincial Government on January 22, 2018), the project management system ("**PM system**") shall be promoted for non-profitable government investment projects. For projects using the PM system, the administrative department of integrated investment management shall clarify, in its official reply to the project proposal or the feasibility report, that the project management company shall be decided through processes such as bidding.

According to the Interim Provisions of Zhejiang Provincial Government on the Implementation of the Project Management System for Investment Projects (《浙江省政府投資項目實施代建制暫行規定》) (Zhefagaifagui No. 130 [2005], which was promulgated by the Development and Reform Commission of Zhejiang Province and became effective from February 21, 2005), PM system means that for a government investment project, a professional project manager ("**project manager**") is selected through bidding or other processes, who is responsible for the investment management and construction organization of the project to strictly control the investment, quality and term and, upon the completion of the project, transfer the project to the user. The project management may be for the total or any phase of the construction process.

According to the Interim Measures of Hangzhou City Government for the Administration of Project Management System in Investment Projects (《杭州市政府投資項目代建制管理暫行辦法》) (Hangzhengbanhan No. 33 [2009], which was promulgated by the general office of Hangzhou Municipal Government on February 4, 2009 and became effective from the same day), the PM system shall be implemented in principle for any investment project at this city that costs in total RMB5,000,000 or above; for any project that implements the PM system, the project manager shall be selected through the bidding and tendering process and the project user (or the department in charge) shall invite bids pursuant to the provisions and procedures under the Law on Tendering and Bidding of the PRC.

IV. LEGAL SUPERVISION OVER LABOR PROTECTION

According to the Labor Law of the PRC (《中華人民共和國勞動法》) (Order of the President [1994] No. 28) ("**Labor Law**"), which was promulgated by the Standing Committee of the NPC on July 5, 1994, and became effective on January 1, 1995 and amended for the first time on August 27, 2009, and for the second time on December 29, 2018), an employer should develop and improve its rules and regulations to safeguard the rights of its employees.

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

According to the Interim Regulations on the Collection and Payment of social security Premiums (《社會保險費徵繳暫行條例》) (which was promulgated by the Order No. 259 of the State Council on January 22, 1999 and became effective from the same day, and was amended on March 24, 2019), Decision of the State Council for the Establishment of A Unified Basic Pension Plan for Enterprise Employees (《國務院關於建立統壹的企業職工基本養老保險制度的決定》) (which was promulgated by the Order No. 26 of the State Council on July 16, 1997 and became effective from the same day), Unemployment Insurance Regulations (《失業保險條例》) (which was promulgated by the Order No. 258 of the State Council on January 22, 1999 and became effective from the same day), the Trial Measures on Employee Maternity Insurance of Enterprises (《企業職工生育保險試行辦法》) (which was promulgated by the Order No. 504 of the Ministry of Labor on December 14, 1994 and became effective from January 1, 1995), the Regulations on Work Injury Insurance (《工傷保險條例》) (which was promulgated by the Order No. 375 of the State Council on April 27, 2003 and amended by the Decision of the State Council on Amending the Regulations on Work-related Injury Insurance on December 20, 2010), and Decision of the State Council on Establishing a Basic Medical Insurance System for Urban Employees (《國務院關於建立城鎮職工基本醫療保險制度的決定》) (which was promulgated by the Order No. 44 of the State Council on December 14, 1998 and became effective from the same day), PRC incorporated companies are required to provide benefit plans for their employees, which include basic pension insurance, unemployment insurance, maternity insurance, work injury insurance and basic medical insurance. PRC incorporated companies must provide social security by registering with local social security agencies and paying or withholding relevant social security premiums for or on behalf of employees. The Law on Social Security of the PRC (《中華人民共和國社會保險法》) (Order No. 35 of the President of the PRC), which was promulgated on October 28, 2010 and became effective from July 1, 2011, and was amended on December 29, 2018, has consolidated pertinent provisions for basic pension insurance, unemployment insurance, maternity insurance, work injury insurance and basic medical insurance, and has provided in detail the legal obligations and liabilities of employers who do not comply with relevant laws and regulations on social security.

According to the Regulations on the Administration of the Housing Provident Fund (《住房公積金管理條例》) (Order No. 262 of the State Council, which was promulgated and became effective from April 3, 1999 and amended on March 24, 2002 and March 24, 2019), housing provident fund contributions made by an individual employee and housing provident fund contributions made by his or her employer belong to the individual employee.

Employers are required to pay and deposit housing provident fund contributions in full and on time. Employers should process housing provident fund payments and deposit registrations with the housing provident fund administration center. For employers that violate these regulations and fail to process housing provident fund payments or deposit registrations with the housing provident fund administration center within a designated period, or fail to go through the formalities for setting up a housing provident fund account for their employees, the relevant housing provident fund management centers will order such employers to process such registration within a time limit; if they fail to do so, a fine ranging from RMB10,000 to RMB50,000 will be imposed. When employers breach these regulations and fail to pay housing provident fund contributions in full when due, the housing provident fund administration center will order such employers to pay within a grace period, and may apply to the People's Court for mandatory enforcement if the fund is not paid in full before the expiry of the grace period.

V. TRADEMARK LAW

According to the Trademark Law of the PRC (《中華人民共和國商標法》) (which was passed by the 24th Session of the Standing Committee of the Fifth National People's Congress on August 23, 1982, and amended for the first time pursuant to the Decision on Revision of the Trademark Law of the PRC (《關於修改〈中華人民共和國商標法〉的決定》) adopted at the 30th Session of the Standing Committee of the Seventh National People's Congress on February 22, 1993, and amended for the second time pursuant to the Decision on Revision of the Trademark Law of the PRC (《關於修改〈中華人民共和國商標法〉的決定》) adopted at the 24th Session of the Standing Committee of the Ninth National People's Congress on October 27, 2001, and amended for the third time pursuant to the Decision on Revision of the Trademark Law of the PRC (《關於修改〈中華人民共和國商標法〉的決定》) adopted at the Fourth Session of the Standing Committee of the 12th National People's Congress on August 30, 2013, and amended for the fourth time pursuant to the Decision on Revision of Eight Laws Including the Construction Law of the PRC (《關於修改〈中華人民共和國建築法〉等八部法律的決定》) adopted at the Tenth Session of the Standing Committee of the 13th National People's Congress of the PRC on April 23, 2019) (the "**Trademark Law**") and the Implementation Regulations for the Trademark Law of the PRC (《中華人民共和國商標法實施條例》) (which was promulgated by the Order No. 358 of the State Council on August 3, 2002, and amended by the Order No. 651 of State Council on April 29, 2014) (the "**Implementation Regulations for the Trademark Law**"), natural persons, legal persons or any other organizations that need to obtain exclusive rights to use a trademark for their commodities or services in the course of their manufacturing and business activities shall apply to the Trademark Bureau for trademark registration. The Trademark Bureau shall examine the accepted trademark registration applications pursuant to the relevant provisions of the Trademark Law and the Implementation Regulations for the Trademark Law; where an application for registration of a trademark complies with the provisions or complies with the provisions for use on some designated goods, the application shall be granted preliminary validation and gazetted; where an application for registration of trademark does not comply with the provisions or does not comply with the provisions for use on some designated goods, the application shall be rejected or the application shall be rejected for use on some designated goods, and the applicant shall be notified in writing and the reason shall be stated. Exclusive rights to use a registered trademark shall be limited to the approved registered trademark and the commodities for which the trademark is approved for use. A registered trademark shall be valid for ten years, commencing from the date of registration. Upon expiry of the validity period of a registered trademark, where the trademark registrant intends to continue using the trademark, it shall complete renewal formalities pursuant to the provisions within the 12-month period before the expiry date; where renewal formalities are not completed within the stipulated period, a six-month extension may be allowed. The validity period of each renewal shall be ten years, commencing from the date following expiry of the preceding validity period of the said trademark. Where renewal formalities are not completed upon expiry of the validity period, the registered trademark shall be canceled. In the case of transfer of a registered trademark, the transferor and the transferee shall enter into a transfer agreement, and jointly submit an application form for transfer of the registered trademark to the Trademark Bureau. Where the Trademark Bureau approves the application for transfer of the registered trademark, it shall issue the corresponding certificate to the transferee, and gazette the transfer. For the licensed use of a registered trademark, the licensor and the licensee shall enter into a licensing contract, the licensor shall file record with the Trademark Bureau within the validity period of the licensing contract and submit the filing materials, and the licensing shall be gazetted by the Trademark Bureau. The filing materials shall state the licensor and licensee of the registered trademark, the licensing period, and the scope of commodities or services for the licensing etc.

VI. TAX LAWS

Income Tax

According to the Corporate Income Tax Law of the PRC (《中華人民共和國企業所得稅法》) (which was promulgated by the National People's Congress on March 16, 2007 and became effective from January 1, 2008, and was amended for the first time pursuant to the Decision on Revision of the Corporate Income Tax Law of the PRC (《關於修改〈中華人民共和國企業所得稅法〉的決定》) adopted at the 26th Session of the Standing Committee of the 12th National People's Congress of the PRC on February 24, 2017, and amended for the second time in accordance with the Decision on Revision of Four Laws Including the Electric Power Law of the PRC (《關於修改〈中華人民共和國電力法〉等四部法律的決定》) adopted at the 7th Session of the Standing Committee of the 13th National People's Congress on December 29, 2018) (the "**Corporate Income Tax Law**") and the Implementing Regulations for the Law on Corporate Income Tax Law of the PRC (《中華人民共和國企業所得稅法實施條例》) (which was promulgated by the State Council on December 6, 2007 and became effective on January 1, 2008, and amended pursuant to the Decision of the State Council on Revising Some Administrative Regulations (April 2019) (《國務院關於修改部分行政法規的決定(2019年4月)》)), a uniform tax rate of 25% is imposed on all domestic companies, foreign-invested companies and foreign companies whose actual management institution is in the territory of China. The term "actual management institution" shall mean an institution that substantially manages and controls the operation, human resources, finance and property of a company in an all-round way.

Pursuant to the Corporate Income Tax Law (《企業所得稅法》) and its Implementing Regulations, for a non-resident company who has no organization or premises in China, or if it does have an organization or premises in China, but the income derived within the territory of China is not connected with such organization or premises, corporate income tax at a rate of 10% shall apply, unless the tax is reduced or exempted pursuant to any taxation agreement between China and the country or region where the non-resident company is located

According to the Arrangement between the Mainland China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation 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 State Administration of Taxation on August 21, 2006 and became effective from December 8, 2006), any person or company who is a beneficial owner of the dividends and holds 25% or more of the equities in a Chinese company shall pay an income tax at a rate of 5% on the dividend such person or company may receive from the Chinese company and in any other case, 10% of the gross amount of the dividends. According to the Announcement of the State Taxation Administration on Issues Relating to "Beneficial Owner" in Tax Treaties (《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》) (Announcement [2018] No. 9 of the State Administration of Taxation), a comprehensive analysis shall be carried out in accordance with the related factors, taking into account actual conditions of the specific case, while the taxation authority analyzes and determines the beneficial owner on the substance-over-form doctrine, in order to decide whether to give any tax preference to the beneficial owner.

According to the Circular of the State Taxation Administration on Several Issues in How to Determine Chinese Funded and Controlled Enterprises Registered Without the Territory of China as Resident Enterprises on Their Actual Management Institutions (《國家稅務總局關於境外註冊中資控股企業依據實際管理機構標准認定為居民企業有關問題的通知》) (Guoshuifa No. 82 [2009] partially abolished in 2017), the Measures for the Administration of Income Taxation on Chinese Funded and Controlled Enterprises Registered Without the Territory of China as Resident Enterprises (for Trial Implementation) (《境外註冊中資控股居民企業所得稅管理辦法(試行)》) (State Administration of Taxation Announcement No. 45, 2011 amended in 2015, 2016 and 2018), and the Announcement on Several Issues on the Determination of Resident Enterprises By Their Actual Management Institutions (《關於依據實際管理機構標準實施居民企業認定有關問題的公告》) (State Administration of Taxation Announcement No. 9, 2014), any Chinese-funded company without the territory of China, whose actual management institution is determined to be a resident company within the territory of China, shall pay a corporate income tax at a rate of 25% on its income that originates from within and without the territory of China (unless the tax is reduced or exempted under the tax law). The actual management institution shall be determined on the substance-over-form doctrine.

According to the Announcement on Several Issues in the Administration of the Corporate Income Tax on Non-Resident Enterprises (《關於非居民企業所得稅管理若干問題的公告》) (Announcement No. 24, 2011, of the State Taxation Administration partially abolished in 2015 and 2017), the Announcement on the Corporate Income Tax from the Indirect Transfer of Property by Non-Resident Enterprises (《關於非居民企業間接轉讓財產企業所得稅若干問題的公告》) (which was promulgated by the State Administration of Taxation in February 2015 partially abolished in October 2017 and December 2017 respectively) ("**Announcement No. 7**"), if a non-resident company, by means of a non-reasonable commercial arrangement, indirectly transfers its equities or other property in a Chinese resident company (in other words, a non-resident company transfers its equities or other similar interests in a foreign company that directly or indirectly owns taxable property in China, thereby leading to the same or similar result as if the taxable property in China were directly transferred), in order to evade the duty to pay the corporate income tax, then this indirect transfer transaction shall be characterized again as a direct transfer of the equities or other property in the Chinese resident company, in which circumstance corporate income tax shall be imposed on the amount of the Chinese taxable property as part of the income of the transferor from transferring the equities in the foreign company. Announcement No. 7 contains clear provisions on the scope of indirect property transfer that is governed by general anti-tax avoidance methods, the elements to determine reasonable commercial objectives, the tax duty and legal liabilities..

Value-Added Tax

According to the Provisional Regulations of the PRC on Value-Added Taxes (《中華人民共和國增值稅暫行條例》) (which were promulgated by the State Council in December 1993 and amended in November 2008, February 2016 and November 2017) and the Implementing Rules of the PRC for the Provisional Regulations on Value-Added Taxes (《中華人民共和國增值稅暫行條例實施細則》) (which were promulgated in December 1993 and amended in December 2008 and October 2011), for goods that are sold, processed, repaired or assembled within the territory of China or that are imported into China, the related taxpayer shall pay a value-added tax.

According to the Circular on Comprehensive Launching of the Piloting Program for the Replacement of the Business Tax with a Value-Added Tax (《關於全面推開營業稅改徵增值稅試點的通知》) (which was promulgated by the Ministry of Finance and the State Administration of Taxation in March 2016 and amended and partially abolished in July 2017, March 2019), following the approval by the State Council, since May 1, 2016, a comprehensive piloting program for the replacement of the business tax with a value-added tax was launched nationwide. All the taxpayers in the construction industry, the real estate industry, the financial industry and the social service industry are covered by the program, who have to pay the value-added tax instead of the business tax. On the date of this prospectus concerned, our construction-management-as-agent service shall be subject to a value-added tax at a rate of 6%.

VII. LEGAL REGULATIONS ON FOREIGN EXCHANGE

According to the Regulations on the Control of Foreign Exchange (《外匯管理條例》) (Order No. 532 of the State Council), which were promulgated by the State Council on January 29, 1996, became effective from April 1, 1996 and were amended on January 14, 1997 and August 5, 2008, foreign exchange receipts of domestic institutions or individuals may be transferred to the PRC or deposited abroad; the conditions for transfer to the PRC or overseas deposit, time limit and other details will be specified by the foreign exchange control department of the State Council. Foreign exchange receipts for current account transactions may be retained or sold to financial institutions engaging in the settlement of foreign exchange in accordance with relevant regulations. Domestic institutions or individuals that make direct investments abroad or are engaging in the overseas issuance or trade of valuable securities or derivative products should register according to the provisions of the foreign exchange control department of the State Council. Relevant institutions or individuals should submit relevant documentation for examination and approval or for record-filing prior to foreign exchange registration, if they are required to file with, or receive approval from, the competent administration departments in advance as required by the State. The exchange rate for RMB follows a managed floating exchange rate system based on market demand and supply.

SAFE Circular No. 37

The Notice of the State Administration of Foreign Exchange on the Administration of Foreign Exchange Involved in the Investment and Financing and Return on Investment Conducted by PRC Residents via Special Purpose Vehicles (《國家外匯管理局關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知》) (Huifa [2014] 37) ("**SAFE Circular No. 37**") and its appendices were promulgated and became effective on July 4, 2014.

The PRC individual residents who conduct investment in offshore special purpose vehicles ("**SPV**") for the purpose of engaging in investment and financing with their legitimate onshore and offshore assets or equities, must register with local SAFE branches with respect to the establishment and alteration of their offshore investments. Upon completion of overseas financing by a SPV, SAFE Circular No.37 also requires the repatriation of the financing funds for use in the PRC to comply with the relevant provisions of PRC on foreign investment administration,foreign debt administration and foreign exchange administration for foreign direct investments.

SAFE Circular No. 13

The Circular of the State Administration of Foreign Exchange on Further Simplifying and Improving the Direct Investment-related Foreign Exchange Administration Policies (《國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知》) (Huifa [2015] 13) ("**SAFE Circular No. 13**") was promulgated on February 13, 2015 and became effective from June 1, 2015.

Foreign exchange registration for domestic direct investment and foreign exchange registration for overseas direct investment will be directly reviewed and handled by banks in accordance with SAFE Circular No. 13 and the Guidelines for Direct Investment-related Foreign Exchange Business (《直接投資外匯業務操作指引》) (which is the appendix to SAFE Circular No. 13), and SAFE and its branches ("**foreign exchange regulatory authorities**") shall perform indirect regulation over the direct investment-related foreign exchange registration via the aforementioned banks.

SAFE Circular No. 19 and No. 16

The Circular of the State Administration of Foreign Exchange Concerning Reform of the Administrative Approaches to Settlement of Foreign Exchange Capital of Foreign-invested Enterprises (《國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知》) (Huifa [2015] 19) ("**SAFE Circular No. 19**") was promulgated on March 30, 2015 and became effective from June 1, 2015 and partially abolished in December 2019. The Circular of the State Administration of Foreign Exchange on Reforming and Standardizing the Policies Concerning the Settlement of Foreign Exchanges in 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》) (Huifa [2016] 16) ("**SAFE Circular No. 16**") was promulgated and became effective from June 9, 2016. In the case of any conflict between SAFE Circular No. 19 and SAFE Circular No. 16, SAFE Circular No. 16 shall prevail.

According to SAFE Circular No. 19,the foreign exchange capital of foreign-invested companies may be settled voluntarily ("**Voluntary Settlement**"), which means that foreign exchange capital in the capital account, recognized by the foreign exchange regulatory authorities as the right and interest of cash contribution (or registered by the bank for accounting entry of cash contribution), can be settled within the percentage of 100% provisionally at banks according to its actual business requirements. Under the SAFE Circular No. 16, the application of Voluntary Settlement is extended to foreign exchange capitals,external debts and repatriated funds raised through overseas listing. But in the case of any restrictive provisions contained in the current regulations governing the settlement of foreign exchange receipts of domestic institutions, such provisions shall prevail.

SAFE Circular No. 28

The Circular of the State Administration of Foreign Exchange on Further Promoting the Facilitation of Cross-border Trade and Investment (《國家外匯管理局關於進一步促進跨境貿易投資便利化的通知》) (Hui Fa [2019] No. 28) (**"SAFE Circular No. 28"**) was promulgated and became effective from October 23, 2019.

Non-investment foreign-invested enterprises are allowed to make domestic equity investment with their capital funds in accordance with the law on the premise that the existing special administrative measures (negative list) for foreign investment access are not violated and the projects invested thereby in China are true and compliant. The requirement for non-financial enterprises to register their foreign debts for each transaction is canceled under the pilot program, which is replaced by completing foreign debt registration formalities with local foreign exchange authorities as per two times the amount of non-financial enterprises' net assets, borrowing foreign funds within the registered amount, completing the formalities for inward and outward remittance of funds and purchase and settlement of foreign currency directly with a bank, and making declaration of international balance of payments as required.

OVERVIEW

We are members of the Greentown Group. Greentown China, the shares of which have been listed on the Main Board of the Stock Exchange since July 2006 (stock code: 3900), is the holding company of the Greentown Group, which is primarily engaged in property development in the PRC. We trace our history back to September 2010, when the Greentown Group established Greentown Construction Management (Old), the predecessor of Greentown Construction Management, to commence our project management business in the PRC.

Founded in 2010, we were the largest project management company in the PRC real estate market in terms of accumulated contracted GFA from 2017 to 2019, newly contracted GFA in 2019 and total revenue in 2019, according to China Index Academy. In 2019, we (by ourselves and through cooperation with business partners) had 72 newly contracted projects with newly contracted GFA of approximately 16.0 million sq.m., achieving a market share of 23.7% in the PRC project management market, which is more than double the size of the second largest market player, according to China Index Academy. From 2017 to 2019, we had consecutively earned the accolade of a Leading Enterprise in Real Estate Project Management Operation (中國房地產代建運營引領企業) granted by China Real Estate Top 10 Research Team.

As a leading project management company, we are devoted to helping our Project Owners lead the property development process, and providing comprehensive project management services covering the entire life span of property management. Leveraging the "Greentown" brand, our extensive experience in the PRC property development industry, our innovative Project Management 4.0 management system, our proprietary "Greentown Star" standards, and our network of quality contractors and suppliers, we believe we have integrated the best practices of property development, offered "one-stop," optimized solutions to the Project Owners, and created value for our managed projects in terms of quality, efficiency and premium pricing.

MILESTONES IN OUR GROUP'S HISTORY

The following is a summary of our Group's key development milestones:

Year	Major development and achievement
2010	• Greentown Construction Management (Old) was established to develop the business in the PRC in September 2010.
2015	• Greentown Real Estate acquired Greentown Management and Greentown Shidai in September 2015 to further expand our project management business.
2016	• Greentown Construction Management was established in September 2016 as a result of the Demerger and Greentown Group acquired the entire equity interest in Greentown Construction Management in December 2016.

Year	Major development and achievement
	• Greentown Management pioneered the concept of Project Management 4.0 Solutions standardized management system in 2016.
2018	• Greentown Management formulated and launched the proprietary "Greentown Star" standards in March 2018.

OUR CORPORATE HISTORY AND DEVELOPMENT

Our principal subsidiaries

Our businesses are primarily carried out by our PRC operating subsidiaries. Please see "Appendix I – Accountants' Report" for its direct and indirect subsidiaries during the Track Record Period and as of the date of such report.

We consider that Greentown Construction Management and Greentown Management were the principal subsidiaries of our Group during the Track Record Period and as of the Latest Practicable Date. Greentown Shidai, which used to be another principal subsidiary of our Group, had been deregistered in December 2018 following completion of its projects with a view to streamlining the corporate structure.

Greentown Construction Management (or before the Demerger, Greentown Construction Management (Old))

Greentown Construction Management (Old) was established in the PRC on September 8, 2010 with a registered capital of RMB200 million and was owned as to 37% by Greentown Real Estate (a wholly-owned subsidiary of Greentown China principally engaged in property development), 36% by Mr. Song Weiping ("Mr. Song") (the chairman of the board of directors, an executive director and a substantial shareholder of Greentown China at the time, who had already stepped down from the board of directors of Greentown China and ceased to be a substantial shareholder of Greentown China as of the Latest Practicable Date) and 27% by Shanghai Xinping Financial Consulting Firm (上海欣萍財務諮詢事務所) ("Shanghai Xinping") on behalf of certain ultimate individual owners. Greentown Construction Management (Old) was established by Greentown Real Estate and Mr. Song through their respective internal financial resources and by Shanghai Xinping through contributions from the aforesaid ultimate individual owners. Despite its shareholding percentage in Greentown Construction Management (Old), Greentown Real Estate had all along been entitled to appoint the majority of the directors of Greentown Construction Management (Old) pursuant to its articles of association. Accordingly, Greentown Construction Management (Old) had all along been accounted for as a non-wholly owned subsidiary of Greentown Real Estate (thus consolidated in the accounts of Greentown China) since its establishment up to the Demerger.

Greentown Construction Management (Old) underwent a series of capital injections and transfers of equity interests from October 2010 to June 2011. As of June 24, 2011, Greentown Construction Management (Old) was owned as to 35.4% by Greentown Real Estate, 34.6% by Mr. Song, 17% by Ningbo Heji Investment Management Partnership (Limited Liability Partnership) (寧波合基投資管理合夥企業(有限合夥)) ("Ningbo Heji"), 10% by Hangzhou Lvchao Investment Management Company Limited (杭州綠超投資管理有限公司) ("Hangzhou Lvchao"), 1.7% by Shanghai Yiju Shengyuan Equity Investment Center (Limited Liability Partnership) (上海易居生源股權投資中心(有限合夥)) ("Yiju Shengyuan") and 1.3% by Shanghai Yiju Shengquan Equity Investment Center (Limited Liability Partnership) (上海易居生泉股權投資中心 (有限合夥)) ("Yiju Shengquan").

In March 2015, Hangzhou Lvchao entered into an equity transfer agreement to transfer 10% equity interest in Greentown Construction Management (Old) to Ningbo Meishan Free Trade Port Area Cuidu Investment Management Company Limited (寧波梅山保稅港區翠都投資管理有限公司) ("Ningbo Meishan"), formerly known as Hangzhou Cuidu Investment Management Company Limited (杭州翠都投資管理有限公司) at the consideration of RMB20 million which was based on the then registered capital of Greentown Construction Management (Old). The transfer had been completed in March 2015. Upon completion of such transfer, Greentown Construction Management (Old) was owned as to 35.4% by Greentown Real Estate, 34.6% by Mr. Song, 17% by Ningbo Heji, 10% by Ningbo Meishan, 1.7% by Yiju Shengyuan and 1.3% by Yiju Shengquan.

In August 2016, the shareholders of Greentown Construction Management (Old) underwent a restructuring of Greentown Construction Management (Old) by way of demerging (the "Demerger") and continuing it into two entities, namely (a) Greentown Construction Management (i.e. a new entity established as a result of the Demerger) which would be principally engaged in the project management business previously undertaken by the original Greentown Construction Management (Old) and would take over the assets, rights and liabilities and employees associated with such business; and (b) Greentown Construction Management (Old) (i.e. the original entity after the Demerger) which would be principally engaged in the other businesses previously undertaken by the original Greentown Construction Management (Old) (namely projects related to, among other things, retirement, agriculture and township development). Both of such entities would, immediately after such restructuring, be under the same shareholding structure as that under the original Greentown Construction Management (Old) prior to the Demerger. The Demerger was completed in September 2016 and was in compliance with the applicable laws and regulation in the PRC.

With a view to increasing the scale and attributable income of its project management business for the Greentown Group, on June 25, 2016, Mainwide HK (a wholly-owned subsidiary of Greentown China at the time) entered into an equity transfer agreement with, among other entities, the shareholders of Greentown Construction Management other than Greentown Real Estate (namely Mr. Song, Ningbo Heji, Ningbo Meishan, Yiju Shengyuan and Yiju Shengquan), pursuant to which Mainwide HK agreed to acquire 64.6% equity interest in Greentown Construction Management from the other shareholders at the total consideration of RMB949,100,000. This consideration was determined after arm's length negotiations among the parties with reference to (i) the financial information of Greentown Construction Management (Old); (ii) the transaction multiples of Greentown Management and Greentown Shidai when they were acquired by the Greentown Group in 2015; (iii) comparable company trading analysis; and (iv) the expertise, experience and network of Greentown Construction Management's senior management in the construction management industry in the PRC. The consideration was subsequently adjusted to RMB925,500,000 through supplemental agreement between the parties dated January 2017. The consideration for such transfer was fully settled in November 2017.

Mr. Song was then a co-chairman of the board of directors, an executive director and a substantial shareholder of Greentown China who had stepped down from the board of directors and ceased to be a substantial shareholder of Greentown China as of the Latest Practicable Date. To the best knowledge of our Directors, each of Ningbo Heji, Ningbo Meishan, Yiju Shengyuan and Yiju Shengquan is an independent third party:

(i) Ningbo Heji, a limited liability partnership established as a vehicle for the members of management of Greentown Construction Management (Old) to invest in Greentown Construction Management (Old), was owned as to approximately 59% and 41% by Mr. Xu Feng (a then director of Greentown Construction Management (Old)) and Mr. Fu Linjiang (a then deputy general manager of Greentown Construction Management (Old)), respectively.

(ii) Each of Ningbo Meishan, Yiju Shengyuan and Yiju Shengquan, a limited liability partnership, which held equity interests in Greentown Construction Management (Old) as passive investors, was an independent third party.

Upon completion of the acquisition, Greentown Construction Management became a wholly-owned subsidiary of Greentown China. The principal business activity of Greentown Construction Management is project management.

In connection with the aforesaid restructuring, with a view to focusing on the core business of the Greentown Group and disposing of its non-core business, on June 25, 2016, Greentown Real Estate entered into an equity transfer agreement with Mr. Song (as supplemented by a supplemental agreement signed in 2017), pursuant to which Greentown Real Estate agreed to dispose of its 35.4% equity interest in Greentown Construction Management (Old) to Mr. Song at the total consideration of RMB135,090,000. This consideration is determined after arm's length negotiations among the parties with reference to the valuation of the 35.4% equity interest in Greentown Construction Management (Old), as adjusted.

Upon completion of the disposal, the Greentown Group ceased to hold any equity interest in Greentown Construction Management (Old).

Greentown Management

Greentown Management, formerly known as Greentown Dingyi Real Estate Investment Management Co., Ltd. (綠城鼎益房地產投資管理有限公司) and Greentown Real Estate Construction Management Co., Ltd (綠城房地產建設管理有限公司), was incorporated in the PRC on March 21, 2012. At the time of its incorporation , Greentown Management was owned as to 33% by Liu Yuming, 30% by Hangzhou Lvchao and 20% by Greentown Construction Management Co., Ltd. The remaining 17% equity interest was owned by three individuals, namely 7% by Feng Xiaokang, 5% by Lu Hao and 5% by Li Hairong.

Greentown Management underwent a series of transfer of equity interests from March 2012 to July 2015. To further expand the project management business, in August 2015, Greentown Real Estate (a wholly-owned subsidiary of Greentown China) entered into an equity transfer agreement with the then shareholders of Greentown Management pursuant to which Greentown Real Estate agreed to acquire the entire equity interest in Greentown Management at a total consideration of RMB625,450,000 in following manner:

Name of seller	Equity interest in Greentown Management	Relationship with Greentown Group at the time
Zhejiang Dingshang City Construction & Development Company Limited (浙江鼎尚城市建設發展有限公司)	50%	a company then owned (indirectly through Hangzhou Chengxun) as to 49.2% by Cao Zhounan, a then executive director of Greentown China ("Mr. Cao") who had already resigned from such role as of the Latest Practicable Date
Hangzhou Chengxun Investment Management Company Limited (杭州澄訊投資管理有限公司) ("Hangzhou Chengxun").	15%	a company owned as to 60.0% by Mr. Cao and as to 40.0% by a son of Mr. Cao
Feng Xiaokang (封曉康)	12%	a then director of Beijing Xingye Wanfa Real Estate Co., Ltd. (北京興業萬發房地產有限公司) who had already resigned from such role as of the Latest Practicable Date

Name of seller	Equity interest in Greentown Management	Relationship with Greentown Group at the time
Hangzhou Lvke Investment Management Partnership (Limited Partnership) (杭州綠科投資管理合夥企業(有限合夥) ("Hangzhou Lvke")	10%	an independent third party (the partners of Hangzhou Lvke being then senior management of Greentown Management)
Hangzhou Lvchao	8%	a former shareholder of Greentown Construction Management (Old) and an independent third party
Li Hairong (李海榮).	5%	an independent third party

The consideration for the acquisition was determined upon arm's length negotiations among the parties with reference to, among other things, the financial information of Greentown Management, including the price/earnings multiples of Greentown Management and comparable companies, and the reasons for and benefit of such acquisition. The consideration of such transfer was fully settled on July 4, 2016. The above acquisition was completed in September 2015 and was in compliance with the applicable laws and regulations in the PRC. Upon completion of the acquisition, Greentown Management became a wholly-owned subsidiary of Greentown Real Estate. The principal business activity of Greentown Management is project management.

Greentown Shidai

By way of background, Greentown Shidai was established in the PRC on September 17, 2012. To further expand the project management business, in August 2015, Greentown Real Estate (an indirect wholly-owned subsidiary of Greentown China and then held a 8% equity interest in Greentown Shidai) entered into an equity transfer agreement with the then major shareholder (a company controlled by Ying Guoyong, a director of Greentown Real Estate at the time) pursuant to which Greentown Real Estate agreed to acquire 92% equity interest in Greentown Shidai at a consideration of RMB294,000,000 (subject to adjustments, if any). The consideration for the acquisition was determined upon arm's length negotiations among the parties with reference to, among other things, the financial information of Greentown Shidai including the price/earnings multiples of Greentown Shidai and comparable companies, and the reasons for and benefit of such acquisition. The consideration of such transfer was fully settled in July 2016. The above acquisition was completed in September 2015 and was in compliance with the applicable laws and regulations in the PRC. Together with the 8% already held by Greentown Real Estate, upon completion of the acquisition, Greentown Shidai became a wholly-owned subsidiary of Greentown Real Estate. The principal business activity of Greentown Shidai was project management.

Other subsidiaries

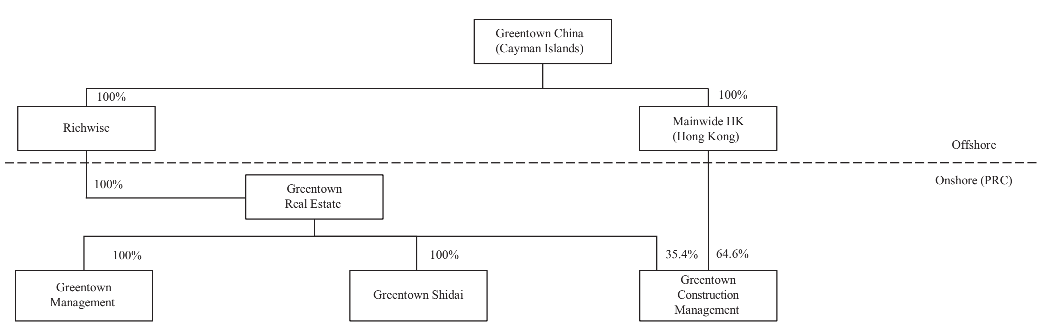
To undertake project management projects in different parts of China, we own and manage different projects in different cities and provinces through different subsidiaries. For details, please see "– Corporate Structure."

Our joint ventures

We own equity interests in certain entities (including two entities conducting planning and architecture design business which ceased to be our subsidiaries and became our joint ventures in September 2019) which are accounted for as joint ventures of our Group and their financial results are not consolidated into our Group's financial statements. Please see "– Corporate Structure." For the reasons for and benefits of establishing such joint ventures, please see "Business – Project Management Business – Commercial Project Management – Cooperation with Business Partners." Major decisions of the joint ventures require board approval. According to our PRC Legal Advisor and based on the shareholders' agreements and articles of association of the joint ventures, valid board resolutions on major decisions will require approval by a specific minimum proportion of the directors, but none of the shareholders by itself will be entitled to appoint the number of directors required to approve such valid board resolutions or to vary such requirement. Accordingly, we do not have control over these entities, and as such we do not consider these joint ventures as subsidiaries of our Company.

REORGANIZATION

The following chart sets forth the simplified shareholding structure of our Group immediately prior to the Reorganization (ie. after the Demerger and the completion of acquiring all the remaining equity interest in Greentown Construction Management from the other shareholders by the Greentown Group):



We consider that there is sufficient business delineation between the Parent Group and our Group. We undertake a line of business distinct from that of the Parent Group, given that our Group and the Parent Group focus on different business models and target different groups of customers by offering different products/services. For further details, please see the section entitled "Relationship with Controlling Shareholder – Business Delineation between the Parent Group and our Group" in this prospectus.

The Reorganization, the purpose of which is to consolidate all of our subsidiaries into our Company in preparation for the Global Offering, involved the following steps:

(a) Incorporation of our Company

Our Company was incorporated in the Cayman Islands on December 12, 2016 with an authorized share capital of HK$380,000 divided into 38,000,000 Shares of a par value of HK$0.01 each. At the time of incorporation, one Share was allotted and issued to the initial subscriber. On the same date, Greentown China acquired such one Share from the initial subscriber at par.

(b) Transfer of the equity interest in Greentown Construction Management to Mainwide HK

Mainwide HK was incorporated in Hong Kong on April 1, 2016. At the time of incorporation, Mainwide HK allotted and issued one share to the initial subscriber. On May 10, 2016, Central Ford Limited, a wholly-owned subsidiary of Greentown China, acquired such one share in Mainwide HK from the initial subscriber at the consideration of HK$1. On January 25, 2017, our Company acquired such one share in Mainwide HK from Central Ford Limited at the consideration of HK$1. Therefore, Mainwide HK has became a wholly owned subsidiary of our Company since then.

As disclosed in the above sub-section headed "– Our Corporate History and Development – Greentown Construction Management (or before the Demerger, Greentown Construction Management (Old))", in June 2016, Greentown China acquired the remaining 64.6% equity interests of Greentown Construction Management from Mr. Song and other shareholders at a consideration of RMB925,500,000 through Mainwide HK, financed by way of loan from Greentown China to Mainwide HK. In February 2017, an equity transfer agreement was entered into between Greentown Real Estate as transferor and Mainwide HK as transferee, pursuant to which Greentown Real Estate transferred 35.4% equity interest in Greentown Construction Management to Mainwide HK at a consideration of RMB507,160,000, taking into account the valuation prepared by an independent third party valuer. Such consideration was financed by way of loan from Greentown China to Mainwide HK. The consideration was fully settled in May 2017 through debt-to-equity conversion. As a result of the transfers, Greentown Construction Management became wholly-owned by Mainwide HK, and Mainwide HK became indebted to Greentown China as to RMB1,432,660,000. The above transfer was completed in March 2017 and was in compliance with the applicable laws and regulations in the PRC. As further described in the subsection headed "(e) Issue of Shares by our Company to Greentown China" below, such indebtedness was subsequently settled by way of loan capitalization.

(c) Transfer of equity interest in Greentown Management to Greentown Construction Management

In June 2017, Greentown Real Estate agreed to transfer the entire equity interest in Greentown Management to Greentown Construction Management at a consideration of RMB675,450,000, taking into account the valuation prepared by an independent third party valuer. The consideration of such transfer was fully settled in November 2019. The above transfer was completed in June 2017 and was in accordance with the applicable laws and regulations in the PRC. As a result of the transfer, Greentown Management became wholly-owned by Greentown Construction Management.

(d) Transfer of equity interest in Greentown Shidai to Greentown Construction Management

In June 2017, Greentown Real Estate agreed to transfer the entire equity interest in Greentown Shidai to Greentown Construction Management at a consideration of RMB319,560,000, taking into account the valuation prepared by an independent third party. The consideration of such transfer was fully settled in April 2018. The above transfer was completed in June 2017 and was in accordance with the applicable laws and regulations in the PRC. As a result of the transfer, Greentown Management became wholly-owned by Greentown Construction Management. In December 2018, Greentown Shidai was deregistered following the completion of its projects. As of the Latest Practicable Date, such deregistration had been completed in accordance with the applicable laws and regulations in the PRC.

(e) Issue of Shares by our Company to Greentown China

In June 2017, our Company executed a loan capitalization agreement with Greentown China, Mainwide HK, Greentown China and Richwise (a wholly-owned subsidiary of Greentown China and a member of the Parent Group) pursuant to which, among other things: (i) Mainwide HK agreed to novate and transfer to our Company of all Mainwide HK's liabilities to repay the indebtedness owed to Greentown China and Richwise (the "Indebtedness", which was expected to be RMB1,432,660,000 as at the date of such loan capitalization agreement) arising from the consideration for the acquisition by Mainwide HK of the entire equity interest of Greentown Construction Management from the relevant sellers which Greentown China and Richwise agreed to pay on behalf of Mainwide HK; (ii) Richwise agreed to assign to Greentown China of all Richwise's right to the relevant part of the Indebtedness, such that the Indebtedness would all become due from our Company to Greentown China; and (iii) our Company agreed to allot and issue one Share to Greentown China, credited as fully paid, to capitalize such indebtedness. In addition, in order to facilitate the capitalization, our Company agreed to allot and issue another one Share to Greentown China, credited as fully paid, in consideration of Greentown China's undertaking to invest in our Company an amount equivalent to any shortfall between the Indebtedness and RMB1,432,660,000. Accordingly, on June 27, 2017, two Shares were allotted and issued by our Company to Greentown China pursuant to which Greentown China, being the sole shareholder of our Company, owned a total of three Shares.

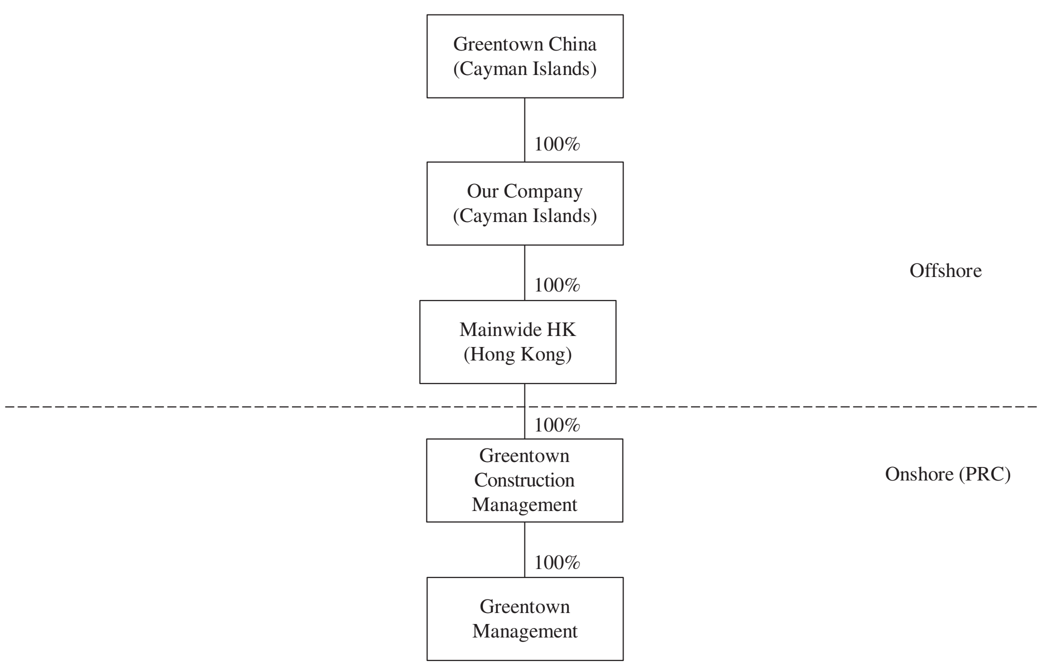
(f) Capitalization Issue by our Company

On February 13, 2018, our Company allotted and issued 1,432,659,997 Shares, credited as fully paid at par, to Greentown China by way of capitalization of the sum of HK$1,432,660,000 out of the share premium account of our Company. Pursuant to such capitalization issue, Greentown China, being the sole shareholder of our Company, owned a total of 1,432,660,000 Shares.

(g) Capital contribution by Greentown China

With a view to settling the amount of RMB950,000,000 owed by our Company to Greentown China outside of the PRC arising from the amount advanced by Greentown China to us for the capital contribution by Mainwide HK (being our wholly-owned subsidiary in Hong Kong directly held by our Company) to Greentown Construction Management (being our wholly-owned subsidiary directly held by Mainwide HK which is a wholly-foreign owned enterprise in the PRC) by increasing the amount of paid-in capital from RMB100,000,000 to RMB1,050,000,000: (i) an amount of RMB410,000,000 was deemed to have been made as capital contribution by Greentown China to our Company (without changing the number of issued Shares) with effect on October 11, 2019; and (ii) the remaining amount of RMB540,000,000 is expected to be settled on the Listing Date using the net proceeds from the Global Offering. We consider that the increase in the amount of paid-in capital of Greentown Construction Management provides us with additional capital for the business operation and also demonstrates our commitment to our business and customers.

Following the completion of the above steps, our Company became the holding company of members of our Group. The following chart sets out our simplified shareholding and corporate structure immediately following the completion of the Reorganization, but prior to the Global Offering and the aforesaid capitalization issue:



Our Directors confirmed that, during the Track Record Period and up to the Latest Practicable Date, save as disclosed in "– Our corporate history and development" in this section, our Group did not conduct any major acquisitions, disposals or mergers.

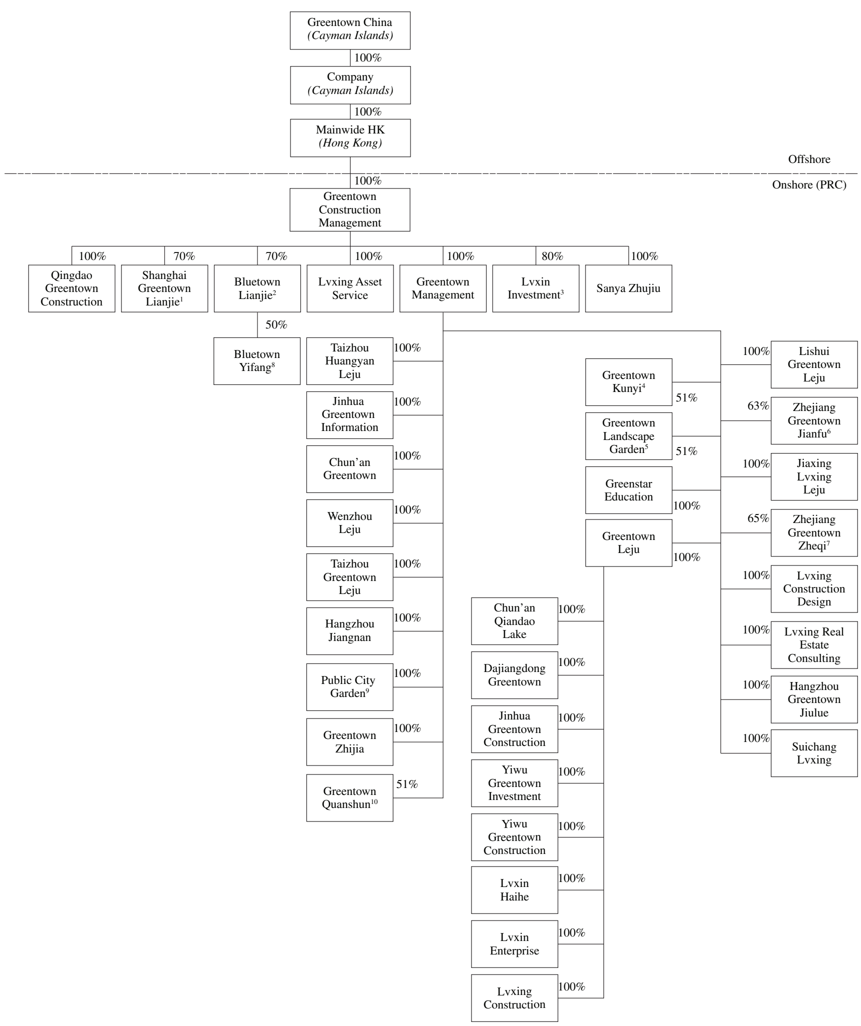
PRC LEGAL COMPLIANCE

Our PRC Legal Advisor has confirmed that all requisite approvals, permits and licenses from the relevant PRC government authorities in relation to the Reorganization, the Global Offering and the Listing have been obtained, and the Reorganization, the Global Offering and the Listing has complied with all applicable PRC laws and regulations.

CORPORATE STRUCTURE

Immediately before the Global Offering

The following chart sets out our shareholding and corporate structure as of the Latest Practicable Date and immediately before the Global Offering and assuming that the Over-allotment Option is not exercised:



Notes:

1. As of the Latest Practicable Date, the remaining equity interest of Shanghai Greentown Lianjie was held as to 20% by Shanghai Langning Real Estate Company Limited (上海郎寧置業有限公司) ("Shanghai Langning") and 10% by Hangzhou Lvfeng Investment Management Company Limited (杭州綠峰投資管理有限公司) ("Hangzhou Lvfeng") which were independent third parties (save for the minority stake of Shanghai Langning and Hangzhou Lvfeng in Bluetown Lianjie, another non-wholly owned subsidiary of our Company).

2. As of the Latest Practicable Date, the remaining equity interest of Bluetown Lianjie was held as to 20% by Shanghai Langning and 10% by Hangzhou Lvfeng which were independent third parties (save for the minority stake of Shanghai Langning and Hangzhou Lvfeng in Shanghai Greentown Lianjie, another non-wholly owned subsidiary of our Company).

3. As of the Latest Practicable Date, the remaining equity interest of Lvxin Investment was held by Shanghai Chaoze Construction Management Consulting Office (上海晁澤建設管理咨詢事務所), an independent third party.

4. As of the Latest Practicable Date, the remaining equity interest of Greentown Kunyi was held by Liu Guanghui (劉光輝) (as to 16.5%) and other individuals, each an independent third party (save for the minority stake of Liu Guanghui (劉光輝) in Greentown Landscape Garden, another non-wholly owned subsidiary of our Company). In January 2020, with a view to: increasing our stake in Greentown Kunyi, Liu Guanghui (劉光輝) and Greentown Management entered into an equity transfer agreement, pursuant to which Liu Guanghui (劉光輝) agreed to transfer his 16.5% equity interest in Greentown Kunyi to Greentown Management at a consideration of RMB954,337.68 determined based on net asset value. As of the Latest Practicable Date, completion of the aforesaid transfer had not yet been completed.

5. As of the Latest Practicable Date, the remaining equity interest of Greentown Landscape Garden was held by Zhoushan Ruixin Investment Company Limited (舟山瑞鑫投資管理有限公司), which was in turn held by Liu Guanghui (劉光輝) (as to 74%) and other individuals, each an independent third party (save for the minority stake of Liu Guanghui (劉光輝) in Greentown Kunyi, another non-wholly owned subsidiary of our Company). On September 30, 2019, Greentown Management entered into an equity interest transfer intention agreement with Changxing Yuanhe Investment Management Partnership Enterprise (Limited Partnership) (長興元合投資管理合作企業(有限合伙)), an independent third party purchaser, pursuant to which Greentown Management intended to sell 2% equity interest in Greentown Landscape Garden to such purchaser ("Jingdao Transfer"). As of the Latest Practicable Date, finalization of certain terms of the transfer including consideration had not been made given our internal review process was still undergoing, and hence completion of the Jingdao Transfer had not yet taken place. After the completion of the Jingdao Transfer, Greentown Landscape Garden will cease to be our subsidiary.

6. As of the Latest Practicable Date, the remaining equity interest of Zhejiang Greentown Jianfu was held by China Credit Trust Company Limited (中誠信託有限責任公司), an independent third party.

7. As of the Latest Practicable Date, the remaining equity interest of Zhejiang Greentown Zheqi was held by Zhejiang Zheqi Investment Management Co., Ltd. (浙江浙企投資管理有限公司), an independent third party.

8. As of the Latest Practicable Date, the remaining equity interest of Bluetown Yifang was held by Shanghai Haogao Properties Company Limited (上海浩高置業有限公司), an independent third party.

9. On September 29, 2019, Public City Garden entered into an equity interest transfer intention agreement with Greentown Management and Greentown Landscape Garden (see note 5 above), pursuant to which Greentown Management agreed to sell its 100% equity interest in Public City Garden to Greentown Landscape Garden. Upon completion of the equity interest transfer, Greentown Landscape Garden will hold 100% equity interest in Public City Garden. After the completion of the aforementioned transfer and the Jingdao Transfer, Public City Garden will cease to be our subsidiary.

10. As of the Latest Practicable Date, the remaining interest of Greentown Quanshun was held by Ye Qing (葉青), an independent third party.

11. We own equity interests in certain entities which are accounted for as joint ventures of our Group and are not considered as subsidiaries of our Company. Set out below is a list of such joint ventures which are not accounted as subsidiaries of our Company as of the Latest Practicable Date:

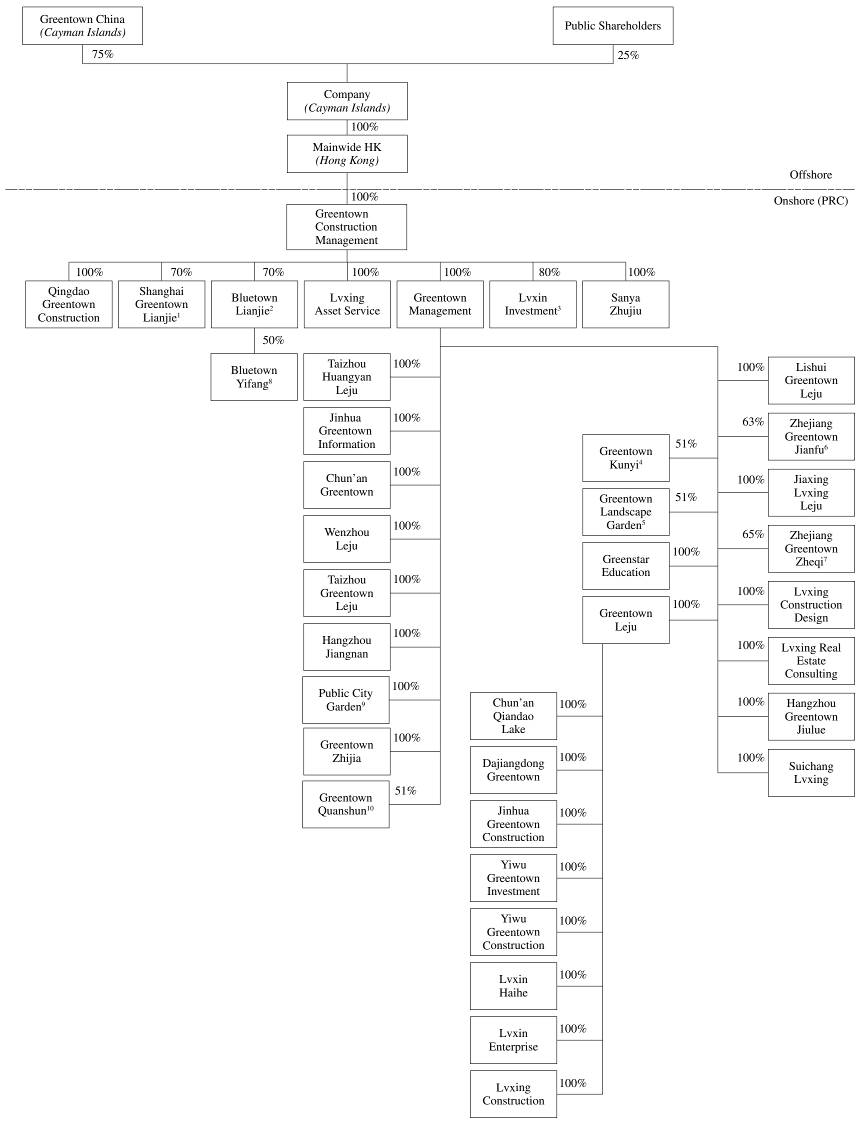
	Joint Venture, our Group's equity interest and its principal business activities	Other equity interest
1.	Shandong Bluetown: 51% Project management business	The remaining equity interest of Shandong Bluetown was held as to 41.65% by Xu Guozhong, and as to 1.8375% by each of Xu Haoran, Wang Xiuyan, Wei Feng and Dong Hai, each an independent third party.
2.	Shanghai Fuqin: 51% Project management business	The remaining equity interest of Shanghai Fuqin was held by Shanghai Haiyi Investment Management Company Limited (上海海意投資管理有限公司), an independent third party.
3.	Xinjiang Chuangjing: 51% Project management business	The remaining equity interest of Xinjiang Chuangjing was held by by Shen Guoguang as to 17%, Yan Shoutu as to 13%, as to 4% by each of Zhao Junying and Zhao Dongsheng, as to 3% by Cai Xiawei, and as to 1% by each of Li Nan, Zhang Xuemei, Xiao Dengping, Wang Hongsheng, Luo Yan, Wang Yu, Tan Yong and Ma Xiaolei, each an independent third party.
4.	Greentown Jingfeng: 51% Project management business	The remaining equity interest of Greentown Jingfeng was held by Shandong Fang Dafu City Construction Development Co., Ltd. (山東房大夫城市建設發展有限公司), an independent third party.
5.	Greentown Lvming Construction: 51% Project management business	The remaining equity interest of Greentown Lvming Construction was held by Lvming Construction Management Company Limited (綠明建設管理有限公司), an independent third party.
6.	Greentown Innovation Construction: 51% Project management business	The remaining equity interest of Greentown Innovation Construction was held by Beijing Lvshun Real Estate Development Center (Limited Partnership) (北京綠順房地產發展中心(有限合夥)), an independent third party.
7.	Greentown Northern Construction: 51% Project management business	The remaining equity interest of Greentown Northern Construction was held by Shanghai Lvbei Construction Management Partnership (Limited Partnership) (上海綠北建設管理合夥企業(有限合夥)), an independent third party.
8.	Greentown Changyu Construction: 51% Project management business	The remaining equity interest of Greentown Changyu Construction was held by Lin Zhichun, an independent third party.
9.	Greentown Zhenghong: 51% Project management business	The remaining equity interest of Greentown Zhenghong was held by Beijing Zhengong Real Estate Development Company Limited (北京正弘房地產開發有限公司), an independent third party.

	Joint Venture, our Group's equity interest and its principal business activities	Other equity interest
10.	Shandong Greentown Wanhe: 51% Project management business	The remaining equity interest of Shandong Greentown Wanhe was held by Xu Guozhong, an independent third party.
11.	Zhejiang Greentown Jiangxin: 51% Project management business	The remaining equity interest of Zhejiang Greentown Jiangxin was held by Zhousan Jiangxin Construction Management Company Limited (舟山匠信建設管理有限公司), an independent third party.
12.	Greentown Tianyuan: 51% Project management business	The remaining equity interest of Greentown Tianyuan was held by Hangzhou Shenhe Enterprises Management Company Limited (杭州申合企業管理有限公司), an independent third party.
13.	Zhejiang Shidai: 51% Project management business	The remaining equity interest of Zhejiang Shidai was held by Hangzhou Lvjing Holdings Group Company Limited (杭州綠景控股集團有限公司), an independent third party.
14.	Greentown Shenye: 51% Project management business	The remaining equity interest of Greentown Shenye was held by Changxing Yuanhe Investment Management Partnership Enterprise (Limited Partnership) (長興元合投資管理合夥企業(有限合夥)), an independent third party.
15.	Hangzhou Binfeng: 51% Project management business	The remaining equity interest of Hangzhou Binfeng is held by Greentown Management on trust on behalf of Greentown Construction Management Qixin Investment Partnership (Limited Partnership) (杭州祺欣投資管理合夥企業(有限合夥)), an independent third party. In March 2018, the Group disposed of its 49% equity interest in Hangzhou Binfeng to our joint venture partner at nil consideration given the unpaid registered capital of Hangzhou Binfeng. As we do not have the right to appoint the number of directors required to approve valid board resolutions of Hangzhou Binfeng for major decisions and we cannot alter such requirement, we do not have control over Hangzhou Binfeng and it is accounted for as a joint venture.
16.	Hangzhou Greentown Dingli: 51% Project management business	The remaining equity interest of Greentown Dingli is held by Greentown Management on trust on behalf of Shanghai Junyu Business Consulting Partnership (Limited Partnership) (上海君寓商務諮詢合夥企業(有限合夥)), an independent third party.
17.	Zhejiang Greentown Shangdi: 51% Project management business	The remaining equity interest of Zhejiang Greentown Shangdi was held as to 34% by Hangzhou Huatang Commercial Land Construction Management Limited (杭州華唐商地建設管理有限公司) (an independent third party), and as to 15% by Zhejiang Shidai (a joint venture of our Group).

	Joint Venture, our Group's equity interest and its principal business activities	Other equity interest
18.	Greentown Lipu: 51% Construction, landscape and interior design business	The remaining equity interest of Greentown Lipu was held by Hangzhou Lipu Construction Consultancy Company Limited (杭州利普工程諮詢有限公司) as to 34.30%, Greentown Holdings Group Limited (綠城控股集團有限公司) as to 9.80% and Bluetown Real Estate (Hangzhou) Group Limited (藍城置業(杭州)集團有限公司) as to 4.90%, each an independent third party. In June 2017, we obtained 51% equity interest in Greentown Lipu to expand our decoration and consulting operation, through capital increase of registered capital amounting to RMB6,245,000, following which Greentown Lipu became a subsidiary of our Group. Pursuant to a subsequent agreement between shareholders, we do not have control over Greentown Lipu and it is accounted for as a joint venture.
19.	Greentown Urban Design: 51% Construction, landscape and interior design business	The remaining equity interest of Greentown Urban Design was held as to 40% by Maanshan Lvshe Architecture Design Company Limited (馬鞍山綠舍建築設計有限公司) and 9% by Lvming Construction Management Company Limited (綠明建設管理有限公司), which were independent third parties.
20.	Greentown Qinghe: 50.98% Construction, town planning design business	The remaining equity interest of Greentown Qinghe was held by Qingdao Lvxing Architecture Design Office Company Limited (青島綠興建築設計事務所有限公司), an independent third party.

Immediately following the completion of the Global Offering

The following chart sets out our shareholding and corporate structure and immediately following the completion of the Global Offering, assuming that the Over-allotment Option is not exercised:



Please refer to the notes set out in the sub-section headed "History – Corporate Structure – Immediately before the Global Offering."

OVERVIEW

Founded in 2010, we were the largest project management company in the PRC real estate market in terms of accumulated contracted GFA from 2017 to 2019, newly contracted GFA in 2019 and total revenue in 2019, according to China Index Academy. In particular, in 2019, we (by ourselves and through cooperation with business partners) had 72 newly contracted projects with newly contracted GFA of approximately 16.0 million sq.m., achieving a market share of 23.7% in the PRC real estate market, which is more than double the size of the second largest market player for the same year, according to China Index Academy. From 2017 to 2019, we had consecutively earned the accolade of a Leading Enterprise in Real Estate Project Management Operation (中國房地產代建運營引領企業) granted by China Real Estate Top 10 Research Team.

As a leading project management company, we are devoted to helping our Project Owners, lead the property development process, and providing comprehensive services covering project management services covering the entire life span of property management. Leveraging the "Greentown" brand, our extensive experience in the PRC property development industry, our innovative Project Management 4.0 management system, our proprietary "Greentown Star" standards, and our network of quality contractors and suppliers, we believe we have integrated the best practices of property development, offered "one-stop," optimized solutions to Project Owners, and created value for our managed projects in terms of quality, efficiency, and premium pricing.

Over the past decade, we have experienced significant business growth due to the rapid development of the PRC real estate market and the PRC project management market, as well as the strong demand for quality property development. As of December 31, 2019, we (by ourselves and through cooperation with business partners) had 260 project management projects located in 85 cities across 26 provinces, municipalities and autonomous regions in the PRC and one city in Cambodia, with a total GFA under management of 67.5 million sq.m. According to the China Index Academy Report, the PRC project management market is expected to continue to grow at a CAGR of 23.5% in terms of the newly contracted GFA from 2020 to 2024. We believe that we are well positioned to benefit from the fast growing project management industry and, we will continue scaling up our project management services to capture strong business opportunities in the future.

According to the China Index Academy, we are the first project management company with an asset-light business model in the PRC. As a project management company, we generally do not need to commit a significant amount of financial resources to the projects since the Project Owners are primarily responsible for the acquisition cost of land and the construction cost of property. We believe that our asset-light business model empowers the Project Owners with land reserves or ready access to land reserves with our expertise, experience and reputation in project development and enables us to replicate our success to new project management projects operated by ourselves and through cooperation with business partners.

During the Track Record Period, our Project Owners generally included: (i) private property developers; (ii) state-owned property developers; and (iii) Government Entities. In most cases, our Project Owners have already received or are in the process of applying for, land use rights grants. In recent years, there has been an increasingly strong demand from such Project Owners for project management service providers with professional teams, standardized management system, stringent product quality control, qualified contractors and suppliers and premium pricing strategies. We differentiate ourselves from other project management companies by the "Greentown" brand, our experienced employees, our established management and quality control system, our network of quality contractors and suppliers, our ability to customize our services to meet the needs of various types of Project Owners as well as our upholding of industry leading standards, allowing us to seize the growth opportunities in the PRC project management industry.

During the Track Record Period, we generated revenue primarily from three business segments, as follows:

- **Commercial Project Management**

  Our commercial project management business is our largest segment, accounting for a majority of our revenue during the Track Record Period. The vast majority of projects we undertake in this business segment are residential property development. We provide various services throughout the property development process including preliminary management, planning and design, construction management, cost control, marketing, sales services, delivery management and after-sales services. We operate our commercial project management business primarily by ourselves and through cooperation with business partners. As of December 31, 2019, we (by ourselves and through cooperation with business partners) had 145 commercial project management projects with a total GFA under management of 38.2 million sq.m. See "– Project Management Business – Commercial Project Management."

- **Government Project Management**

  Our government project management business is our second largest business segment in terms of revenue during the Track Record Period. The vast majority of projects we undertake in this business segment are public housing property development, and to a lesser extent, public infrastructure including schools, museums and sports facilities. We place great emphasis on social responsibility with a vision to stimulate quality and sustainable growth in the PRC real estate industry. Our government project management services generally include planning and design, project schedule management, construction management, cost control, completion acceptance and delivery management. As of December 31, 2019, we (by ourselves and through cooperation with business partners) had 115 government project management projects with a total GFA under management of 29.3 million sq.m. We operate our government project management business primarily by ourselves and to a lesser extent, through cooperation with business partners. See "– Project Management Business – Government Project Management."

- **Other Services**

  Our other services business segment includes project management consulting services, design and development consultation services and other services. See "– Project Management Business – Other Services."

According to the China Index Academy, we are the first project management company with an asset-light business model in the PRC. As a project management company, we generally do not need to commit a significant amount of financial resources to the projects since the Project Owners are primarily responsible for the acquisition cost of land and the construction cost of property. We believe that our asset-light business model empowers Project Owners with land reserves or ready access to land reserves with our expertise, experience and reputation in project development. We also differentiate ourselves from other project management companies by the "Greentown" brand, our experienced employees, our innovative Project Management 4.0 management system, our proprietary "Greentown Star" standards, our network of quality contractors and suppliers, and our ability to customize our services to meet the needs of various types of Project Owners. In particular, according to China Index Academy, our "Greentown Star" standards are the industry leading initiatives aimed to streamline and rationalize the complex project management process involving multiple parties, and it has profound influence in the PRC project management industry guiding the market participants.

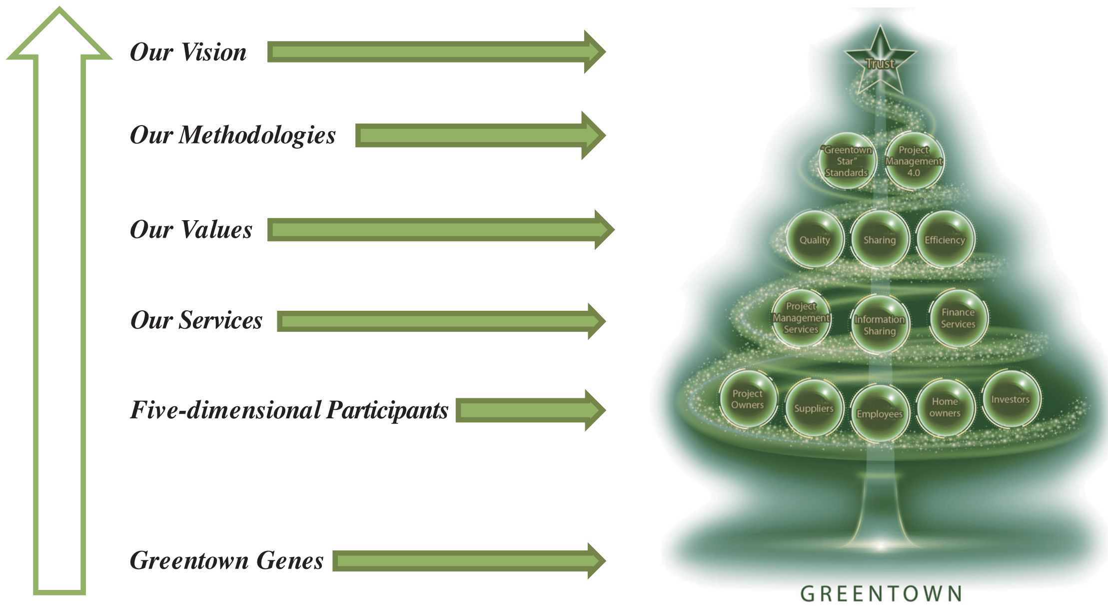
We provide comprehensive end-to-end project management solutions across the property development industry value chain, covering, among others, key stages of property development. See "– Project Management Process" for the principal steps of our project management process.

We experienced significant growth during the Track Record Period. In 2017, 2018 and 2019, our revenue was RMB1,015.9 million, RMB1,481.2 million and RMB1,993.9 million, respectively. In 2017, 2018 and 2019, our profit for the year from continuing operation was RMB255.8 million, RMB363.1 million and RMB388.9 million, respectively.

OUR OPERATING PHILOSOPHY AND VISION

Professional project management capability and its quality have become increasingly important in light of the transformation of the PRC real estate industry and the separation of land acquisition and property development management. We will adhere to the Greentown corporate culture, connect all relevant parties through trust and strive to become the most trusted project management company in the PRC.

The following chart illustrates our operating philosophy and vision:



Greentown Genes. We inherited the genes from Greentown, especially its corporate culture.

Five-dimensional Participants. Our Project Owners, home owners, suppliers, our employees and our shareholders are the five-dimensional key participants in our business. We and these parties aim to jointly create an ecosystem in which we can share, collaborate and prosper together.

Our Services. We aim to develop project management, real estate-related financial solutions and know-how sharing as our future core businesses.

Our Values. Quality, sharing and efficiency are our core values.

Our Methodologies. We pioneered the concept of Project Management 4.0 management system in 2016, launched our proprietary "Greentown Star" standards in 2018, and will continue to promote the upgrade of the asset-light business model of project management.

Our Vision. As a leading PRC asset-light business, our vision is to establish trust in the project management industry utilizing our professional services and industry leading standards.

OUR STRENGTHS

The leading project management company in the fast growing PRC project management market

Founded in 2010, we are the pioneer and market leader in the project management industry in the PRC, according to China Index Academy. According to China Index Academy, we ranked first among the project management companies in the PRC with a market share of approximately 23.7% in terms of the newly contracted GFA for project management companies in 2019. In particular, we (by ourselves and through cooperation with business partners) had 72 newly contracted projects with newly contracted GFA of approximately 16.0 million sq.m. in 2019, which is more than double the size of the second largest market player for the same year. In terms of accumulated contracted GFA from 2017 to 2019, we also ranked first with a market share of 30.3%, and in 2019 we also ranked first among the project management companies in China in terms of our revenue with a market share of 22.0%, according to China Index Academy. From 2017 to 2019, we had consecutively earned the accolade of a Leading Enterprise in Real Estate Project Management Operation (中國房地產代建運營引領企業) granted by China Real Estate Top 10 Research Team.

We are the first project management company with an asset-light business model in the PRC, according to the China Index Academy. Over the years, we have established our market leadership through creating a project management market, delivering innovative solutions namely the Project Management 4.0 management system that we launched in 2016, and establishing industry standards and benchmarks, namely the "Greentown Star" standards that we launched in 2018. Since the systematic reform of the government project management and the marketization of the real estate industry in the PRC, the project management market has gradually developed as a separate industry from the broader property development industry and experienced rapid growths. According to the China Index Academy, from 2010 to 2019, the number of the newly contracted projects in the PRC project management market increased with a CAGR of 25.2%, while the total newly contracted GFA increased with a CAGR of 25.0%. According to the same source, the PRC project management market is expected to continue to grow at a CAGR of 23.5% in terms of the newly contracted GFA from 2020 to 2024. As the pioneer and market leader, we have been and will continue to be well positioned to benefit from the fast growing PRC project management industry, which is driven by development of the PRC real estate market and the demand for quality property development. We plan to continue scaling up our project management services to capture these strong business opportunities.

We believe our leading market position and our successful track record have created a high entry barrier for new competitors in the market. In particular, for commercial project management, we offer the Commercial Project Owners the opportunity to market and sell their projects under the premium "Greentown" brand, which we believe represents quality and reliability, and enhances sales performance and achieve pricing premium for the Project Owners. For example, according to China Index Academy, the Zhuhai Cuihu Xiangshan ("珠海翠湖香山") project in Zhuhai that we were engaged to provide project management services enjoyed a significant pricing premium, with the average selling prices of its villas being approximately 50% higher than that of comparable properties in Zhuhai city in 2019 and the average selling prices of its high-rise residential apartments being 13% to 18% higher than those of comparable properties in adjacent areas in the same year. We believe we are well positioned to attract quality Commercial Project Owners in the industry in terms of financial strength and land reserve quality and availability, among others, and we are able to negotiate management fees and incentive fees favorably. It also allows us to be selective with respect to the projects we intend to undertake, thereby reducing our risk of undertaking undercapitalized or unfavorable property development projects or projects that may be less cost efficient or prone to delay.

We also enjoy the competitive advantage in securing government project management mandates. Government entities generally place an emphasis on both the cost management and the quality of the final property delivered. For example, certain Government Project Owners have introduced parameters relating to scale and experience of the bidders and their quality control, among others, as part of the minimum eligibility requirements to bid on their projects. These bidding eligibility requirements have formed a barrier of entry. We are strategically aligned with the development policies of the Government Project Owners. Leveraging our scale, expertise and experience in project management, we assist the Government Project Owners to achieve effective cost management, but at the same time to develop quality public housing properties.

Unique value proposition to the Project Owners with proprietary management systems and standards, a renowned and strong brand and a network of quality service providers

Our project management services cover the entire life span of property development. From accepting the project to delivering the final property to the ultimate homebuyer, we provide professional services to our customers and ensure the quality of every stage of the project with our established quality control system. In March 2018, we formulated and launched our "Greentown Star" standards, which became an important backbone to support the development of our Project Management 4.0 standardized management system and as a quality standard for our managed projects. We pride ourselves in our ability to provide the Project Owners with transparent, concise and coherent solutions in accordance with our proprietary standards. The "Greentown Star" standards complement and enhance our project management agreements with the Project Owners by setting out clear metrics to evaluate whether contractual obligations have been fulfilled and providing a clear understanding of performance expectations. See "– Our Business Model – The 'Greentown Star' Standards." According to China Index Academy, our "Greentown Star" standards are the industry leading initiatives aimed to streamline and rationalize the complex project management process involving multiple parties, and it has profound influence in the PRC project management industry guiding the market participants.

We generally allow the Commercial Project Owners to use the "Greentown" brand for marketing purposes of our managed projects after we are engaged to provide project management services. Recognition of our brand is also evidenced by the numerous awards we received. See the section headed "– Awards and Recognitions" for more details. Since 2012, the "Greentown" brand was named the "Top Brand in Customer Satisfaction" by the China Real Estate Top 10 Research Team for eight consecutive years. In addition, the "Greentown" brand has been named for 14 consecutive years as one of "China's Top 10 Real Estate Enterprise Brand Value" by the China Real Estate Top 10 Research Group founded by Enterprise Research Institute under the Development Research Center of the State Council (國務院發展研究中心企業所), Property Research Institute of Tsinghua University (清華大學房地產研究所) and China Index Academy since 2004. Benefiting from the renowned "Greentown" brand, our Commercial Project Owners can achieve strong sale performance and pricing premium in their respective projects under our project management.

With almost a decade of experience since our inception and as of the Latest Practicable Date, we have amassed significant experience and know-how in project management services. We believe our long and established presence in the industry provides us with a unique advantage and insights which our competitors are unable to replicate. With our track record and leading position in the industry, we have established a network of qualified contractors and suppliers across the real estate development value chain, including construction companies, design firms, engineers, property management companies and contractors which we may introduce to the Project Owners for our managed projects.

Our value proposition allows us to form strategic alliances and partnerships with large-scale financial institutions and group companies which have strong and ongoing demand for project management services or may have access to various property development opportunities. We believe our strategic alliances and partnerships with these institutions will enable us to upgrade our development models, explore new project management opportunities and enter into new markets and regions.

Our asset-light business model which drives rapid growth and profitability with reduced risk

We adopt an asset-light business model for our project management services. Our asset-light business model allows us to maintain low capital commitment as opposed to traditional property developers. Benefiting from the "Greentown" brand, strong project development management capabilities, the service-driven nature of our business and network of quality service providers, we are capable of expanding our scale of operation rapidly with low capital commitment. The number of our project management projects conducted by ourselves and through cooperation with our business partners increased from 129 as of December 31, 2017 to 260 as of December 31, 2019 and the total number of cities in which our projects were located increased from 56 as of December 31, 2017 to 86 as of December 31, 2019. Our continuing operations remained debt free as of April 30, 2020.

Project management business generally enjoys greater margins than those of the traditional property development business. According to China Index Academy, in 2019, the average net profit margin for project management companies in the PRC was generally higher than that of the traditional real estate developers. The higher profit margin of the project management business is justified by the quality improvement, service upgrade and on-demand customization provided to our Project Owners. Leveraging the "Greentown" brand, our extensive experience in the PRC property development industry, and our network of quality contractors and suppliers, we have achieved strong profitability by integrating the best practices of traditional property development and deliver robust and diversified services to meet the needs of the Project Owners.

As part of our asset-light business model, we have cooperated with business partners to provide commercial and government project management services, thereby significantly expanding our business during the Track Record Period. Under such cooperation, we are typically entitled to receive 20% to 30% of the total management fees for our commercial project management projects and 7% to 12% of the total management fees for our government project management projects while all the costs and expenses are borne by the business partners. This allows us to rapidly expand our geographical coverage in the PRC. As of December 31, 2019, we had 106 projects with a GFA under management of 29.1 million sq.m. through cooperation with business partners, accounting for 43.1% of the total GFA under management of 67.5 million sq.m. for our project management business.

As a result of our asset-light business model, our profit for the year from continuing operations increased by 41.9% from RMB255.8 million in 2017 to RMB363.1 million in 2018. Our profit for the year from continuing operations increased by 7.1% from RMB363.1 million in 2018 to RMB388.9 million in 2019. Our net profit margin from continuing operations in 2017, 2018 and 2019 was 25.2%, 24.5% and 19.5%, respectively.

Strong and diversified pipeline to drive sustainable growth

We believe that we have established ourselves as the go-to platform for property developers and government entities, seeking project management services in the PRC. Through our established track record across diverse geographical regions in the PRC, we have built strong local and regional business relationships across the country, which we believe positions us to secure project management mandates from local and regional enterprises with competitive advantages, and we have built a strong and diversified project pipeline. As of December 31, 2019, we (by ourselves and through cooperation with business partners) had 260 project management projects with a total GFA under management of 67.5 million sq.m., located in 85 cities across 26 provinces, municipalities and autonomous regions in the PRC and one city in Cambodia. In particular, as of December 31, 2019, approximately 44.1% of our projects (by ourselves and through cooperation with business partners) were located in Tier 1 and Tier 2 cities in the PRC. In addition, as of December 31, 2019, 145 of the projects operated by ourselves and through cooperation with business partners were commercial project management projects and 115 were government project management projects operated by ourselves and through cooperation with business partners, with GFA under management achieving approximately 38.2 million sq.m. and 29.3 million sq.m., respectively. As of December 31, 2019, the GFA under management of our commercial project management business that was available for sale reached 26.4 million sq.m. In the years ended December 31, 2017, 2018 and 2019, we (by ourselves and through cooperation with business partners) had newly contracted project management projects of 43, 106 and 72, respectively with newly contracted GFA achieving 10.6 million sq.m., 22.4 million sq.m. and 16.0 million sq.m.

Our government project management business is less susceptible to cyclical factors that affect the PRC real estate industry and economy. Public housing property is one of the vital development focuses of the PRC government. The PRC property development industry evolves and, in particular, since 2011, the PRC government has taken an increasingly larger role in the property development industry, through regulation and participation in development projects. According to China Index Academy, the sales of public housing properties is determined by the number of properties developed, which is less dependent on the fluctuation of the PRC real estate market. Subject to the regional government development plans, relevant land parcels will be introduced for tender and bidding, creating a stable stream of supply of the property for government project management projects. In general, the purpose of developing public housing properties is to improve the living environment of many low-income households. According to the Outline of the 13th Five-Year Plan for the National Economic and Social Development of the People's Republic of China, approximately 20 million public housing units are to be constructed between 2016 and 2020. In addition, since 2019, the PRC government has promulgated a series of administrative measures to support the initiatives of old town reconstruction and urban renovation, which will become an important pillar of public housing development industry in the PRC in the future, according to the China Index Academy.

Experienced management team and an employee-focused culture

Our management team members have extensive experience in the PRC real estate industry and expertise in project management services. Certain of our core management members, including our Executive Director and Chief Executive Officer, Mr. Li Jun, have been members of the Greentown Group for more than ten years. Under his leadership, we became the first project management with an asset-light business model in the PRC and pioneered the concept of Project Management 4.0 management systems. In 2018 and 2019, Mr. Li had received the Annual Innovative Leader Award in China (中國年度創新領袖人物獎) granted by Guandian Real Estate New Media Co., Ltd. (觀點地產新媒體) and the China Real Estate Style Award – 2019 Most Influential Business Leader in China Real Estate Industry (中國地產風尚大獎 – 2019中國房地產年度影響力行業領軍人物) by Boao Real Estate Forum, respectively, to recognize his expertise and achievement in the industry. We believe that our other highly experienced senior management members will also guide us towards sustainable future growth.

Our employees are our key investment and one of our most valuable assets. Therefore, we emphasize employee development and training and strive to foster an entrepreneurial and merit-based culture among our employees. We believe our investment in our employees have provided us with a skilled and stable mid-level and senior talents, which has been and will continue to be a critical element in developing talented and skilled employees to support the growth of our business.

To encourage the development of skilled and reliable employees, we provide all employees with systematic and extensive continuous training programs through our "Greentown Management College (綠城管理學堂)," a wholly-owned vocational training institute, which primarily consist of new hire trainings, on-the-job training and training for newly promoted employees. At Greentown Management College, our senior management team members provide vocational training to employees on all aspects of project management according to the work nature and requirement. Upon completion of trainings, certificates are issued by the institute to the employees. We believe that skilled employees can ultimately increase the satisfaction and loyalty of our quality service providers, enhance the "Greentown" brand, and grow our business.

OUR STRATEGIES

Maintain our leadership position in the industry and further expand our project management business in existing and new cities and regions

As our asset-light business model enables us to expand our operation rapidly, we plan to maintain our leading position in the project management industry and further expand our project management business in existing and new cities and regions. Leveraging our established brand name and the opportunities brought by rapid urbanization, growth of emerging cities and rising purchasing power of ordinary households, we plan to explore opportunities in selected cities with a high population density, located in economically developed regions, such as provincial capitals, Tier 1 and Tier 2 cities, and regions where we believe we can leverage the "Greentown" brand. For example, we have a particular focus on expanding our presence in the Yangtze River Delta, Bohai Economic Rim, Jing-Jin-Ji, the Chengyu Region, the Pearl River Delta Economic Region and Hainan province. The population density and per capita disposable income are higher in these areas than in most other regions in the PRC. During the Track Record Period, approximately 60% or more of our total revenue from project management businesses was contributed by our project management projects located in Eastern China consisting primarily provinces and cities in the Yangtze River Delta. According to China Index Academy, Yangtze River Delta, Pearl River Delta Economic Region and Jing-Jin-Ji are positioned as the world-class megalopolises with great potentials for project management in the future. The Chengyu Region is positioned as a national megalopolis and has the advantage of accommodating the industrial relocation of Yangtze River Delta. Besides, the Chengyu Region and Bohai Economic Rim are still in the process of rapid urbanization. The attractive talent policies of Hainan province will also stimulate its real estate industry in addition to Hainan province's commencement of Hainan Free Trade Port. We expect that our project management projects in these major areas will continue to account for a significant portion of our operations in the near future.

We plan to further enhance our value proposition to the Commercial Property Owners by providing various forms of real estate-related financial solution services, which are mainly comprised of liquidity support, debt financing and equity investment through sourcing from third-parties or with own capital in response to the needs of the Commercial Project Owners in selective project management projects. According to China Index Academy, this business model has become a fast growing business segment, driven by the favorable economic policy and the demands of the property developers, financial institutions and government in the PRC. By co-operating with strategic partners, such as large-scale enterprises and financial institutions, when a favorable opportunity arises, we may help source financing for the Commercial Project Owners or contribute our own capital to invest (in the form of liquidity support, debt financing or equity investment) in the projects we manage.

Develop ourselves as a comprehensive project management platform through enriching our services along the value chain

We are in the process of developing a project management ecosystem and have devised our proprietary, advanced project management solutions, namely Project Management 4.0 management system, to implement the various aspects of this ecosystem. Through our Project Management 4.0 management system, we aim to establish a premier comprehensive project management platform that covers the entire property development industry value chain, where we serve as the gatekeeper of the PRC real estate industry. We envision this platform would allow customization and matching of various needs of each party involved in the property development process.

In particular, leveraging the "Greentown" brand and our stringent quality control, we will continue to attract and consolidate abundant resources of third-party contractors and suppliers along the property development industry value chain. We plan to continue to develop our other services to complement our project management services along the value chain. We also intend to pursue strategic alliances with, investments in and potential acquisition of, companies which can further enhance brand recognition and expand our services offering. Specifically, we will explore business opportunities along the project management industry value chain and look into investment opportunities with greater value, higher profit margin in the industry value chain which may enhance our core competitive strength, creating one of the key barriers for new and existing competitors of us. For now, we plan to prioritize acquisition targets of reputable real estate-related design institutes and consultation service providers as well as occupational training providers. Upon acquisition of a suitable target, we may either operate the new business under our existing "Greentown" brand, or retain the brand of the newly acquired company if it is well recognized in the local market.

Expand our project coverage scope to different property types and develop our research and development capabilities

We plan to expand our project management services to cover other property types including non-residential commercial properties, integrated complexes and industrial parks. With an expanded scope of property types, we may also expand our customer base to smaller commercial building property developers and financial institutions with an investment interest in non-residential property projects.

Our future success will be supported by our research and development capabilities. We intend to continue our investment in our product research and development center as we strive to be at the forefront of developing new property development technologies and processes. For example, we will continue to optimize our existing technological innovations including but not limited to the research and development of our product design, the adoption of building information modeling (BIM), the research and development of alternative materials used in ancient Chinese architecture and design and the creation of portable walls.

Further implement the "Greentown Star" standards to solidify project management industry standards and benchmarks

Property development is a complex process that involves multiple parties and a confluence of simultaneous work streams. We plan to continue to integrate this standards into our business operations and promote their general application in the PRC project management industry through knowledge sharing.

We believe that once our "Greentown Star" standards are fully integrated into our operations, our Project Owners, the relevant contractors and suppliers and the ultimate homebuyers will benefit substantially from the value added, the efficiency achieved and the costs saved from an optimized property development process. For example,

- Contractors and suppliers who have successfully completed our verification process will benefit from transparent and fair pricing and the opportunity to be mandated for our pipeline projects and future projects.

- The ultimate home-buyers will acquire a property constructed with a focus on high quality, complemented by comprehensive post-delivery services and warranties.

Moreover, we believe once we are able to demonstrate the benefits of our "Greentown Star" standards through feedback from the Project Owners, contractors and suppliers, such standards may be adopted as an industry standard.

Retain existing and recruit new talents to reinforce and enhance the "Greentown" brand

We believe the "Greentown" brand has been instrumental in providing us with credibility and authority in project management services in the real estate industry and the "Greentown" brand is crucial to our sustainability and growth as well as realizing our vision of establishing our ecosystem. Therefore, we intend to continue to prioritize reinforcing and enhancing the "Greentown" brand. To this end, we believe that skills and professionalism of our employees, whom we believe to be one of our greatest assets, are critical to sustaining and growing the "Greentown" brand.

Through our Greentown Management College, we will instill our operating philosophy in our employees and invest in the development of our employees. Our Greentown Management College comprises a faculty formed by members of our management team and through a class room setting we aim to facilitate an environment where we can provide standardized trainings and where our management team can share their experience and knowledge with our employees.

We plan to cultivate talent organically as well as seek to identify external talent in the property development industry. In addition to the internal trainings that we provide to all our employees, we identify our best performing employees and provide such employees with further career development opportunities, such as additional trainings in our management training program, to prepare them for future management roles.

We plan to develop and enhance our employee remuneration system such as implementing employee stock option plans, enhancing our merit-based remuneration system, welfare system and reward system.

We believe that by providing premier property development project management trainings, setting forth transparent career paths towards and committing to a fair and equitable monetary compensation system that is primarily tied to an employee's performance and contributions, we will be well positioned to retain the talent we desire.

OUR BUSINESS MODEL

We enter into project management agreements with Project Owners, under which we manage and optimize the property development process for Project Owners, with the aim to manage cost while enhancing the property value and facilitate the delivery of a quality property within the required timeframe.

During the Track Record Period, we generated revenue primarily from the following three business segments.

Commercial project management	We provide project management services to Commercial Project Owners throughout the property development process. Commercial Project Owners are entitled to the proceeds received from their investments in the projects. We generally receive management fees from the Commercial Project Owners according to pre-agreed terms, which typically includes, (a) basic fees for personnel, (b) consultation and management fees and (c) discretionary incentive bonus based on performance, which is negotiated on a case-by-case basis. We operate our commercial project management business primarily by ourselves and through cooperation with business partners comprising mainly 15 of our joint ventures as of December 31, 2019. See "– Project Management Business – Commercial Project Business – Cooperation with Business Partners."

Government project management

We provide project management services to Government Project Owners primarily on public housing property development projects and to a lesser extent, development of public infrastructure including schools, museums and sports facilities. We generally receive a fixed percentage of the total investment amount of the project, namely the total project development budget, from our government project management projects as our project management fees.

We operate our government project management business primarily by ourselves and to a lesser extent, through cooperation with business partners mainly comprising two joint ventures as of December 31, 2019. See "– Project Management Business – Government Project Business."

Other services

We provide other services, including project management consulting services, design consultation services and other services. See "– Project Management Business – Other Services."

During the Track Record Period, our revenue derived from commercial project management accounted for a majority of our total revenue, namely, 79.4%, 77.3% and 73.8%, respectively, of our total revenue in 2017, 2018 and 2019. The table below sets forth the breakdown of our total revenue by business segments for the periods indicated:

	Year ended December 31,					
	2017		2018		2019	
	Amount	% of Revenue	Amount	% of Revenue	Amount	% of Revenue
	(RMB in thousands, except percentage)					
Commercial project management	806,666	79.4	1,145,542	77.3	1,470,763	73.8
attributable to:						
Self-operated	686,776	67.6	762,764	51.5	795,201	39.9
Cooperation with business partners	119,890	11.8	382,778	25.8	675,562	33.9
Government project management	149,803	14.8	202,889	13.7	358,438	18.0
attributable to:						
Self-operated	149,484	14.7	193,806	13.1	348,735	17.5
Cooperation with business partners	319	0.1	9,083	0.6	9,703	0.5
Other services	59,411	5.8	132,756	9.0	164,691	8.2
Total	1,015,880	100.0	1,481,187	100.0	1,993,892	100.0

As of December 31, 2017, 2018 and 2019, we (by ourselves and through cooperation with our business partners) managed 129, 213 and 260 project management projects, respectively. As of December 31, 2019, out of the 260 project management projects operated by ourselves and through cooperation with business partners, 145 were commercial project management projects and 115 were government project management projects.

The table below sets forth the breakdown of certain operational information of our project management projects operated by ourselves and through cooperation with business partners, by business segments, as of the dates indicated:

		GFA Under Management(1)(2)			
	Number of projects we managed(1)(2)	Constructed	Under Construction	To be Constructed	Total
		(in thousands of sq.m.)			
As of December 31, 2017					
Project management					
Commercial project management	80	3,704.4	8,710.1	13,906.9	26,321.4
attributable to:					
Self-operated	43	2,780.4	5,400.3	5,185.3	13,366.0
Cooperation with business partners	37	924.0	3,309.8	8,721.6	12,955.4
Government project management	49	375.7	8,207.0	945.6	9,528.3
attributable to:					
Self-operated	40	–	6,677.2	724.4	7,401.6
Cooperation with business partners	9	375.7	1,529.8	221.2	2,126.7
Total	129	4,080.1	16,917.1	14,852.5	35,849.6
As of December 31, 2018					
Project management					
Commercial project management	114	3,318.1	10,670.5	17,988.3	31,976.9
attributable to:					
Self-operated	47	2,050.1	5,244.7	4,324.9	11,619.7
Cooperation with business partners	67	1,268.0	5,425.8	13,663.4	20,357.2
Government project management	99	382.8	13,405.6	8,675.5	22,463.9
attributable to:					
Self-operated	79	8.6	10,817.1	6,854.2	17,679.9
Cooperation with business partners	20	374.2	2,588.5	1,821.3	4,784.0
Total	213	3,700.9	24,076.1	26,663.8	54,440.8

	Number of projects we managed(1)(2)	GFA Under Management(1)(2) Constructed	Under Construction	To be Constructed	Total
		(in thousands of sq.m.)			
As of December 31, 2019					
Project management					
Commercial project management.	145	4,741.9	15,673.6	17,787.6	38,203.1
attributable to:					
Self-operated	56	3,057.9	5,779.9	5,804.3	14,642.1
Cooperation with business partners . . .	89	1,684.0	9,893.7	11,983.3	23,561.0
Government project management	115	769.7	21,849.5	6,701.8	29,321.0
attributable to:					
Self-operated	98	229.4	17,922.5	5,601.8	23,753.7
Cooperation with business partners . . .	17	540.3	3,927.0	1,100.0	5,567.3
Total	260	5,511.6	37,523.1	24,489.4	67,524.1

Notes:

(1) The number of projects and their respective GFA we managed as disclosed in the preceding table did not include those projects under development for which the respective Project Owner had not received the land use rights as of the dates indicated.

(2) The number of projects and their respective GFA we managed as disclosed in the preceding table only included those projects that remained under our management as of the dates indicated.

(3) The number of projects and their respective GFA we managed as disclosed in the preceding table only contain those from our consolidated subsidiaries and through cooperation with business partners as of the dates indicated.

In the years ended December 31, 2017, 2018 and 2019, we (by ourselves and through cooperation with business partners) had newly contracted project management projects of 43, 106 and 72, respectively with newly contracted GFA achieving 10.6 million sq.m., 22.4 million sq.m. and 16.0 million sq.m. We had a lower growth of newly contracted project management projects and newly contracted GFA in 2019 primarily because we tightened up our project selection for government project management business to focus more on their potential project profitability and non-economic values such as brand recognition and promotion and as a result we forewent a number of opportunities for the year.

The Project Owners of our project management projects can be classified as (i) private property developers, (ii) state-owned property developers, and (iii) Government Entities. The table below sets forth the number of project management projects by the types of our Project Owners for the periods indicated:

	Year ended December 31,		
	2017	2018	2019
Private property developers	59	89	114
State-owned property developers	50	79	94
Government Entities	20	45	52
Total	129	213	260

Project Management 4.0

We pioneered the concept of Project Management 4.0 management system in 2016, which is comprised of the quality reliance protocol ("QR Protocol") and value sharing plan ("VS Plan").

The QR Protocol establishes a set of objective and systematic quality standards and service assurances for project management projects through our establishment of professional, standardized recognition systems, quality authorization management, self-operated real estate equity funds and an assurance system covering the entire life cycle of property development. The QR Protocol provides home owners with high-quality property and life services in a cost-effective way through quality certification, high-quality service and quality assurance.

The VS Plan enables us to share the "Greentown" brand value, the management value and the resource integration value with the Project Owners by establishing an industrial ecosystem of coordinated upstream and downstream industry players, enabling the Project Owners and the suppliers to enjoy better benefits of the value chain.

The "Greentown Star" Standards

In March 2018, we formulated and launched our "Greentown Star" standards, which became an important backbone to support the development of our Project Management 4.0 management system and as quality standards for our managed projects. Leveraging the Greentown's 25 years of property development experience, we manage to streamline the project development process and provide a scientific, reasonable and standardized system for all parties in the industry to follow. The initial purposes of these standards are to establish the market standards, create an industrial ecosystem for resources sharing, and to formulate common standards for our industry through rating, grading and certification systems. The "Greentown Star" standards successfully address the pain points of market players in the industry which occurred mainly due to the lack of persuasive and effective industry standards.

According to China Index Academy, our "Greentown Star" standards are the industry leading initiatives aimed to streamline and rationalize the complex project management process involving multiple parties, and it has profound influence in the PRC project management industry guiding the market participants.

The "Greentown Star" evaluations metrics focus on four major aspects of our business, including products, services, operations and contractors and suppliers, as follows:

- The product metric includes product design and construction, landscape and support functions, intelligent construction and environmental conservation.

- The service metric includes basic community services, health and medical services, cultural and educational services, and community business services.

- The operation metric includes the efficiency level of the project management team, product quality target and information platform.

- The contractors and suppliers metric include design contractors, construction contractors, raw materials and equipment suppliers, and services and supervision contractors.

PROJECT MANAGEMENT BUSINESS

Overview

As of December 31, 2019, we (by ourselves and through cooperation with business partners) had 259 project management projects located in 85 cities across 26 provinces, municipalities and autonomous region in the PRC. As of the same date, we also had one project management project in Cambodia, currently our only international operation. As of the same date, our project management projects operated by ourselves and through cooperation with business partners had a total GFA under management of approximately 67.5 million sq.m., of which 24.5 million sq.m. were classified as to be constructed, 37.5 million sq.m. were under construction and 5.5 million sq.m. were constructed.

The map below illustrates the geographic distribution of the property development projects we managed or provided consulting and other services to as of December 31, 2019:

The table below sets forth a breakdown of our project management projects operated by ourselves and through cooperation with business partners by their locations as of December 31, 2019:

	As of December 31, 2019	
	Number of projects we managed(1)(2)	**GFA under management(1)(2)**
		(in thousands of sq.m.)
The PRC		
Tier 1 and 2 cities	113	29,795.8
Tier 3 and 4 cities	146	37,432.6
Overseas	1	295.7
Total	260	67,524.1

Notes:

(1) The number of the projects and their respective GFA we managed in the preceding table did not include any project in which the land under development did not receive its title.

(2) The number of the projects and their respective GFA we managed in the preceding table only included those projects remained under our management as of the dates indicated.

(3) The number of projects and their respective GFA we managed as disclosed in the preceding table only contain those from our consolidated subsidiaries and through cooperation with business partners as of the dates indicated.

The table below sets forth certain information of our top ten project management projects (all of which are commercial project management projects) operated by ourselves and through cooperation with business partners in terms of revenue contribution during the Track Record Period:

For the year ended December 31, 2017

Project	Identity and background of the Project Owner	Scale of operations of the Project Owner	Project location	Project Size	Estimated total contract amount	Revenue recognized for the year
		(registered capital in millions)		*(sq.m. in thousands)*	*(RMB in thousands)*	*(RMB in thousands)*
1. Project A	Private property developer	RMB21.6	Pudong New District, Shanghai	186.2	445,444	86,217
2. Project B	State-owned property developer	RMB20.0	Jiyang District, Sanya	523.2	199,880	60,530
3. Project C	State-owned property developer	RMB50.0	Fengxian District, Shanghai	208.3	131,050	49,018
4. Project D	State-owned property developer(1)	USD24.1	Xiangzhou District, Zhuhai	1,342.3	819,500	42,499
5. Project E	State-owned property developer	RMB837.0	Qiaocheng District, Bozhou	836.2	260,886	35,337
6. Project F	Private property developer	RMB30.0	Qiongshan District, Haikou	213.5	269,000	29,639
7. Project G	State-owned property developer	RMB200.0	Dongying District, Dongying	1,524.5	257,800	29,002
8. Project H	State-owned property developer	RMB50.0	Lixia District, Jinan	90.2	56,370	25,814
9. Project I	Private property developer	RMB30.0	Wangcheng District, Changsha	166.7	112,770	25,335
10. Project J	Private property developer	RMB51.0	Shengzhou District, Shengzhou	506.0	72,890	23,208

For the year ended December 31, 2018

Project	Identity and background of the Project Owner	Scale of operations of the Project Owner	Project location	Project Size	Estimated total contract amount	Revenue recognized for the year
		(registered capital in millions)		*(sq.m. in thousands)*	*(RMB in thousands)*	*(RMB in thousands)*
1. Project K	Private property developer	USD120.0	Xihu District, Hangzhou	244.3	145,750	62,332
2. Project D	State-owned property developer[(1)]	USD24.1	Xiangzhou District, Zhuhai	1,342.3	819,500	58,722
3. Project B	State-owned property developer	RMB20.0	Jiyang District, Sanya	523.2	199,880	57,869
4. Project L	Private property developer	RMB56.0	Laishan District, Yantai	315.3	155,375	54,168
5. Project M	Private property developer	RMB378.0	Songjiang District, Shanghai	162.0	109,973	53,217
6. Project N	State-owned property developer	RMB20.0	Changqing District, Jinan	360.0	147,034	44,560
7. Project E	State-owned property developer	RMB837.0	Qiaocheng District, Bozhou	836.2	260,886	42,342
8. Project P	Private property developers	RMB10.0	Baqiao District, Xi'an	86.7	112,620	36,698
9. Project C	State-owned property developer	RMB50.0	Fengxian District, Shanghai	208.3	131,050	33,449
10. Project R	Private property developer	RMB280.0	Xiangzhou District, Zhuhai	73.9	96,333	33,278

Note:

(1) This company is a subsidiary of a property developer company listed on the Hong Kong Stock Exchange.

For the year ended December 31, 2019

Project	Identity and background of the Project Owner	Scale of operations of the Project Owner	Project location	Project Size	Estimated total contract amount	Revenue recognized for the year
		(registered capital in millions)		*(sq.m. in thousands)*	*(RMB in thousands)*	*(RMB in thousands)*
1. Project D	State-owned property developer[(1)]	USD24.1	Xiangzhou District, Zhuhai	1,342.3	819,500	94,114
2. Project B	State-owned property developer	RMB20.0	Jiyang District, Sanya	523.2	199,880	81,732
3. Project S	Private property developer	RMB60.0	Decheng District, Dezhou	425.0	150,000	78,413
4. Project E	State-owned property developer	RMB837.0	Qiaocheng District, Bozhou	836.2	260,886	52,112
5. Project T	Private property developer	RMB20.0	Keqiao District, Shaoxing	313.4	131,790	50,428
6. Project U	State-owned property developer	RMB400.0	Lin'an District, Hangzhou	105.2	72,064	49,882
7. Project V	State-owned property developer	RMB618.0	Honggutan District, Nanchang	432.0	176,380	41,091
8. Project P	Private property developers	RMB10.0	Baqiao District, Xi'an	86.7	112,620	38,417
9. Project W	Private property developer	RMB64.0	Lucheng District, Wenzhou	250.2	111,860	37,945
10. Project X	Private property developer	RMB20.0	Baqiao District, Xi'an	210.1	71,840	35,707

Note:

(1) This company is a subsidiary of a property developer company listed on the Hong Kong Stock Exchange.

Commercial Project Management

Business Model

Commercial project management business is our largest segment, accounting for a majority of our revenue during the Track Record Period. The vast majority of projects we undertake in this business segment are residential property development. The number of commercial project management mandates obtained (by ourselves and through cooperation with our business partners) has increased from 80 as of December 31, 2017 to 114 as of December 31, 2018. As of December 31, 2019, we (by ourselves and through cooperation with our business partners) had 145 commercial project management projects with a total GFA under management of approximately 38.2 million sq.m., including 17.8 million sq.m. to be constructed, 15.7 million sq.m. under construction and 4.7 million sq.m. constructed. We primarily rely on our own sales and marketing efforts and word-of-mouth recommendations of our strategic partners, to acquire mandates for new commercial project management projects. Under the commercial project management business, we and the Commercial Project Owner generally enter into a management agreement, under which we agree to provide various services throughout the property development project process. These commercial project management services generally include preliminary management, planning and design, construction management services, cost control, marketing, sales services, delivery management and after-sales services. We allow the Commercial Project Owners to use the "Greentown" brand for marketing purposes based on certain requirements as agreed in the project management agreement between the Project Owners and us.

In most cases, our Project Owners have already received or are in the process of applying for, land use rights grants. There is increasingly strong demand from them for service providers with professional teams, standardized management system, stringent product quality control, qualified contractors and suppliers and premium pricing strategies, allowing us to seize growth opportunities in the PRC project management market.

Our Commercial Project Owner, as the property developer, is responsible for financing the entire project. They have the right to be informed of all information and updates related to the project, and the right to inspect and make suggestions. The Commercial Project Owner has the final authority on all major decisions, such as product positioning, preliminary plan, major change in design, budget, major bidding, property price, and sales and marketing strategies. Commercial Project Owners are entitled to the proceeds received from the investment and bear the investment risks, if any. We, on the other hand, are in charge of project management. We build a management team for each project, customizing each team we believe to be the best personnel fit for each project. Generally, our management team oversees all aspects of the project, but in certain instances we also invite Commercial Project Owners to manage certain aspects of the project development process, when appropriate and pursuant to the terms of our contract with them. In addition, we may introduce quality third-party contractors and suppliers in our network to the Commercial Project Owners who will enter into contraction agreements or supply agreements with them respectively.

We operate our commercial project management business primarily by ourselves and through cooperation with business partners. Since the fourth quarter of 2016, in order to quickly expand our operation in an effective and cost efficient manner, we started to operate through cooperation with JV partners to establish joint ventures and form cooperation arrangements with such joint ventures to provide commercial project management services. See "– Cooperation with Business Partners."

In 2017, 2018 and 2019, we generated revenue of RMB806.7 million, RMB1,145.5 million and RMB1,470.8 million, respectively, from our commercial project management, accounting for 79.4%, 77.3% and 73.8% of our total revenue.

The table below sets forth the contracted sales and contracted GFA of our commercial project management projects operated by ourselves and through cooperation with business partners for the periods indicated:

	Year ended December 31,		
	2017	**2018**	**2019**
Contract sales amount *(in billions of RMB)*	31.6	36.1	40.6
Contract sales GFA *(in thousands of sq.m.)*	2,760.0	2,830.0	2,993.6
Average selling price *(RMB per sq.m.)*	11,449	12,756	13,556

Notes:

(1) The contract sales amount of our commercial project management projects and their respective contract sales GFA we managed in the preceding table did not include any project in which the land under development did not receive its title as of the dates indicated.

(2) The contract sales amount of our commercial project management projects and their respective contract sales GFA we managed in the preceding table only included those projects remained under our management as of the dates indicated.

(3) The number of projects and their respective GFA we managed as disclosed in the preceding table only contain those from our consolidated subsidiaries and through cooperation with business partners as of the dates indicated.

Our Selected Commercial Project Management Projects

Haikou Taoli Chunfeng (“海口桃李春風”) Project

The land parcel of Taoli Chunfeng ("**Taoli Chunfeng**") was located at Yunlong Town, Qiongshan District, Haikou, Hainan Province. We were engaged by the project owner to provide project management services in connection with a new project phase of its villas. Our value-added services in this project include the following:

– *Product positioning*. We assisted the project owner to position this project as a high-end, traditional quaint Chinese-style holiday villa located in a low-density community.

– *Design*. Based on our market research and our proposed market positioning strategies, we assisted the project owner to select the planning and architecture style for this project. A "Greentown" proprietary Chinese-style garden design was then adopted. The final design included high-quality finely-decorated villas, each with 2-6 rooms covering 85-340 sq.m. in size. The free courtyard area for the villas ranges from 88 sq.m. to 1,600 sq.m.

– *Development management*. We adopted our comprehensive property development management systems and standards in our project supervision. Benefiting from our industry leading management system and standards, our extensive product system and our strong quality management and control capability, the full construction period of this project, starting from model design to construction completion, was only three months.

– *Marketing*. As a result of the strong recognition of the "Greentown" brand and scarcity of the similar products in the market, it had over 10,000 visitors onsite during the first 50 days after it commenced the property sales. More than 200 groups of customers had subscribed the products during such visits, and 66 villas available for the initial promotion were all sold out during such period.

– *Pricing*. Leveraging the high-end product positioning, reputable project execution capabilities and the "Greentown" brand value, the Taoli Chunfeng project enjoyed a pricing premium. According to China Index Academy, the average selling price of the Taoli Chunfeng project reached approximately RMB29,300 per sq.m. in 2017, which was 3.9 times higher than that of the old project phase of the same villas developed by the project owner itself and commenced sales in 2014, and was further increased to approximately RMB37,800 per sq.m. in 2019, which was approximately 18% higher than that of comparable projects in the adjacent areas in the same year.

Major Contractual Terms

We generally enter into management agreement with the Commercial Project Owners based on our form agreement, subject to modifications to tailor to the needs of the Commercial Project Owners. The form management agreement of our commercial project management project typically sets forth:

- the term of the agreement, typically from the effective date of the agreement until six months after the completion of the project and the delivery of the property to the buyer, subject to mutually agreed extension and early termination rights including for either party's material breach, among others;
- the location and operating area of the project;
- the fee structure, including payment schedule;
- the scope of our management services to be provided to the Commercial Project Owner, including preparation, planning and design, construction cost management services, supervision and inspection during the construction, pre-sale and sales services, delivery and after-sales services;
- our progress updates and other obligatory reports to be provided to the Commercial Project Owner during various stages of the relevant project;
- the use of the "Greentown" brand and the Commercial Project Owner's obligations to protect the "Greentown" brand name;
- the Commercial Project Owner's non-competition obligations, including covenants not to enter into similar arrangements with our competitors;
- insurance and legal matters; and
- termination rights.

Fees

For our commercial project management projects, a Commercial Project Owner pays us management fees and other compensation according to pre-agreed terms, which generally includes the following:

- basic fees for our personnel, including their salary and employee benefits;
- consultation and management fees, which are typically based on (i) an agreed percentage of the sales value of the property we develop, (ii) the size of the GFA of the project we manage and the agreed fee per sq.m., (iii) the profit from the project we manage, or (iv) a combination of the preceding models; and
- discretionary incentive bonus based on our performance which is negotiated on a case-by-case basis.

Upon entering into a project management mandate, the Commercial Project Owner is generally required to pay us an interest-free retention deposit within the pre-agreed period. Such retention deposit will be settled with the management fee receivables from the Commercial Project Owner after the completion of the post completion inspection and delivery. We generally receive progress payment of management fees from the Commercial Project Owners with reference to the project development schedule and/or the sales proceeds payment arrangement of the project.

The key milestones for progress payment of management fees with reference to project development schedule generally include payment upon (i) obtaining the approval/confirmation of construction planning, (ii) receipt of the project construction permits, (iii) completion of underground construction, (iv) completion of the main building(s) construction, (v) completion of exterior decoration of the main building(s), (vi) completion of landscape work, and (vii) project acceptance for completion, as well as (viii) settlement of outstanding basic management fee after the project delivery. The detailed schedule of progress payment for each project varies and is negotiated on a case-by-case basis.

In addition, in many of our managed projects, we receive progress payment of additional management fees based on the sales performance of the commercial project management projects we manage on a monthly or quarterly basis. Such progress payment becomes available only after the relevant Project Owners obtain the sales permits for their projects and commence sales activities accordingly.

During the Track Record Period and up to the Latest Practicable Date, we had not compensated any Commercial Project Owner as a result of any project delay or cost overrun.

Branding

We encourage the Commercial Project Owners to use the "Greentown" brand to market their properties we manage in advertisements, sales information, sales centers, exhibitions, and other marketing items, as we believe the quality and standards associated with the "Greentown" brand as well as its brand equity allow them to enjoy pricing premium. The "Greentown" brand consists of the words "綠城" (Greentown), the trademark, the logo and any other forms in which the "Greentown" brand may be represented. We impose certain requirements on the Commercial Project Owners as to how the "Greentown" brand may be used by them which are specified in the commercial project management agreements we enter into with them. Since the Commercial Project Owner is a separate legal entity from us and our Parent Company, the Commercial Project Owners may not use the "Greentown" brand for any governmental applications or anywhere the "Greentown" brand is associated with the identity of the Commercial Project Owner, such as on letterheads, office stationery, documents, name cards, email addresses, and envelopes. During the Track Record Period, there had been no material disputes between the Project Owners and us arising from the use of the "Greentown" brand by the Project Owners.

When using the "Greentown" brand for marketing purposes, the Commercial Project Owners agree to adhere to our standards and requirements, and promise not to modify the "Greentown" brand, infringe on our intellectual property rights, or allow a third party to use the "Greentown" brand in any form or for any reason. The Commercial Project Owners benefit from the entire Greentown network and have more opportunities to advertise their properties than they would otherwise have. Likewise, all projects are introduced to Greentown members, connecting the Commercial Project Owners to customers through the Greentown customer platform. We provide free magazines and pamphlets containing information and recognition of "Greentown" brand to the Commercial Project Owners, which they can use as marketing materials to advertise the "Greentown" brand while promoting the projects we manage. By using the well-established "Greentown" brand, it is easier to raise awareness of potential purchasers of the property development.

Termination of use

In the event that any of the following events occurs, the Commercial Project Owners' use of the "Greentown" brand must be terminated:

- our contract with the Commercial Project Owner terminates;
- the Commercial Project Owner fails to comply with the terms of the contract with us and does not resolve the issue or provide a proposal for resolving the issue within 15 business days upon the receipt of our termination notice;
- the Commercial Project Owner encounters any obstacles, including major financial crisis, that prevents the project from resuming or the project has ceased for more than six months; or

- the Commercial Project Owner causes a material adverse impact on the "Greentown" brand, including false advertisement, damage to the brand image, security concerns in the project, major quality concerns, delinquent payment, delay in obtaining licenses and permits, and other incidents that lead to class actions.

As soon as the use of the "Greentown" brand has been terminated, the Commercial Project Owner not only has to cease all use of the "Greentown" brand but also remove all existing use of the "Greentown" brand and proactively inform relevant parties of the termination of the "Greentown" brand use.

Cooperation with Business Partners

We operate our commercial project management business primarily by ourselves and through cooperation with business partners. Since the fourth quarter of 2016, in order to quickly expand our business operation into our targeted regions and markets in an effective and cost efficient manner, we started to cooperate with business partners to provide commercial project management services as part of our asset-light business model. The number of projects we operated through cooperation with these business partners has increased from 37 as of December 31, 2017 to 89 as of December 31, 2019.

Business partners

As of December 31, 2019, the business partners of our commercial project management business, who are generally small to medium-sized local project management companies, comprised 15 joint ventures (the "**joint venture business partners**") and one third party company, namely Bluetown Northern Construction Management Limited (藍城北方建設管理有限公司) ("**Bluetown Northern Construction**") (a "**third-party business partner**"). Our revenue derived from commercial project management through cooperation with business partners accounting for 11.8%, 25.8% and 33.9%, respectively, of our total revenue, during the Track Record Period. For 2017, 2018 and 2019, the revenue contributed by commercial project management projects involving our joint venture business partners accounted for 75.1%, 84.9% and 95.3% of our revenue from commercial project management attributable to cooperation with business partners, while the remaining 24.9%, 15.1% and 4.7% were contributed by commercial project management projects involving the third-party business partner, respectively. Historically and during the Track Record Period, we also had one associate business partner engaged in project management business, namely Greentown Shenye, which became our joint venture in February 2019 after we increased our ownership interests in it.

Business rationale for cooperation with business partners

In addition to operation of commercial project management projects by ourselves, we also choose to cooperate with selected business partners to procure new Project Owners in our targeted regions and markets. We believe that our cooperation with them allows us to explore undiscovered opportunities and rapidly penetrate into the region or expand our geographical coverage and business scale in the PRC. The business rationale for our business partners to cooperate with us primarily include, amongst others, the use of the "Greentown" brand in the origination and daily operation of the project management businesses, the access to network of quality contractors and suppliers and the adoption of our service standard, proprietary project management systems, financial management systems, quality control under our supervision and overall guidance.

Through such cooperation, we are generally entitled to management fees in the range of 20% to 30% of the total management fees generated from each cooperated project and the business partners will be entitled to the remaining management fees while all the relevant costs and expenses associated with such project will be borne by them. See "– Salient terms of the cooperations."

Under this business model, all Commercial Project Owners for our commercial project management projects operated through cooperation with business partners were initially procured by our business partners. We do not submit joint tenders with our business partners to the potential Commercial Project Owners.

JV partners

Our cooperation with our business partners and the fellow shareholders of our joint ventures ("JV partners") is not bound by strict exclusivity clauses, however, our business partners and JV partners generally have the local resources and network to originate business but lack market recognition or the relevant project management expertise and therefore they need to rely on the "Greentown" brand and their cooperation with us to develop the project management business. In particular, the JV partners included certain former employees of the Parent Group and/or our Group who are familiar with our culture, standards and management systems, and generally possess strong local network, business, operational, marketing and other resources in the locations in which we plan to penetrate or expand.

The table below sets forth the backgrounds of our JV partners as of the Latest Practicable Date [(1)]:

Name of joint venture business partners	Background of the JV partners
1. Shanghai Fuqin	Key personnel for the daily operation: Zhang Jian. Mr. Zhang used to work in a real estate appraisal company and has 15 years' experience in real estate industry. During his time with his previous employer, he cultivated connections with many large real estate companies, banks, and securities companies. He has been involved in development projects in Urumqi, Anhui and other places, and established network resources and customer channels in East China and Northwest China.
2. Xinjiang Chuangjing	Key personnel for the daily operation: Yan Shoutu. Joined in 2008, Mr. Yan previously worked for the Greentown Group and has many years of management experience in infrastructure management and real estate project development management. Before joining Greentown Group, he had worked in Xinjiang for 22 years. Through his work in Xinjiang, he has accumulated rich network resources and customer channels.
3. Greentown Jingfeng	Key personnel for the daily operation: Fang Weiguo. Joined in 2007, Mr. Fang previously worked for the Greentown Group. He has many years of experience in engineering management, engineering quality, cost management, material management and quality supervision. He has handled projects such as Zibo, Yulan Development and Quanyun Village, and has rich experience in project construction, supervision, development management, etc. Mr. Fang has worked in Shandong Province for 10 years and established connections with many large local state-owned enterprises and other customer channels in Shandong.

Name of joint venture business partners	Background of the JV partners
4. Shandong Bluetown	Key personnel for the daily operation: Xu Guozhong. Joined in 2003, Mr. Xu previously worked for the Greentown Group. He has rich experience in the daily operation and management of companies and projects. Mr. Xu also has many years of experience in Jinan, Dezhou, Qihe and other places. He has been working in the Shandong region for a long time since 2006. He has accumulated a large number of local project development and communication resources, and is familiar with project operations management. He has network resources and customer channels in Shandong.
5. Zhejiang Shidai	Key personnel for the daily operation: Jing Zeya. Joined in 2004, Mr. Jing previously worked for the Greentown Group and has rich experience in design and construction, marketing planning, engineering management, and business investment management. Mr. Jing has accumulated network resources and customer channels in projects in East China and Central China through his experience in real estate operations.
6. Greentown Changyu Construction	Key personnel for the daily operation: Lin Zhichun. Joined in 2003, Mr. Lin previously worked for the Greentown Group. Mr. Lin has rich experience in project operation, project marketing, and project development management. Through his work in regional development and operation projects, he has accumulated network resources and customer channels in East China.

Name of joint venture business partners	Background of the JV partners
7. Greentown Lvming Construction	Key personnel for the daily operation: Xia Weigang. Joined in 2003, Mr. Xia previously worked for the Greentown Group. He used to be responsible for the overall operation management of projects, and has rich experience in engineering project implementation, engineering project operation and company operation management. Through his work in operations management, he accumulated network resources and customer channels in the northwest region.
8. Shandong Greentown Wanhe	Key personnel for the daily operation: Xu Guozhong. Joined in 2003, Mr. Xu previously worked for the Greentown Group. He has rich experience in the daily operation and management of companies and projects. Mr. Xu also has many years of experience in Jinan, Dezhou, Qihe and other places. He has been working in the Shandong region for a long time since 2006. He has accumulated a large number of local project development and communication resources, and is familiar with project operations management. He has network resources and customer channels in Shandong.
9. Zhejiang Greentown Jiangxin	Key personnel for the daily operation: Zhang Jianguo. Joined in 2002, Mr. Zhang previously worked for the Greentown Group. He has rich experience in project and company operation management. He has accumulated network resources and customer channels in the Zhejiang Zhoushan project through his project network.

Name of joint venture business partners	Background of the JV partners
10. Greentown Innovation Construction	Key personnel for the daily operation: Wang Zhaohui. Joined in 2002, Mr. Wang previously worked for the Greentown Group. He has rich experience in design management, project operation management and other advantages. Mr. Wang has worked in Beijing for a long time. Before joining the Greentown Group, he was responsible for planning and design work in national government agencies. He has presided over the overall planning of Wenzhou City and the strategic planning of western Suzhou. He has accumulated network resources and customer channels in Beijing through his experience at the Greentown Group.
11. Greentown Northern Construction	Key personnel for the daily operation: Qiang Yuefei. Joined in 2000, Mr. Qiang previously worked for the Greentown Group. He has sophisticated management experience in real estate marketing, planning, promotion, operation, etc. He has many years of experience in Beijing, Zhejiang and other places, and has accumulated network resources and customer channels in Hebei and Shandong.
12. Greentown Zhenghong	Key personnel for the daily operation: Feng Xiaokang. Joined in 2001, Mr. Feng previously worked for the Greentown Group. He has extensive experience in project operation and project development management in Beijing, Anhui and Hangzhou; he has accumulated network resources and customer channels through his work.

Name of joint venture business partners	Background of the JV partners
13. Greentown Tianyuan	Key personnel for the daily operation: Xue Jian. Joined in 2010, Mr. Xue previously worked for the Greentown Group. He has accumulated a lot of customer network resources in Shanghai and Beijing. These customer network resources have developed projects in Hebei, Zhejiang and Jiangsu in recent years. He has been engaged in the development of Shijiazhuang project, Wenling project, Handan project, etc. He is exploring projects in Shanghai and its surroundings, Wenzhou, Qingdao and other places for further business development.
14. Greentown Shenye	Key personnel for the daily operation: Liu Yuming. Joined in 2007, Mr. Liu previously worked for the Greentown Group. He was in charge of Greentown Dingyi Operations and Marketing Center. He used to be the general manager of Hangzhou Xixi International Project. Through his many years of work experience, he has accumulated experience in project planning management, operation management, network resources and customer channels.

Note:

(1): Due to unsatisfactory operations, Zhejiang Greentown Huaying has nullified the tax registration on May 29, 2020, and has been deregistered from the Administration for Industry and Commerce in June, 2020.

Commercial rationale for the joint ventures arrangement

For our joint venture business partners, we invested in the majority of the equity interest in these joint ventures but have decided not to exercise control over decision making. To achieve potential long-term economic interest from the future performance of the joint ventures and to streamline our business operations, our JV partners and we have agreed on the underlying principle of establishing such joint ventures that both parties shall essentially be operating and managing the joint ventures on an equal footing basis. It is further agreed that major decisions of the joint ventures would require board approval, and valid board resolutions on major decisions will require approval by a specific minimum proportion of the directors, but none of the shareholders by itself will be entitled to appoint the number of directors required to approve such valid board resolutions or to vary such requirement. Such arrangement allows us to focus more on our self-operated project management business while taking a share in the future growth of these joint ventures on the one hand, and is intended to encourage our JV partners, a majority of whom are former employees of the Parent Group and/or our Group, of such joint ventures to become more involved in the management and key corporate directions by contributing their professional views, experience and resources to the operation of this business rather than unilaterally determined by us, on the other hand. Accordingly, we do not account for the joint ventures as our subsidiaries in our consolidated financial statements and we only recognize share of results of joint ventures for these joint ventures. See "Financial Information – Description of Selected Statements of Profit or Loss Line Items – Share of Results of Joint Ventures."

For our JV partners who generally have the local resources and network to originate business, the commercial rationale for them to form joint venture arrangement with us mainly include the use of "Greentown" brand and the access to our brand, standards, proprietary project management systems, financial management systems, quality control, supervision and overall guidance. See "– Project Management Business – Cooperation with Business Partners – Salient terms of the cooperations – Business operation" for details on our quality control and supervision of, and overall guidance to, the business partners. Therefore, our JV partners are generally willing to cooperate with us to pursue long-term objectives and benefits of the business venture, instead of focusing on short-term gain/loss. Our JV partners and the joint ventures alone will not be able to fully function and develop without our provision of brand and the other valuable support mentioned above.

As a return to the joint venture business partners regarding their respective investment, the JV partners are generally entitled to (i) preferential net profit distribution, in the event of dividend declaration of the joint ventures as approved by the shareholders or any liquidation of the joint ventures. See "– Salient terms of the cooperations – Fee arrangement" and (ii) ordinary dividend income only when the relevant joint ventures generate distributable profits.

Salient terms of the cooperations

Generally, under this business, we first enter into a shareholder cooperation agreement with our JV partners to form a joint venture business partner ("**shareholder cooperation agreement**") and then enter into a project management agreement with a Commercial Project Owner and a profit sharing agreement with the joint venture business partner on a specific project, pursuant to which the project management services will be provided by the joint venture business partner (the "**project management agreement**" and the "**profit sharing agreement**," together with the shareholder cooperation agreement, the "**cooperation agreements**").

Salient terms of the cooperation agreements can be summarized as below:

– *Business mandates.* Once a target project is confirmed to be procured by our business partner, we then generally enter into mandate directly with the Commercial Project Owner for better brand and contract management, while the services will be mainly provided by our business partner and all the relevant costs and expenses will be borne by them.

– *Fee arrangement*. Based on the mandates that we entered into directly with the Commercial Project Owners, we recognize as revenue the full amount of the management fees generated from project management services provided by our business partners. After taking the pre-agreed percentage (typically 20% to 30%) of such management fees, we are required to pay the remaining balance to the business partners and record it as service costs of our cost of sales. As a result, during the Track Record Period, our suppliers are mainly comprised of our joint venture business partners under such arrangement. See "– Suppliers." In very limited circumstances prior to 2017, some of our business partners, such as Bluetown Northern Construction, Shandong Bluetown, Greentown Jingfeng, Shandong Greentown Wanhe and Greentown Northern Construction, entered into mandates directly with the Commercial Project Owners. In that case, our business partners recognized as revenue the full amount of the management fees generated from project management services provided by them. Our business partners then paid us the pre-agreed management fee (typically 20% to 30% of the total management fees) after receipt of the full management fees.

  The split of commercial project management fees between us and our business partners is determined on a case by case basis and we are generally entitled to fees in the range of 20% to 30% of the total fees. The split is principally determined by our and business partners' respective contribution to the projects including our standards, quality control, supervision, brand and overall guidance offered throughout the commercial project management projects and our business partners' daily operation and directions of the projects pursuant to our requirements and instructions.

Based on the cooperation agreements, the business partners may recognize a portion of their revenues when collecting the amount of staffing expenses, design services fees and marketing services fees from the Commercial Project Owners. This portion of revenue will be subsequently paid to the relevant employees of the cooperated projects and the suppliers of the Commercial Project Owners on behalf of the relevant Commercial Project Owners. Since 2019, from time to time and on a case-by-case basis, we may also grant the business partners discretionary incentive bonuses based on their overall performances. Such discretionary incentive bonuses are either based on the performance of the business partners on sales management according to a variety of factors, such as the periodic contract sales value achieved for their managed projects, or construction management, depending on whether they have obtained certain external or internal awards and quality review for their managed projects. In 2019, we granted a total of RMB0.8 million discretionary incentives bonuses to the business partners, which was primarily to acknowledge their achievement in sales management.

Further, according to the cooperation agreements, in the event of dividend declaration of the joint ventures as approved by the shareholders or any liquidation of the joint ventures, most our JV partners are entitled to receive in preference the net profit distribution ("**preferential net profit distribution**") in consideration of their contribution to the joint ventures. Such preferential distribution will be in an amount equal to the pre-determined amount of management fees (20% to 30% of the management fees) paid to us after taxation, as divided by 51% (being our shareholding in the respective joint ventures) and multiplied by 49% (being the JV partners' shareholding in the respective joint ventures as a group).

When a joint venture declares dividend, it is required to make adjustment to the retained earnings which could be available for distribution as dividend, in which the joint venture would deduct the preferential net profits distributable to the JV partner(s) from its retained earnings. No dividend and, hence, no preferential net profits distributable to the JV partner(s) would be declared, if the retained earnings of the relevant joint venture is negative or insufficient to cover the amount of preferential net profit distribution to the JV partner(s).

From the perspective of joint ventures, no accounting treatment will be made to the preferential net profit distribution until and unless they declare dividend.

Accounting treatment from our perspective is as follows:

- if our joint ventures record distributable profits (being net profits of the respective joint ventures deducted by the preferential net profit distribution to the relevant JV partner(s)) for the current financial year/period, we recognize the share of profits of these joint ventures for the same year/period, which are calculated based on the distributable profits multiplied by our shareholdings in these joint ventures at the end of the same year/period.

- if our joint ventures record net profits for the current financial year/period, which, however, are insufficient to cover the amount of preferential net profit distribution to the JV partner(s), no share of results of these joint ventures will be recognized by us for the same year/period as we are not required to compensate the JV partner(s).

- If our joint ventures record net losses for the current financial year/period, we recognize the share of losses of these joint ventures for the same year/period, which are calculated based on the net losses for the same year/period multiplied by our shareholdings in these joint ventures at the end of the same year/period. Such share of losses of these joint ventures would be limited to our unfilled capital contribution to the joint ventures as we did not fulfill the payment obligation of subscribed capital contribution.

The profit distribution between us and our JV partners could be further illustrated in the following hypotheses, each explaining one of the three scenarios mentioned immediately above. Assuming for Joint Venture X, one of our joint venture business partners, all project management agreements under our cooperation with this business partner are entered into directly between the Commercial Project Owners and us. We then enter into profit sharing agreements with Joint Venture X to determine the profit sharing for each managed project (typically 20% to 30% of the total management fees by us and 70% to 80% of the total management fees by Joint Venture X). Joint Venture X does not recognize any revenue/profits other than those through cooperation with us and as stipulated in the profit sharing agreements. In 2019, we entered into a project management agreement with a Commercial Project Owner with total management fees amounted to RMB10.0 million and a profit sharing agreement with Joint Venture X, from which we would take a pre-agreed 25% of such management fees (RMB2.5 million) and pay the remaining balance (RMB7.5 million) to Joint Venture X, who would then recognize this balance as their revenue. Therefore, the preferential net profit distribution to the JV partners of Joint Venture X would be RMB1.8 million in accordance with the following formula:

Preferential net profit distribution (RMB1.8 million) = RMB2.5 million/51% x 49%[(i)] x (1-25%), where:

"RMB2.5 million" = our pre-agreed portion of project management fee;

"51%" = our shareholding in Joint Venture X;

"49%" = our JV partners' shareholding in Joint Venture X; and

"25%" = PRC enterprise income tax.

Note:

(i) The calculation of "RMB2.5 million/51%" produces the normalized amount of project management fees for this project; and the calculation of "RMB2.5 million/51% x 49%" produces the amount of project management fees attributable to the JV Partners' for this project.

(1) If the net profit of Joint Venture X is RMB2.0 million, which is higher than the preferential net profit distribution to Joint Venture X in the example, then in the event of dividend declaration:

- The profit attributable to our JV partners = preferential net profit distribution (RMB1.8 million) + JV partners' share of Joint Venture X's distributable profits (i.e. net profits minus preferential net profit distribution (RMB2.0 million – RMB1.8 million) multiplied by 49%) = RMB1.9 million; and

- The profit attributable to us = our share of Joint Venture X's distributable profits (i.e. net profits minus preferential net profit distribution (RMB2.0 million – RMB1.8 million) multiplied by 51%) = RMB0.1 million. Accordingly, we recognize a share of profit of this joint venture of RMB0.1 million in 2019.

(2) If the net profit of Joint Venture X is RMB1.5 million, which is lower than the preferential net profit distribution to our JV partners in the example, however, the retained earnings of this business partner is sufficient to pay the preferential net profit distribution to our JV partners, then in the event of dividend declaration:

- The profit attributable to our JV partners would be the total of RMB1.5 million;

- The shortfall of RMB0.3 million would be distributable to our JV partners out of the retained earnings as of December 31, 2019 or the profit to be made by Joint Venture X in the future years; and

- The profit attributable to us would be 0. No share of results of this joint venture will be recognized by us in 2019.

(3) If Joint Venture X recorded a net loss of RMB1.0 million, and the retained earnings of this business partner is insufficient to pay the preferential net profit distribution to our JV partners, then no dividend declaration will be made.

- The loss attributable to our JV partners would be the total of RMB0.49 million (being the JV partner's share of the RMB1.0 million net loss); and

- The share of loss of this joint venture to us would be RMB0.51 million (being our share of the RMB1.0 million net loss), where the cumulative share of loss of the joint venture would be limited to our unfilled capital contribution to this joint venture.

– *Business operation.* On the one hand, we provide our business partners with brand, standards, proprietary project management systems, financial management systems, quality control, supervision and overall guidance throughout the commercial project management process. On the other hand, our business partners are responsible for daily operation and directions of the relevant projects pursuant to our requirements and instructions. We do not differentiate between commercial project management projects operated solely by ourselves and those operated through cooperation with business partners in terms of our supervision, quality control and standard maintenance. Similar to our self-operated projects, from time to time, we, through the collaborative efforts of our various departments and centers, oversee and monitor those projects conducted through our cooperation with these joint ventures to ensure they comply with our standards and requirements. On this basis, we authorize the joint ventures to use the "Greentown" brand in their business and in their company names.

Our business partners are required to seek our approval and guidance at different stages of project management and development milestones such as development of new project mandates, project signing, project planning and design, contractors management and etc. Once every year, our business partners will prepare and submit the project full-range proposals for our review to determine the project budget and business targets for the next year. Upon entering into a project management agreement, we will also have information disclosure meeting and other meetings with the business partners to supervise their work, and perform project inspections on the safety of the work site, the quality of the product and the timeliness of the work undertaken to monitor projects conducted through our cooperation with business partners. For more details on our quality control and standard maintenance for our managed projects, see "– Quality Control" and "– Our Business Model – The 'Greentown Star' Standards."

We also conduct an annual performance review of our business partners comprised of two series of indicators, namely, operational indicators and managerial indicators, and one series of veto indicators. Our operational indicators and managerial indicators, each contributing to 50% of total credits in the evaluation, allow us to assess various aspects of the business operation and management of our business partners. The veto indicators, if triggered by material irregularity or noncompliance of our standards and requirements, allow us to suspend the business partner(s) from undertaking new projects for six to 12 months or even terminate our cooperation with the relevant business partner(s).

For our commercial project management, the salient terms of our cooperation arrangements with our joint venture business partners are comparable to those with Bluetown Northern Construction, a third-party business partner in terms of business mandates, fee arrangement (with the split of project management fees being 20% to 30% by us and 70% to 80% by the third-party business partner) and business operation, except that for such cooperation, Bluetown Northern Construction will not engage in any new project after completion of existing projects as our cooperation with this third-party partner is part of the Demerger arrangement in 2016. We have established a joint venture, namely Greentown Northern Construction with the fellow shareholder of Bluetown Northern Construction in March 2017 and agreed that mandates for new projects will be entered into by Greentown Northern Construction. For further details on the Demerger, see the section headed "History and Reorganization – Our Corporate History and Development" in this prospectus.

Performance of our business partners

As of December 31, 2017, 2018 and 2019, we had 37, 67 and 89 commercial project management projects operated through cooperation with business partners (including joint venture business partners and third-party business partner), 13, 21 and 40 of which were at the pre-sale/sale stage while the remaining projects were at the construction but not for sale stage or to be constructed stage.

Base on the unaudited and unreviewed management account of the joint venture business partners, the aggregate revenue generated by our joint venture business partners in connection with our commercial project management business amounted to RMB127.2 million, RMB463.7 million and RMB844.5 million, respectively, for the years ended December 31, 2017, 2018 and 2019, and the aggregate net profits generated by our joint venture business partners in connection with our commercial project management amounted to RMB0.2 million, RMB7.5 million and RMB21.6 million, respectively, for the years ended December 31, 2017, 2018 and 2019. During the Track Record Period, we had an increased number of joint ventures making profits from our commercial project management business, increasing from three joint ventures in 2017 to four and eight joint ventures making profit in 2018 and 2019, respectively.

During the Track Record Period, some of our joint ventures recorded losses since (i) the managed projects they undertook were in the early stage of development; and/or (ii) the number of projects they undertook are relatively small and therefore, the revenue generated from the managed projects could not fully cover the fixed costs and expenses incurred for their business operation, such as the staff costs for their administrative and selling and marketing personnel as well as the office rental expenses. Typically, the financial performance of our joint ventures gradually improved (x) after commencement of pre-sale/sale of the properties of the managed projects, since a significant portion of our project management fees are based on the sales performance of the relevant projects; and/or (y) when the businesses of our joint ventures started to achieve economies of scale as the number of projects they undertook continued to grow.

For the years ended December 31, 2017, 2018 and 2019, our share of results of joint venture business partners amounted to a loss of RMB8.7 million, RMB26.3 million and RMB14.0 million, respectively, since (i) some of our joint venture business partners had not fully ramped up their business and achieved potential profitability, our share of loss of which was limited to our subscribed capital contribution to such joint ventures; and (ii) we only recognized the share of profits of our joint venture business partners when they remained profitable after taking into accounts the preferential net profit distribution to our JV partners according to the cooperation agreements.

As advised by our PRC Legal Advisor, the liability of shareholders of a limited liability company in the PRC is limited by their respective subscribed capital contribution to such company. As of the Latest Practicable Date, the potential maximum exposure of our share of losses of our joint venture business partners is estimated to be RMB237.1 million, which reflects our total subscribed capital contribution to these joint ventures. As of the same date, we had made capital contribution of RMB8.5 million to these joint ventures, and our unfilled capital contribution to these joint ventures was RMB228.6 million. We did not fulfill the payment obligation of subscribed capital contribution to certain joint venture business partners since under the PRC laws and regulations, shareholders are not obligated to pay up the shares of the relevant joint ventures until the payment deadlines as set forth in the respective articles of association of the joint ventures, ranging from December 31, 2020 to April 12, 2057, have come. We have taken a series of measures to control our share of losses of joint venture business partners. For example, we have not provided, and will not provide, any guarantee to the contract performance of these joint ventures. In addition, we have adopted veto indicators in our annual performance review on our business partners, which, if triggered by certain amount of accumulated losses of such business partners, would allow us to suspend the relevant business partners from undertaking new projects for six to 12 months or even terminate our cooperation with the relevant business partners. See "– Salient terms of the cooperations – Business operation" for details.

Top ten Commercial Project Management Projects through Cooperation with Business Partners

The table below sets forth certain information of our top ten commercial project management projects operated through cooperation with business partners in terms of revenue contribution during the Track Record Period:

Year ended December 31, 2017

Project name	Location	Name of business partners[(1)]	Estimated total contract amount	Amount of revenue before surcharges recognized during the year	Gross profit margin
			(RMB in thousands)		*(%)*
1. Project I	Dongying District, Dongying	Greentown Jingfeng	257,800	29,191	20
2. Project II	Laishan District, Yantai	Bluetown Northern Construction	155,375	19,405	35[(4)]
3. Project III	Urumqi County, Urumqi	Xinjiang Chuangjing	52,086	9,255	65[(3)]
4. Project IV	Decheng District, Dezhou	Shandong Bluetown	150,000	9,044	55[(4)]
5. Project V	Xingyang City, Xingyang	Zhejiang Shidai	43,500	5,924	40[(7)]
6. Project VI	Haitang District, Sanya	Greentown Lvming Construction	131,773	5,498	20
7. Project VII	Luquan District, Shijiazhuang	Greentown Zhenghong	5,400	5,094	30
8. Project VIII	Dali City, Dali	Greentown Shenye	18,680	4,717	100[(5)]
9. Project IX	Wujin District, Changzhou	Bluetown Northern Construction	157,500	4,245	100[(2)]
10. Project X	Lianchi District, Baoding	Bluetown Northern Construction	151,050	3,584	100[(2)]

Year ended December 31, 2018

Project name	Location	Name of business partners[1]	Estimated total contract amount	Amount of revenue before surcharges recognized during the year	Gross profit margin
			(RMB in thousands)		*(%)*
1. Project II	Laishan District, Yantai	Bluetown Northern Construction	155,375	54,498	20
2. Project I	Dongying District, Dongying	Greentown Jingfeng	257,800	31,200	20
3. Project XI	Baqiao District, Xi'an	Greentown Lvming Construction	71,840	24,692	20
4. Project VI	Haitang District, Sanya	Greentown Lvming Construction	131,773	23,128	20
5. Project XII	Lin'an District, Lin'an	Greentown Innovation Construction	72,064	20,853	20
6. Project XIII	Qihe County, Qihe	Shandong Bluetown	115,480	15,229	100[2]
7. Project VIII	Dali City, Dali	Greentown Shenye	18,680	12,264	(2)[5]
8. Project XIV	Decheng District, Dezhou	Greentown Northern Construction	47,520	11,829	20
9. Project XV	Changle County, Weifang	Greentown Northern Construction	36,000	11,293	20
10. Project XVI	Leting County, Tangshan	Greentown Northern Construction	340,000	9,392	30

Year ended December 31, 2019

Project name	Location	Name of business partners[(1)]	Estimated total contract amount	Amount of revenue before surcharges recognized during the year	Gross profit margin
			(RMB in thousands)		*(%)*
1. Project IV	Decheng District, Dezhou	Shandong Bluetown	150,000	78,792	20
2. Project XII	Lin'an District, Hangzhou	Greentown Innovation Construction	72,064	50,081	20
3. Project XI	Baqiao District, Xi'an	Greentown Lvming Construction	71,840	35,849	20
4. Project I	Dongying District, Dongying	Greentown Jingfeng	257,800	35,641	20
5. Project XVII	Longting District, Kaifeng	Greentown Shenye	117,111	28,683	16[(6)]
6. Project II	Laishan District, Yantai	Bluetown Northern Construction	155,375	27,003	20
7. Project XVIII	Tongxiang City, Tongxiang	Zhejiang Shidai	136,477	22,313	20
8. Project XIX	Xiahuayuan District, Zhangjiakou	Greentown Northern Construction	427,690	21,226	20
9. Project XX	Qindu District, Xianyang	Greentown Lvming Construction	48,000	19,764	20
10. Project XI	Xiangshan District, Huaibei	Zhejiang Shidai	266,180	19,664	30

Notes:

(1) Bluetown Northern Construction is an independent third party as of the Latest Practicable Date. For identity of JV partners as of the Latest Practicable Date, see the section headed "History and Reorganization – Corporate Structure – Immediately before the Global Offering" in this prospectus.

(2) The gross profit margin for such project is 100% as the contract was entered by our business partners and the revenue we receive did not incur any cost. In very limited circumstances prior to 2017, some of our business partners, such as Bluetown Northern Construction, Shandong Bluetown, Greentown Jingfeng, Shandong Greentown Wanhe and Greentown Northern Construction, entered into mandates directly with the Commercial Project Owners. In that case, our business partners recognized as revenue the full amount of the management fees generated from project management services provided by them. Our business partners then paid us the pre-agreed management fee (typically 20% to 30% of the total management fees) after receipt of the full management fees.

(3) The relatively high gross profit margin of this project was mainly because of the settlement of project management fee as we agreed with the Commercial Project Owner on December 11, 2017 to early terminate the project management agreement after the completion of the project management for phase I to III of the project.

(4) The relatively high gross profit margin of this project was mainly because we reversed the overestimated accrued costs recognized before 2017 for this project according to the settlement with Bluetown Northern Construction and Shandong Bluetown in 2017.

(5) The profit sharing agreement of this project was agreed and signed with Greentown Shenye in 2018. Therefore, there is no service costs accrued in 2017 and the gross profit margin of this project was 100% in 2017. Subsequently, we recognized the service costs for both 2017 and 2018 based on the profit sharing agreement of this project in 2018, which caused the negative gross profit margin of this project in 2018.

(6) The relatively low gross profit margin of this project was mainly because Greentown Shenye was our associate prior to February 2019 which we held less stakes than other joint venture business partners and our profit sharing ratio was relatively low compared to that our agreement with other joint venture business partners. According to the profit sharing agreement of this project agreed with Greentown Shenye, we shared approximately 84% of total management fee received from our Project Owner. No changes have been made to the fee split as of December 31, 2019.

(7) The relatively high gross profit margin of this project was because we accrued the service costs charged by Zhejiang Shidai at a proportion of 60% which was agreed with Zhejiang Shidai as we deployed more staffs and other resources for this project in 2017.

Our cooperation with business partners enabled us to expand our commercial project management business rapidly leveraging the local resources our business partners possess in the regions we had low or no penetration. Our revenue derived from commercial project management through cooperation with business partners was RMB119.9 million, RMB382.8 million and RMB675.6 million, respectively, in 2017, 2018 and 2019, accounting for 11.8%, 25.8% and 33.9%, respectively, of our total revenue.

Commercial Project Management with Capital Contribution

Since early 2019, as part of our comprehensive commercial project management solutions, we have started to provide liquidity support, debt financing and equity investment through sourcing from third-parties or with own capital in response to the needs of the Commercial Project Owners in selected commercial project management projects. Under this business model, we may help source financing for our managed projects, such as inviting reputable and credible large-scale enterprises and financial institutions to invest into property development projects, at no cost or commission to the relevant Commercial Project Owners. Depending on the needs of the Commercial Project Owners during the course of project management, we may also contribute our own capital to invest (in the form of liquidity support, debt financing or equity investments) in the projects we manage based on their working capital needs and after taking into consideration the reputation, business and financial performance and cash flow positions of the relevant Commercial Project Owners and the relevant managed projects.

The table below sets forth the different forms of capital contribution solutions that we contemplate for this business:

Liquidity support:	direct or indirect funding support that we provide to the Commercial Project Owners and/or its subsidiaries for their short-term liquidity needs in the form of short-term loan. We will be entitled to interest income for such short-term loan.
Debt financing:	subject to the conditions as discussed below, provision of long-term loan to Commercial Project Owners and/or its subsidiaries on an as-needed basis. We will be entitled to interest income for provision of this solution.
Equity investment:	provision of capital contribution to the Commercial Project Owners and/or its project company subsidiaries as minority shareholders. We will be entitled to investment income, dividend income and/or fair value gains for the provision of this solution.

We believe this business model enables us to foster our relationship with the Commercial Project Owners in project management business, and upgrade and diversify our scope of services and revenue streams. According to the China Index Academy Report, this business model has gradually become one of the mainstream models of real estate development in many developed countries, such as the United States and Singapore.

As of December 31, 2019, we had only provided liquidity support in the form of short-term loan with a principal amount of RMB20.0 million to the Project Owner in one commercial project management project we managed . We generated interest income from this project, and the interest income derived, from this business in 2019 was insignificant.

Although our contemplated liquidity support and debt financing solutions may involve the lending of money which may not be in compliance with the General Lending Provisions (《貸款通則》), a departmental rule promulgated by the PBOC in 1996, we are advised by our PRC Legal Advisor that under normal circumstances, the possibility that the PBOC would impose a penalty on us pursuant to the General Lending Provisions is low. According to the General Lending Provisions, only financial institutions may legally engage in the business of extending loans, and loans as between companies that are not financial institutions are prohibited. The PBOC may impose penalties on the lender equivalent to one to five times of the income generated (being interests charged) from loan advancing activities. However, according to the Provisions of the Supreme People's Court on Several Issues concerning the Application of Law in the Trial of Private Lending Cases (《最高人民法院關於審理民間借貸案件適用法律若干問題的規定》) (the "**Provisions**") promulgated on August 6, 2015 and effective on September 1, 2015, loans among companies are legal if extended for purposes of financing production or business operations. PRC courts will also support a company's claim for interest in respect of such a loan as long as the annual interest rate does not exceed 24%. As confirmed by the Directors, all the liquidity support and debt financing solutions contemplated for our Project Owners are for the purposes of business operations and the annual interest rate of such lending activities did not and will not exceed 24%, the interest rate limit for loans among companies as stipulated in the Provisions of the Supreme People's Court on Several Issues concerning the Application of Law in the Trial of Private Lending Cases.

Save as disclosed above, as advised by our PRC Legal Advisor, our contemplated liquidity support and debt financing solutions which are on a as-needed basis and non-recurring, do not violate the relevant laws and regulations in the PRC, based on the following as confirmed by the Directors:

(1) the financing solutions are made at the request of the certain Commercial Project Owners in response to their specific funding needs for specified project management projects, and will not be offered to the public or all the Commercial Project Owners as standardized products or solutions;

(2) a credit check on the relevant Commercial Project Owners will be performed by us for each project, and that the financing will need to be for working capital purposes only;

(3) an assessment will be made for each individual project to evaluate whether the financing will enable us to acquire the mandate of our project management business and/or to facilitate the completion of procured project management projects to increase our revenue, since the primary purpose of this financing is to complement our main businesses, rather than maximizing profit through generating interest income;

(4) if each of the above conditions is satisfied, we will also evaluate the reputation, business and financial performance and cash flow positions of, and security provided by, the relevant Commercial Project Owners and the relevant managed projects for risk management purposes; and

(5) once a financing solution is approved internally, we and our subsidiaries responsible for the relevant managed projects will utilize our self-own funds generating from our operating activities to provide financing support to the relevant projects.

Government Project Management

Business Model

Our government project management business is our second largest revenue generating business segment during the Track Record Period. We provide project management services to Government Project Owners primarily on public housing property development projects and to a lesser extent, development of public infrastructure including schools, museums and sports facilities. Government Project Owners place more emphasis on the quality of the final product delivered and are introducing more parameters relating to the scale and experience of the bidders and the quality control to be put in place by the bidders, among others, as part of the eligibility requirements to bid on their projects. Leveraging our expertise and experience in project management, we assist the Government Project Owners to achieve effective cost management, but at the same time to develop quality public housing properties, with a vision to stimulate quality growth in the property development industry. As of December 31, 2019, we (by ourselves and through cooperation with business partners) had 115 government project management projects with a total GFA under management of approximately 29.3 million sq.m., including 6.7 million sq.m. to be constructed, 21.8 million sq.m. under construction and 0.8 million sq.m. constructed.

We are committed to assisting the Government Project Owners to deliver quality public housing properties. According to China Index Academy, government project management is considered as the origin of the project management services in the PRC real estate market. With the progressive advancement and evolution of the PRC real estate market, government project management has become an important measure for the PRC government to increase the supply of housing and, at the same time, balance the prices of such property in the market. During the 12th Five-Year Planning Period (2011 to 2016), the government considered that urban and rural public housing project was an essential step to promote harmony and improve people's well-being and solve the housing problems, thus the government actively promoted the idea of urban and rural public housing. Promoting public housing is an important direction of the PRC housing policy, with a target to build 20 million houses in the 13th Five-Year Planning Period (2016 to 2020). According to China Index Academy, the total investment in public infrastructure spent by the Government Project Owners amounted to RMB510.6 billion in 2011 and increased to RMB14,532.5 billion in 2018, representing a CAGR of 16.1%. In addition, since 2019, the PRC government has promulgated a series of administrative measures to support the initiatives of old town reconstruction and urban renovation, which will become an important pillar of public housing development industry in the PRC in the future. According to the China Index Academy, old urban residential areas that need to be reconstructed in the PRC may involve hundreds of millions of households. We therefore place great emphasis on social responsibility with a vision to stimulate quality and sustainable growth in the PRC property development industry and to capture the emerging market opportunities. As of December 31, 2019, approximately 94.8% of the projects under management by our government project management business were public housing property development projects, while the remaining 5.2% of the projects comprised the development of public infrastructure including schools, museums and sports facilities, among others.

Under the government project management business, we and the Government Project Owner generally enter into a standard management agreement formulated by the relevant Government Project Owner, under which we agree to provide various services throughout the property development project process. Our government project management services generally include design, construction cost management services, supervision and inspection. Since the third quarter of 2018, we started to explore the opportunity to expand our government project management services by utilizing quality suppliers in response to certain Government Project Owners' request. We generally receive a fixed percentage (typically 2.5% to 5%) of the total investment amount of the project, namely the total project development budget, from our government project management projects as our project management fees. A typical management agreement between the Government Project Owner and us does not include the use of the "Greentown" brand.

During the Track Record Period, we operated our government management business primarily through ourselves and to a lesser extent, through cooperation with two joint venture business partners, and one third-party business partner, which is a company beneficially owned by independent third parties, as of December 31, 2019. Our business arrangements with these business partners for government project management business are similar to those of our commercial project management through cooperation with business partners, except that under this business model, (i) our business partners generally enter into mandates directly with the Government Project Owners and the services are mainly provided by themselves. Our business partners then recognize as revenue the full amount of the management fees generated from project management services provided by them, and pay us the pre-agreed management fee (typically 7% to 12% of the total management fees) after receipt of the full management fees; and (ii) there is no use of the "Greentown" brand for these government project management projects. The salient terms of our cooperation with business partners in our government project management business vary and are negotiated on a case-by-case basis, and generally our joint venture business partners do not enjoy more favorable terms than our third-party business partner. The number of government project management projects we operated through cooperation with these business partners has increased from nine as of December 31, 2017 to 17 as of December 31, 2019. The financial contribution from our government project management through cooperation with business partners was insignificant during the Track Record Period.

In 2017, 2018 and 2019, we generated revenue of RMB149.8 million, RMB202.9 million and RMB358.4 million, respectively, from our government project management, accounting for 14.8%, 13.7% and 18.0% of our total revenue.

Major Contractual Terms

A typical project management agreement between the Government Project Owner and us sets forth:

- the term of the agreement, typically from the effective date of the agreement until the expiration of the warranty of such property, subject to mutually agreed extensions and early termination rights, including for either party's material breach, among others;

- the location and operating area of the project;
- the amount of consultation and management fees during various stages of our services, including basic fees for management fees;
- the scope of our management services to be provided to the Government Project Owner, including design and planning management, construction cost management, engineering management and delivery management;
- our progress updates and other obligatory reports to be provided to the Government Project Owner during the various stages of the relevant project;
- insurance and legal matters; and
- termination rights.

In certain circumstances, Greentown Real Estate (a member of the Parent Group) is engaged by and enters into management agreements with the Government Project Owners due to the qualification requirements set by the Government Project Owners during the bidding process. For example, the Government Project Owners may require the project management service provider to have the first-level qualification of the real estate development enterprise. In that case, Greentown Real Estate (a member of the Parent Group) will bid on such projects, and is engaged and enters into the management agreements, and then appoints us to provide services as a project management company for the relevant projects. During the term of such agreements, we retain the right in respect of the day-to-day operation and management of the projects. Pursuant to such agreements, the Government Project Owners typically pay the management fees directly to Greentown Real Estate (a member of the Parent Group), which will then settle with us, normally within 30 days from the date of our invoice. Alternatively, through the agreement between the Government Project Owners and Greentown Real Estate (a member of the Parent Group), such Government Project Owners pay the management fees directly to us. We do not expect to continue this type of arrangement with Greentown Real Estate (a member of the Parent Group) after Listing other than the project management agreements we have already entered into.

Bidding

Under PRC laws, government sponsored development projects generally require an open bidding process to select a third-party project management company. We or Greentown Real Estate (a member of the Parent Group), as each case may be, bid for government-owned property development projects. A typical bidding process primarily involves the following stages:

- *Invitation*. The Government Project Owner publishes an announcement on its website or notifies us to invite potential bidders.

- *Review*. The Government Project Owner will establish a tender review committee to review and rank the submitted tenders. The tender review committee takes into account several factors such as credentials, service quality, availability of capital and human resources and the proposed fee levels when it reviews the proposals.

- *Selection*. Based on its review, the tender review committee mandates the best project management company based on its criteria.

During the Track Record Period, the tender success rate of our government project management project was approximately 54%.

Fees

For our government project management projects, our management fees are typically calculated as a fixed percentage of the total project development budget of the project. In addition, we may be awarded incentive fees for achieving certain predetermined benchmarks. For example, we may be awarded an incentive fee if a project is completed before the designated project completion date or within the predetermined aggregate project budget.

Our management fees in relation to our government project management projects are charged in accordance with the project milestones set forth in our project management agreements. Upon receiving notice of our mandate, we are generally required to pay an interest-free retention deposit of up to 10% of the total management fees to the Government Project Owner within the pre-agreed period as a warranty service deposit against any potential defects in the quality of the final product delivered. Such retention deposit will be refunded to us after the completion of the post-completion inspection and delivery. We receive our fees in installments on a stage-of-completion basis. Our management fee installments are generally divided into several stages and progress payments are usually made within a certain period time after completion at the relevant stage.

In addition, the Government Project Owner is willing to accept contractual bank guarantees from us in lieu of the whole or part of the retention deposit for certain projects in our government project management business segment.

Other Services

In addition to providing full-service project management solutions, we also provide other services, including project management consulting services, design consultation services and other services. In 2017, 2018 and 2019, we generated revenue of RMB59.4 million, RMB132.8 million and RMB164.7 million, respectively, from other services accounting for 5.8%, 9.0% and 8.2%, respectively, of our total revenue.

Project Management Consulting Services

We provide consulting services on major aspects of the entire project management process, covering project feasibility analysis, market research and analysis, market positioning planning, residential property management and commercial property management and other services. We share our management experience and expertise based on various modules available in our standardized management system to tailor to the needs of the Project Owners.

Design Consultation Services

During the Track Record Period, we have provided comprehensive design consultation services which focus on planning design, architecture design and landscape design. We embody the "Greentown" brand philosophy in our design services and provide our Project Owners with planning and design proposal that reflects integration of community and landscape, artistic innovation and environmental consciousness.

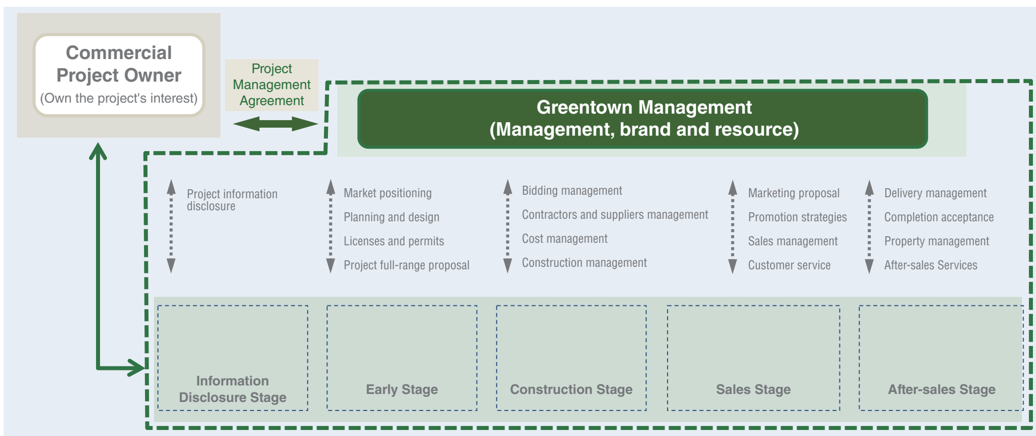
In September 2019, two of our primary subsidiaries conducting planning and architecture design business became our joint ventures after we entered into agreements with other shareholders of the subsidiaries to require more than two-third of the approval from directors for future corporate actions. See "History and Reorganization – Our corporate history and development." The changes of our business were primarily due to our efforts to encourage other shareholders of such subsidiaries who are designers to become more involved in the key corporate directions by contribution their professional views and experience to operation of this business. We expect our revenue and cost of sales from other services to decrease significantly as a result of such changes subsequent to September 2019.

PROJECT MANAGEMENT PROCESS

Commercial Project Management

We maintain a systematic development approach although each commercial project is specifically designed to cater to the target market and regional preferences. The following diagram illustrates the principal steps of our commercial project management process:

Commercial Project Management Process



Information Disclosure Stage

Project information disclosure

Upon entering into a project management agreement with the Commercial Project Owner, our project company team, together with the relevant departments and centers of our Group, will attend a project information disclosure meeting with the Commercial Project Owner and third party marketing research company. The objectives for such meeting are to (i) obtain background information and identify the present status of the project, (ii) understand the expectations and requirements of the Commercial Project Owner, (iii) discuss major risk control points, (iv) disclose the major commercial terms of the project management agreement and (v) confirm the timing and detailed work plan. Our person-in-charge of the project is responsible for reporting the meeting progress to the relevant departments and the operations center.

Early Stage

Market positioning

The sales team of our project company coordinates with the sales and marketing services center of our Group in conducting real estate market research at the PRC national, provincial and city levels. The research report includes (i) location analysis, such as the economic indicator and infrastructure around the relevant locations and (ii) macroeconomic analysis, such as provincial planning and demographic characteristics. We review the collected data based on a number of factors, including technical specifications, costs and commercial terms of the project, project location, the background of the Commercial Project Owner and whether the necessary licenses, qualifications and permits have been obtained. Based on the preliminary criteria and preferences of the Commercial Project Owner and our market research, we analyze the risk, cost and returns associated with a particular project. A project concept proposal is then prepared, setting out the project's information, together with a bespoke project analysis identifying the type of the property (residential or commercial) that suits the preference and requirements of the Commercial Project Owner, for its review and approval.

Planning and design

We place a large emphasis on the product design as we believe a good product design is the foundation for a high quality final product. In addition, an important consideration during the product design process is to ensure the final product delivered will commensurate with the quality and standard of the "Greentown" brand. Therefore, we require that the Commercial Project Owners engage one of over 190 design studios within our network of quality contractors and suppliers to produce the blueprint for the proposed product. The design studio acts as a third-party contractor to the Commercial Project Owner and is subject to the same quality control mechanisms we have implemented to ensure our standards and expectations are met. For example, a project blueprint submitted by the design studio would be subject to multiple rounds of review and comments by us and the Commercial Project Owner. The project blueprint serves to specify and unify the detailed architectural specifications, the design principles and technology criteria to optimize the project layout and design.

Furthermore, during the product design phase, we also endeavor to reflect the demands and preferences of the ultimate buyer. Therefore, for each property development project, we meticulously set forth strict standards for the design team to adhere to when designing the product. For example, we set forth standards related to building aesthetics ranging from raw materials used for construction, windows, and paint, to basic amenities, and room decor. We work with leading national and international interior and community design companies, which the Commercial Project Owners typically enter into agreements with directly, to formulate design concepts and plans based on the Commercial Project Owner's aesthetics preferences, government policies and market conditions, which also meet our internal design philosophy and standards and comply with our cost control and operational requirements.

Licenses and permits

During the planning and design stage, we may assist the Commercial Project Owner in obtaining licenses and permits required for the project, including, in some instances, a land use rights certificate. In the event that any relevant government approvals are delayed, provided that we did not cause the delay, and such delay results in a bottleneck with respect to the project's progression, the Commercial Project Owner is responsible for proactively resolving the issue and adjusting the timeline of the project accordingly. The Commercial Project Owner is responsible for the fees associated with the processes of procuring licenses and permits and all damages caused by any delay in obtaining these items.

Project full-range proposal

A full-range proposal is prepared by us for thorough discussion with the Commercial Project Owner to formulate the overall project planning and design, operational development, sales and cost management plans of a project. Our operations center is responsible for preparing the Annual Project Operation Management Book and the Project Asset Operation Management Book within ten working days after such meeting(s) with the Commercial Project Owner. Each of our relevant departments and person-in-charge of the regional operation center review and approve such Operation Management Books before undergoing a sign-off process by the project general manager. Our operations center conducts an annual review on the operation's progress of the full-range proposal of the project. Discussions on revising the project proposal will be held if there are significant changes in the objective conditions of the project, followed by written approval from us and the Commercial Project Owner.

Upon receiving the approval of the project concept proposal from the Commercial Project Owner, we then prepare the project operational plan, which reflects our project execution and management philosophy, and sets out the key work plan with accomplishment targets of the initial stage of a project, certain adjustments made to the project concept and estimation of the total costs. Our project operational plan is thoroughly reviewed and modified based on discussions with the Commercial Project Owner. Details of the project, including the overall framework and timeline for the project operational plan, stage goals, annual budget and major project milestones, the structure, staffing and approval authority of the project management team are then finalized. Prior to the commencement of construction, it is essential that we reach a consensus with the Commercial Project Owner on the project operational plan as it serves as the blueprint for the remainder of the project development process.

Construction Stage

Bidding management

Subject to the commercial needs and internal compliance requirements of the Commercial Project Owners, a tender and bidding process for constructors and suppliers is generally required for each commercial project management project. When an open bidding process is required, we will establish a tender working group with the Commercial Project Owner prior to the tender and bidding process, which is responsible for approving the short-listed entities, reviewing the bidding documents and setting the minimum bid price with a price range limit. The tender working group is also responsible for formulating tender and bidding plans according to annual business and project plans, and management of the tender and bidding process.

Contractors and suppliers management

- Contractors management

We generally select third-party contractors for the Commercial Project Owners through tender processes and also through an internal assessment of factors including their demonstrated competence, market reputation, strong track records, our prior relationship with them, and adequate financial resources for our projects. We also adopt and follow our own quality control procedures and routinely monitor works performed by third-party contractors. Through strategic cooperation with contractors in the industry chain ecosystem, we select certain partners to form our preferred list, with such list being reviewed by us regularly on an annual basis. We generally recommend certain contractors to the Commercial Project Owners whom we think that are suitable for the respective projects; the Commercial Project Owners then enter into contracts with the third-party contractors directly after a selection process.

On an on-going basis, our site managers and supervisors of the projects will assess the performance of the respective contractors for each project based on the "Greentown" product management standards, which include, among others, the contractors' ability to meet the work schedules in accordance with its contract, timely response to our instructions, quality of works and services provided, and health and safety performance of the contractors. Our site managers and supervisors will discuss the performance of the contractors with our management during regular meetings. Our management will decide whether such contractor being assessed will be retained for future project engagements.

- Suppliers management

With respect to building materials and construction supplies procurement, the Commercial Project Owners may: (i) purchase the materials directly from suppliers without our intervention; (ii) specify the brand, the price, and the supplier, upon which we will liaise with the construction contractor to make the purchase; or (iii) leave the decisions and purchases entirely to the construction contractor without any specification. For certain core building materials and supplies that will directly affect the quality of the construction and safety of the building, we typically compile a list for the Commercial Project Owner's approval of our preferred suppliers, whom we would be confident in delivering such core building materials and supplies that would satisfy the specifications and quality standards of the "Greentown" brand and the particular needs of the relevant project. Throughout the procurement process we take great care to strike a balance between quality and achieving the best possible price.

To suit the needs and requirements of the Commercial Project Owners, we have a selection of preferred contractors and suppliers based on different categories of material supplies or services in our ecosystem network. We select our preferred contractors and suppliers based on their product quality, prices, services, and reliability of punctual delivery through stringent selection procedures. We identify each of the contractors and suppliers' strengths and place them into different category levels in our supplier network system. We regularly review our contractors and suppliers through assessments on an on-going basis to ensure their continuing performance and reliability and update our preferred list. See the section entitled "– Quality Control" below for detailed information.

Cost management

With respect to the construction of the project, we first have to decide on the targeted construction cost. We submit an estimated cost to the Commercial Project Owner for approval. If the project is divided into phases, we submit the estimated cost for each phase separately as the project proceeds. Our goal is to ensure that the actual cost is no more than a certain percentage of our estimate. In the event of any material change in the estimate of costs, we have to provide a written report to the Commercial Project Owner within a reasonable amount of time. The estimated cost can only be adjusted upon the Commercial Project Owner's approval.

Construction management

When all necessary contracts have been signed with the construction contractors and the suppliers, we set out detailed monthly, quarterly, and annual construction plans with the aim of achieving the timeline and project milestones outlined in our project management plan.

We actively supervise the construction process with a focus on ensuring the safety of the work site, the quality of the product and the timeliness of the work undertaken. We closely monitor and keep track of the construction progress pursuant to our plans by conducting regular checks on work quality and process. We hold regular meetings with the Commercial Project Owners to brief status of the relevant projects.

We monitor the quality of construction to ensure anything that fails to reach the standards required under the PRC regulations be followed up and ensure that the construction contractor resolve the issue immediately. In addition to the reports and data submitted by the construction contractors as required by us, (i) we, together with the Commercial Project Owner, choose a suitable person to be stationed at the construction site, who is responsible for monitoring the construction process and ensuring strict compliance with all relevant regulations and laws; and (ii) our project management team visits the construction site and is responsible for managing the project planning stages and work progress of each construction unit and conducting regular inspection on the quality and safety levels of the development project.

Sales Stage

Marketing Proposal

We formulate a marketing proposal in accordance with the project full-range proposal, which mainly cover market research, customer analysis, marketing strategies, sales plans, advertising strategies, showpiece plans for demonstration areas, team composition and cost plans. The marketing proposal will be submitted to our sales and marketing center at the headquarters and the Commercial Project Owner for joint review. Once the finalized proposal is available, we will implement such proposal once we receive written approval from both the sales and marketing center and the Commercial Project Owner.

Promotion Strategies

Formulation of project promotion strategies is one of the most important services we provide in a project management. Our sales and marketing team formulates such strategies based on the characteristics of project specifics and the relevant Commercial Project Owners, and in accordance with our internal rules and guidelines on promotional activities. Our strategies typically include the proposed project name, VI design, brand promotion plan, and media promotion plan. Once a proposal is available, we will subject it to our sales and marketing center for review and implement such proposal once we receive written approval from the Commercial Project Owner.

Sales Management

Once our project team starts to provide sales management services, our sales and marketing center will monitor the provision of sales services on-site to ensure a smooth progress of our marketing activities and to reduce sales-related risks. Our sales and marketing center typically focuses on the management of certain tasks, mainly including the sales team composition and establishment, review of sales rhetoric, appraisal of sales personnel, review of sales performance, tracking of customer satisfaction, prevention of sales-related risks, management of the entire sales process and other important matters.

Customer Service

Customer service is one of our core competitive strengths. We have received accolades from the Commercial Project Owners for the industry-leading customer satisfaction for many years. Establishing a comprehensive customer service system is also a top priority for our project team in project management. Our customer services currently include (i) overall planning of the project sales services; (ii) sales reception service; (iii) customer maintenance services after execution of the sales contract; (iv) customer follow-up service before delivery; (v) customer maintenance services after delivery; (vi) customer satisfaction follow-ups and evaluation. Customer services are provided by the project company in a project management according to our internal standards which is under the supervision of our sales and marketing center.

After-sales Stage

Completion acceptance

Upon completion of the construction, we conduct a pre-delivery property inspection to ensure the quality of our project property is within the expectations of the Commercial Project Owner and is worthy of the "Greentown" brand. If any aspect of the product fails to meet the Commercial Project Owner's expectations or our own standards, we require the construction contractor to rectify such issues until the property completely passes our pre-delivery property inspection. We also assist the Commercial Project Owner to handle the filing of property completion certificates.

Delivery management

When we have all necessary documents ready, we arrange for delivery. We are also responsible for helping the Commercial Project Owner to calculate the total GFA of the property and apply for property rights as well as land use rights. In addition, we submit the complete construction record, sales record, administrative record, and other related materials to the Commercial Project Owner.

Property Management

We assist the Commercial Project Owner to choose preliminary property management company, coordinate and formulate property management proposal and supervise the performance of preliminary property management provided.

After-sales services

In order to provide better customer experience, we assist each Commercial Project Owner to establish a customer service department that provides customer relationship management services to individual property owners. We also offer a service hotline for the Commercial Project Owners and individual property owners to support their needs.

- Customer service department

The customer service department is responsible to provide customer relationship management service for Commercial Project Management Projects and property maintenance and repair services. It also gathers feedback and handles complaints received from the individual property owners in order to improve the living quality of our commercial project management projects after delivery.

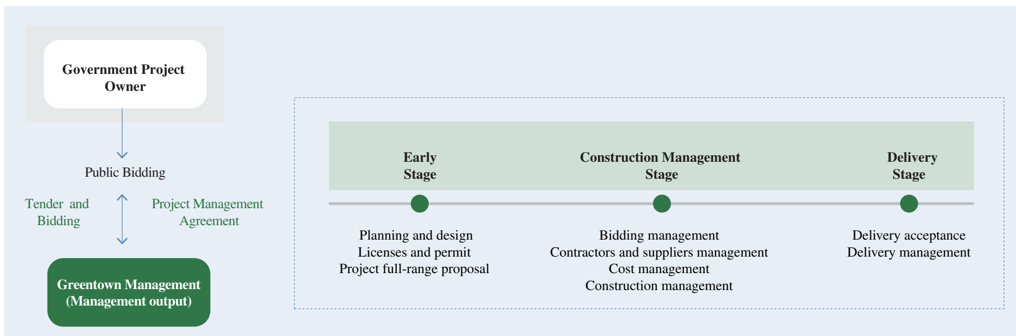
- Service hotline

Our after-sales services are customer-oriented. Our objective is to ensure continued customer satisfaction and, at the same time, improve our product and service qualities. We strengthen our customer service platform to provide a better customer experience and ensure that same level of quality of our projects is maintained over the warranty period. We offer a 24-hour service hotline for the Commercial Project Owners and individual property owners of our projects. Through the hotline, they can provide us with their feedback, as well as request for information relating to cultural and life, health, education and other diversified services.

Government Project Management

The following diagram illustrates the principal steps of our government project management process:

Government Project Management Process



The principal steps of our government project management process are generally consistent with those of our commercial project management process, except for the following major differences:

- *Bidding*. Under the PRC laws, government sponsored development projects generally require an open bidding process to select a third-party project management company, while mandates for commercial project management projects are generally obtained through business negotiation between the Commercial Project Owners and us.

- *No market positioning*. We do not participate in the market research and formulation of positioning strategies in a government project management project. Unlike commercial project management project, the positioning of a government project management project was generally formulated by the Government Project Owner in its project tender and bidding document as part of the city planning.

- *No use of "Greentown" brand.* Unlike in a commercial project management project, we generally do not allow the relevant Government Project Owner to use the "Greentown" brand for marketing and other purposes in a government project management project.

- *No sales services.* Unlike in a commercial project management project, there is no sales stage for a government project management project and we are not involved in the distribution of public housing properties to eligible persons, or the provision of any sales services in a government project management project.

- *No after-sales services.* Unlike in a commercial project management project, we are not engaged in the provision of full-range after-sales services. We only assist the Government Project Owner in the inspection and delivery processes of a government project management project. During the quality warranty period, we are generally also responsible for liaison with the suppliers and contractors of a government project, and the coordination and processing of warranty and repairs issues.

For details of our major steps in a government project management project that are consistent with those in a commercial project management project, see "– Project Management Process – Commercial Project Management."

CUSTOMERS

We have a large and growing customer base primarily comprising the Project Owners. During the Track Record Period, our Project Owners can be classified as (i) private property developers, (ii) state-owned property developers; and (iii) Government Entities. In 2017, 2018 and 2019, revenue derived from sales to our five largest customers accounted for approximately 27.8%, 19.3% and 20.5%, respectively, of our total revenue. For the same periods, revenue derived from our single largest customer accounted for approximately 8.5%, 4.2% and 5.1%, respectively, of our total revenue.

The following tables set out certain details of our five largest customers based on the total revenue During the Track Record Period:

Customer	Customer type	Regions of operation	Registered capital	Services provided by us	Revenue	As a percentage of total revenue	Period of business relationship
			(in millions)		*(RMB in thousands)*		
Year ended December 31, 2017							
1. Customer A	Private property developer	Shanghai	RMB21.6	Commercial project management	86,217	8.5%	Since 2011
2. Customer B	Private property developer	Hainan	RMB20.0	Commercial project management	60,530	6.0%	Since 2014
3. Customer C	Private property developer	Shanghai	RMB50.0	Commercial project management	49,018	4.8%	Since 2015
4. Customer D	State-owned property developer	Hangzhou	RMB2,010.0	Government project management	44,295	4.4%	Since 2015
5. Customer E[(1)] . . .	State-owned property developer	Zhuhai	USD24.1	Commercial project management	42,499	4.2%	Since 2013
Total					**282,559**	**27.8%**	

Customer	Customer type	Regions of operation	Registered capital	Services provided by us	Revenue	As a percentage of total revenue	Period of business relationship
			(in millions)		*(RMB in thousands)*		
Year ended December 31, 2018							
1. Customer F	Private property developer	Hangzhou	USD120.0	Commercial project management	62,332	4.2%	Since 2015
2. Customer E[(1)]	State-owned property developer	Zhuhai	USD24.1	Commercial project management	58,722	4.0%	Since 2013
3. Customer B	Private property developer	Hainan	RMB20.0	Commercial project management	57,869	3.9%	Since 2014
4. Customer G	Private property developer	Shandong	RMB56.0	Commercial project management	54,168	3.7%	Since 2014
5. Customer H	Private property developer	Shanghai	RMB378.0	Commercial project management	53,217	3.6%	Since 2010
Total					**286,308**	**19.3%**	
Year ended December 31, 2019							
1. Customer I	State-owned property developer	Zhejiang	RMB1,000.0	Government project management	102,475	5.1%	Since 2018
2. Customer E	State-owned property developer	Zhuhai	USD24.1	Commercial project management	94,114	4.7%	Since 2013
3. Customer B	Private property developer	Hainan	RMB20.0	Commercial project management	81,732	4.1%	Since 2014
4. Customer J	Private property developer	Shandong	RMB60.0	Commercial project management	78,413	3.9%	Since 2012
5. Customer K	Private property developer	Anhui	RMB837.0	Commercial project management	52,112	2.6%	Since 2017
Total					**408,846**	**20.5%**	

Note:

(1) Customer E is a subsidiary of a property developer company listed on the Hong Kong Stock Exchange.

We have established on-going business relationships and co-operations with our top five customers during the Track Record Period. We entered into project management agreements with our Project Owners, the typical terms of which were described in "– Project Management Business – Commercial Project Management – Major Contractual Terms" and "– Project Management Business – Government Project Management – Major Contractual Terms." We generally do not grant a credit term to our Project Owners and we settle payments from customers typically by bank transfers.

All of our five largest customers during the Track Record Period were independent third parties. As of 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. As of the Latest Practicable Date, none of our Directors, their close associates or any Shareholders who, to the knowledge of our Directors, owned more than 5% of our issued share capital, had any interest in any of our five largest customers. We do not have any long-term agreements with our five largest customers. We typically enter into agreements with our customers on a project-by-project basis, in which the tenure of such agreement depends on the duration of each project development plan.

SUPPLIERS

We have established stable business relationship with our suppliers, which consisting mainly our joint venture business partners and third parties we cooperated with to develop our commercial project management business. In 2017, 2018 and 2019, service fees paid to our five largest suppliers accounted for approximately 68.9%, 56.9% and 49.7% respectively, of our total purchases (including service fees). For the same periods, service fees paid to our single largest supplier accounted for approximately 31.0%, 15.1% and 10.8%, respectively, of our total purchases (including service fees).

The following table sets out details of our five largest suppliers based on total purchases (including service fees) during the Track Record Period:

Supplier	Background of the supplier	Amount of service fees paid	As percentage of total purchases (including service fees)	Period of business relationship
		(RMB in thousands)		
Year ended December 31, 2017				
1. Greentown Jingfeng[(1)(2)]	A project management company based in Ji'nan, Shandong Province	23,347	31.0%	Since 2017
2. Bluetown Northern Construction[(3)(4)]	A project management company based in Beijing which provides project management services	12,697	16.8%	Since 2016
3. Supplier A	An architectural design company based in Hangzhou, Zhejiang Province which provides industrial construction design and landscape design services	6,763	9.0%	Since 2016

Supplier	Background of the supplier	Amount of service fees paid	As percentage of total purchases (including service fees)	Period of business relationship
		(RMB in thousand)		
4. Greentown Lvming Construction[1]	A project management company based in Hangzhou, Zhejiang Province	4,993	6.6%	Since 2017
5. Zhejiang Shidai[1]	A project management company based in Hangzhou, Zhejiang Province	4,173	5.5%	Since 2017
Total		**51,973**	**68.9%**	

Notes:

1. We hold an equity stake in this entity but without control over decision making. It is accounted for as a joint venture of our Group and its financial results are not consolidated into our Group's financial statements.

2. Greentown Jingfeng, one of our business partners engaged in the provision of commercial project management services as our major supplier, was also one of our customers under the cooperation with business partners model during the Track Record Period. See "– Project Management Business – Commercial Project Management – Cooperation with Business Partners" for details of such arrangement. Revenue generated from our cooperation with Greentown Jingfeng accounted for 2.9%, 2.3% and 2.1%, respectively, of our total revenue in the years ended December 31, 2017, 2018 and 2019, while the service fees paid to this company amounted for 30.9%, 8.0% and 4.0%, respectively, of our total purchases (including service fees) during the same periods.

3. It is controlled by an independent third party who was the legal representative, a director and an indirect shareholder of Greentown Northern Construction (a joint venture of our Group) as of the Latest Practicable Date.

4. Bluetown Northern Construction, one of our business partners engaged in the provision of commercial project management services as our major supplier, was also one of our customers under the cooperation with business partners model during the Track Record Period. See "– Project Management Business – Commercial Project Management – Cooperation with Business Partners" for details of such arrangement. Revenue generated from our cooperation with Bluetown Northern Construction Management Limited accounted for 2.9%, 3.9% and 1.6%, respectively, of our total revenue in the years ended December 31, 2017, 2018 and 2019, while the service fees paid to this company amounted for 16.8%, 13.9% and 3.1%, respectively, of our total purchases (including service fees) during the same periods.

Supplier	Background of the supplier	Amount of service fees paid	As percentage of total purchases (including service fees)	Period of business relationship
		(RMB in thousands)		
Year ended December 31, 2018				
1. Greentown Lvming Construction[(1)]	A project management company based in Hangzhou, Zhejiang Province	47,107	15.1%	Since 2017
2. Bluetown Northern Construction[(2)(3)]	A project management company based in Beijing which provides project management services	43,410	13.9%	Since 2016
3. Greentown Northern Construction[(1)(4)]	A project management company based in Beijing	33,658	10.8%	Since 2017
4. Greentown Shenye[(1)] . .	A project management company based in Hangzhou, Zhejiang Province	28,500	9.1%	Since 2017
5. Greentown Jingfeng[(1)(5)].	A project management company based in Ji'nan, Shandong Province	24,853	8.0%	Since 2017
Total		**177,528**	**56.9%**	

Notes:

1. We hold an equity stake in this entity but without control over decision making. It is accounted for as a joint venture of our Group and its financial results are not consolidated into our Group's financial statements.

2. It is controlled by an independent third party who was the legal representative, a director and an indirect shareholder of Greentown Northern Construction (a joint venture of our Group) as of the Latest Practicable Date.

3. Bluetown Northern Construction, one of our business partners engaged in the provision of commercial project management services as our major supplier, was also one of our customers under the cooperation with business partners model during the Track Record Period. See "– Project Management Business – Commercial Project Management – Cooperation with Business Partners" for details of such arrangement. Revenue generated from our cooperation with Bluetown Northern Construction Management Limited accounted for 2.9%, 3.9% and 1.6%, respectively, of our total revenue in the years ended December 31, 2017, 2018 and 2019, while the service fees paid to this company amounted for 16.8%, 13.9% and 3.1%, respectively, of our total purchases (including service fees) during the same periods.

4. Greentown Northern Construction, one of our business partners engaged in the provision of commercial project management services as our major supplier, was also one of our customers under the cooperation with business partners model during the Track Record Period. See "– Project Management Business – Commercial Project Management – Cooperation with Business Partners" for details of such arrangement. Revenue generated from our cooperation with Greentown Northern Construction accounted for 1.1%, 3.6% and 4.0%, respectively, of our total revenue in the years ended December 31, 2017, 2018 and 2019, while the service fee paid to this company amounted for 4.8%, 10.8% and 9.5%, respectively, of our total purchases (including service fees) during the same periods.

5. Greentown Jingfeng, one of our business partners engaged in the provision of commercial project management services as our major supplier, was also one of our customers under the cooperation with business partners model during the Track Record Period. See "– Project Management Business – Commercial Project Management – Cooperation with Business Partners" for details of such arrangement. Revenue generated from our cooperation with Greentown Jingfeng accounted for 2.9%, 2.3% and 2.1%, respectively, of our total revenue in the years ended December 31, 2017, 2018 and 2019, while the service fee paid to this company amounted for 30.9%, 8.0% and 4.0%, respectively, of our total purchases (including service fees) during the same periods.

Supplier	Background of the supplier	Amount of service fees paid	As percentage of total purchases (including service fees)	Period of business relationship
		(RMB in thousands)		
Year ended December 31, 2019				
1. Greentown Lvming Construction[1]	A project management company based in Hangzhou, Zhejiang Province	75,582	10.8%	Since 2017
2. Greentown Shenye[1] . .	A project management company based in Hangzhou, Zhejiang Province	72,202	10.3%	Since 2017
3. Zhejiang Greentown Fanxing Management Consultation Company Limited[2]	A management consultation and human resources management company based in Hangzhou, Zhejiang Province	70,774	10.1%	Since 2019
4. Greentown Northern Construction[1][3].	A project management company based in Beijing	66,537	9.5%	Since 2017
5. Shandong Bluetown[1] .	A project management company based in Dezhou, Shandong Province	63,159	9.0%	Since 2014
Total		**348,254**	**49.7%**	

Notes:

1. We hold an equity stake in this entity but without control over decision making. It is accounted for as a joint venture of our Group and its financial results are not consolidated into our Group's financial statements.

2. Zhejiang Greentown Fanxing Management Consultation Company Limited, one of our associates engaged in the provision of management consultation and human resources management, was one of our major suppliers. See "– Employee – BPO Arrangement" for details of such arrangement. Revenue generated from our cooperation with Zhejiang Greentown Fanxing Management Consultation Company Limited accounted for nil, nil and nil, respectively, of our total revenue in the years ended December 31, 2017, 2018 and 2019, while the service fees paid to this company amounted for nil, nil and 10.1%, respectively, of our total purchases (including service fees) during the same periods.

3. Greentown Northern Construction, one of our business partners engaged in the provision of commercial project management services as our major supplier, was also one of our customers under the cooperation with business partners model during the Track Record Period. See "– Project Management Business – Commercial Project Management – Cooperation with Business Partners" for details of such arrangement. Revenue generated from our cooperation with Greentown Northern Construction accounted for 1.1%, 3.6% and 4.0%, respectively, of our total revenue in the years ended December 31, 2017, 2018 and 2019, while the service fees paid to this company amounted for 4.8%, 10.8% and 9.5%, respectively, of our total purchases (including service fees) during the same periods.

As of 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 and, to the best of our Directors' knowledge, none of our Directors, their respective close associates or any person who, to the knowledge of our Directors, owned more than 5% of our issued share capital, had any interest in any of our five largest suppliers during the Track Record Period, except that Greentown China (our sole shareholder as of the Latest Practicable Date) has an indirect interest through us in those suppliers which are our joint ventures. Since the fourth quarter of 2016, in order to quickly expand our business operation into our targeted regions and markets in an effective and cost efficient manner, we started to cooperate with JV partners to establish joint ventures and form cooperation arrangements with such joint ventures in addition to operating by ourselves, to provide project management services. See "– Project Management Business – Commercial Project Management Project – Cooperation with Business Partners" for details. The transactions between these suppliers and us would constitute related party transactions. See note 41 in the Accountants' Report in Appendix I of this prospectus for details.

SALES AND MARKETING

We have a business development team based at our headquarters, which is responsible for planning and developing our overall marketing strategies, conducting market research and coordinating all of our marketing activities such as promoting the "Greentown" brand and our service capabilities to acquire new Project Owners and maintain and strengthen our relationships with existing Project Owners.

We primarily rely on our own sales and marketing efforts and word-of-mouth recommendation of our strategic partners, to acquire mandates for new project management projects. We believe that our marketing efforts increase the Project Owners' familiarity with the "Greentown" brand and our project management services. There is increasingly strong demand from the Project Owners for project management services with professional teams, standardized management system and industry leading standards, stringent product quality control, network of qualified contractors and suppliers and premium pricing strategies. We have targeted our marketing efforts towards smaller developers and financial institutions through our development programs. We held public promotional activities and placed advertisements on multimedia sources such as newspapers and the Internet to promote our business and enhance brand recognition.

COMPETITION

The project management market in the PRC is highly competitive and experienced rapid growth over the past decade due to the economic surge, easing of monetary policy and huge domestic demand in the real estate and project management market. In recent years, a large number of property developers have undertaken project management services. According to China Index Academy, there were 28 sizeable project management companies in the PRC in 2019, undertaking projects with an aggregate contracted GFA of approximately 275.6 million sq.m., 59.0% and 71.1% of which were managed by the top five and top 10 companies in the project management industry, respectively, in 2019. The project management industry is still at a preliminary development stage and may gradually develop as a separate industry from the broader property development industry. Our major competitors include large national and regional project management companies in the PRC real estate industry. We believe that the principal competitive factors include, among others, operation scale, price and quality of services, brand recognition and financial resources. The "Greentown" brand, which we believe represents quality and reliability, allows us to stand out among our competitors in the Zhejiang Province and other cities across provinces, municipalities and autonomous regions in China.

For further discussion of our competitive environment, see the sections headed "Industry Overview" and "Risk Factors – Risks Relating to Our Business and Our Industry – Increasing competition in the PRC project management market may adversely affect our business and financial condition" in this prospectus.

EMPLOYEES

As of December 31, 2019, we had 1,812 full-time employees, all of whom were based in China. The following tables show breakdowns of our employees by business function and by educational background as of December 31, 2019:

	Number of employees	% of total employees
Management personnel	110	6.1%
Human resources, administration, legal, information technology and others	162	8.9%
Research and development and operational management	111	6.1%
Finance management	37	2.0%
Project management	1,359	75.0%
Business Development	33	1.8%
Total	1,812	100.0%

	Number of employees	% of total
Master's degree or above	236	13.0%
Bachelor's degree	1,275	70.4%
Associate degree and others	301	16.6%
Total	1,812	100.0%

We believe the sustainability of our growth depends on the capability and loyalty of our employees. Our management recognizes the importance of realizing personal values for our employees and promotes a transparent appraisal system for all our employees seeking career advancement across different business departments. Our appraisal system provides the basis for making human resource decisions such as remuneration adjustment, granting bonuses, career promotion and employee share incentive programs.

We recruit high-quality talents from multiple channels, including but not limited to through online job banks, campus recruit events, headhunters and internal referral. We enter into individual employment contracts with our full-time employees.

In order for us to maintain a competitive edge in the marketplace, we will continue to focus on attracting and retaining qualified professionals by offering a performance-based and market-driven compensation structure that rewards performance and results. In accordance with applicable PRC laws and regulations, we provide our employees with benefits, such as basic pension insurance, basic medical insurance, workplace injury insurance, unemployment insurance, maternity insurance and housing provident funds.

We recognize the importance of having a team of well-trained and home-grown employees and provide them with comprehensive training programs focused on product awareness, risk management and professional ethics to improve their business skills, enhance their ability to manage risks and to help them demonstrate a high standard of diligence. In March 2017, we established the "Greentown Management College (綠城管理學堂)," a strategic platform of the Project Management 4.0 management system providing extensive training programs. Greentown Management College not only serves as a platform for our employees to share and exchange their skills and knowledge, it also opens to the suppliers and Project Owners within our industrial chain to share their experiences and receiving trainings in relation to construction management. The faculty of Greentown Management College are formed by members of our management team and through a class room setting, we aim to facilitate an environment where we can provide standardized trainings and where our management team can share their experience and knowledge with our Project Owners, contractors, suppliers and employees.

As required by the PRC laws and regulations, we participate in various employee social security plans for our employees that are administered by local governments, including, among others, basic pension insurance, basic medical insurance, workplace injury insurance, unemployment insurance, maternity insurance and housing provident funds. In 2017, 2018 and 2019, the aggregate amount of social insurance payments that we made was approximately RMB27.2 million, RMB34.1 million and RMB36.2 million, respectively, and the housing provident fund contributions that we made was RMB13.6 million, RMB17.7 million and RMB20.3 million for the same periods. During the Track Record Period and up to the Latest Practicable Date, we did not make full contributions to the social insurance plans and the housing provident fund for a certain number of our employees in accordance with the relevant PRC laws and regulations. This was primarily caused by different levels of acceptance of the social insurance plans by our employees and inconsistent implementation or interpretation of relevant laws and regulations by local authorities in the PRC. We estimate that the aggregate amount of social insurance payments that we did not make was RMB3.9 million, RMB8.9 million and RMB14.4 million in 2017, 2018 and 2019, respectively, and the housing provident fund contributions that we did not make was RMB3.8 million, RMB5.0 million and RMB8.4 million for the same periods, respectively. See the section headed "Risk Factors – Risks Relating to Our Business and Our Industry – Failure to make adequate statutory social welfare payments for our employees may subject us to penalties." Our PRC Legal Adviser is of the view that as of the Latest Practicable Date the likelihood that the relevant authorities will take initiatives to require us to make up the shortfall or penalize us for our outstanding social insurance and housing provident fund contributions was relatively low. Based on the foregoing, our Directors are of the view that our outstanding social insurance and housing provident fund contributions has not had and will not have a material adverse impact on our business or results of operations. Going forward, we will review our social insurance and housing provident fund contributions on a regular basis, and make full contribution to the social insurance fund and/or housing provident fund for all of our employees in accordance with the applicable legal requirements to ensure full compliance with the relevant PRC laws and regulations on social insurance fund and housing provident fund.

During the Track Record Period, we had not experienced any labor strikes or other material labor disputes that have affected our operations. We believe that our senior executives, labor unions and employees will continue to maintain good relationships with each other.

BPO Arrangement

In order to achieve operational efficiency, since July 2019, we have engaged Zhejiang Greentown Fanxing Management Consultation Company Limited (浙江綠城繁星管理諮詢有限公司) ("Zhejiang Greentown Fanxing"), which is engaged in the provision of management consultation and human resources management services, to provide assistance for our project management teams in the provision of comprehensive services such as construction management, cost management and sales and marketing management to our Project Owners on a project-by-project basis. We have 20% equity interest in this company, and the ultimate beneficial owners of the remaining 80% equity interest in this company are two individuals who were our former employees (and not members of our Board or our senior management) and are currently our independent third parties. During the Track Record Period, the Group was the sole customer of Zhejiang Greentown Fanxing. As of December 31, 2019, the Group has engaged Zhejiang Greentown Fanxing to provide services in 33 project management projects in China, and the revenues generated from these projects were RMB425.2 million, accounting for 21.3% of our total revenues for the year ended December 31, 2019.

The commercial rationale for the BPO arrangement is to allow us to (i) reduce our overall staff costs since junior employees normally are in large number and have higher mobility, which will take up a large portion of our staff management resources, including, among others, payment of social insurance, housing fund and other mandatory employee welfare, and maintaining sufficient number of employees at all levels. Through outsourcing the junior employees, we will only need to pay Zhejiang Greentown Fanxing for the BPO services rendered and thus reduce our overall staff costs; and (ii) with the BPO arrangement in place, we are able to focus more on recruiting and retaining middle to senior-level employees to build up a stable management team of professionalism, experience and expertise, which will improve our competitiveness and working efficiency. With an optimized staff cost structure and a stable management team, we believe that we are able to streamline our employee management and improve the operational efficiency.

We and this BPO company have entered into a five-year term business cooperative framework agreement and will enter into separate service cooperative agreements on a project-by-project basis. Pursuant to the five-year business cooperative framework agreement between this BPO company and us, (i) the general service scope of this BPO company covers basic work in project construction management, cost management, marketing management, project acceptance and delivery management, human resources management, and administrative management and may vary, depending on the needs of our project management teams in each project we manage and as stipulated in the respective service cooperative agreement for each project; (ii) the BPO company is obligated to provide support with sufficient manpower with qualifications and applicable work experience based on our requirements; (iii) we will perform regular review on their service performance and may request it to change the project personnel assigned to our managed projects at our discretion, rectify any under-performance within a time limit, or terminate the agreement if it does not meet our requirements or in the event of a breach of contract; and (iv) the entry into of this agreement shall not establish any contractual relationship between the BPO company, whether in our name or acting as our agent, and the Project Owners. A list of services required in each our managed project, the number and requirements of the employees of the BPO company to be assigned to our managed project, the settlement of the monthly service payment and other detailed arrangement are stipulated in the respective services cooperative agreement between the BPO company and us. Such service cooperative agreement at the project level has an indefinite term, which is subject to the construction and sales schedules of our managed projects, breach of contract provisions therein as well as general terms in the business cooperative framework agreement. Furthermore, the monthly service payment stipulated in the respective services cooperative agreements are determined on a cost-plus basis having considered (i) the scope of services provided; and (ii) staffing plan of Zhejiang Greentown Fanxing, in each managed project, depending on the project size and the number of staffs required. For the years ended December 31, 2017, 2018 and 2019, service fees paid/payable to Zhejiang Greentown Fanxing were nil, nil and RMB70.8 million, respectively.

The terms of the business cooperation framework agreement with Zhejiang Greentown Fanxing are negotiated on an arm's length basis. We believe that the BPO arrangement are in the best interest of our shareholders and us since the cost-plus pricing it adopted is generally preferential to us in terms of time and cost efficiency.

To the best of our knowledge, information and belief, except that (i) we are a minority shareholder of this BPO company with an employee (who is not a member of our Board or our senior management) acting as a director of this company; (ii) some of our former employees have joined this BPO company as ultimate beneficial owners, director, supervisor or employees; and (iii) our business relationship with this BPO company as described above, none of our Company, subsidiaries, shareholder, directors, senior management and any of their respective associates has past or present relationship (including business, family, financing, employment or otherwise) with this BPO company. Except for our employee who serves as a director of the BPO company, our PRC Legal Adviser advises that the employees of this BPO company with whom it enters into labor contracts are not our employees since we have not established any labor relationship with these employees under the PRC laws and regulations, and we are not responsible for any labor dispute or payment of social insurances and provident funds for these employees.

RESEARCH AND DEVELOPMENT

We have a product research and development center responsible for developing various design aspects, focusing on market highlights and pain points of market players in project management, and promotion of innovative solutions in terms of functional refinement, cost-effectiveness, technology update and policy-oriented upgrade of our products and services. Our research and development results can be applied to our project management projects with a view to improve the quality, streamline the process and reduce the cost. Most of the research and development personnel in our product research and development center have college degrees. Our research and development expenses during the Track Record Period were insignificant, which mainly included our staff cost incurred in relation to our research and development personnel.

INTELLECTUAL PROPERTY

We regard our intellectual property rights as critical to our success. We primarily rely on laws and regulations on trademarks and trade secrets and our employees' and third parties' contractual commitments to confidentiality and non-competition to protect our intellectual property rights. As of the Latest Practicable Date, we had 24 trademarks registered in the PRC and 11 trademark applications pending approval by the Trademark Bureau. As of the same date, we had 23 patents registered and ten software copyrights registered in the PRC. In addition, we are also the registered owner of our website domain, lcgljt.com. See "Statutory and General Information" in Appendix IV of this prospectus for further details.

Our Parent Company has granted us a license to use the "綠城" (Greentown) and related trademarks pursuant to a trademark licensing agreement entered into between dated February 24, 2020. The term of the trademark licensing agreement is from the date of the agreement and for an initial 10 years from after the Listing. See "Connected Transactions." The licensed trademarks under this agreement have expiration dates ranging from November 6, 2023 to January 13, 2030. See "Risk Factor – Risks Relating to our Business and our Industry – Any inappropriate use of any of the "綠城" (Greentown) or related trademarks and deterioration in the "綠城" (Greentown) brand image could adversely affect our business" for the risks associated with trademarks or brand names including the Trademark License Agreement.

During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any intellectual property infringement claims of any third party or by any third party which had any material impact on our Group. See "Risk Factors – Risks relating to Our Business and Our Industry – Any inappropriate use of any of the "綠城" (Greentown) or related trademarks and deterioration in the "綠城" (Greentown) brand image could adversely affect our business" of this prospectus for further details.

AWARDS AND RECOGNITIONS

We have received numerous awards recognizing our achievements in various aspects of our business and service offerings. The following table sets forth some of the awards and accolades we have received:

Year	Awarded Entity/Individual	Award/Accreditation	Awarding Organization
2017-2019. . .	Greentown Management	China's Leading Enterprise in Real Estate Project Management Operation (2017-2019年中國房地產代建運營優秀企業)	China Real Estate Top 10 Research Team (中國房地產Top 10研究組)
2018-2019. . .	Greentown Management	Annual Influential Business Model Award (年度影響力商業模式大獎)	Guandian Real Estate New Media Co., Ltd. (觀點地產新媒體)
2017-2019. . .	Greentown Management	Annual CSR Contribution Award (年度CSR貢獻獎)	Economic Observer Newspaper (經濟觀察報)
2018	Yiwu and Hejuyuan Projects (義烏和聚園項目)	Civil Engineering Zhan Tianyou Gold Award for Outstanding Residential Community in China (中國土木工程詹天佑獎優秀住宅小區金獎)	China Civil Engineering Society (中國土木工程學會)
2017	Greentown Management	Business Model Award in the PRC Real Estate Industry (中國房地產商業模式年度大獎)	Guandian Real Estate New Media Co., Ltd. (觀點地產新媒體)
	Greentown Management	China's Value-Growth Leading Real Estate Company (中國房地產成長價值領軍企業)	Guandian Real Estate New Media Co., Ltd. (觀點地產新媒體)
	Yiwu Anhu Home Project (義烏安福家園項目)	Energy-saving and environmentally friendly residential property showcase project (節能環保型住宅國家康居示範工程)	Ministry of Housing and Urban-Rural Housing Industrialization Center (國家住建部住宅產業化中心)

Year	Awarded Entity/Individual	Award/Accreditation	Awarding Organization
	Yiwu Beiyuan and Juyuan Project (義烏北苑和聚園項目)	Energy-saving and environmentally friendly residential property showcase project (節能環保型住宅國家康居示範工程)	Ministry of Housing and Urban-Rural Housing Industrialization Center (國家住建部住宅產業化中心)
2013-2014. . .	Nanjing public housing (南京岱山保障房項目)	Guangsha Award (廣廈獎)	The PRC government at national level (中國房地產業協會/住房和城鄉建設部住宅產業化促進中心)
2013	Qiandaohu Pearl Plaza (千島湖珍珠廣場)	4th China Artistic Environment Gold Award (第四屆中國環境藝術金獎)	Architectural Society of China (中國建設文化藝術協會/環境藝術專業委員會)

PROPERTIES

Owned Properties

As of the Latest Practicable Date, we owned a total of 31 properties in Hangzhou, the PRC, with an aggregated floor area of approximately 5,035 sq.m., which we use as our office. As of the same date, we also owned 25 properties located in Hangzhou, Shengzhou, Huzhou and Ningbo, the PRC, with an aggregated floor area of approximately 2,481 sq.m., for which we held as investment properties. Our PRC Legal Advisors have confirmed that we have obtained the real estate ownership certificates for these properties. The following table sets forth details of our owned properties:

No.	Description/Location	Gross Site Area
		(sq.m.)
1. . .	Room 701, Block 3, Xixi International Business Center, Xihu district, Hangzhou	294.87
2. . .	Room 702, Block 3, Xixi International Business Center, Xihu district, Hangzhou	147.91
3. . .	Room 703, Block 3, Xixi International Business Center, Xihu district, Hangzhou	242.42
4. . .	Room 704, Block 3, Xixi International Business Center, Xihu district, Hangzhou	248.45
5. . .	Room 705, Block 3, Xixi International Business Center, Xihu district, Hangzhou	60.78

No.	Description/Location	Gross Site Area
		(sq.m.)
6. . .	Room 706, Block 3, Xixi International Business Center, Xihu district, Hangzhou	60.33
7. . .	Room 707, Block 3, Xixi International Business Center, Xihu district, Hangzhou	122.28
8. . .	Room 801, Block 3, Xixi International Business Center, Xihu district, Hangzhou	294.87
9. . .	Room 802, Block 3, Xixi International Business Center, Xihu district, Hangzhou	147.91
10. . .	Room 803, Block 3, Xixi International Business Center, Xihu district, Hangzhou	242.42
11. . .	Room 804, Block 3, Xixi International Business Center, Xihu district, Hangzhou	248.45
12. . .	Room 805, Block 3, Xixi International Business Center, Xihu district, Hangzhou	60.78
13. . .	Room 806, Block 3, Xixi International Business Center, Xihu district, Hangzhou	60.33
14. . .	Room 807, Block 3, Xixi International Business Center, Xihu district, Hangzhou	122.28
15. . .	Room 901, Block 3, Xixi International Business Center, Xihu district, Hangzhou	283.76
16. . .	Room 902, Block 3, Xixi International Business Center, Xihu district, Hangzhou	144.08
17. . .	Room 903, Block 3, Xixi International Business Center, Xihu district, Hangzhou	117.72
18. . .	Room 904, Block 3, Xixi International Business Center, Xihu district, Hangzhou	191.84
19. . .	Room 905, Block 3, Xixi International Business Center, Xihu district, Hangzhou	58.35
20. . .	Room 906, Block 3, Xixi International Business Center, Xihu district, Hangzhou	57.92
21. . .	Room 907, Block 3, Xixi International Business Center, Xihu district, Hangzhou	114.55
22. . .	Room 201, Block 3, Xixi International Business Center, Xihu district, Hangzhou	294.87
23. . .	Room 809, Block 1, Xixi International Business Center, Xihu district, Hangzhou	220.49
24. . .	Room 801, Block 1, Xixi International Business Center, Xihu district, Hangzhou	248.18
25. . .	Room 802, Block 1, Xixi International Business Center, Xihu district, Hangzhou	108.93

No.	Description/Location	Gross Site Area
		(sq.m.)
26. . .	Room 803, Block 1, Xixi International Business Center, Xihu district, Hangzhou	106.11
27. . .	Room 804, Block 1, Xixi International Business Center, Xihu district, Hangzhou	84.88
28. . .	Room 805, Block 1, Xixi International Business Center, Xihu district, Hangzhou	169.20
29. . .	Room 806, Block 1, Xixi International Business Center, Xihu district, Hangzhou	266.93
30. . .	Room 807, Block 1, Xixi International Business Center, Xihu district, Hangzhou	109.11
31. . .	Room 808, Block 1, Xixi International Business Center, Xihu district, Hangzhou	103.76
32. . .	Room 105-205, Block 1, Qinyuan, Yulan Garden, Jincheng Street, Linan, Hangzhou	186.84
33. . .	Room 104-204, Block 2, Qinyuan, Yulan Garden, Jincheng Street, Linan, Hangzhou	153.87
34. . .	Room 106, Block 6, Qinyuan, Yulan Garden, Jincheng Street, Linan, Hangzhou	169.02
35. . .	Room 101-201, Block 8, Qinyuan, Yulan Garden, Jincheng Street, Linan, Hangzhou	193.81
36. . .	Room 105, Block 8, Qinyuan, Yulan Garden, Jincheng Street, Linan, Hangzhou	105.34
37. . .	Jinghuan West Road 506-11, Shengzhou	66.28
38.. .	Jinghuan West Road 506-12, Shengzhou	66.28
39.. .	Jinghuan West Road 506-13, Shengzhou	66.28
40. . .	Jinghuan West Road 506-15, Shengzhou	66.28
41. . .	Jinghuan West Road 506-16, Shengzhou	42.54
42. . .	Jinghuan West Road 506-17, Shengzhou	75.81
43. . .	Jinghuan West Road 506-18, Shengzhou	71.27
44. . .	Jinghuan West Road 506-19, Shengzhou	74.12
45. . .	Jinghuan West Road 506-20, Shengzhou	88.25
46. . .	Jinghuan West Road 506-21, Shengzhou	88.25
47. . .	Jinghuan West Road 506-22, Shengzhou	74.12
48. . .	Jinghuan West Road 506-23, Shengzhou	68.34
49. . .	Jinghuan West Road 506-26, Shengzhou	79.40
50. . .	Jinghuan West Road 506-27, Shengzhou	42.08
51. . .	Jinghuan West Road 512-28, Shengzhou	39.71
52. . .	Jinghuan West Road 512-29, Shengzhou	43.83
53. . .	Jinghuan West Road 512-58, Shengzhou	74.47
54. . .	Jinghuan West Road 512-59, Shengzhou	80.16
55. . .	No. 1084, Qiandong Street, Taihu Street, Changxing County, Huzhou	118.43
56. . .	Room 101, Block 17, Hui Garden, Zhouxiang, Ningbo	346.19

No single property interest that forms part of non-property activities has a carry amount of 15% and no single property interest that forms part of property activities has a carry amount of 1%, of our total assets as of December 31, 2019. Accordingly, we are not required by Chapter 5 of the Listing Rules to value or include in this prospectus any valuation report of our property interests, and, pursuant to section 6(2) of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong), this prospectus is exempted from compliance with the requirements of section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance and paragraph 34(2) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

Leased Properties

As of the Latest Practicable Date, we entered into 43 lease agreements in the PRC from independent third parties (including a director of one of our joint ventures). The relevant lease agreements have lease expiration dates ranging from August 14, 2020 to April 15, 2039. We use most leased properties as our office. Some of the lessors to these leases have not provided us with evidence of the right to lease such properties. Therefore, we cannot guarantee that the lessors from whom we leased such properties are the landlords and have the right to lease such properties to us. If the relevant right holders or other third parties challenge our use of such leased properties and we may be required to relocate on short notice. Our Directors do not anticipate any material difficulty in identifying comparable alternative premises if we need to relocate for our operation.

As of the Latest Practicable Date, we did not register 42 of such lease agreements. We sought cooperation from the landlords at the leased properties to register such executed lease agreements. Registration of lease agreements requires the submission of certain documents of landlords, including their identity documentation and property ownership certificates, to the relevant authorities and therefore the registration is subject to cooperation of landlords which is not within our control. Our PRC Legal Advisor has advised us that the lack of registration will not affect the validity and enforceability of these lease agreements. However, the relevant government authorities may require us to rectify these unregistered lease agreements within a certain period of time and, if we fail to so rectify, impose a fine of up to RMB10,000 for each unregistered lease agreement. See "Risk Factors – Risks Relating to Our Business and Our Industry – We may be subject to risks relating to our leased properties." As of the Latest Practical Date, we had not received any rectification order or been subject to any fines in respect of non-registration of any of our lease agreements. Our Directors believe that these unregistered lease agreements would not have a material operational or financial impact on us.

INSURANCE

We maintain standard insurance, including vehicle, life and disability, as well as social insurance for our employees. Our insurance coverage is provided by reputable companies in accordance with commercially reasonable standards. Consistent with the industry practice in China, we do not maintain business interruption insurance, key-person insurance or insurance covering potential liabilities.

We believe that our insurance coverage is sufficient for its present purposes and is consistent with the insurance coverage of other financial services companies in China. We periodically review our insurance coverage to ensure that it is adequate. See the section headed "Risk Factors – Risks Relating to our Business and our Industry – We maintain limited insurance coverage" in this prospectus for more information.

LICENSES AND PERMITS

Our PRC Legal Advisor has advised that as of the Latest Practicable Date, we had obtained all licenses, permits, approvals and certificates and made all registrations and filings necessary to conduct our operations from the relevant government authorities in the PRC and such licenses, permits, approvals, certificates, registrations and filings remained in full effect.

For risks and uncertainties associated with our licenses, approvals and permits, see the section headed "Risk Factors – Risks Relating to our Business and our Industry – Our business may be adversely affected if we fail to obtain, or experience material delays in obtaining requisite approvals, licenses and permits to conduct certain services" in this prospectus.

The table below sets forth details of our material licenses and permits:

Holder	License/Permit	Granting authority	Last renewal date	Expiry date
Greentown Management	Grade 2 Property Development Qualification (房地產開發經營企業二級資質)	Zhejiang Provincial Department of Housing and Urban-Rural Development of the PRC	December 2, 2019	December 1, 2022
Greentown Leju	Grade 2 Property Development Qualification (房地產開發經營企業二級資質)	Zhejiang Provincial Department of Housing and Urban-Rural Development of the PRC	May 7, 2019	May 7, 2022

LEGAL PROCEEDINGS AND COMPLIANCE

From time to time, we are subject to legal proceedings, investigations and claims incidental to the conduct of our business. See "Risk Factors – Risks Relating to Our Business and Our Industry – We may be involved from time to time in disputes, administrative, legal and other proceedings arising out of our projects or subject to fines and sanctions in relation to our non-compliance with certain PRC laws and regulations, and may face significant liabilities or damage to our reputation as a result" for further details. During the Track Record Period and up to the Latest Practicable Date, we had not been and were not a party to any material legal, arbitral or administrative proceedings and we were not aware of any material pending or threatened legal, arbitral or administrative proceedings against us or any of our Directors which, in the opinion of our Directors, could have a material adverse effect on our business operations or financial condition as a whole. Our Directors have confirmed that no member of our Group is currently engaged in any material litigation, arbitration or administrative proceeding.

During the Track Record Period and up to the Latest Practicable Date, other than as disclosed, we did not experience any material non-compliance with the laws or regulations which taken as a whole, in the opinion of our Directors, is likely to have a material adverse effect on our business operations or financial condition as a whole. During the same periods, we also did not experience any non-compliance with the laws or regulations which taken as a whole, in the opinion of our Directors, reflects negatively on our ability or competency or that of our Directors or our senior management to operate in a compliant manner in all material aspects. Our PRC Legal Advisor is of the opinion that, other than as disclosed in this prospectus, we have complied with all relevant PRC laws and regulations in all material respects during the Track Record Period and up to the Latest Practicable Date.

QUALITY CONTROL

Quality control is a critical aspect of our business as it has a direct impact on the brand equity. We pioneered the concept of "Greentown Star" standards which serves as the quality standards for our managed projects. See "– Our Business Model – The "Greentown Star" Standards." To implement such standards, we have compiled quality management manuals, established quality control procedures and adopted quality control measures. We have also implemented a quality supervision and management organizational structure. We conduct a series of stringent quality control tests, measured against national or industrial standards and codes, throughout the various project phases, particularly prior to the delivery phase.

To suit the needs and requirements of the Project Owners, we have a selection of preferred suppliers based on different categories of material supplies or services. We have adopted selection criteria and quality-control systems to ensure top quality partners, including construction contractors, suppliers of construction materials, and designers. We select our preferred suppliers based on their product quality, prices, services, and reliability of on-time delivery through stringent selection procedures. We identify each of the suppliers' strengths and place them into different category levels in our supplier network system. We regularly review our suppliers through assessments to ensure their continuing performance and reliability and update our preferred list. In the circumstances where we did not enter into any business contracts with certain partners or suppliers for three consecutive years, we conduct assessments and financial background checking over such partner or supplier. Failure to meet the assessment criteria will be removed from our lists of preferred suppliers, and cooling-off period applies to certain suppliers in the regional areas.

During the ordinary course of our business operations, we receive feedback and suggestions from Project Owners from time to time regarding the quality of services we provide. We have established internal procedures to record, process and respond to the feedback and suggestions, including complaints and conduct follow-up reviews of the results of our responses. During the Track Record Period, we did not experience any customer complaints about our services or products that would have a material adverse impact on our operations or financial results.

IMPACT OF COVID-19 OUTBREAK ON OUR BUSINESS

In December 2019, COVID-19 was first detected in Wuhan, China and quickly spread across China and the world. On January 30, 2020, the World Health Organization declared that the outbreak of COVID-19 constitutes a PHEIC. In February and March 2020, an increasing number of additional cases were confirmed in many other countries and regions around the world. In March 2020, the World Health Organization declared COVID-19 as a global pandemic. The accelerated spread of the virus globally has caused extreme volatility in the global financial market, including the repeated triggering of stock market "circuit breakers" in the U.S. and many other countries.

During the Track Record Period, substantially all of our revenue was generated from the Project Owners, and substantially all of our project management projects as of December 31, 2019 were, located outside of Hubei Province, the epicenter of COVID-19 in China. As of the Latest Practicable Date, we (by ourselves and through cooperation with business partners) only had three project management projects located in Hubei Province out of the total of 259 project management projects across China as of December 31, 2019 which were at different stages of development. As of the date of this prospectus, we had not encountered any incident where our employees failed to report for duty due to the COVID-19 outbreak. Since the outbreak of COVID-19, the local governments of various provinces and cities in which we operate have introduced a series of measures in order to prevent or control the epidemic, including but not limited to restrictions on enterprises from resuming work, traffic control, travel bans, management and control over commencement schedules of construction in new and exiting construction sites. As a result, our Group has not officially resumed onsite work until February 2020 and a majority of our project management projects under construction had not officially resumed onsite work until March 2020. As of the date of this Prospectus, all of our project management projects under construction had officially resumed onsite work.

The outbreak of COVID-19 has caused (i) temporary suspension, and shortage of labor and raw materials, of our project management projects under construction or to be constructed; (ii) delays in construction, sales and delivery of our project management projects; (iii) increasing pressure on operational costs and expenses as well as cash flow positions of certain Project Owners; and (iv) potential adverse impact on the PRC real estate industry and accordingly, our business operations and financial performance for the first half of 2020 as a result. As such, the outbreak of COVID-19 may also affect the business performance, such as the payment and repayment abilities, of the Project Owners, as well as the business performance, such as the overall delivery schedules, of the contractors and suppliers and our business partners, in the project management projects, which could in turn adversely affect our business operations, results of operations, financial conditions and growth prospects. See "Risk factors – Risks Relating to Our Business and Our Industry – The national and regional economies in China and our prospects may be adversely affected by COVID-19 or occurrence of other epidemics."

Our revenue decreased by 35.7% from RMB437.0 million for the three months ended March 31, 2019 to RMB281.1 million for the same period in 2020, and our gross profit decreased by 48.4% from RMB202.2 million for the three months ended March 31, 2019 to RMB104.3 million for the same period in 2020, primarily due to the temporary suspension of our business operations and our project management projects in the first quarter of 2020 as a result of the COVID-19 outbreak. In the three months ended March 31, 2020, we (by ourselves and through cooperation with business partners) had 14 newly contracted project management projects with newly contracted GFA of 3.2 million sq.m., as compared with 22 newly projects with newly contracted GFA of 6.4 million sq.m. for the same period of 2019.

In view of the COVID-19 outbreak, we have adopted the following business contingency plans since February 2020:

- evaluate the construction, sales and delivery schedules of, and the impact of the outbreak of COVID-19 on, each project management project and if needed, liaise with the relevant Project Owner to discuss the business contingency plan;

- once our affected projects are permitted to resume work, liaise with the relevant Project Owners and the contractors to formulate feasible project operational plans. In the event of any shortage of labor and/or raw materials, we may allocate more human resources to assist the relevant Project Owners and contractors to accelerate the construction work, and seek alternative raw materials and services providers within our network of quality contractors and suppliers, so these projects can meet the planned construction schedules to the extent possible;

- evaluate existing contracts between the Project Owners and the home owners of affected projects and if needed, assist the Project Owners to communicate with the home owners for extension of delivery timetables;

- for those affected projects that have not received the permits to resume work, assist the relevant Project Owners and contractors to prepare application materials for submission with the local governments to request for the permits or notices required for the resumption of work or otherwise communicate with the local governments for such permits or notices before they resume the construction work;

- allow our employees to work remotely after the Chinese New Year holiday and before we officially resumed work to minimize the adverse impact from the outbreak of COVID-19 on our employees and us;

- establish a set of stringent hygiene measures in the office buildings and project management projects and request each employee to report his/her health conditions on a daily basis; and

- explore online sales opportunities for our project management projects that are at their sale stages to mitigate the adverse affect of this outbreak on the sales activities of our project management projects.

We have also adopted a set of precautionary measures for the COVID-19 outbreak since we resumed onsite work in February 2020 whereby our employees, our business partners, contractors and suppliers and subcontractors shall take all practicable steps in our properties and our project management projects to maintain a safe environment.

We believe we have sufficient hygiene measures to prevent and control the COVID-19 outbreak which include the following measures to be taken under management:

- temperature screening at entry of buildings;

- hand and desk sanitizing;

- disinfection of common areas; and

- provision of masks to employees and subcontractors.

Furthermore, we have provided training sessions and guidelines for our employees, our business partners and our subcontractors to ensure that they are aware of the requirements of our contingency plan and that the measures are properly implemented.

We are constantly monitoring the situations of the COVID-19 outbreak as well as various regulatory and administrative measures adopted by the local governments to prevent and control the epidemics. If the situations deteriorate, we will continue to evaluate the impact from this outbreak on us and may enhance our measures to mitigate any adverse effect on our business operations, results of operations, financial positions and prospects.

Our Director are of the view that our business operation, results of operations, financial positions and prospects are expected to be adversely affected by the COVID-19 outbreak in 2020 and accordingly, our profit for the year ending December 31, 2020 may decrease, although the full extent to which the COVID-19 impacts our results will depend on future developments that are highly uncertain and cannot be predicted, after taking into consideration the following mixed factors:

(i) we are an asset-light project management service provider and the nature of our business is not labor intensive and are not generally subject to various risks in relation to supply of raw materials and labor shortage that traditional real estate developers may face with as a result of the COVID-19 outbreak;

(ii) the outbreak of COVID-19 is expected to result in delays in the timetable for our project management projects in the first half of 2020 based on the current information we have and assuming that the outbreak of COVID-19 in the PRC will not be prolonged significantly. However, since market players in the PRC real estate industry traditionally have relatively lower business levels in January and February of each year due to the Chinese New Year holiday, we believe that our Project Owners and the contractors of those affected projects may still meet the milestones or completion dates set for in the respective projects if such dates are within or after the third and fourth quarters of 2020 because they can practicably accelerate their work to meet the timetable after the outbreak becomes under control or ceases to affect normal business operations;

(iii) in the event that significant delays in construction and delivery schedule are inevitable, we can work closely with the relevant Project Owners and home owners to explore extension of construction and delivery schedules and if the COVID-19 outbreak constitutes a *force majeure* event according to the applicable laws and regulations, the obligations of each party under the existing contractual arrangements may be exempted;

(iv) we have sufficient working capital to satisfy our requirements for at least the next 12 months following the date of this prospectus. As of December 31, 2019, we had cash and cash equivalents amounted to RMB1,126.8 million and our unutilized banking facilities reached RMB1,019.4 million. Therefore, we believe we remain financially viable in case our operation were significantly affected. See "Summary – Recent Development and No Material Adverse Change – Impact of COVID-19 Outbreak on Our Business" for the analysis of worst case scenario;

(v) we are susceptible to the adverse changes in the PRC real estate industry in general. The COVID-19 outbreak and the governmental measures taken for disease control purposes may result in economic slowdown, recession or other developments in the social, political, economic or legal environment of the PRC which could lead to fewer new property development projects, a decline in the purchasing power of potential purchasers and lower demand for our services, all of which, together with temporary suspension of our project management projects in the first quarter of 2020, could have a negative impact on our results of operations for the first half of 2020 and such impact may extend to the second half of 2020 if no stimulus policies are implemented by the governments. Since April 2020, the PRC and some other countries have gradually lifted stay-at-home orders and began to resume work and school at varying levels and scopes, and have introduced various policies to boost the economy and stimulate the local real estate markets while continually taking various measures to reduce potential spread and impact of infection, the full extent to which these policies impact our industry and our business will depend on future development; and

(vi) according to China Index Academy, the project management industry in China is expected to continue its growth even after taking into account the outbreak of COVID-19 primarily because it becomes a more attractive way to develop property, compared to traditional property development, in that it offers featured products and strong capability to small and medium-sized property developers and helps cooperated financial institutions to improve the return rate of the projects by source financing and providing project management services at the same time, and as a result, the proportion of project management out of the overall real estate development in China will continue to increase, which is expected to offset the potential adverse impact brought by the COVID-19 outbreak. See "Industry Overview – Outlook of the PRC Project Management Industry" for further details.

HEALTH, SAFETY AND ENVIRONMENTAL PROTECTION

We regard occupational health and safety and environmental protection as an important social responsibility. Since the incorporation of our Company, we have implemented various system standards, including the Greentown labor representative congress system (綠城中國職工代表大會制度), the measures for employee donation fund management (員工愛心基金管理辦法), the welfare management standard (福利管理標準), the application manual for Green Star standard (綠星標準應用手冊), the mandatory technical standards for products of the real estate industry (房產品強制性技術標準), the regulations for engineering precision management (工程精益化管理實施細則) and the guide to substitute materials on traditional Chinese design products (中式產品替代材料設計導則圖集). We have adopted a health, safety and environmental supervision and management model comprising government supervision, societal monitoring, corporate internal controls and external certifications. Each of our major operating subsidiaries has received the relevant certification for their respective health, safety and environmental management systems.

Health and Safety

Property development projects and other government-owned infrastructure development projects have been, and may in the future be, subject to unexpected incidents and accidents, resulting in fatalities and injuries caused by various hazards associated with construction, including falls from heights. During the Track Record Period and up to the Latest Practicable Date, we did not experience any accident or fatality associated with our projects.

We monitor the safety measures adopted by our construction contractors and safety aspects of the construction process through engaging independent third-party supervisory companies to oversee compliance with environmental and health and safety laws and regulations. See "– Quality Control" for further details. In relation to workplace safety on our construction sites, our construction contractors are generally responsible for any accidents or injuries not caused by us. We also require our construction contractors to purchase accident insurance to cover their workers and to adopt appropriate safety measures, including providing workers with safety training.

Save as disclosed in the section headed "– Impact of COVID-19 Outbreak on Our Business," we experienced no material interruption to our operation as a result of these accidents, nor have these accidents, individually or in the aggregate, had any impact on business relationships with our Project Owners or a material effect on our financial condition and results of operations.

Environmental Protection

The projects we manage are subject to PRC environmental laws and regulations as well as environmental regulations promulgated by local governments. The State shall implement classified administration of environmental impact assessment for construction projects in accordance with the degree of environmental impacts of construction projects. The Project Owner may engage qualified agencies to conduct an environmental assessment and submit an environmental impact report or statement or registration form to the relevant government authorities for approval or record-filing before construction begins. Under relevant PRC laws and regulations, when there is a material change in respect of the construction site, or the scale or nature of a project, a property developer must submit a new environmental impact report or statement or registration form for approval or record-filing. During the course of construction, the contracted construction company must take measures to minimize air pollution, noise pollution and water and waste discharge. Upon completion of each property development, the relevant government authorities will inspect the site to ensure that applicable environmental standards have been met. The inspection report is then submitted together with other specified documents to the local construction administration authorities for the record.

During the course of property development, construction may result in the creation of dust, noise, waste water and solid construction waste. We place great emphasis on environmental protection and are dedicated to environmental protection in our projects. When we conduct the project management business, we endeavor to comply with relevant PRC laws and regulations on environmental protection and safety by (i) within the scope of authorization (from the Project Owner) of the relevant project management agreements, engaging qualified construction contractors and requiring the construction contractors to take steps to minimize adverse environmental impact during construction and to be responsible for the final clean-up of the construction site, (ii) monitoring the project at every stage to ensure the construction process is in compliance with the environmental protection and safety laws and regulations, and (iii) requiring the construction contractors to immediately remedy any default or non-compliance.

We believe that our businesses are in compliance with the applicable national and local environmental laws and regulations in all material aspects. As of December 31, 2019, we are not aware of any material penalties associated with the breach of any existing environmental law or regulation.

INTERNAL CONTROL AND RISK MANAGEMENT

Internal Control

We have engaged an Internal Control Consultant to conduct an evaluation of our internal control system in connection with the Listing. As part of the engagement, we have consulted with our Internal Control Consultant to identify the factors relevant to enhancing our internal control system and the steps to be taken and the Internal Control Consultant made a number of recommendations. The Internal Control Consultant conducted its work during the period in August 2019 and provided a number of findings and recommendations in its report. Key recommendations in response to major findings included in this report consist of (i) formulation and adoption of various corporate governance rules required for the Listing, (ii) establishment of board committees and internal audit department as well as engagement of independent directors; and (iii) updating and adoption of detailed internal guidelines on financial data collection and reporting. We have subsequently taken remedial actions in response to such findings and recommendations. The Internal Control Consultant performed follow-up procedures on our system of internal control with regard to those actions taken by our Group and reported further commentary during the period from August 2019 to December 2019. In its follow-up reviews, the Internal Control Consultant noted that we had followed the Internal Control Consultant's recommendations and accordingly have taken corrective actions to address our internal control deficiencies and weaknesses in material aspects.

Risk Management

We are exposed to various risks in the operations of our business and we believe that risk management is important to our success. Key operational risks faced by us include, among others, changes in general market conditions, changes in the regulatory environment in the PRC real estate industry, our ability to offer quality products and services, our potential expansion into other regions, availability of financing to fund our expansion and business operations and competition from other project management providers that offer similar quality of product and service and have a similar scale. See the section headed "Risk Factors" in this prospectus for disclosures on various risks we face. In addition, we also face numerous market risks, such as interest rate, credit and liquidity risks that arise in the normal course of our business. For a discussion on these market risks, see the section headed "Financial Information – Financial Risk Management" in this prospectus.

We have established a set of risk management measures and internal control policies to identify, evaluate, and manage risks arising from our operations prior to Listing. We have also formed an audit committee comprising three independent non-executive Directors as part of our measures to improve corporate governance. The primary duties of the audit committee are to provide our Directors with an independent review of the effectiveness of the financial reporting process, internal control, and risk management system of our Group, to oversee the audit process, and to perform other duties and responsibilities as assigned by our Directors. We plan to continue strengthening our risk management and internal control policies by ensuring regular management review of relevant corporate governance measures and corresponding implementation.

You should read the following discussion and analysis in conjunction with our audited financial information together with the accompanying notes, set forth in the Accountants' Reports included as Appendix I to this prospectus. Our audited financial information is prepared in conformity with IFRSs, which may differ in certain material aspects from generally accepted accounting principles in other jurisdictions, including the United States. You should read the whole of the Accountants' Reports included as Appendix I to this prospectus and not rely merely on the information contained in this section.

The following discussion contains certain forward-looking statements that involve risks and uncertainties. Our actual results reported in future periods could differ materially from those discussed below. Factors that could cause or contribute to such differences include those discussed in the sections entitled "Risk Factors" and "Business" and elsewhere in this prospectus.

Unless the context otherwise requires, financial information described in this section is described on a consolidated basis.

OVERVIEW

Founded in 2010, we were the largest project management company in the PRC real estate market in terms of accumulated contracted GFA from 2017 to 2019, newly contracted GFA in 2019 and total revenue in 2019, according to China Index Academy. In particular, in 2019, we (by ourselves and through cooperation with business partners) had 72 newly contracted project management projects with a total GFA of approximately 16.0 million sq.m., achieving a market share of 23.7% in the PRC real estate market, which is more than double the size of the second largest market player for the same year, according to China Index Academy.

As a leading project management company, we are devoted to helping our Project Owners, which mainly consists of private property developers, state-owned property developers and government entities, lead the property development process, and providing comprehensive project management services covering the entire life span of property management. Leveraging the "Greentown" brand, our extensive experience in the PRC property development industry, and our network of quality contractors and suppliers, we believe we have integrated the best practices of property development, offered "one-stop," optimized solutions to Project Owners, and created value for our property development projects in terms of quality, efficiency, cost and premium pricing. As of December 31, 2019, we (by ourselves and through cooperation with business partners) had 260 project management projects located in 85 cities across 26 provinces, municipalities and autonomous regions in the PRC and one city in Cambodia, with a total GFA under management of 67.5 million sq.m.

We experienced significant growth during the Track Record Period. In 2017, 2018 and 2019, our revenue was RMB1,015.9 million, RMB1,481.2 million and RMB1,993.9 million, respectively. In 2017, 2018 and 2019, our profit for the year from continuing operations was RMB255.8 million, RMB363.1 million and RMB388.9 million, respectively.

BASIS OF PREPARATION

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability on December 12, 2016. Historically, part of the Group's principal business, which is providing project management service was carried out by Greentown Construction Management (Old). As part of the Group Reorganization, Greentown Construction Management (Old) completed a demerger and a restructuring in 2016, after which Greentown Construction Management took over the assets, rights and liabilities of the project management business previously undertaken by Greentown Construction Management (Old) and the accumulated retained earnings relevant with the project management business before the completion of demerger has been represented as special revenue as of January 1, 2017. The project management business and the entities comprising the Group have been fellow subsidiaries under the common control of Greentown China throughout the Track Record Period in preparation for the Listing, as detailed in the section entitled "History and Reorganization." Following the Reorganization, our Company became the holding company of all the companies now comprising our Group.

The consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows of the Group for year ended December 31, 2017 include the entities comprising the Group as if the group structure upon completion of Group reorganization had been in existence throughout the year ended December 31, 2017, or since their date of incorporation or acquisition, where there is a shorter period.

Our financial information has been prepared based on the accounting principles set out in note 4 in the Accountants' Report in Appendix I to this prospectus which conform with the IFRSs issued by International Accounting Standard Board and on the basis as if our Company had always been the holding company of the Group using the principle of merger accounting.

ADOPTION OF IFRS 9, IFRS 15 AND IFRS 16

The IASB issued new accounting standards including:

(i) IFRS 9 "Financial instruments," which is effective for annual periods beginning on or after January 1, 2018 replaces IAS 39 "Financial instruments." We have applied IAS 39 for the year ended December 31, 2017 and initially applied IFRS 9 on January 1, 2018 in accordance with the transition provisions;

(ii) IFRS 15 "Revenue from contracts with customers," which is effective for annual periods beginning on or after January 1, 2018 replace IAS 18 "Revenue." In preparing our Group's financial statements, we have applied IFRS 15 consistently in the Track Record Period; and

(iii) IFRS 16 "Leases," which is effective for annual periods beginning on or after January 1, 2019 replaces IAS 17 "Leases." In preparing our Group's financial statements, we have elected to apply IFRS 16 consistently in the Track Record Period.

We have carried out an assessment for the adoption of IFRS 9, IFRS 15 and IFRS 16, and a summary of this is provided below:

Adoption of IFRS 9

Reclassification from available-for-sale investments to fair value through other comprehensive income

We elect to present in other comprehensive income for the fair value changes of all the equity investments held by us previously classified as available-for-sale. The fair value changes of our equity investments which we had designated as at fair value through other comprehensive income are insignificant during the Track Record Period.

Application of expected credit loss model under IFRS 9

The application of expected credit loss model under IFRS 9 would not cause a material impact on the impairment loss allowance for our financial assets measured at amortized cost during the Track Record Period as compared with the incurred loss model under IAS 39.

Please refer to the detailed financial impact of the adoption of IFRS 9 on our financial position at the date of initial application on January 1, 2018 as set out in Note 3 in the Accountant's Report included in Appendix I to this prospectus.

The Directors consider that the adoption of IFRS 9 does not have any significant impact on our financial position and performance when compared to that of IAS 39.

Adoption of IFRS 15

Presentation of contract assets and liabilities

We have assessed the effects of adoption of IFRS 15 on our financial statements and concluded that there was no significant impact on the Group's financial position and performance as compared to the requirements of IAS 18 except that contract assets are recognized for our right to consideration for service rendered and contract liabilities are recognized for our obligation to provide services to customers for which we have received consideration from the customer under IFRS 15. The financial impact arising from recognition of contract assets and contract liabilities is insignificant.

Adoption of IFRS 16

Presentation of right-of-use assets and lease liabilities

As a lessee, IFRS 16 requires lessees to recognize right-of-use assets and corresponding lease liabilities for all leases on the statement of financial position except for short-term leases and low-value assets. The right-of-use asset is subsequently measured at cost, less accumulated depreciation and any accumulated impairment losses; and the lease liability is subsequently measured using the effective interest rate method. Pursuant to IFRS 16, we recognized right-of-use assets of RMB37.2 million, RMB44.2 million and RMB15.9 million and lease liabilities of RMB35.9 million, RMB40.4 million and RMB15.1 million on the consolidated statements of financial position as of December 31, 2017, 2018 and 2019, respectively. Accordingly, the depreciation charges of right-of-use assets and the interest expense on lease liabilities were recognized in the consolidated statements of comprehensive income. These leases would not have been qualified for recognition as assets or liabilities, should IAS 17 have been applied throughout the Track Record Period. We assessed the amounts of the effects of adoption of IFRS 16 regarding the recognition of right-of-use assets and lease liabilities as well as the recognition of depreciation charges of right-of-use assets and the interest expense on lease liabilities were not significant.

As a lessor, we assessed the effects of adoption of IFRS 16 on our financial statements and concluded that there was no significant impact on the Group's financial position and performance as compared to the requirements of IAS 17.

KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our financial conditions and results of operations have been and will continue to be affected by a number of factors, including those set out below and in the section headed "Risk Factors" of this prospectus.

Business Mix

Our business and results of operations are affected by our business mix. We have three primary business segments consisting of commercial project management, government project management and other services. On the one hand, our total revenue for any period is affected by the revenue from the respective segments. Our revenue increased by 45.8% from RMB1,015.9 million in 2017 to RMB1,481.2 million in 2018, and by 34.6% from RMB1,481.2 million in 2018 to RMB1,993.9 million in 2019. Our commercial project management business was our largest business segment during the Track Record Period and its revenue accounted for 79.4%, 77.3% and 73.8%, respectively, of our total revenue in 2017, 2018 and 2019. As a result, the continued growth of our revenue was mainly driven by the growth of our revenue from the commercial project management which increased by 42.0% and 28.4%, respectively, in 2018 and 2019.

On the other hand, our gross profit margin is affected by our business mix and the gross profit margin of each business segment. For example, the gross profit margin of our commercial project management business was 61.4%, 55.7% and 46.2%, respectively, in 2017, 2018 and 2019 which was generally higher than that of government project management. During the Track Record Period, our gross profit margin was therefore affected by the business mix and gross profit margin of our different business segments.

We operate our commercial project management business by ourselves and through cooperation with business partners. Since the fourth quarter of 2016, in order to quickly expand our operation in an effective and cost efficient manner, we started to cooperate with JV partners to establish joint ventures and form cooperation arrangements to provide project management services. See "Business – Project Management Business – Commercial Project Management – Corporation with Business Partners" for further details. The number of commercial project management projects we operated through cooperation with business partners has increased from 37 as of December 31, 2017 to 89 as of December 31, 2019. While the services are mainly provided by the business partners, according to our arrangements with business partners, we are entitled to recognize as revenue the full amount of management fees, while paying a certain percentage of the management fees to them in consideration of their services provided which we record as service costs of our cost of sales. As a result, the gross profit margin of such business is generally lower than our commercial project management services solely operated by us. In 2017, 2018 and 2019, the revenue from our commercial project management services by cooperation with business partners was RMB119.9 million, RMB382.8 million and RMB675.6 million, accounting for 14.9%, 33.4% and 45.9%, respectively, of our revenue from commercial project management business. In the same periods, the gross profit margin of our commercial project management services by cooperation with business partners was 50.4%, 29.8% and 24.7%, compared to 63.3%, 68.7% and 64.5%, respectively, of our commercial project management services operated by us. Because we may continue to operate our commercial project management business by cooperation with business partners, our overall gross profit margin will remain to be affected by such business in the future.

General Market Conditions and Regulatory Environment of the Real Estate Industry in the PRC

Our ability to maintain and grow our businesses depends on our ability to secure new project management mandates. The number of new property development projects is heavily dependent on the performance of the overall real estate market in the PRC, which is subject to the general economic conditions in the PRC, the rate of urbanization, the resulting demand for properties in the PRC, and the PRC government's macroeconomic policies and measures. For example, our business and operating results have been, and will continue to be, significantly affected by governmental policies and regulations in the PRC, in particular those relating to national and regional real estate markets. In the past few years, the PRC government has implemented a series of measures to control the overheated property market, which aim to discourage speculative investments and increase the supply of affordable residential properties. From time to time, the central and local governments adjust or introduce policies and regulations relating to land grants, pre-sales of properties, bank financing and taxation, planning and zoning, building design and construction, which have significantly impacted the availability and cost of financing for real estate developers. In addition, restrictive regulations may affect the availability and cost of financing for our potential property purchasers, such as higher minimum down payment requirements, higher mortgage rates provided by commercial banks, restrictions on the number of properties local residents may purchase and increasing taxes on title transfer and property ownership. For details, please refer to the "Regulatory Overview."

Greentown Brand and Our Quality of Services

Our financial condition and results of operations are affected by our ability to continuously maintain and enhance the "Greentown" brand recognition and quality of services. Project Owners choose to work with us primarily because of the brand name and quality services we provided through such brand name. Our "Greentown Management" brand is also an industry-leading brand in the PRC project management industry. We share the core values on "quality, reliance, value and share" with our Project Owners and our strategic partners to create a platform improving the standard of operations, and providing quality of life to the ultimate users. We intend to further leverage the brand name to expand our major business segments, which in turn, we believe, will also further enhance the brand equity, allowing us to gain early access and competitive advantages in securing engagements in the project management industry. Due to our track record of providing quality services as evidenced by the property we managed, Project Owners prefer us over other competitors. Our ability to maintain good quality of services will significantly affect the demand for our services.

Service Fee Model

We charge service fees in a number of ways. Specifically, for our commercial project management business we charge the Project Owner for our services based on: (a) basic fees for personnel, including salary and employee benefits; (b) consultation and management fees, which are typically based on (i) an agreed percentage of the sale price of the property we develop, (ii) the size of the GFA of the project we manage and the agreed fee per sq.m, (iii) the profit from the project we manage, or (iv) a combination of some of the preceding models; and (c) discretionary incentive bonuses based on our service performance, which is negotiated on a case-by-case basis. For our government project management, our management fees are typically calculated as a fixed percentage of the total project development budget of the project. During the Track Record Period, we had not been granted any discretionary incentive bonuses. Our other services are generally charged at a pre-agreed fixed amount. As a result, sales performance of the property, the total GFA of the project, the profit realized from the project, the complexity of the project and the number of personnel we assigned to the project will affect our revenue and in turn our profitability. Different service fee models and their respective contributions to our revenue will affect our business and results of operations.

Ability to Manage Staff Costs

Our results of operations and financial conditions are affected by our ability to manage our staff costs. Our staff costs of cost of sales were RMB343.1 million, RMB394.0 million and RMB381.8 million, representing approximately 78.1%, 53.4% and 34.3% of our cost of sales in 2017, 2018 and 2019, respectively. In addition, staff costs generally are also the largest component of our selling and marketing expenses as well as administrative expenses. Staff costs consist primarily of salaries and compensation, social security fees, employee benefits and incentive payment that we provide to our employees. During the Track Record Period, the increases in our staff costs of cost of sales and administrative expenses were mainly attributable to the increase in our employees as a result of our expansion of business and an increase in our compensation level based on the market condition. Our staff cost of cost of sales decreased in 2019 mainly resulting from the staff reduction primarily as a result of our adoption of BPO arrangement from July 2019.

Prospective Licensing Fee for Greentown Trademarks

In anticipation of the Global Offering and to ensure that we will continue to be able to use certain "綠城" (Greentown) or related trademarks that we have been using in our project management business, our Company and Greentown China entered into a trademark licensing agreement for a term commencing from its effective date for an initial term of ten years after the Listing. Pursuant to the trademark licensing agreement, there are licensing fees payable by us to our Parent Group upon Listing in the following manner: (i) for the 1st year: RMB30 million; (ii) for the 2nd year: RMB40 million; (iii) for the 3rd year: RMB50 million; (iv) for each of the 4th to 10th year: RMB60 million; and (iv) (where applicable) for each of the 11th to 20th year: RMB60 million, calculated on a pro-rated basis for less than an entire calendar year. The licensing fee for the 1st to 10th year shall also be subject to a lower amount that may be agreed by Greentown China and our Company, and the licensing fee for the 11th to 20th year may also be adjusted as agreed by Greentown China and our Company. Please see "Connected Transactions – Continuing Connected Transactions" for details. Such trademark licensing fee, which does not exist prior to the Listing, may have an adverse effect on our profit margin, financial condition and results of operations after Listing. For further risks in this regard please see "Risk Factors – Risks Relating to Our Business and Our Industry – Any inappropriate use of any of the "綠城" (Greentown) or related trademarks and deterioration in the "綠城" (Greentown) brand image could adversely affect our business."

The Impact from the Outbreak of COVID-19

In December 2019, COVID-19 was first detected in Wuhan, China and quickly spread across China and the world. The outbreak of COVID-19 has caused (i) temporary suspension, and shortage of labor and raw materials, of our project management projects under construction or to be constructed; (ii) delays in construction, sales and delivery of our project management projects; (iii) increasing pressure on operational costs and expenses as well as cash flow positions of certain Project Owners; and (iv) potential impact on our financial performance for the first half of 2020 as a result. The outbreak of COVID-19 in the PRC is expected to result in delays in the timetable for our project management projects in the first half of 2020 and its impact on the PRC real estate markets in general remain uncertain. The outbreak of COVID-19, if continues, will affect our financial conditions and results of operations. See "Risk factors – Risks Relating to Our Business and Our Industry – The national and regional economies in China and our prospects may be adversely affected by COVID-19 or occurrence of other epidemics," "Industry Overview – Outlook of the PRC Project Management Industry – The Potential Impact from the Outbreak of COVID-19" and "Business – Impact of COVID-19 Outbreak on our Business."

CRITICAL ACCOUNTING POLICIES, ESTIMATES AND JUDGMENTS

We have identified certain accounting policies that are significant to the preparation of our financial statements. See note 4 in the Accountants' Report included in Appendix I to this prospectus. Some of our accounting policies involve subjective assumptions and estimates, as well as complex judgments relating to accounting items. In each case, the determination of these items requires management judgments based on information and financial data that may change in future periods. When reviewing our financial statements, you should consider (i) our selection of critical accounting policies, (ii) the judgments and other uncertainties affecting the application of such policies, and (iii) the sensitivity of reported results to changes in conditions and assumptions. We set forth below those accounting policies that we believe involve the most significant estimates and judgments used in the preparation of our financial statements.

Determination on Percentage of Completion for Revenue Recognized Over Time

We recognize project management revenue over time by reference to the progress towards complete satisfaction of the performance obligation at the reporting date. The progress is measured based on our efforts or inputs to the satisfaction of the performance obligation, by reference to the staff costs of who was assigned by us to involve each project incurred up to the end of reporting period as a percentage of total estimated costs for each contract. Significant judgments and estimations are required in determining the completeness of the estimated total costs and the accuracy of progress towards complete satisfaction of the performance obligation at the reporting date. The primary judgments and assumptions adopted by us in determining the total estimated costs of each contract during the Track Record Period include the proportion of estimated annual salary for the staffs assigned by us or our subcontractors involved in each project and the estimated project duration. There has been no significant changes in the aforesaid underlying judgments and assumptions during the Track Record Period. We have a standard cost budgeting and estimate completion process in which management reviews the development progress and execution of the performance obligations. As part of this process, our management reviews information including but not limited to, the cost occurred and accrued to achieve the schedule. Changes in cost estimates in future periods can have effect on our revenue recognized. In making the above estimations, we rely on past experience and work of contractors. We recognized project management revenue over time amounted to RMB956.5 million, RMB1,348.4 million and RMB1,829.2 million, respectively, in 2017, 2018 and 2019.

ECL Allowance

Our other receivables and amount due from related parties that are credit-impaired are assessed for ECL individually. In addition, we use provision matrix to calculate ECL for the trade receivables and contract assets which are individually insignificant. The provision rates are based on debtors' aging as groupings of various debtors that have similar loss patterns. The provision matrix is based on our historical default rates taking into consideration forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

Impairment of Goodwill

Our goodwill arose in the acquisition of Greentown Shidai and Greentown Construction Management Group (old) in 2015 as the consideration paid for the acquisition effectively included the benefit of expected synergies, revenue growth and future market development of Greentown Shidai and Greentown Construction Management Group (old). These benefits are not recognized separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires our Directors to estimate the future cash flows expected to arise from the cash-generating unit ("CGU") and a suitable discount rate in order to calculate present value. Where the actual future cash flows are less than expected, or change in facts and circumstances which results in downward revision of future cash flows, a material impairment loss may arise. The carrying amount of our goodwill as of December 31, 2017, 2018 and 2019 were RMB769.2 million (net of accumulated impairment loss of nil), RMB769.2 million (net of accumulated impairment loss of nil) and RMB769.2 million (net of accumulated impairment loss of nil), respectively. Pursuant to applicable accounting standards, we conduct impairment reviews at least annually or more frequently if events or changes in circumstances indicate a potential impairment. For the purpose of impairment testing, we allocate goodwill to an individual CGU which represent the lowest level at which the goodwill is monitored for internal management purposes and are not larger than an operating segment. We compare the carrying amount of the CGU containing the goodwill to the recoverable amount, which is the higher of the CGU's value in use and its fair value less costs of disposal. The estimated recoverable amount of CGU was determined to be higher than its carrying amount by RMB301.8 million, RMB315.8 million and RMB462.4 million as of December 31, 2017, 2018, and 2019, respectively. Therefore, our Directors consider that there is no impairment of CGU containing goodwill during the years ended December 31, 2017, 2018 and 2019 accordingly.

The recoverable amount of the CGU has been determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets approved by management covering a five-year period, and pre-tax discount rate of 17.9% as of each of December 31, 2017, 2018 and 2019. Other key assumptions for the value in use calculations relate to the estimation of cash inflows/outflows which include budgeted sales and gross margin, such estimation is based on the unit's past performance and the Director's expectations for the market development. The Directors believe that any reasonably possible change in any of these assumptions would not cause the carrying amount of CGU to exceed its recoverable amount. The table below sets forth (i) the key assumptions that are used in the calculation of the value in use of the CGUs as of December 31, 2017, 2018 and 2019; and (ii) the effect of the reasonably possible change in each of the key assumptions as determined by the Directors (with all other variables remained constant) on the calculation of value in use of the CGUs of mentioned above:

As of December 31, 2017

Key assumption	Base case	Change in key assumption	Surplus of recoverable amount of the CGU over its carrying amount
			(RMB in thousands)
Annual incremental sales contract rate for first five years	5%	Decrease by 1%	217,844
		Decrease by 2%	135,059
Gross margin rate	20%-50%	Decrease by 5%	236,933
		Decrease by 10%	172,060
Pre-tax discount rate	17.86%	Increase by 1%	228,195
		Increase by 2%	162,495
Long-term growth rate	1%	Decrease by 0.25%	285,649
		Decrease by 0.5%	270,109

As of December 31, 2018

Key assumption	Base case	Change in key assumption	Surplus of recoverable amount of the CGU over its carrying amount
			(RMB in thousands)
Annual incremental sales contract rate for first five years	5%	Decrease by 1%	183,023
		Decrease by 2%	51,987
Gross margin rate	20%-50%	Decrease by 5%	233,795
		Decrease by 10%	151,769
Pre-tax discount rate	17.86%	Increase by 1%	233,252
		Increase by 2%	159,572
Long-term growth rate	1%	Decrease by 0.25%	299,020
		Decrease by 0.5%	282,860

As of December 31, 2019

Key assumption	Base case	Change in key assumption	Surplus of recoverable amount of the CGU over its carrying amount
			(RMB in thousands)
Annual incremental sales contract rate for first five years	5%	Decrease by 1%	300,785
		Decrease by 2%	141,442
Gross margin rate	20%-50%	Decrease by 5%	347,516
		Decrease by 10%	232,599
Pre-tax discount rate	17.87%	Increase by 1%	372,027
		Increase by 2%	291,437
Long-term growth rate	1%	Decrease by 0.25%	443,630
		Decrease by 0.5%	425,567

For the details of the basis of recoverable amount of the cash generating unit and its major underlying assumptions we made for the impairment testing, see Note 20 in the Accountants' Report included in Appendix I to this prospectus.

Fair Value of Financial Assets Measured at Fair Value

Our financial assets at fair value through other comprehensive income are measured at the end of each reporting period and the fair value is categorized at level 3 fair value in accordance with relevant IFRS for financial reporting purpose. These financial assets were valued by our Directors with reference to valuations carried out by an independent qualified professional valuer, which has appropriate qualifications and recent experience in valuation of similar financial assets. The fair value of these financial assets is established by using valuation techniques as disclosed in Note 38 (c) to the Accountants' Report included in Appendix I to this prospectus. Valuation techniques are certified by the valuer before being implemented for valuation and are calibrated to ensure that outputs reflect market conditions. Valuation models established by the valuer make the maximum use of market inputs and rely as little as possible on our Group's specific data. The estimates and assumptions adopted for our financial assets at fair value through other comprehensive income are reviewed by the Directors periodically and are adjusted if necessary. If any of the estimates and assumptions changes, it may lead to a change in the fair value of the financial assets at fair value through other comprehensive income.

We have performed the following independent works in ascertaining the accuracy of the valuation report prepared by the valuer: (i) provided necessary financial and non-financial information so as to enable the valuer to perform valuation procedures and discussed with the valuer on relevant assumptions; (ii) carefully considered all information especially those non-observable inputs; and (iii) reviewed the valuation working papers and reports prepared by the valuer. Based on the above, the Directors believe that their duty of care, skill and diligence in determining the valuation has been discharged.

In relation to the valuation of the financial assets measured at fair value, the Joint Sponsors have (i) conducted due diligence to ensure the background, qualifications and competency of the valuer; (ii) interviewed the valuer to understand its work scope, the methodology, key basis and assumptions for the valuation and its independency from the Company, (iii) reviewed relevant notes in the Accountants' Report set forth in Appendix I to the Prospectus and the valuation report provided by valuer; and (iv) discussed with the Company and the Reporting Accountants about the key basis and assumptions for the valuation of financial assets measured at fair value. Having considered the work done by the Directors and Reporting Accountants and the relevant due diligence done as stated above, nothing has come to the Joint Sponsors' attention that would cause the Joint Sponsors to question the valuation analysis performed by the valuer on the financial assets measured at fair value.

In forming the opinion on our historical financial information during the Track Record Period as a whole, the Reporting Accountants performed an audit of the underlying financial statements which are set out in the Appendix I to this prospectus on which our historical financial information is based, in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and have also carried out procedures related to the historical financial information during the Track Record Period as necessary in accordance with Hong Kong Standards on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the HKICPA. The audit procedures designed and performed, which are responsive to the risks of material misstatements of the underlying financial statements and for the purpose of obtaining audit evidence that is sufficient and appropriate to provide a basis for the opinion, include but not limited to the appropriateness of the accounting estimates made by our management in the fair value measurement and the use of significant unobservable inputs.

DESCRIPTION OF SELECTED STATEMENTS OF PROFIT OR LOSS LINE ITEMS

The table below sets forth the financial information extracted from our consolidated statements of profit or loss and other comprehensive income for the periods indicated:

	Year ended December 31,		
	2017	2018	2019
	(in thousands of RMB)		
Continuing operations			
Revenue	1,015,880	1,481,187	1,993,892
Cost of sales	(439,358)	(737,404)	(1,112,321)
Gross profit	576,522	743,783	881,571
Other income	6,855	10,426	17,928
Other gains and losses	6,452	294	10,926
Selling and marketing expenses	(13,041)	(34,696)	(21,965)
Administrative expenses	(241,289)	(248,265)	(302,215)
Listing fee	–	–	(15,572)
Finance costs	(1,123)	(2,227)	(1,761)
Impairment losses under expected credit loss model, net of reversal	–	(11,348)	(7,781)
Impairment losses on allowance for doubtful debts, net of reversal	8,763	–	–
Gain (Loss) from changes in fair value of investment properties	1,185	(15,399)	(974)
Gain on acquisition of a subsidiary	280	–	–
Net loss on disposal of a subsidiary	–	(170)	–
Net loss on partial disposal of an associate	–	(1,521)	–
Share of results of associates	13,983	(1,684)	(6,606)
Share of results of joint ventures	(8,661)	(27,429)	(15,383)
Profit before tax	349,926	441,764	538,204
Income tax expense	(94,175)	(48,672)	(149,282)
Profit for the year from continuing operations	255,751	363,092	388,922
Discontinued operations			
Profit/loss for the year from discontinued operation	6,829	1,855	(18,204)
Profit for the year	262,580	364,947	370,718

Revenue

The table below sets forth a breakdown of revenue by business segments for the periods indicated:

	Year ended December 31,					
	2017		2018		2019	
	Amount	% of Revenue	Amount	% of Revenue	Amount	% of Revenue
	(in thousands of RMB, except percentage)					
Commercial project management	806,666	79.4	1,145,542	77.3	1,470,763	73.8
attributable to:						
Self-operated	686,776	67.6	762,764	51.5	795,201	39.9
Cooperation with business partners	119,890	11.8	382,778	25.8	675,562	33.9
Government project management	149,803	14.8	202,889	13.7	358,438	18.0
attributable to:						
Self-operated	149,484	14.7	193,806	13.1	348,735	17.5
Cooperation with business partners	319	0.1	9,083	0.6	9,703	0.5
Other services	59,411	5.8	132,756	9.0	164,691	8.2
Total	1,015,880	100.0	1,481,187	100.0	1,993,892	100.0

The table below sets forth the breakdown of our project management projects operated by ourselves and through cooperation with business partners by business segments as of the dates indicated:

		GFA Under Management			
	Number of projects we managed	Constructed	Under Construction	To be Constructed	Total
		(in thousands of sq.m.)			
As of December 31, 2017					
Project management					
Commercial project management	80	3,704.4	8,710.1	13,906.9	26,321.4
attributable to:					
Self-operated	43	2,780.4	5,400.3	5,185.3	13,366.0
Cooperation with business partners	37	924.0	3,309.8	8,721.6	12,955.4
Government project management	49	375.7	8,207.0	945.6	9,528.3
attributable to:					
Self-operated	40	–	6,677.2	724.4	7,401.6
Cooperation with business partners	9	375.7	1,529.8	221.2	2,126.7
Total	129	4,080.1	16,917.1	14,852.5	35,849.6

	Number of projects we managed	GFA Under Management			
		Constructed	Under Construction	To be Constructed	Total
		(in thousands of sq.m.)			
As of December 31, 2018					
Project management					
Commercial project management . . .	114	3,318.1	10,670.5	17,988.3	31,976.9
attributable to:					
Self-operated	47	2,050.1	5,244.7	4,324.9	11,619.7
Cooperation with business partners	67	1,268.0	5,425.8	13,663.4	20,357.2
Government project management . . .	99	382.8	13,405.6	8,675.5	22,463.9
attributable to:					
Self-operated	79	8.6	10,817.1	6,854.2	17,679.9
Cooperation with business partners	20	374.2	2,588.5	1,821.3	4,784.0
Total	213	3,700.9	24,076.1	26,663.8	54,440.8
As of December 31, 2019					
Project management					
Commercial project management . . .	145	4,741.9	15,673.6	17,787.6	38,203.1
attributable to:					
Self-operated	56	3,057.9	5,779.9	5,804.3	14,642.1
Cooperation with business partners	89	1,684.0	9,893.7	11,983.3	23,561.0
Government project management . . .	115	769.7	21,849.5	6,701.8	29,321.0
attributable to:					
Self-operated	98	229.4	17,922.5	5,601.8	23,753.7
Cooperation with business partners	17	540.3	3,927.0	1,100.0	5,567.3
Total	260	5,511.6	37,523.1	24,489.4	67,524.1

Notes:

1. The number of projects and their respective GFA we managed as disclosed in the preceding table did not include those projects under development for which the respective Project Owner had not received the land use rights as of the dates indicated.

2. The number of projects and their respective GFA we managed as disclosed in the preceding table only included those projects that remained under our management as of the dates indicated.

3. The number of projects and their respective GFA we managed as disclosed in the preceding table only contain those from our consolidated subsidiaries and through cooperation with business partners as of the dates indicated.

We derived our revenue during the Track Record Period from three business segments:

- *Commercial project management business.* We provide various services in this business throughout the property development process including preliminary management, planning and design, construction management services, cost control, marketing, sales services, delivery management and after-sales services. Our revenue from commercial project management business amounted to RMB806.7 million, RMB1,145.5 million and RMB1,470.8 million, respectively, in 2017, 2018 and 2019, accounting for approximately 79.4%, 77.3% and 73.8% of our revenue in the respective periods.

- *Government project management business.* We provide various services in this business throughout the property development process including planning and design, project proposal management, construction management services, cost control, completion acceptance and delivery management. The vast majority of projects we undertake in this business segment are public housing property development. Our revenue from the government project management business was RMB149.8 million, RMB202.9 million and RMB358.4 million, respectively, in 2017, 2018 and 2019, accounting for approximately 14.8%, 13.7% and 18.0% of our revenue in the respective periods.

- *Other services*. Our other services include project management consulting services, design and development consultation services and other services. Our revenue from other services business was RMB59.4 million, RMB132.8 million and RMB164.7 million, respectively, in 2017, 2018 and 2019, accounting for approximately 5.8%, 9.0% and 8.2% of our revenue in the respective periods. In September 2019, two of our primary subsidiaries conducting planning and architecture design business became our joint ventures. See "Business – Project Management Business – Other Services."

Cost of Sales

Our cost of sales primarily comprises service costs, staff costs, office costs and others. Our service costs mainly represent the management fee charged by the business partners we cooperated with to develop our commercial project management business. See "Business – Project Management Business – Commercial Project Management – Cooperation with Business Partners" for details. Our service costs also include cost incurred for BPO arrangement, the outsourcing cost for our expanded government project management services by utilizing quality suppliers as well as outsourcing cost for our design services. Our staff costs mainly represent the salaries and compensation, social security fees, employee benefits and incentive payment paid to our employees operating our project management business. The table below sets forth a breakdown of our cost of sales by nature for the periods indicated:

	Year ended December 31,					
	2017		2018		2019	
	Amount	% of Revenue	Amount	% of Revenue	Amount	% of Revenue
	(in thousands of RMB, except percentage)					
Service costs.	75,437	7.4	312,239	21.1	690,433	34.6
Staff costs	343,082	33.8	393,969	26.6	381,753	19.1
Office costs	6,491	0.6	8,492	0.6	9,656	0.5
Others[1]	14,348	1.4	22,704	1.5	30,479	1.5
Total	439,358	43.2	737,404	49.8	1,112,321	55.8

Note:

1. Others include cost of meeting, communication, utilities, training cost, consultation costs and other expenses.

Our cost of sales continued to increase during the Track Record Period and was RMB439.4 million, RMB737.4 million and RMB1,112.3 million, respectively, in 2017, 2018 and 2019, accounting for 43.2%, 49.8% and 55.8%, respectively, of our total revenue in the same periods.

Gross Profit and Gross Profit Margin

The table below sets forth our gross profit and gross profit margin by business segments for the periods indicated:

	Year ended December 31,					
	2017		2018		2019	
	Gross profit	Gross profit margin (%)	Gross profit	Gross profit margin (%)	Gross profit	Gross profit margin (%)
	(in thousands of RMB, except percentages)					
Commercial project management	495,124	61.4	637,682	55.7	679,547	46.2
attributable to:						
Self-operated	434,747	63.3	523,715	68.7	512,628	64.5
Cooperation with business partners	60,377	50.4	113,967	29.8	166,919	24.7
Government project management	56,874	38.0	61,149	30.1	155,343	43.3
Attributable to:						
Self-operated	56,555	37.8	52,066	26.9	145,640	41.8
Cooperation with business partners[(1)]	319	100.0	9,083	100.0	9,703	100.0
Other services	24,524	41.3	44,952	33.9	46,681	28.3
Total	576,522	56.8	743,783	50.2	881,571	44.2

Notes:

(1) During the Track Record Period, all of the mandates in connection with our government project management projects through cooperation with business partners were entered into by our business partners. As a result, the gross profit margin for such business is 100% as we recognized as revenue the service fees provided by the business partners without incurring any corresponding cost of sales.

Our gross profit in 2017, 2018 and 2019 amounted to RMB576.5 million, RMB743.8 million and RMB881.6 million, respectively, and our gross profit margin was 56.8%, 50.2% and 44.2%, respectively, in the same periods.

The table below sets forth our number of projects, revenue, cost of sales, gross profit and gross profit margin of mandates with Commercial Project Owners entered by different signing entities under our cooperation with business partners for the periods indicated:

	Year ended December 31, 2017				
	Number of projects[(1)]	**Revenue**	**Cost of sales**	**Gross profit**	**Gross profit margin (%)**
	(in thousands of RMB, except percentage)				
Mandates entered by our Group.	13	82,503	59,514	22,989	27.9
Mandates entered by business partners	18	37,388	–	37,388	100.0
Total	31	119,890	59,514	60,377	50.4

	Year ended December 31, 2018				
	Number of projects[(1)]	**Revenue**	**Cost of sales**	**Gross profit**	**Gross profit margin (%)**
	(in thousands of RMB, except percentage)				
Mandates entered by our Group.	54	345,952	268,810	77,141	22.3
Mandates entered by business partners	17	36,826	–	36,826	100.0
Total	71	382,778	268,810	113,967	29.8

	Year ended December 31, 2019				
	Number of projects[(1)]	**Revenue**	**Cost of sales**	**Gross profit**	**Gross profit margin (%)**
	(in thousands of RMB, except percentage)				
Mandates entered by our Group.	81	650,677	508,643	142,034	21.8
Mandates entered by business partners	16	24,885	–	24,885	100.0
Total	97	675,562	508,643	166,919	24.7

Notes:

(1) The number of projects includes only those from which we recognized revenue for the periods indicated.

During the Track Record Period, the gross profit margin of our self-operated commercial project management was higher than that of our commercial project management through cooperation with business partners. It is primarily because after taking the pre-agreed percentage of project management fees, we are required to pay the remaining balance to the business partners and record it as service costs of our cost of sales. In addition, the gross profit margin of our commercial project management through cooperation with business partners in 2017 was generally higher than those in 2018 and 2019. This is mainly because in some circumstances prior to 2017, our business partners entered into mandates directly with the Commercial Project Owners and during the term of the relevant project management projects they recognized as revenue the full amount of the management fees and paid us the pre-agreed management fee. The net payment we received from our business partners resulted in a higher profit margin. Our revenue from such net payment as a percentage of the revenue from our commercial project management through cooperation with business partners continued to decrease, from 31.2% in 2017 to 9.6% and 3.7% in 2018 and 2019, respectively.

The gross profit margin of our commercial project management business was higher than that of our government project management business during the Track Record Period. This is because we generally receive a fixed percentage of the total project development budget from our government project management project as our service fee, whereas for our commercial project management project, our service fees are charged based on the sales performance of the property, the total GFA of the project, the profit realized from the project, and the number of personnel we assigned to the project depending on the respective arrangements, which generally entails higher gross profit margin.

During the Track Record Period, our gross profit margin was primarily affected by that of our commercial project management business and to a lesser extent that of our two other businesses. The gross profit margin of our commercial project management business decreased during the Track Record Period mainly due to the rapid development through cooperation with business partners under which we need to pay certain percentage of our management fee to the cooperated business partners. Our service costs, constituting mainly of the commercial project management fee we paid to cooperated business partners, was RMB75.4 million, RMB312.2 million and RMB690.4 million, respectively, in 2017, 2018 and 2019, accounting for 9.4%, 27.3% and 46.9%, respectively, of our revenue from commercial project management in the same periods.

During the Track Record Period the changes of the gross profit margin of our government project management business primarily reflected different stages of the projects in the respective periods according to which we generally had higher gross profit margin when we had more projects entering into the latter stages.

During the Track Record Period the fluctuation of the gross profit margin of our other services primarily reflected the different gross profit margins for our business mix, with higher profit margin for project management consulting services compared to design consultation services.

The table below sets forth a breakdown of revenue, gross profit and gross profit margin of commercial project management by geographic regions for the periods indicated. During the Track Record Period, we only provided commercial project management services for residential property and its ancillary commercial property.

	Year ended December 31,								
	2017			2018			2019		
	Revenue	Gross profit	Gross profit margin (%)	Revenue	Gross profit	Gross profit margin (%)	Revenue	Gross profit	Gross profit margin (%)
	(in millions of RMB, except percentage)								
The PRC									
Tier 1 and 2 cities	388.1	256.3	66.0	502.3	307.7	61.3	512.3	242.6	47.4
Tier 3 and 4 cities	411.6	232.9	56.6	643.4	330.1	51.3	956.5	436.5	45.6
Overseas	7.2	6.1	84.7	–	–	–	1.9	0.4	21.1

During the Track Record Period, our revenue from commercial project management business in Tier 3 and 4 cities continued to increase in both absolute amounts and as a percentage of total revenue primarily because of our revenue growth from our commercial project management through cooperation with business partners, which had rich resources in those regions. The gross profit margin from commercial project management business in Tier 1 and 2 cities was generally higher than that in Tier 3 and 4 cities mainly because we had a higher proportion of self-operated commercial project management projects in Tier 1 and 2 cities than in Tier 3 and 4 cities which entailed higher gross profit margin than projects operated through cooperation with business partners.

Other Income

Our other income consists of (i) interest income on bank balances, (ii) interest income on loans to related parties, including Greentown Real Estate, Greentown Landscape Garden and Public City Garden, (iii) gross rental income from investment properties and (iv) others. Our other income was RMB6.9 million, RMB10.4 million and RMB17.9 million, respectively, in 2017, 2018 and 2019. The table below set forth a breakdown of our other income for the periods indicated:

	Year ended December 31,		
	2017	**2018**	**2019**
	(in thousands of RMB)		
Continuing operations			
Interest income on bank balances	2,169	8,274	16,140
Interest income on loans to related parties	4,387	1,111	526
Gross rental income from investment properties	299	602	1,149
Others	–	439	113
Total	6,855	10,426	17,928

Other Gains and Losses

Other gains and losses primarily consist of (i) dividends from available-for-sale investment of certain unlisted equity securities issued by PRC private entities, (ii) gain on fair value of acquisition of a joint venture in stages mainly representing the fair value changes of our available-for-sale investment we previously had which turned into joint venture after we made further investments, (iii) gain or loss on disposal of property, plant and equipment, (iv) exchange loss, (v) government grants mainly representing tax refunds for our withholding of employee's income tax and subsidy to support enterprise development, (vi) our gain or loss on early termination of lease mainly reflecting the difference between the right-of-use assets amount and the lease liabilities amount for the relevant leases as of the derecognition date and (vii) others. Our other gains and losses were a gain of RMB6.5 million, a gain of RMB0.3 million and a gain of RMB11.0 million, respectively, in 2017, 2018 and 2019. The table below sets forth a breakdown of other gains and losses for the periods indicated:

	Year ended December 31,		
	2017	**2018**	**2019**
	(in thousands of RMB)		
Continuing operations			
Dividends from available-for-sale investment	2,980	–	–
Gain on fair value of acquisition of a joint venture in stages	891	–	–
Gain (Loss) on disposal of property, plant and equipment	298	(864)	(453)
Exchange losses	(1)	(46)	(111)
Government grants	2,478	998	11,109
Gain (Loss) on early termination of lease	(544)	–	426
Others	350	206	(9)
Total	6,452	294	10,962

Selling and Marketing Expenses

Selling and marketing expenses primarily consist of (i) staff costs for sales and marketing team, (ii) advertising and marketing event expenses, (iii) traveling expenses and (iv) others. Our selling and marketing expenses were RMB13.0 million, RMB34.7 million and RMB22.0 million, respectively, in 2017, 2018 and 2019, accounting for 1.3%, 2.3% and 1.1%, respectively, of our total revenue in the same periods. The table below sets forth a breakdown of our selling and marketing expenses for the periods indicated:

	Year ended December 31,					
	2017		2018		2019	
	Amount	% of Revenue	Amount	% of Revenue	Amount	% of Revenue
	(in thousands of RMB, except percentage)					
Staff costs	5,030	0.5	11,518	0.8	10,343	0.5
Advertising and marketing event expenses	4,731	0.5	18,584	1.3	7,720	0.4
Traveling expenses	1,180	0.1	955	0.1	1,368	0.1
Others[(1)]	2,100	0.2	3,639	0.1	2,534	0.1
Total	13,041	1.3	34,696	2.3	21,965	1.1

Note:

1. Others primarily include commissions and meeting expenses.

Administrative Expenses

Our administrative expenses consist of (i) staff costs for our administrative and support staff, (ii) depreciation and amortization, (iii) professional fee, (iv) traveling expenses, (v) rental expenses and (vi) others. Our administrative expenses were RMB241.3 million, RMB248.3 million and RMB302.2 million, respectively, in 2017, 2018 and 2019, accounting for 23.7%, 16.8% and 15.2%, respectively, of our total revenue in the same periods. The table below sets forth a breakdown of our administrative expenses for the periods indicated:

	Year ended December 31,					
	2017		2018		2019	
	Amount	% of Revenue	Amount	% of Revenue	Amount	% of Revenue
	(in thousands of RMB, except percentage)					
Staff costs	158,958	15.6	182,373	12.3	213,919	10.7
Depreciation and amortization	15,049	1.5	23,187	1.6	31,508	1.6
Professional fee	31,622	3.1	11,376	0.8	16,126	0.8
Traveling expenses	3,417	0.3	5,032	0.3	7,267	0.4
Rental expenses	1,609	0.2	2,301	0.2	1,320	0.1
Others[1]	30,634	3.0	23,996	1.6	32,075	1.6
Total	241,289	23.7	248,265	16.8	302,215	15.2

Note:

1. Others primarily include meeting expenses and entertainment expenses.

Listing Fee

Our listing fee mainly represents the expenses we incurred for our proposed Listing. Our listing fee was nil, nil and RMB15.6 million in 2017, 2018 and 2019, respectively.

Finance Costs

Our finance costs primarily consist of (i) interest on bank and other borrowings, (ii) interest on lease liabilities from our operating leases, and (iii) others. Our finance costs were RMB1.1 million, RMB2.2 million and RMB1.8 million in 2017, 2018 and 2019, respectively. The table below sets forth a breakdown of our finance costs for the periods indicated.

	Year ended December 31,		
	2017	**2018**	**2019**
	(in thousands of RMB)		
Continuing operations			
Interest on bank and other borrowings	11	–	–
Interest on lease liabilities	1,091	2,063	1,743
Others	21	164	18
Total	1,123	2,227	1,761

Impairment Losses under Expected Credit Loss Model, Net of Reversal/Impairment Losses on Allowance for Doubtful Debts, Net of Reversal

Our credit risk is primarily attributable to our trade receivables, contract assets, other receivables, amounts due from related parties and loan to a related party. We adopted the expected credit loss model from January 1, 2018. Our impairment losses on allowance for doubtful debts, net of reversal were a gain of RMB8.8 million in 2017. Our impairment losses under expected credit loss model, net of reversal were a loss of RMB11.3 million and a loss of RMB7.8 million in 2018 and 2019, respectively. The table below sets forth a breakdown of our impairment loss under expected credit loss model, net of reversal/impairment losses on allowance for doubtful debts, net of reversal for the periods indicated.

	Year ended December 31,		
	2017	**2018**	**2019**
	(in thousands of RMB)		
Continuing operations			
Impairment losses (recognized) reversed on:			
– Trade receivables	(2,671)	(4,388)	(4,713)
– Contract assets	11,434	(2,031)	(2,448)
– Other receivables	–	(154)	332
– Amounts due from related parties	–	(4,775)	(338)
– Loan to a related party	–	–	(614)
Total	8,763	(11,348)	(7,781)

Gain (Loss) from Changes in Fair Value of Investment Properties

During the Track Record Period, we held property interests in a number of commercial properties under operating leases to earn rentals or for capital appreciation purposes. We acquired these investment properties from three defaulting Project Owners who offered these properties to settle their payables to us. We assessed the fair value of these investment properties as of December 31, 2017, 2018 and 2019, and recorded gain or loss from changes in the fair value for the respective periods. Our gain or loss from changes in the fair value of investment properties was a gain of RMB1.2 million, a loss of RMB15.4 million and a loss of RMB1.0 million, respectively, in 2017, 2018 and 2019.

Gain on Acquisition of a Subsidiary

In 2017, we obtained 51% equity interest in Greentown Lipu to expand our decoration and consulting operation. As a result we recognized gain on acquisition of a subsidiary of RMB0.3 million in 2017.

Net Loss on Disposal of a Subsidiary

In March 2018, we disposed of our 49% equity interest in Hangzhou Binfeng operating our government project management business to an independent third party for a consideration of nil (as we did not contribute any paid-in capital to the entity before our disposal).

As a result of the foregoing, our net loss on disposal of a subsidiary was nil, RMB0.2 million and nil in 2017, 2018 and 2019, respectively.

Net Loss on Partial Disposal of An Associate

We disposed of 35% equity interest in Zhejiang Greentown Garden Project Co., Ltd. (浙江綠城園林工程有限公司) ("**Greentown Garden Project**") to an independent third party at the consideration of RMB3.5 million in 2018. The difference amounting to RMB1.5 million between the carrying amount of the equity disposed and consideration was recognized as net loss on partial disposal of our associate in 2018.

As a result of the foregoing, our net losses on disposal of an associate was nil, RMB1.5 million and nil in 2017, 2018 and 2019, respectively.

Share of Results of Associates

During the Track Record Period, our associates primarily engaged in the business of project management, decoration and consulting as well as maintenance and service in the PRC, and we recognized our shares of gains or losses in such associates in our consolidated statements of profit or loss.

Our share of results of associates was a gain of RMB14.0 million, a loss of RMB1.7 million and a loss of RMB6.6 million in 2017, 2018 and 2019, respectively.

Share of Results of Joint Ventures

During the Track Record Period, our joint ventures primarily engaged in the business of project management in the PRC in cooperation with us, and we recognized our share of gain or loss in joint ventures in our consolidated statements of profit or loss. Our share of results of joint ventures was a loss of RMB8.7 million, a loss of RMB27.4 million and a loss of RMB15.4 million in 2017, 2018 and 2019, respectively. During the Track Record Period, our joint ventures incurred net loss primarily because they were in the stage of ramping up their businesses. In addition, our joint ventures generally need a relatively longer period of time to achieve profit because generally they only receive a certain percentage of the management fee while bearing most of the cost for the projects, primarily staff cost.

Income Tax Expense

The Company is registered as an exempted company and as such is not subject to Cayman Islands taxation. We made no provision for income tax for our group entity incorporated in Hong Kong as it has no assessable profits derived from Hong Kong. Under the Law of the PRC on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, the EIT rate of the PRC subsidiaries is 25%. The following table sets forth a breakdown of our income tax expense for the periods indicated:

	Year ended December 31,		
	2017	**2018**	**2019**
	(in thousands of RMB)		
Current Tax:			
PRC Enterprise Income Tax	94,135	70,890	129,421
Over provision in prior years:			
PRC Enterprise Income Tax	(374)	348	1,075
Deferred tax:			
Current year	414	(22,566)	18,786
Total	94,175	48,672	149,282

Our effective tax rate was 26.9%, 11.8% and 27.7% in 2017, 2018 and 2019, respectively. Our effective tax rate in 2018 was 11.8% mainly because of the effect of expenses that are deductible but are eliminated due to consolidation of RMB72.5 million. Such effect was mainly due to the losses incurred from the liquidation of our two subsidiaries in 2018, namely, Greentown Shidai and Greentown Northern Real Estate Construction Co., Ltd., which losses were eliminated due to group consolidation but their immediate holding company, Greentown Construction Management, recognized such losses as deductible tax expense in the same year. Our effective tax rate in 2017 and 2019 was generally in line with the EIT rate of 25%.

During the Track Record Period and up to the Latest Practicable Date, we had paid all applicable taxes when due and there were no matters in dispute or unresolved with any tax authorities.

Discontinued Operations

In September 2019, our directors resolved to dispose of all of our landscape construction operation because such operation, which involves large amount of costs of construction raw materials and trees and seedlings, and is not service driven business, was not in line with our strategic direction to adopt an asset-light project management business model and the proposed disposal would allow us to focus resources on our core project management business. In 2019, we had a net loss in our landscape construction operation mainly due to an increase in the cost of sale which was mainly because (i) we did not timely adjust the number of our staff in response to the deduction of business need; (ii) we incurred higher cost of sales of raw materials and seeding and plants as a result of the plantation during seasons unfit for their growth and (iii) we had fewer new projects compared to the previous year mainly as a result of the change of the management. Our negotiations with interested party have subsequently taken place. As of the Latest Practicable Date, we had not entered into any definitive agreement with third parties about the proposed disposal. The assets and liabilities attributable to the business, which consist of assets and liabilities of Greentown Landscape Garden and Public City Garden, have been classified as a disposal group held for sale and they are expected to be sold within twelve months. The net proceeds of disposal are expected to exceed the net carrying amount of the relevant assets and liabilities and accordingly, no impairment loss has been recognized.

The table below sets forth the profits or losses from the discontinued operations for the periods indicated.

	Year ended December 31,		
	2017	2018	2019
	(in thousands of RMB)		
Revenue	110,560	203,423	228,536
Cost of sales	(92,569)	(187,623)	(232,472)
Gross profit (loss)	17,991	15,800	(3,936)
Other income	14	56	54
Other gains and losses	12	–	(54)
Selling and marketing expenses	(139)	(105)	–
Administration expenses	(8,527)	(10,798)	(8,512)
Finance costs	(550)	(1,444)	(2,521)
Impairment losses under expected credit loss model, net of reversal	–	452	(2,786)
Profit before tax	8,801	3,961	(17,755)
Income tax expense	(1,972)	(2,106)	(449)
Profit (loss) for the year	6,829	1,855	(18,204)

RESULTS OF OPERATIONS

Year Ended December 31, 2019 Compared to Year Ended December 31, 2018

Revenue

Our revenue increased by 34.6% from RMB1,481.2 million in 2018 to RMB1,993.9 million in 2019. The increase was primarily due to an increase of 28.4% in the revenue of our commercial project management business from RMB1,145.5 million in 2018 to RMB1,470.8 million in 2019. For example, the GFA of our commercial projects under construction increased from 10.7 million sq.m as of December 31, 2018 to 15.7 million sq.m as of December 31, 2019. Such increase was primarily as a result of our rapid business development through our cooperation with business partners, the revenue of which increased from RMB382.8 million in 2018 to RMB675.6 million in 2019. The revenue from our self-operated commercial project management business also increased from RMB762.8 million in 2018 to RMB795.2 million in 2019. We recognized as revenue from our self-operated commercial project management business a payment of RMB53.5 million we received in July 2018 from a defaulting Project Owner in accordance with a judgment award in favor of us. Without taking into account the one-off payment, the revenue from our self-operated commercial project management business would increase by 12.1% from RMB709.2 million in 2018 to RMB795.2 million in 2019.

The revenue from our government project management business increased by 76.7% from RMB202.9 million in 2018 to RMB358.4 million in 2019. The increase was primarily because since the third quarter of 2018, we expanded our government project management services by utilizing quality suppliers in response to certain Government Project Owners' request. In addition, the GFA of our government projects under construction increased from 13.4 million sq.m as of December 31, 2018 to 21.8 million sq.m as of December 31, 2019.

The revenue from our other services increased from RMB132.8 million in 2018 to RMB164.7 million in 2019 primarily due to the continued growth of our other services, as a result of an increased number of projects of design consultation and development services from Greentown Lipu as well as our investment in Greentown Qinghe in February 2019 to expand our decoration and consulting operation in Northern China.

Cost of Sales

Our cost of sales increased by 50.8% from RMB737.4 million in 2018 to RMB1,112.3 million in 2019. The increase in our cost of sales was primarily due to an increase in our service costs from RMB312.2 million in 2018 to RMB690.4 million in 2019 mainly resulting from our increased management fees paid to our cooperated business partners. For example, the number of projects of commercial project management we cooperated with business partners increased from 67 as of December 31, 2018 to 89 as of December 31, 2019. The increase in our service costs was also partially contributed by the cost for our BPO arrangement, the outsourcing cost for our expanded government project management services by utilizing quality suppliers as well as outsourcing cost for our design services.

Gross Profit and Gross Profit Margin

As a result of the above, our gross profit increased by 18.5% from RMB743.8 million in 2018 to RMB881.6 million in 2019. Our gross profit margin decreased from 50.2% in 2018 to 44.2% in 2019 primarily because of the increased service costs we paid to our cooperated business partners as such business accounted for a larger proportion of our commercial project management business and partially due to the increases in the cost for our expanded government project management services by utilizing quality suppliers as well as outsourcing cost for our design services.

Other Income

Our other income increased by 72.0% from RMB10.4 million in 2018 to RMB17.9 million in 2019. The increase was primarily attributable to a significant increase in interest income on bank balances from RMB8.3 million in 2018 to RMB16.1 million in 2019 mainly due to the increase in our average bank balances in such period in 2019 primarily as a result of our net cash generated from business operations.

Other Gains and Losses

Our other gains increased significantly from RMB0.3 million in 2018 to RMB11.0 million in 2019 mainly due to the increase in our government grants from RMB1.0 million in 2018 to RMB11.1 million in 2019 to support enterprise development.

Selling and Marketing Expenses

Our selling and marketing expenses decreased by 36.7% from RMB34.7 million in 2018 to RMB22.0 million in 2019. The decrease was primarily due to a decrease in advertising and marketing events expenses from RMB18.6 million in 2018 to RMB7.7 million in 2019 mainly resulting from a large marketing initiative we undertook to target potential Project Owners in 2018 which did not repeat in 2019. Our staff cost also decreased from RMB11.5 million in 2018 to RMB10.3 million in 2019 primarily due to the departure of certain middle to senior employees in our selling and marketing function. Our selling and marketing expenses as a percentage of our total revenue decreased from 2.3% in 2018 to 1.1% in 2019.

Administrative Expenses

Our administrative expenses increased by 21.7% from RMB248.3 million in 2018 to RMB302.2 million in 2019. The increase was mainly attributable to (i) an increase in our staff cost from RMB182.4 million in 2018 to RMB214.0 million in 2019 mainly due to an increase in the number of our employees in charge of our administrative function and our compensation level as we expanded our business, (ii) an increase in the depreciation and amortization from RMB23.2 million in 2018 to RMB31.5 million in 2019 for our owned and lease properties as well as (iii) an increase in professional fee from RMB11.4 million in 2018 to RMB16.1 million in 2019 mainly due to our proposed spin-off. Our administrative expenses as a percentage of our total revenue decreased from 16.8% in 2018 to 15.2% in 2019.

Listing Fee

Our listing fee was nil in 2018, compared to RMB15.6 million in 2019 incurred for our proposed Listing.

Finance Costs

Our finance costs decreased by 20.9% from RMB2.2 million in 2018 to RMB1.8 million in 2019 primarily because of the decrease in interest on lease liabilities from RMB2.1 million in 2018 to RMB1.7 million in 2019. The decrease was mainly due to the decrease in amortized interests on lease liabilities due to the disposal of our subsidiaries, Greentown Lipu and Greentown Qinghe, in September 2019. We ceased to recognize relevant interests on lease liabilities of these companies afterwards.

Impairment Losses under Expected Credit Loss Model, Net of Reversal

Our impairment losses under expected credit loss model, net of reversal decreased from a loss of RMB11.3 million in 2018 to a loss of RMB7.8 million in 2019. The decrease was mainly due to a decrease in the impairment losses recognized on amount due from related parties from a loss of RMB4.8 million in 2018 to a loss of RMB0.3 million in 2019 primarily because of the decrease in the gross amount of trade-related amounts from related parties from RMB75.9 million as of December 31, 2018 to RMB33.4 million as of the same date in 2019.

Gain (Loss) from Changes in Fair Value of Investment Properties

We recognized a loss from changes in fair value of investment properties of RMB1.0 million in 2019, compared to a loss of RMB15.4 million in 2018, based on a valuation carried out as of December 31, 2019 by an independent property valuer.

Net Loss on Disposal of a Subsidiary

We had net loss on disposal of a subsidiary of nil in 2019, compared to RMB0.2 million in 2018.

Net Loss on Partial Disposal of An Associate

Our net loss on partial disposal of an associate was RMB1.5 million in 2018, compared to nil in 2019. It was primarily because we partially disposed of 35% equity interest in Greentown Garden Project to an independent third party at the consideration of RMB3.5 million in 2018.

Share of Results of Associates

Our share of results of associates increased from a loss of RMB1.7 million in 2018 to a loss of RMB6.6 million in 2019. Our share of loss of associates in 2019 was primarily resulting from the net losses mainly incurred by Greentown Shenye operating project management business mainly due to its preliminary development state while ramping up its businesses. We increased our ownership interests in Greentown Shenye from 40% as of December 31, 2018 to 51% since February 2019 and we have accounted for Greentown Shenye as one of our joint ventures since then.

Share of Results of Joint Ventures

Our share of results of joint ventures decreased by 43.9% from a loss of RMB27.4 million in 2018 to a loss of RMB15.4 million, mainly as a result of the gradual improvement of their financial performance after they ramped up businesses.

Profit before Tax

As a result of the foregoing factors, our profit before tax increased by 30.7% from RMB411.8 million in 2018 to RMB538.2 million in 2019.

Income Tax Expense

Our income tax expense increased from RMB48.7 million in 2018 to RMB149.3 million in 2019, primarily as a result of the increase in our taxable income due to our business growth. Our effective tax rate, calculated as income tax expense divided by profit before tax, was 11.8% and 27.7% in 2018 and 2019, respectively.

Profit for the Year from Continuing Operations

As a result of the foregoing, our profit for the year from continuing operations increased by 7.1% from RMB363.1 million in 2018 to RMB388.9 million in 2019. Our net profit margin from continuing operations decreased from 24.5% in 2018 to 19.5% in 2019.

Year Ended December 31, 2018 Compared to Year Ended December 31, 2017

Revenue

Our revenue increased by 45.8% from RMB1,015.9 million in 2017 to RMB1,481.2 million in 2018. The increase was primarily due to a 42.0% increase in the revenue of our commercial project management business from RMB806.7 million in 2017 to RMB1,145.5 million in 2018. For example, the GFA of our commercial projects under construction increased from 8.7 million sq.m as of December 31, 2017 to 10.7 million sq.m as of the same date in 2018. Such increase was primarily as a result of our rapid business development through our cooperation with business partners since the fourth quarter of 2016, the revenue of which increased from RMB119.9 million in 2017 to RMB382.8 million in 2018 and to a lesser extent the business development by ourselves, the revenue of which increased from RMB686.8 million in 2017 to RMB762.8 million in the same period in 2018.

The revenue from our government project management business increased by 35.4% from RMB149.8 million in 2017 to RMB202.9 million in 2018. For example, the GFA of our government projects under construction increased from 8.2 million sq.m as of December 31, 2017 to 13.4 million sq.m as of the same date in 2018.

The revenue from our other services increased significantly from RMB59.4 million in 2017 to RMB132.8 million in 2018, following our investment in Greentown Lipu in 2017 to further strengthen and enhance our design consultation and development services.

Cost of Sales

Our cost of sales increased by 67.8% from RMB439.4 million in 2017 to RMB737.4 million in 2018. The increase in our cost of sales was primarily due to an increase in our service costs from RMB75.4 million in 2017 to RMB312.2 million in 2018 mainly resulting from our increased management fees paid to our cooperated business partners. For example, the number of projects of commercial project management we cooperated with business partners increased from 37 as of December 31, 2017 to 67 as of December 31, 2018. In addition, the increase in our cost of sales was also due to an increase in our staff costs from RMB343.1 million in 2017 to RMB394.0 million in 2018 mainly resulting from an increase in the number of our employees providing project management services and our compensation level.

Gross Profit and Gross Profit Margin

As a result of the above, our gross profit increased by 29.0% from RMB576.5 million in 2017 to RMB743.8 million in 2018. Our gross profit margin decreased from 56.8% in 2017 to 50.2% in 2018 primarily because of the increase in service costs we paid to our cooperated business partners.

Other Income

Our other income increased by 50.7% from RMB6.9 million in 2017 to RMB10.4 million in 2018, primarily attributable to a significant increase in interest income on bank balances from RMB2.2 million in 2017 to RMB8.3 million in 2018 mainly due to the increase in our average bank balances in such period in 2018 primarily as a result of our net cash generated from business operations. The increase was partially offset by a decrease in interest income on bank balances in a related party namely, Greentown Real Estate, from RMB4.4 million in 2017 to RMB1.1 million in 2018 which was mainly due to our gradual cessation of the intra-group fund pooling policy of having Greentown Real Estate to hold our capital as custodian.

Other Gains and Losses

Our other gains decreased by 95.4% from RMB6.5 million in 2017 to RMB0.3 million in 2018. The decrease in 2018 were primarily due to the one-off dividends from available-for-sale investment of RMB3.0 million and one-off gain on fair value of acquisition of a joint venture in stages of RMB0.9 million in 2017 which did not repeat in 2018, the decrease in our government grants from RMB2.5 million in 2017 to RMB1.0 million in 2018 as well as our losses on disposal of property, plant and equipment of RMB0.9 million in 2018.

Selling and Marketing Expenses

Our selling and marketing expenses increased by 166.1% from RMB13.0 million in 2017 to RMB34.7 million in 2018. The increase was primarily due to (i) an increase in our advertising and marketing expenses from RMB4.7 million in 2017 to RMB18.6 million in 2018 primarily due to a large marketing initiative we undertook to target potential project owners in 2018 and (ii) an increase in our staff costs for our sales and marketing staff from RMB5.0 million in 2017 to RMB11.5 million in 2018 mainly resulting from the expenses incurred to set up our government project management marketing department to support our business growth. Our selling and marketing expenses as a percentage of our total revenue increased from 1.3% in 2017 to 2.3% in 2018.

Administrative Expenses

Our administrative expenses increased by 2.9% from RMB241.3 million in 2017 to RMB248.3 million in 2018. The increase was mainly attributable to an increase in our staff costs from RMB159.0 million in 2017 to RMB182.4 million in 2018 primarily as a result of an increase in the number of our employees in charge of our administrative function and our compensation level as we expanded our business and an increase in our depreciation and amortization from RMB15.0 million in 2017 to RMB23.2 million in 2018 for our owned and lease properties. The increase was partially offset by a decrease in professional fee from RMB31.6 million in 2017 to RMB11.4 million in 2018 mainly reflecting less expenses incurred for our proposed spin-off plan. Our administrative expenses as a percentage of our total revenue decreased from 23.7% in the 2017 to 16.8% in 2018.

Finance Costs

Our finance costs increased significantly from RMB1.1 million in 2017 to RMB2.2 million in 2018. The increase was mainly as a result of an increase in interest on lease liability from RMB1.1 million in 2017 to RMB2.1 million in 2018, primarily as a result of the increase in our operating leases.

Allowance for Doubtful Debts, Net of Reversal/Impairment Losses under Expected Credit Loss Model, Net of Reversal

Our impairment losses under expected credit loss model, net of reversal was a loss of RMB11.3 million in 2018, compared to a gain of allowance for doubtful debts, net of reversal of RMB8.8 million in 2017. The change was mainly due to the collection of contract assets of RMB11.4 million in 2017 and the adoption of expected credit loss model from January 1, 2018.

Gain (Loss) from Changes in Fair Value of Investment Properties

We recognized a loss from changes in fair value of investment properties of RMB15.4 million in 2018, compared to a gain from changes in fair value of investment properties of RMB1.2 million in 2017, based on a valuation carried out as of December 31, 2017 and 2018 by an independent property valuer.

Gain on Acquisition of a Subsidiary

Our gain on acquisition of a subsidiary was nil in 2018 compared to RMB0.3 million in 2017, which is the gain on acquisition of 51% equity interest in Greentown Lipu.

Net Loss on Disposal of a Subsidiary

We had a net loss on disposal of a subsidiary of RMB0.2 million in 2018, which was mainly due to our disposal of 49.0% equity interest in Hangzhou Binfeng.

Net Loss on Partial Disposal of An Associate

We had net loss on partial disposal of an associate of RMB1.5 million in 2018, which was mainly due to our disposal of 35% equity interest in Greentown Garden Project.

Share of Results of Associates

Our share of results of associates was a loss of RMB1.7 million in 2018, compared to a profit of RMB14.0 million in 2017. Our share of loss of associates in 2018 was primarily resulting from the net losses incurred by Greentown Ideal House, which operated the business of house maintenance and repair. We have disposed of all of our equity interest in this associate in January 2019.

Share of Results of Joint Ventures

Our share of results of joint ventures increased significantly from a loss of RMB8.7 million in 2017 to a loss of RMB27.4 million in 2018 mainly as a result of their development stage of ramping up businesses.

Profit Before Tax

As a result of the foregoing factors, our profit before tax increased by 17.7% from RMB349.9 million in 2017 to RMB411.8 million in 2018.

Income Tax Expense

Our income tax expense decreased by 48.3% from RMB94.2 million in 2017 to RMB48.7 million in 2018, primarily as a result of the decrease in our current PRC EIT from RMB94.1 million in 2017 to RMB70.9 million in 2018 mainly as a result of the effect of expenses that are deductible but are eliminated due to consolidation of RMB72.5 million. Such effect was mainly due to the losses incurred from the liquidation of our two subsidiaries in 2018, namely, Greentown Shidai and Greentown Northern Real Estate Construction Co., Ltd., which losses were eliminated due to group consolidation but their immediate holding company, Greentown Construction Management, recognized such losses as deductible tax expense in the same year. As a result, our effective tax rate, calculated as income tax expense divided by profit before tax, was 26.9% and 11.8% in 2017 and 2018, respectively.

Profit for the Year from Continuing Operations

As a result of the foregoing, our profit from continuing operations for the year increased by 41.9% from RMB255.8 million in 2017 to RMB363.1 million in 2018. Our net profit margin from continuing operations was 25.2% in 2017 and 24.5% in 2018.

DESCRIPTION OF SELECTED ITEMS IN STATEMENT OF FINANCIAL POSITION

The following table sets forth our key financial data from our consolidated statements of financial position as of the dates indicated:

	As of December 31,		
	2017	2018	2019
	(in thousands of RMB)		
Total non-current assets	1,025,159	1,131,109	1,238,710
Total current assets	1,270,733	1,260,045	2,520,997
Total assets	2,295,892	2,391,154	3,759,707
Total current liabilities	1,729,871	1,444,512	2,054,240
Net current assets/(liabilities)	(459,138)	(184,467)	466,757
Total assets less current liabilities	566,021	946,642	1,705,467
Net assets	535,865	901,790	1,681,189

Inventories

Our inventories mainly consist of trees and seedlings for our garden decoration and landscape construction business.

Our inventories amounted to RMB4.5 million, RMB4.8 million and nil as of December 31, 2017, 2018 and 2019, respectively. Our inventories decreased to nil as of December 31, 2019 primarily because in September 2019 we decided to dispose of all of our landscape construction and therefore our inventory of such landscape construction was recorded as assets classified as held for sale.

Trade and Other Receivables

Our trade and other receivables mainly represented trade receivables from our Project Owners and customers of our consulting services, other receivables mainly representing the tender deposits we placed with the Government Project Owners, prepayments made by our landscape construction operation for purchases of inventory and prepayment made for purchases of property, plant and equipment as well as deferred listing fee. Our trade and other receivables were RMB180.9 million, RMB177.8 million and RMB312.8 million, as of December 31, 2017, 2018 and 2019, respectively.

The table below sets forth a breakdown of our trade and other receivables as of the dates indicated:

	As of December 31,		
	2017	2018	2019
	(in thousands of RMB)		
Trade receivables	105,119	97,707	155,095
Less: allowance for credit losses	(2,671)	(19,474)	(17,383)
Trade receivables, net of allowance for credit losses	102,448	78,233	137,712
Other receivables	76,233	95,771	135,627
Less: allowance for credit losses	–	(2,974)	(2,642)
Other receivables, net of allowance for credit losses	76,233	92,797	132,985
Prepayments	2,267	6,773	2,337
Deferred issue cost	–	–	4,226
Input value-added tax	–	–	35,582
Total	180,948	177,803	312,842

Trade Receivables

Our trade receivables mainly arise from project management and consultancy fees payables by Project Owners and customers of our consulting services, and we do not normally grant any credit period. As of December 31, 2017, 2018 and 2019, our trade receivables, net of allowance for credit losses amounted to RMB102.4 million, RMB78.2 million and RMB137.7 million, respectively. As of the Latest Practicable Date, we settled approximately RMB103.7 million or 75.3% of the outstanding balance of our trade receivables as of December 31, 2019.

Our trade receivables, net of allowance for credit losses decreased from RMB102.4 million as of December 31, 2017 to RMB78.2 million as of the same date in 2018 primarily because of the increase in our allowance for credit losses from RMB2.7 million as of December 31, 2017 to RMB19.5 million as of the same date in 2018 mainly as a result of the Group's initial adoption of the accounting policy of recognizing loss allowance for credit losses based on the expected credit loss model. Our trade receivables, net of allowance for credit losses increased from RMB78.2 million as of December 31, 2018 to RMB137.7 million as of December 31, 2019 primarily because of the growth of our commercial project management and government project management businesses.

The table below sets forth the turnover days of our trade receivables and trade receivables and contract assets, respectively, for the periods indicated:

	Year ended December 31,		
	2017	2018	2019
Trade receivables turnover days(1)	24	25	23
Trade receivables and contract assets turnover days(2)	117	84	77

Note:

(1) Calculated as the average balance of the opening and closing trade receivables of the relevant period divided by revenue in that relevant period, then multiplied by the number of days in such relevant period, being 365 days for a full-year period.

(2) Calculated as the average balance of the opening and closing trade receivables and contract assets of the relevant period divided by revenue in that relevant period, then multiplied by the number of days in such relevant period, being 365 days for a full-year period.

Our trade receivables turnover days were 24 days, 25 days and 23 days in 2017, 2018 and 2019, respectively. Our trade receivables turnover days are relatively stable during the Track Record Period. Our trade receivables and contract assets turnover days were 117 days, 84 days and 77 days for the years ended December 31, 2017, 2018 and 2019, respectively. The decreases in our trade receivables and contract assets turnover days during the Track Record Period were mainly due to the improvement in our billing management process, of which we improved the communication with our customers to timely settle the bills.

The table below sets forth an aging analysis of trade receivables, including bills receivables, and allowance for credit losses, presented based on the invoice date at the end of each reporting period:

	As of December 31,		
	2017	2018	2019
	(in thousands of RMB)		
Within 180 days			
– Among which,			
Within 0-90 days	83,240	55,876	113,950
90-180 days	3,510	20,602	14,978
180 – 365 days	12,697	11,681	16,078
Over 365 days	5,672	9,548	10,089
Trade receivables	105,119	97,707	155,095
Less: Allowance for credit losses	(2,671)	(19,474)	(17,383)
Trade receivables, net of allowance for credit losses	102,448	78,233	137,712

We have policies in place to monitor and follow up with trade receivables that have aged beyond our generally accepted level. We generally do not allow a credit period for our customers. When the due date approaches, we will send an alert to such Project Owners as a reminder. If no payment is received after 30 days, our managers will follow up with the Project Owners. As of December 31, 2017, 2018 and 2019, 81.3%, 71.4% and 82.7% of our total trade receivables and bill receivables have been collected within 90 days. Although a majority of our customers need a period up to 90 days to settle our bills due to practical reasons such as discussing bills with us, processing payments, etc., we do not consider it necessary to amend our credit term policy. Our management will from time to time review, and if appropriate, revise and update our policies and internal control procedures for collection of trade receivables. We assess and evaluate the financial background and credit reliability of the Project Owners to determine the respective credit quality. We consider any change in the credit quality of the trade receivables from the date on which the credit was initially granted up to the report date in determining the recoverability of trade receivables. We have and will continue to make impairment provisions in accordance with our accounting policies. Trade receivables are considered to be impaired when there is objective evidence that the estimated future cash flows of the financial assets have been affected. Trade receivables are assessed not to be impaired individually are assessed on a collective basis, and we make provisions for impairment accordingly. We apply the IFRS 9 simplified approach to measure ECL which uses a lifetime ECL for trade receivables. To measure the ECL, trade receivables have been grouped based on debtor's aging.

Other Receivables

Our other receivables mainly represented the tender deposits we placed with the Government Project Owners during the Track Record Period which are expected to be received after the completion of the project. As of December 31, 2017, 2018 and 2019, our other receivables, net of allowance for credit losses amounted to RMB76.2 million, RMB92.8 million and RMB133.0 million, respectively. As of March 31, 2020, we settled approximately RMB13.0 million or 9.6% of the outstanding balance of our other receivables as of December 31, 2019. We expect to settle approximately RMB79.0 million or 58.0% of the outstanding balance of our other receivables as of December 31, 2019 by December 31, 2021, and settle the remaining outstanding balance of our other receivables by December 31, 2023.

Prepayments

Our prepayments mainly represented the prepayment made by our landscape construction operation for purchases of inventory and prepayment made for purchases of property, plant and equipment. As of December 31, 2017, 2018 and 2019, our prepayments amounted to RMB2.3 million, RMB6.8 million and RMB2.3 million, respectively. The significant increase in our prepayments from the end of 2017 to the end of 2018 mainly reflected the prepayment made by our landscape construction operation for purchases of inventory in 2018. The significant decrease in our prepayments from December 31, 2018 to December 31, 2019 mainly because in September 2019 we decided to dispose of all our landscape construction business and therefore our prepayments of such landscape construction business was recorded as assets classified as held for sale.

Deferred issue cost

Our deferred issue cost mainly represents the capitalization of our certain listing fee. As of December 31, 2017, 2018 and 2019, our deferred issue cost was nil, nil, and RMB4.2 million.

Input value-added tax

Our input value-added tax represents the amount of input tax exceeds that of the output tax primarily because the payments made by us to suppliers in the Media Village Project Management were greater than the billed amounts, which resulted in value-added tax to be deducted. As of December 31, 2017, 2018 and 2019, our input value added tax were nil, nil, and RMB35.6 million.

Amounts Due from Related Parties

Our amounts due from related parties mainly represented (i) the management fee payable by Greentown Real Estate which in certain projects entered into the project management mandates directly with the Project Owners under which we provided project management services and were entitled to the fee Greentown Real Estate charged the Project Owners (ii) the performance deposits paid to the related parties and funds paid in advance to our cooperated joint ventures before the completion of the relevant projects as well as (iii) the service fee payable by our related parties as customers of our other services. Additionally, it also includes non-trade financing receivable from our related parties.

Our amounts due from related parties increased from RMB42.4 million as of December 31, 2017 to RMB355.4 million as of December 31, 2018 primarily due to (i) an increase in our amount due from Greentown Yangliujun Real Estate Co., Ltd., an indirect wholly owned subsidiary of Greentown Real Estate, from nil as of December 31, 2017 to RMB125.3 million as of the same date in 2018 in connection with the project management services we provided in connection with the Media Village Project Management (see "Relationship with Controlling Shareholder – Business Delineation Between the parent Group and Our Group – Parent Group's Remaining Interests in Project Management Projects"), (ii) an increase in our amount due from Shandong Bluetown from nil as of December 31, 2017 to RMB44.6 million as of December 31, 2018 primarily due to the funds paid in advance we received from our Commercial Project Owners which we paid to our cooperated joint venture (being Shandong Bluetown) before the completion of the relevant project, (iii) an increase in our amount due from Zhejiang Shidai from RMB2.2 million as of December 31, 2017 to RMB29.0 million as of December 31, 2018 primarily due to the performance deposits we received from our Commercial Project Owners which we paid to our cooperated joint venture (being Zhejiang Shidai) before the completion of the relevant project and (iv) an increase in our amount due from Greentown Tianyuan from nil as of December 31, 2017 to RMB26.4 million as of December 31, 2018 primarily due to the performance deposits we received from our Commercial Project Owners which we paid to our cooperated joint venture (being Greentown Tianyuan) before the completion of the relevant project.

Our amounts due from related parties increased from RMB355.4 million as of December 31, 2018 to RMB654.6 million as of December 31, 2019 primarily due to a significant increase in our amount due from Greentown Yangliujun Real Estate Co., Ltd., from RMB125.3 million as of December 31, 2018 to RMB413.4 million as of December 31, 2019 primarily representing the payments we made to the suppliers on behalf of Greentown Yangliujun Real Estate Co., Ltd. in connection with the Media Village Project Management.

We expect that the amounts due from related parties that are non-trade in nature will be paid off before the Listing.

Contract Assets

Our contract assets mainly represented our right to consideration for work completed but not billed because such right remains subject to our future performance in achieving specified milestones stipulated in the relevant project management contracts. The contract assets will be transferred to trade receivables when the rights become unconditional.

Our contract assets were RMB220.3 million, RMB244.0 million and RMB311.9 million as of December 31, 2017, 2018 and 2019. The changes of our contract assets during the Track Record Period mainly reflected the state of our billing, the development stages of the projects we had and our continued expansion of our business. As of March 31, 2020, we billed RMB89.2 million or 27.0% of the outstanding balance of our contract assets as of December 31, 2019. As of the Latest Practicable Date, we have collected RMB89.1 million or 99.9% of trade receivables which transferred from the contract assets we billed as of March 31, 2020.

The table below sets forth an aging analysis of our contract assets and allowance for credit losses presented based on the revenue recognition date as of the dates indicated:

	As of December 31,		
	2017	**2018**	**2019**
	(in thousands of RMB)		
Within 1 year	193,427	240,539	310,862
1 – 2 years	26,914	6,000	–
2 – 3 years	–	13,074	6,000
Over 3 years	–	–	13,074
Contract assets	220,343	259,614	329,937
Less: allowance for credit losses	–	(15,570)	(18,017)
Contract assets, net of allowance for credit losses	220,343	244,044	311,920

The table below sets forth the breakdown of our contract assets as of the dates indicated.

	As of December 31,		
	2017	2018	2019
	(in thousands of RMB)		
Contract assets attributable to the projects undertaken by			
joint venture business partners	16,971	44,064	68,831
third-party business partners	6,108	4,368	20,908
ourselves	197,264	195,612	222,181
Total	220,343	244,044	311,920

Pledged Bank Deposits

Our pledged bank deposits represented the restricted cash we deposited with the banks which will issue guarantee letters. Our pledged bank deposits amounted to RMB3.7 million, RMB6.4 million and RMB15.0 million as of December 31, 2017, 2018 and 2019, respectively.

Bank Balances and Cash

Our bank balances and cash were RMB294.3 million, RMB471.6 million and RMB1,126.8 million as of December 31, 2017, 2018 and 2019.

Current Portion of Loan to a Related Party

In 2017, our current portion of loan to a related party represented our loan to Greentown Real Estate, which were denominated in RMB with the fixed interest rate of 1.7% per annum. Our current portion of loan to a related party was RMB524.5 million as of December 31, 2017. For further details of loan to a related party, see note 41 in the Accountants' Report in Appendix I of this prospectus.

Assets Classified as Held for Sale

In September 2019, our directors resolved to dispose of all our landscape construction operation because such business was capital intensive and was not in line with our asset-light business model. Negotiations with interested party have subsequently taken place. The assets and liabilities attributable to such business, which are expected to be sold within 12 months, have been classified as a disposal group held for sale. Our assets classified as held for sale mainly consist of (i) property, plant and equipment, (ii) inventories, (iii) trade and other receivables, and (iv) bank balances and cash. Our assets classified as held for sale were RMB99.9 million as of December 31, 2019.

Trade and Other Payables

Our trade and other payables mainly consist of (i) trade payables to our suppliers on consumables and inventories as well as the service costs payable to the cooperated business partners, (ii) other payables to Project Owners in connection with the deposits they placed with us, (iii) payroll payable, (iv) provision for share of losses of associates exceeded interests invested and (v) provision for share of losses of joint ventures exceeded interests invested.

The table below sets forth a breakdown of our trade and other payables as of the dates indicated:

	As of December 31,		
	2017	2018	2019
	(in thousands of RMB)		
Trade payables	27,510	41,021	23,741
Other payables	241,731	448,703	565,147
Payroll payable	140,340	182,309	191,197
Provision for share of losses of associates exceeded interests invested	–	2,968	–
Provision for share of losses of joint ventures exceeded interests invested	6,232	32,941	50,404
Total	415,813	707,942	830,489

Trade Payables

Our trade payables mainly represented payables to our suppliers on consumables and inventories as well as the service costs payable to the cooperated business partners. As of December 31, 2017, 2018 and 2019, trade payables amounted to RMB27.5 million, RMB41.0 million and RMB23.7 million, respectively. As of March 31, 2020, we had settled approximately RMB1.5 million or 6.0% of our trade payables as of December 31, 2019. The changes of our trade payables mainly reflected the state of our business and our settlement of those payables at relevant times.

The table below sets forth our trade payables for the periods indicated:

	Year ended December 31,		
	2017	2018	2019
Trade payables turnover days[1]	134	36	16

Note:

1. Calculated as the average balances of the opening and closing trade payables of the relevant period divided by cost of sales excluding staff costs in that relevant period, then multiplied by the number of days in such relevant period, being 365 days for a full-year period.

Our trade payables turnover days decreased from 134 days in 2017 to 36 days in 2018 and further decreased to 16 days in 2019, primarily because of our business expansion through our cooperation with business partners and we have a relatively short trade payables turnover days with our cooperated business partners, and partly because of the decrease in our trade payables as a result of our two primary subsidiaries conducting planning and architecture design business becoming our joint venture.

The table below sets forth an aging analysis of trade payables presented based on the date of invoice at the end of each reporting period:

	As of December 31,		
	2017	2018	2019
	(in thousands of RMB)		
Within 1 year	24,989	38,999	21,646
1-2 years	1,063	1,844	970
2-3 years	1,404	124	1,071
More than 3 years	54	54	54
Total	27,510	41,021	23,741

Other Payables

Our other payables mainly represented those payables to Commercial Project Owners in connection with the deposits they placed with us. As of December 31, 2017, 2018 and 2019, other payables amounted to RMB241.7 million, RMB448.7 million and RMB565.1 million, respectively. The continued increases in our other payables mainly reflected the continued growth of our commercial project management business and the increased number of projects we had.

Payroll Payables

Our payroll payables mainly represented employees' compensations and other employee benefits payable to our employees. Our payroll payables were RMB140.3 million, RMB182.3 million, and RMB191.2 million as of December 31, 2017, 2018 and 2019, respectively. The increase in our payroll payables from December 31, 2017 to the same date in 2019 which was generally in line with the growth of our staff costs.

Provision for Share of Losses of Associates Exceeded Interests Invested

As of December 31, 2018, we did not fulfill the payment obligation of subscribed capital contribution to an associate because according to the associate's articles of association of the associate the deadline to make such contribution was not due and we were obligated to undertake the share of losses that was limited to the unfilled capital contribution to such associates registered by us. The associate has become our joint venture as of December 31, 2019.

Provision for Share of Losses of Joint Ventures Exceeded Interest Invested

As of December 31, 2019, we did not fulfill the payment obligation of subscribed capital contribution to certain joint ventures because according to the joint ventures' articles of association the deadline to make such contribution was not due and we were obligated to undertake the share of losses that was limited to the unfilled capital contribution to such joint ventures registered by us.

Our Directors have confirmed that, up to the Latest Practicable Date, there have been no material defaults in payment of trade and non-trade payables and borrowings, and/or breaches of covenants during the Track Record Period.

Amounts Due to Related Parties

Our amounts due to related parties mainly represented the fee payable in relation to project management services provided by our cooperated business partners. Our amounts due to related parties also include the non-trade due to (i) Greentown Real Estate in connection with the unpaid consideration for our acquisition of Greentown Shidai and Greentown Dingyi in 2017 and (ii) Greentown Real Estate in connection with the payments made to suppliers and constructors in the Media Village Project Management on behalf of us.

Our amounts due to related parties decreased significantly from RMB1,037.2 million as of December 31, 2017 to RMB374.4 million as of December 31, 2018 primarily due to a decrease in amounts due to Greentown Real Estate from RMB995.0 million as of December 31, 2017 to RMB200.0 million as of the same date in 2018 mainly because of our settlement of such due to related parties in connection with our acquisition of Greentown Shidai and Greentown Dingyi. The decrease was partially offset by an increase in amount due to Zhejiang Greentown Real Estate investment Co., Ltd from nil as of December 31, 2017 to RMB96.2 million as of the same date in 2018 primarily due to the increase in its payments made to suppliers and constructors in Media Village Project Management on behalf of us.

Our amounts due to related parties increased from RMB374.4 million as of December 31, 2018 to RMB800.8 million as of December 31, 2019 primarily due to (i) the increase in the amount due to Greentown China from RMB2.4 million as of December 31, 2018 to RMB546.9 million as of the same date in 2019 mainly reflecting advance from Greentown China, as well as (ii) the increase in the amount due to Hangzhou Qianjiang Lvxing Leju Construction Management Co., Ltd., Wenzhou Lvcheng Leju Enterprise Management Co., Ltd. and Wenzhou Greentown Leju Project Management Co., Ltd. from nil as of December 31, 2018 to RMB81.5 million as of December 31, 2019, of which were mainly as a result of the operation entrustment arrangements between us and Greentown Real Estate for the aforementioned companies. For our entrustment arrangements for the aforementioned companies, please see "Relationship with Controlling Shareholder – Independence from Greentown China – Operational Independence – Government project management projects assigned from the Parent Group to the Group – Arrangement (i) – (2) Model 2" for details. The increase was partially offset by the decrease in amount due to Greentown Real Estate from RMB200.0 million as of December 31, 2018 to nil as of the same date in 2019 mainly due to our settlement of such due to related parties in connection with our acquisition of Greentown Shidai and Greentown Dingyi.

We expect that the amounts due to related parties that are non-trade in nature will be paid off before the Listing.

Subsequent to the Track Record Period and as of the Latest Practicable Date, the Company was indebted to Greentown China in an amount of RMB540.0 million, which is non-trade in nature and is expected to be settled on the Listing Date using proceeds from the Global Offering. See "Future Plans and Use of Proceeds" for further details.

Income Taxes Payable

Our income taxes payable increased from RMB28.7 million as of December 31, 2017 to RMB44.5 million as of December 31, 2018 and increased further to RMB84.3 million as of December 31, 2019 primarily due to the growth of our business.

Other Taxes Payable

Our other taxes payables mainly represented the payables of value added tax and withholding of employee's income tax.

Our other taxes payables decreased from RMB21.4 million as of December 31, 2017 to RMB9.0 million as of December 31, 2018 primarily due to the decrease in our value added tax payable. Our other taxes payables increased from RMB9.0 million as of December 31, 2018 to RMB29.9 million as of December 31, 2019 primarily due to the increase in our value added tax payable.

Contract Liabilities

Our contract liabilities under current liabilities consist primarily of (i) the prepayment received from related party customers of our other services and (ii) the prepayment received from third party customers of our commercial project management services.

As of December 31, 2017, 2018 and 2019, we had contract liabilities of RMB210.6 million, RMB291.4 million and RMB239.6 million, respectively. The changes of our contract liabilities mainly reflected the stage of the life cycle of our projects and generally we had more contract liabilities in the former stage of the projects.

The tables below set forth the breakdown of our contract liabilities at the end of each reporting period:

	As of December 31,		
	2017	**2018**	**2019**
	(in thousands of RMB)		
Contract liabilities to related parties . . .	1,356	1,794	–
Contract liabilities to third parties	209,278	289,558	239,580
Total	210,634	291,352	239,580

	As of December 31,		
	2017	2018	2019
	(in thousands of RMB)		
Contract liabilities attributable to the projects undertaken by			
joint venture business partners	28,619	76,398	20,164
third-party business partners	–	5,167	–
ourselves	182,015	209,787	219,416
Total	210,634	291,352	239,580

Current Lease Liabilities

Our current lease liabilities were RMB6.1 million, RMB7.4 million and RMB6.3 million as of December 31, 2017, 2018 and 2019. The changes of our lease liabilities primarily reflect the changes of our operating leases.

Bank and Other Borrowings Due Within One Year

We had bank and other borrowings due within one year amounted to RMB10.0 million, RMB10.0 million and nil as of December 31, 2017, 2018 and 2019, respectively. Such bank and other borrowings were made by our landscape construction operation and were unsecured and carried average effective interest rates at 4.835%, 5.329% and nil per annum, respectively, as of the same dates.

Liabilities Associated with Assets Classified as Held for Sale

Our liabilities associated with assets classified as held for sale mainly represented liabilities attributable to the landscape construction operation which we resolved to dispose of within 12 months since September 2019. Our liabilities associated with assets classified as held for sale mainly consisted of trade and other payables, amounts due to related parties, and bank and other borrowings. Our liabilities associated with assets classified as held for sale were RMB62.8 million as of December 31, 2019.

WORKING CAPITAL

The table below sets forth our current assets and current liabilities as of the dates indicated:

	As of December 31,			As of April 30,
	2017	2018	2019	2020
	(in thousands of RMB)			*(unaudited)*
Current assets				
Inventories	4,537	4,805	–	–
Trade and other receivables	180,948	177,803	312,842	340,476
Contract assets	220,343	244,044	311,920	282,853
Amounts due from related parties	42,426	355,402	654,618	690,624
Loan to a related party	524,542	–	–	–
Financial assets at fair value through profit or loss	–	–	–	217,000
Pledged bank deposits	3,662	6,428	14,963	15,966
Bank balances and cash	294,275	471,563	1,126,771	1,031,503
Assets classified as held for sale	–	–	99,883	110,076
Total current assets	1,270,733	1,260,045	2,520,997	2,688,498
Current liabilities				
Trade and other payables	415,813	707,942	830,489	755,686
Amounts due to related parties	1,037,204	374,378	800,753	880,083
Income taxes payable	28,712	44,478	84,346	74,417
Other taxes payable	21,414	8,980	29,929	16,992
Contract liabilities	210,634	291,352	239,580	270,955
Lease liabilities	6,094	7,382	6,294	5,853
Bank and other borrowings – due within one year	10,000	10,000	–	–
Liabilities associated with assets classified as held for sale	–	–	62,849	74,260
Total current liabilities	1,729,871	1,444,512	2,054,240	2,078,246
Net current (liabilities)/assets	(459,138)	(184,467)	466,757	610,252

We recorded net current liabilities of RMB459.1 million and RMB184.5 million, respectively, as of December 31, 2017 and 2018. We had net current assets of RMB466.8 million and RMB610.3 million, respectively, as of December 31, 2019 and April 30, 2020, being the latest practicable date for liquidity purposes.

Our net current liabilities decreased significantly from RMB459.1 million as of December 31, 2017 to RMB184.5 million as of the same date in 2018 primarily because of a significant decrease in our amounts due to related parties from RMB1,037.2 million as of December 31, 2017 to RMB374.4 million as of the same date in 2018 primarily due to our settlement of such due to related parties in connection with our acquisition of Greentown Shidai and Greentown Dingyi as well as the increase in our bank balances and cash from RMB294.3 million as of December 31,2017 to RMB471.6 million as of the same date in 2018. The decrease in our net current liabilities was partially offset by the significant decrease in our loan to a related party from RMB524.5 million as of December 31, 2017 to nil as of the same date in 2018, which was primarily due to our gradual cessation of the intra-group fund pooling policy of having Greentown Real Estate to hold our capital as custodian.

We had net current assets of RMB466.8 million as of December 31, 2019 compared to net current liabilities of RMB184.5 million as of December 31, 2018 primarily as a result of the increase in our bank balances and cash from RMB471.6 million as of December 31, 2018 to RMB1,126.8 million as of December 31, 2019 primarily due to the increase in our net cash generated from financing activities. The increase in our net current assets was partially offset by the increase in our amounts due to related parties from RMB374.4 million as of December 31, 2018 to RMB800.8 million as of December 31, 2019 primarily due to the increases in the amount due to these related parties mainly reflecting advance from Greentown China, as well as the increase in the amount due to Hangzhou Qianjiang Lvxing Leju Construction Management Co., Ltd., Wenzhou Lvcheng Leju Enterprise Management Co., Ltd. and Wenzhou Greentown Leju Project Management Co., Ltd. as a result of the operation entrustment arrangements between us and Greentown Real Estate for these companies. For our entrustment arrangements for the aforementioned companies, please see "Relationship with Controlling Shareholder – Independence from Greentown China – Operational Independence – Government project management projects assigned from the Parent Group to the Group – Arrangement (i) – (2) Model 2" for details.

A net current liability position may pose certain risks for our operations. Please refer to the section headed "Risk Factors – Risks Relating to Our Business and Our Industry – We experienced net current liabilities during the Track Record Period and may need additional external financings to fund our working capital requirements and we may not be able to obtain such financings on acceptable terms or at all" in this prospectus.

LIQUIDITY AND CAPITAL RESOURCES

Overview

During the Track Record Period, our liquidity requirement arose principally from meeting our working capital requirements. During the Track Record Period, our principal sources of funds to finance our working capital, capital expenditure and other capital requirements were internally generated cash flows.

Cash Flow Analysis

The table summarizes our consolidated statement of cash flows for the periods indicated:

	Year ended December 31,		
	2017	2018	2019
	(in thousands of RMB)		
Net cash generated from operating activities	375,617	530,541	121,116
Net cash generated from/(used in) investing activities	(531,837)	467,881	(180,686)
Net cash generated from/(used in) financing activities	(1,106)	(821,138)	727,140
Net increase/(decrease) in cash and cash equivalents	(157,332)	177,288	667,599
Cash and cash equivalents at the beginning of the year	451,607	294,275	471,563
Cash and cash equivalents at the end of the year	294,275	471,563	1,139,162

Net Cash Generated from Operating Activities

Cash inflows from operating activities consist primarily of project management fee and project management consultation service fee we received from our customers. Cash outflows from our operating activities consist primarily of employee compensation payment, service costs we need to pay to our cooperated business partners, selling and marketing expenses, administrative expenses and other operating expenses. Our net cash flows from operating activities reflect our profit before income tax as adjusted for (i) non-cash or non-operating income and expenses, such as gain from changes in fair value of investment properties, dividends from available-for-sale investment, share of results of associates and share of results of joint ventures; (ii) changes in certain working capital items such as trade and other receivables, trade and other payables and contract liabilities; and (iii) income tax paid.

In 2019, we had net cash from operating activities of RMB121.1 million, mainly representing profit before tax of RMB370.7 million and the increase in trade and other payables of RMB228.0 million mainly representing the increase in the payables to the Commercial Project Owners in connection with the deposits they placed with us, partially offset by the increases in our amount due from related parties of RMB342.7 million and trade and other receivables of RMB208.5 million.

In 2018, we had net cash flows generated from operating activities of RMB530.5 million, mainly representing profit before tax from continuing operation of RMB364.9 million and the increase in trade and other payables of RMB256.2 million mainly representing the increase in the payables to the Commercial Project Owners in connection with the deposits they placed with us, partially offset by the increase in our amounts due from related parties of RMB321.0 million mainly due to the increase in our tender deposits we placed with the Government Project Owners.

In 2017, we had net cash flows generated from operating activities of RMB375.6 million, mainly representing profit before tax from continuing operation of RMB262.6 million and the increase in trade and other payables of RMB634.2 million mainly representing the increase in the payables to the Commercial Project Owners in connection with the deposits they placed with us as well as the decrease in contract assets of RMB87.0 million, partially offset by the decrease in our amounts due to related parties of RMB465.0 million.

Net Cash Generated from/(Used in) Investing Activities

We derive our cash inflows from investing activities, primarily from decrease in advance to related parties, interest received, repayment to a related party and proceeds received from disposal of an associate. Our net cash used in investing activities principally reflects increase in loan to a related party, consideration paid for acquisition of subsidiaries in prior year, purchases of property, plant and equipment and investments in associates.

In 2019, we had net cash used in investing activities of RMB180.7 million, mainly representing advance of loan to related parties of RMB100.0 million, net cash outflow arising from disposal of subsidiaries of RMB43.3 million and purchases of property, plant and equipment of RMB49.1 million, partially offset by interest received of RMB16.2 million.

In 2018, we had net cash flows generated from investing activities of RMB467.9 million primarily due to an increase in repayment of loan to a related party of RMB666.5 million, partially offset by decreases in advance of loan to a related party of RMB141.9 million and purchase of property, plant and equipment of RMB69.4 million.

In 2017, we had net cash flows used in investing activities of RMB531.8 million primarily due to an increase in advance of loan to a related party of RMB1,147.5 million, partially offset by a decrease in repayment of loan to a related party of RMB623.0 million.

Net Cash Generated from/(Used in) Financing Activities

We derive our cash inflows from financing activities, primarily from advance from related parties in relation to group reorganization and proceeds from borrowing. Our net cash used in financing activities principally reflects our consideration paid for the acquisition of partial interest of Greentown Management and Greentown Shidai, repayment of bank and other borrowings, repayments of lease liabilities and dividends paid to non-controlling interests.

In 2019, we had net cash generated from financing activities of RMB727.1 million, mainly representing advance from a related party of RMB540.0 million and capital contribution from shareholders of RMB413.7 million, partially offset by consideration paid for acquisition of subsidiaries under common control in prior year of RMB200.0 million.

In 2018, we had net cash flows used in financing activities of RMB821.1 million primarily due to an increase in our consideration paid for acquisition of subsidiaries in prior year of RMB795.0 million, repayment of lease liabilities of RMB13.2 million, as well as dividends paid of RMB9.7 million partially offset by proceeds from borrowings of RMB10.0 million.

In 2017, we had net cash flows used in financing activities of RMB1.1 million primarily due to repayments of lease liabilities of RMB6.0 million, partially offset by proceeds from borrowings of RMB5.0 million.

KEY FINANCIAL METRICS

The table below sets forth a summary of our key financial metrics during the Track Record Period:

	As of and for the year ended December 31,		
	2017	2018	2019
Growth ratio			
Revenue growth (%)	N/A	45.8	34.6
Gross profit growth (%)	N/A	29.0	18.5
Profitability ratio			
Gross profit margin (%)(1)	56.8	50.2	44.2
Net profit margin from continuing operations (%)(2)	25.2	24.5	19.5
Liquidity ratio			
Current ratio (times)(3)	0.73	0.87	1.23
Capital adequacy ratio			
Return on equity (%)(4)	61.4	50.3	26.7
Gearing ratio (%)(5)	1.9	1.1	N/A

Notes:

(1) The calculation of gross profit margin is based on gross profit for the period divided by revenue for the same period and multiplied by 100%.

(2) The calculation of net profit margin from continuing operations is based on profit for the year from continuing operations divided by revenue for the same period and multiplied by 100%.

(3) The calculation of current ratio is based on current assets at the end of the period divided by current liabilities at the end of the same period and multiplied by 100%.

(4) The calculation of return on equity is based on profit for the period attributable to owners of the Company divided by the average of equity attributable to owners of the Company at the beginning of the period and at the end of the period and multiplied by 100%.

(5) The calculation of gearing ratio is based on total debt (including bank and other borrowings – due within one year) at the end of the period divided by total equity at the end of the same period.

For the discussion of our gross profit margin and net profit margin from continuing operations, please see "– Results of Operations."

Current Ratio

Our current ratio increased from 0.73 times as of December 31, 2017 to 0.87 times as of December 31, 2018 primarily due to the decreases in our current liabilities, primarily including amounts due to related parties, trade and other payables and contract liabilities. Our current ratio increased from at 0.87 times as of December 31, 2018 to 1.23 times as of December 31, 2019 primarily due to the increases in our current assets, primarily including bank balances and cash, amounts due from related parties and trade and other receivables.

Return on Equity

Our return on equity decreased from 61.4% in 2017 to 50.3% in 2018 and to 26.7% in 2019 primarily due to the faster increase in our equity than that in our net profit from continuing operations mainly as a result of accumulation of retained earnings and contribution from shareholders.

Gearing Ratio

Our gearing ratio was 1.9% and 1.1% as of December 31, 2017 and 2018, which mainly reflected the percentage of our bank and other borrowing of RMB10.0 million and RMB10.0 million as of the same dates to our total equity.

INDEBTEDNESS

The table below sets forth our outstanding indebtedness as of December 31, 2017, 2018, and 2019 and April 30, 2020:

	As of December 31,			As of April 30,
	2017	**2018**	**2019**	**2020**
		(RMB in thousands)		
				(unaudited)
Amounts due to related parties .	2,403	2,418	628,363	647,171
Lease liabilities	35,954	40,496	15,542	13,780
Bank loans	10,000	10,000	–	6,000
Total	48,357	52,914	643,905	666,951

Note:

The outstanding indebtedness above included the lease liabilities of discontinued operations amounted to RMB0.4 million as of December 31, 2019, and the lease liabilities of discontinued operations amounted to RMB0.2 million and bank loans of discontinued operations amounted to RMB6.0 million as of April 30, 2020, respectively.

Amounts due to related parties

The amounts due to related parties were non-trade related in nature which were unsecured and unguaranteed.

Bank loans

The table below sets forth the average effective interest rates on our bank loans as of December 31, 2017, 2018 and 2019 and April 30, 2020:

	As of December 31,			As of April 30,
	2017	2018	2019	2020
				(unaudited)
Bank loans	4.835%	5.329%	N/A	5.210%

The bank loans with a carrying value in the amount of RMB10.0 million and RMB10.0 million and nil as of December 31, 2017, 2018 and 2019, respectively, were unsecured.

As of April 30, 2020, we had bank borrowings of RMB6.0 million including bank loans of discontinued operations amounted to RMB6.0 million, of which RMB3.0 million were secured by our self-owned property and guaranteed by an individual and the remaining balance of RMB3.0 million were unsecured and unguaranteed and we had unutilized banking facilities of RMB1,038.1 million.

Lease liabilities

Pursuant to IFRS 16, we recognized lease liabilities of RMB13.8 million including lease liabilities of discontinued operations amounted to RMB0.2 million for all leases on the statement of financial position except for short-term leases and low-value assets. An amount of RMB13.3 million of lease liabilities was secured by the rental deposits and unguaranteed as of April 30, 2020. The remaining lease liabilities of RMB0.5 million were unsecured and unguaranteed.

Save as disclosed in this section, and apart from intra-group liabilities and normal trade payables, as of April 30, 2020, we did not have any other loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptance or acceptance credits, debentures, mortgages, charges, hire purchases commitments, guarantees or other material contingent liabilities. Our Directors confirm that there has been no material change in our indebtedness since April 30, 2020.

WORKING CAPITAL

We operate our project management business under an asset-light business model. As a service provider, we do not need to commit substantial financial resources for acquisition of land and construction of property. We finance our working capital needs primarily through cash flow from operations. Our Directors are of the opinion that, after taking into account the financial resources available to the Group, including the estimated net proceeds of the Global Offering, our internally generated funds and the available facilities, the Group has sufficient working capital to satisfy its requirements for at least the next 12 months following the date of this prospectus.

OPERATING LEASE COMMITMENTS

We lease certain of our business premises under non-cancellable operating leases arrangement. These leases typically run for a period from one to five years. The table below sets forth our lease liability payable as of the dates indicated.

	As of December 31,		
	2017	2018	2019
	(in thousands of RMB)		
Lease liabilities payable:			
Within one year	6,094	7,382	6,294
Within a period of more than one year but not more than two years	6,413	10,564	5,865
Within a period of more than two years but not more than five years	17,280	19,258	3,013
Within a period of more than five years	6,167	3,292	–
	35,954	40,496	15,172
Less: Amount due for settlement with 12 months shown under current liabilities	(6,094)	(7,382)	(6,294)
Amount due for settlement after 12 months shown under non-current liabilities	29,860	33,114	8,878

LISTING EXPENSES

The total listing expenses in connection with the Global Offering (including underwriting commission) were currently estimated to be approximately RMB88.4 million (HK$96.6 million) (or approximately RMB54.3 million after excluding underwriting commission of approximately RMB34.1 million), assuming the Over-Allotment Option is not exercised and based on the mid-point of the indicative offer price range.

For the years ended December 31, 2017, 2018 and 2019, listing expenses charged to profit or loss were nil, nil and RMB15.6 million, respectively. We expect to charge the estimated remaining listing expenses of RMB20.6 million to profit or loss during the year ending 2020 and to capitalize approximately RMB48.1 million following the Listing.

RELATED PARTY TRANSACTIONS

During the Track Record Period, we had carried out transactions with related parties as set forth in note 41 in the Accountants' Report in Appendix I. Our related parties mainly consisted of Greentown Real Estate, our joint ventures and associates and other entities controlled by our Controlling Shareholders.

Our transactions with related parties primarily include (i) non-trade interest free and unsecured cash advances we made to or received from them without a fixed term and (ii) transactions that are trade in nature, including primarily the project management and other services we provided to or we received from related parties. In terms of project management and other services we provided to related parties, Greentown Real Estate was engaged by and entered into management agreements with the Project Owners in certain circumstances, and then it appointed us to provide services as project manager of the relevant projects. Pursuant to such agreements, the Project Owners paid the management fees directly to Greentown Real Estate, which then settled with us, normally within 30 days from the date of invoice. We do not expect to continue this type of arrangement with Greentown Real Estate for any new projects after Listing. In terms of project management services and consulting services we received from related parties, most of such related parties were joint ventures we cooperated to develop commercial project management business.

Our Directors confirm that the transactions with respect to the amounts due from and due to related parties were conducted on an arm's length basis, and would not distort our track record results or make the historical results not reflective of our future performance. Our Directors also confirm that all related party balances which are non-trade in nature will be fully settled prior to the Listing. For further details on related party balances and transactions, please refer to note 41 in the Accountants' Report in Appendix I to this prospectus.

CONTINGENT LIABILITIES

At the end of each reporting period, we did not have significant contingent liabilities.

OFF-BALANCE SHEET ARRANGEMENTS

Subsequent to the Track Record Period and up to the date of this prospectus, we have not entered into any off-balance sheet transactions or arrangements that we believe have, or are reasonably likely to have, a current or future material effect on our financial position, revenue or expenses, results of operations, liquidity, capital expenditure, or capital resources.

FINANCIAL RISK MANAGEMENT

Our major financial instruments include available-for-sale investments, trade and other receivables, amounts due from related parties, pledged bank deposits, bank balances and cash, trade and other payables, amounts due to related parties and bank and other borrowings. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Our management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner. For details, please see note 38 in the Accountants' Report in Appendix I to this prospectus.

Market risk

Interest rate risk

We are exposed to fair value interest rate risk in relation to fixed-rate pledged bank deposits. We are also exposed to cash flow interest rate risk in relation to variable-rate bank deposits and bank and other borrowings. We currently does not have an interest rate hedging policy to mitigate interest rate risk; nevertheless, our management monitors interest rate exposure and will consider hedging significant interest rate risk should the need arise.

We are also exposed to cash flow interest rate risk in relation to variable-rate bank and other borrowings. We do not use any derivative contracts to hedge against its exposure to interest rate risk. If the interest rate had been 5 basis points higher/lower and all other variables were held constant, our profit before tax would increase/decrease by RMB406,000, RMB308,000 and RMB571,000, for the years ended December 31, 2017, 2018 and 2019, respectively.

Other price risk

We are exposed to equity price risk through our investments in unlisted equity securities measured at FVTOCI. We have appointed a special team to monitor the price risk and will consider hedging the risk exposure should the need arise. If the prices of the equity instruments had been 10% higher/lower, investments revaluation reserve would increase/decrease by RMB5.8 million and RMB6.5 million for the years ended December 31, 2018 and 2019, respectively.

Credit risk and impairment assessment

As of December 31, 2018 and 2019, our maximum exposure to credit risk which will cause a financial loss to us is arising from the carrying amount of the respective recognized financial assets as stated in the consolidated statement of financial position.

Our credit risk is primarily attributable to our trade receivables, other receivables, amounts due from related parties, loan to a related party, pledged bank deposits, bank balances and contract assets.

The tables below detail the credit risk exposures of the Group's financial assets and contract assets which are subject to ECL assessment:

	External credit rating	Internal credit rating	12-month or lifetime ECL	As of December 31, 2018 Gross carrying amount	As of December 31, 2019 Gross carrying amount
				(in thousands of RMB)	*(in thousands of RMB)*
Financial assets at amortized cost					
Trade receivable	N/A	*Note 1*	Lifetime ECL (provision matrix)	86,081	146,222
		Loss	Lifetime ECL (credit impaired)	11,626	8,873
				97,707	155,095
Trade related amounts due from related parties	N/A	*Note 1*	Lifetime ECL (provision matrix)	114,106	33,332
		Loss	Lifetime ECL (credit impaired)	456	21
				114,562	33,353
Other receivables	N/A	Performing & Low risk	12-month ECL	90,980	132,847
		Watch list & Doubtful	Lifetime ECL (not credit impaired)	1,949	1,395
		Loss	Lifetime ECL (credit impaired)	2,842	1,385
				95,771	135,627
Non-trade related amounts due from related parties	N/A	Performing & Low Risk	12-month ECL	247,909	626,918
Loan to a related party	N/A	Performing	12-month ECL	–	100,526
Pledged bank deposits	AAA-A *(Note 2)*	N/A	12-month ECL	6,428	14,963
Bank balances and cash	AAA-A *(Note 2)*	N/A	12-month ECL	471,563	1,126,771
Contract assets	N/A	*Note 1*	Lifetime ECL (provision matrix)	259,614	329,937

Notes:

1. For trade receivables, trade related amounts due from related parties and contract assets, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. Except for debtors with significant outstanding balances or credit-impaired, the Group determines the expected credit losses on these items by using a provision matrix based on aged days.

2. External credit rating disclosed by the counterparty financial institutions and banks, majority of which are located in the PRC.

Provision matrix – debtors' aging

As part of our credit risk management, we use debtors' aging to assess the impairment for our customers including those who are our related parties in relation to our project management service, landscape design service and construction design service because these operating segments have large number of small customers with common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. We assessed the impairment for our customers from these operating segments separately, and the information about the exposure to credit risk for these trade receivables and trade related amounts due from related parties based on provision matrix as of December 31, 2018 and 2019 within lifetime ECL (not credit impaired) are presented below respectively. Debtors with significant outstanding balances with gross carrying amounts of RMB11.6 million and RMB8.9 million for trade receivables as of December 31, 2018 and 2019 respectively were assessed individually; Credit-impaired debtors with gross carrying amounts of RMB456,000 and RMB21,000 for trade related amounts due from related parties as of December 31, 2018 and 2019 respectively were assessed individually.

	As of December 31,			
	2018		2019	
	Average loss rate	Trade receivables	Average loss rate	Trade receivables
		(in thousands of RMB)		*(in thousands of RMB)*
Gross carrying amount				
Within 180 days.	8.25%	76,478	5.63%	128,929
180-365 days	15.24%	9,153	6.81%	16,078
Over 365 days	32.22%	450	12.84%	1,215
		86,081		146,222

	As of December 31,			
	2018		2019	
	Average loss rate	**Contract assets**	**Average loss rate**	**Contract assets**
Gross carrying amount. .	6.00%	259,614	5.46%	329,937

	As of December 31,			
	2018		2019	
	Average loss rate	**Trade related amounts due from related parties**	**Average loss rate**	**Trade related amounts due from related parties**
		(in thousands of RMB)		*(in thousands of RMB)*
Gross carrying amount				
Within 180 days.	3.63%	98,567	3.67%	20,183
180-365 days	8.98%	15,539	8.43%	13,149
		114,106		33,332

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort.

The following table shows the movement in lifetime ECL that has been recognized for trade receivables and contract assets and trade related amounts due from related parties under the simplified approach.

	Lifetime ECL (not credit impaired)	**Lifetime ECL (credit impaired)**	**Total**
	(in thousands of RMB)	*(in thousands of RMB)*	*(in thousands of RMB)*
As of December 31, 2017 under IAS 39	–	2,671	2,671
Adjustment upon application of IFRS 9	23,622	4,781	28,403
As of January 1, 2018			
– as restated	23,622	7,452	31,074
– Transfer to credit impaired	(396)	396	–
– Impairment losses recognized	13,511	4,646	18,157
– Impairment losses reversed	(8,349)	(412)	(8,761)
As of December 31, 2018	28,388	12,082	40,470
– Transfer to credit-impaired	(287)	287	–
– Impairment losses recognized	18,170	1,176	19,346
– Impairment losses reversed	(10,905)	(332)	(11,237)
– Disposal of subsidiaries	(1,506)	(3,318)	(4,824)
– Transfer to assets classified as held for sale	(5,484)	(1,001)	(6,485)
As of December 31, 2019	28,376	8,894	37,270

Changes in the loss allowance for trade receivables, contract assets and trade related amounts due from related parties are mainly due to:

	As of December 31,		
	2018		2019
	Increase/(decrease) in lifetime ECL		Increase/ (decrease) in lifetime ECL
	Not credit-impaired	Credit-impaired	Not credit-impaired
	(in thousands of RMB)		
One trade debtor with a gross carrying amount of RMB4,500,000 defaulted and transferred to credit-impaired as of December 31, 2018	(396)	4,500	–
Several new trade debtors with gross carrying amounts of RMB235,991,000 and RMB164,871,000 as of December 31, 2018 and 2019	12,032	–	13,666
Settlement in full of trade debtors with gross carrying amounts of RMB103,999,000 and RMB101,971,000 as of December 31, 2018 and 2019	(6,425)	–	(6,124)

Provision matrix – internal credit rating

The following table provides information about the exposure to credit risk and ECL for other receivables, non-trade related amounts due from related parties and loan to a related party which are assessed collectively. In addition to the internal credit ratings as stated above, we further assessed the impairment for other receivables, amounts due from related parties and loan to a related party from the different operating segments separately, and the information about the exposure to credit risk for these other receivables, amounts due from related parties and loan to a related party based on provision matrix as of December 31, 2018 and 2019 within 12-month ECL and life time (not credit impaired) are presented below. Credit-impaired debtors with gross carrying amounts of RMB779,000 and RMB779,000 for other receivables as of December 31, 2018 and 2019 respectively were assessed individually; Debtors with significant outstanding balance with gross carrying amounts of RMB125.3 million and RMB413.4 million for non-trade amount due from related parties as of December 31, 2018 and 2019 respectively were assessed individually; Debtors with significant outstanding balance with gross carrying amounts of nil and RMB100.5 million for loan to a related party as of December 31, 2018 and 2019 respectively were assessed individually.

	As of December 31,			
	2018		2019	
	Average loss rate	**Other receivables**	**Average loss rate**	**Other receivables**
		(in thousands of RMB)		
Gross carrying amount				
Performing	0.54%	89,408	0.76%	130,109
Low risk	16.86%	1,572	17.79%	2,738
Watch list	20.63%	1,949	21.00%	1,395
Doubtful	56.71%	2,063	56.77%	606
		94,992		134,848

	As of December 31,			
	2018		2019	
	Average loss rate	**Non-trade related amounts due from related parties**	**Average loss rate**	**Non-trade related amounts due from related parties**
		(in thousands of RMB)		
Gross carrying amount				
Performing	0.54%	122,602	0.76%	213,549

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated.

The following table shows the movement in lifetime ECL that has been recognized for other receivables, non-trade related amounts due from related parties and loan to a related party.

	12m ECL	Lifetime ECL (not credit impaired)	Lifetime ECL (credit impaired)	Total
		(in thousands of RMB)		
As of December 31, 2017 under IAS 39	–	–	–	–
Adjustment upon application of IFRS 9	1,137	1,259	721	3,117
As of January 1, 2018				
– **as restated**	1,137	1,259	721	3,117
– Transfer to credit-impaired	–	(422)	422	–
– Transfer to lifetime ECL	(355)	355	–	–
– Impairment losses recognized	1,730	47	954	2,731
– Impairment losses reversed	(246)	(837)	(148)	(1,231)
As of December 31, 2018	2,266	402	1,949	4,617
– Transfer to credit-impaired	–	(126)	126	–
– Transfer to lifetime ECL	(187)	187	–	–
– Impairment losses recognized	3,816	174	218	4,208
– Impairment losses reversed	(236)	(344)	(1,170)	(1,750)
– Transfer to assets classified as held for sale	(36)	–	–	(36)
As of December 31, 2019	5,623	293	1,123	7,039

Liquidity risk

In the management of the liquidity risk, we monitor and maintain a level of cash and cash equivalents deemed adequate by the management to finance our operations and mitigate the effects of fluctuations in cash flows.

The following table details our remaining contractual maturity for our non-derivative financial liabilities based on the agreed repayment terms. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which we can be required to pay. The table includes both interest and principal cash flows.

	Weighted average interest rate	On demand or less than 1 year	1-5 years	>5 years	Total undiscounted cash flows	Carrying amount
				(in thousands of RMB)		
For the year ended December 31, 2017						
Non-derivative financial liabilities						
Trade and other payables	–	269,241	–	–	269,241	269,241
Bank and other borrowings						
– variable-rate	5.003%	10,132	–	–	10,132	10,000
Amounts due to related parties						
– interest-free	–	1,037,204	–	–	1,037,204	1,037,204
Lease liabilities	5.400%	7,842	27,325	6,565	41,732	35,954
As of December 31, 2017		1,324,419	27,325	6,565	1,358,309	1,352,399
For the year ended December 31, 2018						
Non-derivative financial liabilities						
Trade and other payables	–	489,724	–	–	489,724	489,724
Bank and other borrowings						
– variable-rate	5.655%	10,173	–	–	10,173	10,000
Amounts due to related parties						
– interest-free	–	374,378	–	–	374,378	374,378
Lease liabilities	5.400%	9,334	33,077	3,411	45,822	40,496
As of December 31, 2018		883,609	33,077	3,411	920,097	914,598
For the year ended December 31, 2019						
Non-derivative financial liabilities						
Trade and other payables	–	588,888	–	–	588,888	588,888
Amounts due to related parties						
– interest-free	–	800,753	–	–	800,753	800,753
Lease liabilities	5.400%	6,934	9,296	–	16,230	15,172
As of December 31, 2019		1,396,575	9,296	–	1,405,871	1,404,813

DIVIDEND POLICY AND DISTRIBUTABLE RESERVES

Dividend Policy

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

Holders of the Shares will be entitled to receive such dividends pro rata according to the amounts paid up or credited as paid up on the Shares. The declaration, payment, and amount of dividends will be subject to our discretion. The recommendation of the payment is also subject to the absolute discretion of our Board, and, after Listing, any declaration of final dividend for the year will be subject to the approval of our Shareholders. The Board will review the dividend policy on an annual basis.

Further, the payment of any dividends will also be subject to the Cayman Companies Law and our constitutional documents, which indicate that dividends may be declared and paid out of our profits, realized or unrealized, or from any reserve set aside from profits which our Directors determine is no longer needed. With the sanction of an ordinary resolution dividends may also be declared and paid out of the share premium account or any other fund or account which can be authorized for this purpose in accordance with the relevant law.

Future dividend payments will also depend upon the availability of dividends received from our subsidiaries in the PRC. PRC laws require that dividends be paid only out of their after-tax profit, calculated in accordance with PRC accounting principles, which differ in many aspects from the generally accepted accounting principles in other jurisdictions, including IFRSs. Our PRC operating subsidiaries may only distribute their after-tax profits to us subsequent to setting aside relevant statutory reserve funds at a rate of at least 10% of their annual net profit until such fund reaches 50% of its registered capital. Such transfer to the statutory reserve and distributions to shareholders of funds are conducted through resolution of the board of directors or board of shareholders of the relevant PRC subsidiaries in accordance with their Articles of Association prepared in accordance with PRC laws. The statutory reserve is not available for distribution as cash dividends. Furthermore, distributions from our subsidiaries may be restricted if they incur debts or losses or as a result of any restrictive covenants in bank credit facilities, convertible bond instruments, or other agreements that we or our subsidiaries may enter into in the future. There can be no assurance that dividends of any amount will be declared or distributed in any year.

No dividend has been paid or proposed by the Company in 2017, 2018 and 2019. Our Group currently does not have any specific dividend policy or a predetermined dividend payout ratio.

Distributable Reserves

As of December 31, 2019, our distributable reserves, represented by share premium, amounted to RMB1,813.4 million.

SENSITIVITY ANALYSIS OF HISTORICAL RESULTS

The table below sets forth a sensitivity analysis for our average service fees, illustrating its impact on our profit before income tax if our average service fees had been 5% and 10% higher or lower during the Track Record Period, assuming all other variables were held constant:

	Year ended December 31,		
	2017	**2018**	**2019**
	(in thousands of RMB) *Increase/(decrease) in profit before tax*		
If our average service fees had been 5% higher/lower	47,818/(47,818)	60,619/(60,619)	74,262/(74,262)
If our average service fees had been 10% higher/lower	95,637/(95,637)	121,238/(121,238)	148,525/(148,525)

The table below sets forth a sensitivity analysis for our staff costs, illustrating its impact on our profit before income tax if our staff costs had been 5% and 10% higher or lower during the Track Record Period, assuming all other variables were held constant:

	Year ended December 31,		
	2017	**2018**	**2019**
	(in thousands of RMB) *Increase/(decrease) in profit before tax*		
If our average staff costs had been 5% higher/lower	(25,356)/25,356	(29,709)/29,709	(30,301)/30,301
If our average staff costs had been 10% higher/lower	(50,711)/50,711	(59,417)/59,417	(60,602)/60,602

UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

The following unaudited pro forma statement of adjusted consolidated net tangible assets of the Group is 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 Global Offering on the consolidated net tangible assets of the Group as of December 31, 2019 as if the Global Offering had taken place on such date.

This unaudited pro forma statement of adjusted consolidated net tangible assets of the Group has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group as of December 31, 2019 following the Global Offering or as at any subsequent dates. It is prepared based on the unaudited consolidated net tangible assets of the Group as of December 31, 2019 as derived from the condensed consolidated financial statements set out in Appendix I to this prospectus and adjusted as described below.

	Consolidated net tangible assets of the Group attributable to owners of the Company as of December 31, 2019	**Estimated net proceeds from the Global Offering**	**Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as of December 31, 2019**	**Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as of December 31, 2019 per Share**	
	(in thousands of RMB) *(Note 1)*	*(in thousands of RMB)* *(Note 2)*	*(in thousands of RMB)*	*RMB* *(Note 3)*	*HK$* *(Note 4)*
Based on an Offer Price of HK$2.20 per Offer Share. . . .	825,518	893,728	1,719,246	0.90	0.98
Based on an Offer Price of HK$3.00 per Offer Share. . . .	825,518	1,232,773	2,058,291	1.08	1.18

Notes:

(1) The consolidated net tangible assets of the Group attributable to owners of the Company as of December 31, 2019 amounting to approximately RMB825,518,000 is based on the consolidated net assets of the Group attributable to owners of the Company of RMB1,594,759,000 as of December 31, 2019 less goodwill of the Group attributable to owners of the Company of RMB769,241,000 as of December 31, 2019 as derived from Appendix I to this prospectus.

(2) The estimated net proceeds from the Global Offering are based on 477,560,000 Offer Shares at the indicative Offer Price of HK$2.20 (equivalent to RMB2.01) and HK$3.00 (equivalent to RMB2.74) per Offer Share, respectively, after deduction of underwriting fees and commissions and other listing related expenses paid/payable by the Company (excluding approximately RMB15.6 million listing expenses which has been charged to profit or loss up to December 31, 2019), and without taking into account of any shares (i) which may be allotted and issued upon the exercise of the Over-allotment Option or (ii) which may be allotted and issued or repurchased by our Company under the general mandates for the allotment and issue or repurchase of shares granted to the directors of the Company. For the purpose of the estimated net proceeds from the Global Offering, the amount denominated in Hong Kong dollars has been converted into Renminbi at the rate of HK$1 to RMB0.91496, which was the exchange rate prevailing on June 19, 2020 with reference to the rate published by the People's Bank of China. No representation is made that the HK$ amounts have been, could have been or may be converted to RMB, or vice versa, at that rate or any other rates or at all.

(3) The unaudited pro forma adjusted consolidated net tangible assets of the Group per Share is arrived at on the basis that 1,910,220,000 Shares were in issue assuming that the Global Offering had been completed on December 31, 2019 and without taking into account of any shares (i) which may be allotted and issued upon the exercise of the Over-allotment Option or (ii) which may be allotted and issued or repurchased by our Company under the general mandates for the allotment and issue or repurchase of shares granted to the directors of the Company.

(4) For the purpose of unaudited pro forma adjusted consolidated net tangible assets of the Group per Share, the amount stated in RMB is converted into Hong Kong dollar at the rate of HK$1 to RMB0.91496, which was the exchange rate prevailing on June 19, 2020 with reference to the rate published by the People's Bank of China. No representation is made that the RMB amounts have been, could have been or may be converted to Hong Kong dollars, or vice versa, at that rate or at all.

(5) No adjustment has been made to the unaudited pro forma adjusted consolidated net tangible assets of the Group as of December 31, 2019 to reflect any trading result or other transaction of the Group entered into subsequent to December 31, 2019.

For further details on our unaudited pro forma adjusted consolidated net tangible assets, see Appendix II to this prospectus.

NO MATERIAL ADVERSE CHANGE

Our Directors have confirmed that, up to the date of this prospectus, there has been no material adverse change in our financial, operational or trading position since December 31, 2019.

DISCLOSURE REQUIRED UNDER THE LISTING RULES

Except as otherwise disclosed in this prospectus, we confirm that, as of the Latest Practicable Date, there was no circumstance that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

Immediately following the completion of the Reorganization, but prior to the Global Offering our Company is wholly-owned by Greentown China. Immediately following completion of the Global Offering, and assuming that the Over-allotment Option is not exercised, Greentown China will be interested in and control approximately 75% of the issued share capital of our Company and will remain as our Controlling Shareholder under the Listing Rules. The Parent Group (i.e. Greentown China and its subsidiaries other than our Group) is principally engaged in property development in the PRC.

Greentown China is our Controlling Shareholder for the purpose of the Listing Rules. As of the Latest Practicable Date, China Communications Construction Group (Limited), a central state-owned enterprise, was the single largest shareholder of Greentown China interested in an aggregate of approximately 25.055% of the entire issued share capital of Greentown China, while The Wharf (Holdings) Limited, a leading conglomerate based in Hong Kong, was the second largest shareholder interested in an aggregate of approximately 22.357% of the entire issued share capital of Greentown China.

Upon Listing, our Company will remain as a subsidiary of Greentown China, and Greentown China will continue to consolidate all the assets, liabilities and income statement items of our Group immediately, and the economic interests of the Parent Group and our Group are aligned.

Prior to the Listing, our Company has entered into a trademark license agreement with Greentown China. Given that Greentown China will, upon Listing, become our Company's connected person and the trademark licensing arrangements are continuing in nature, such arrangements will constitute continuing connected transactions of our Company under Chapter 14A of the Listing Rules following the Listing. Please see "Independence from Greentown China – Operational Independence – Trademark License Agreement" below and "Connected Transactions" section for further details.

Prior to the Listing, our Group has entered into certain agreements with members of the Parent Group or their associates. While such counterparties to such agreements will, upon Listing, become our Company's connected persons (as defined under Chapter 14A of the Listing Rules), the transactions under such agreements are one-off transactions with respect to specific and pre-existing projects as of the Latest Practicable Date. Given that these agreements were entered into prior to Listing and the transactions thereunder are one-off in nature in respect of specific pre-existing projects, these transactions (including, if any, the provision of services and the payment arrangement thereunder) will not be classified as connected transactions or continuing connected transactions of our Company under Chapter 14A of the Listing Rules. Please see "Business Delineation Between the Parent Group and Our Group – Parent Group's Remaining Interests in Project Management Projects – The Asian Games Project", "Independence from Greentown China – Operational Independence – Government project management projects assigned from the Parent Group to the Group" and "Independence from Greentown China – Operational Independence – Project management services from our Group to the Parent Group or its associate" of this section for further information.

BUSINESS DELINEATION BETWEEN THE PARENT GROUP AND OUR GROUP

Our Principal Business

Founded in 2010, we were the largest project management company in the PRC real estate market in terms of accumulated contracted GFA from 2017 to 2019, newly contracted GFA in 2019 and total revenue in 2019, according to China Index Academy. As a leading project management company, we are devoted to helping our Project Owners, which mainly consists of private property developer, state-owned property developer and Government Entities, lead the property development process, and providing comprehensive project management services covering the entire life span of property management.

The Principal Business of the Parent Group

Greentown China is one of the leading property developers in the PRC with business operations in various major PRC cities and is primarily engaged in developing quality properties targeting middle and high income residents in the PRC.

Business Delineation

We consider that there is sufficient business delineation between the Parent Group and our Group. We undertake a line of business distinct from that of the Parent Group, given that our Group and the Parent Group focus on different business models and targeting different groups of customers by offering different products/services. Our project management business has been operated as a separate business segment since 2010 and disclosed separately as a segment on the audited consolidated financial statements of Greentown China since 2011.

The table below sets out the principal differences between the principal businesses of the Parent Group and our Group:

	Parent Group	Our Group
Market positioning . .	A leading property developer in the PRC with business operations in various major PRC cities.	A leading project management company devoted to helping Project Owners (which mainly consist of private property developers, state-owned property developers and Government Entities) co-ordinate and manage the property development process, and providing comprehensive project designing, planning and consulting services.

	Parent Group	Our Group
Major products/ services offered . . .	Mainly the development and sales of residential properties in the PRC.	Project management services. Projects undertaken by our Group can be broadly classified into: (i) commercial project management projects, where our Group would provide project management services to Commercial Project Owners, and would generally receive project management fees from them; (ii) government project management projects, where our Group would provide project management services to Government Project Owners, and generally receive certain fixed percentage of the total investment amount of the project, namely the total project development budget, as our project management fees; and (iii) other services, including project management consulting services, design consultation services and other services. Please refer to the section headed "Business – Our Business Model" in this prospectus for further details relating to our project management services.
Major customers . . .	Homebuyers in the PRC (primarily middle and high income individuals).	Project Owners, which mainly consist of private property developers, state-owned property developers and Government Entities.

	Parent Group	Our Group
Ownership of property projects . .	The Parent Group operates under a relatively "asset-heavy" business model, which owns the properties as an investor or developer. It participates in land auctions or acquisitions with its own capital investment.	Our Group operates under an "asset-light" business model, under which we generally do not acquire ownership in the properties with capital investment. The Project Owners are primarily responsible for the acquisition cost of land and the construction cost of property. Generally speaking we do not participate in land auctions or acquisitions with our own capital investment.(1)
Major business process	The Parent Group's property development business generally undergoes the following business process: 1. it acquires projects through land auctions or projects acquisitions with its own capital and financing; 2. it is responsible for securing financing for the property development, e.g. raising debt or committing capital for land acquisition and property construction obtaining funding such as construction loans for the property development process; 3. it engages contractors in the planning and design, construction, pre-sale and sales, delivery and after-sale services for its own investment projects; 4. it receives sales proceeds from and deliver property units to homebuyers.	Our Group's project management business generally undergoes the following business process: 1. we are engaged by Project Owners who generally own the land or project or has a land acquisition plan to provide project management services; 2. we are generally not responsible for securing financing for the property development projects(2); 3. we generally provide project management solutions which include preparation, planning and design services, construction cost management services, supervision and inspection during the preparation stage, the early stage, the development stage, the sales stage and the after-sales stage to our clients' projects based on their needs by recommending qualified contractors to clients and supervising the performance of the contractors' work; 4. we generally receive project management fees from clients.

	Parent Group	Our Group
		Despite that the Parent Group and our Group may use the "Greentown" brand in their projects, the marketing materials and property sales contract to homebuyers would specify the developer of the project to distinguish between the projects of the Parent Group and the projects of those Project Owners which engaged our Group for project management services.
Revenue model.	The Parent Group derives revenue and profit from the development and sales of quality residential properties to homebuyers. It recognizes revenue and profits for the sale and delivery of property units to homebuyers. Revenue from the sales of properties in the ordinary course of business is recognized when the respective properties have been completed and delivered to the buyers. Its financial performance depends on factors such as property sales performance, cost of land acquisition, cost of construction, and cost of financing.	We derive revenue and profit from the provision of project management service to Project Owners. Our revenue and profits are recognized for the provision of project management services to Project Owners. Revenue from the provision of project management service are accounted for using the stage-of-completion method, which is measured based on the Group's efforts or inputs to the provision of project management service relative to the total expected inputs to the provision of project management service. Our financial performance mainly depends on the number of project management projects contracted, rate of fee agreed and satisfactory provision of project management services based on the contracts signed with the Project Owners.

	Parent Group	Our Group
Economic interests and risks	The Parent Group derives economic interest from property development and sales to homebuyers as a developer.	We generally derive economic interest from the provision of project management service as a service provider.
	It bears the development and investment risks in property development projects.	We generally do not bear or only bears to a limited extent the development and investment risks in property development projects.
	It applies its own capital or raises debt financing for acquisition of land or projects and for the construction process in property development projects.	We generally do not apply own capital or raise debt financing to acquire land or projects. The funding of land acquisition and construction are usually provided by clients (i.e. the project owners).[Note 2]

Notes:

1. To promote a closer cooperation relationship between the Group with its customers, customers for certain project management projects may invite the Group to acquire a minority stake in the relevant project company established by its customers. Please refer to the subsection headed "Our Group's Minority Investments in Property Development Business to Promote Closer Cooperation Relationship with the Customers" in this section for further details.

2. Since early 2019, we have started to provide liquidity support and debt and equity investment in response to the needs of the Commercial Project Owners in selective commercial project management projects. Under this business model, we may help source financing for our managed projects. Please refer to the section headed "Business – Project Management Business – Commercial Project Management – Commercial Project Management with Capital Contribution" for further details.

Parent Group's Remaining Interests in Project Management Projects

The Qufu Project

Greentown Real Estate, a member of the Parent Group, held the entire equity interest in Qufu Greentown Yansheng Cultural Development Company Limited (曲阜綠城衍聖文化發展有限公司) ("Qufu Greentown"). As of the Latest Practicable Date, its project management project (being a community project) had been completed. The Parent Group will procure the dissolution of Qufu Greentown as soon as reasonably practicable and estimates that, barring unforeseeable circumstances, Qufu Greentown would be dissolved by around December 2021. Given that the Qufu Greentown project is a community project, the Parent Group does not expect to generate any significant revenue or at all from the project management therefrom.

Taking into the limited size of the remaining project in terms of revenue and that the above entity is to be dissolved and will not undertake new project management projects, our Directors consider that the exclusion of Qufu Greentown from our Group will not result in any actual or potential competition between the Parent Group and our Group.

The Asian Games Project

The 2022 Hangzhou Asian Games, a major international multi-sport event, will be held in Hangzhou in 2022. The Greentown Group decided to participate in the Hangzhou Asian Games by tendering for participation in certain related property development projects coupled with taking up certain project management role for the construction of selected venue(s) for the event. In around May 2018, the Parent Group and our Group jointly participated in the tender process in relation to the project management for the construction process of the "media village" (媒體村) (the "Media Village") of the Hangzhou Asian Games (the "Media Village Project Management Project"), which is expected to involve project management in connection with the dormitories for media participants and other public infrastructure facilities in the Media Village.

With a view to presenting the business, market positioning and strategies of our Group (as well as the business of the Parent Group) in a more concise manner, the Greentown Group decided that both the property development projects and the Media Village Project Management Project would be led by the Parent Group (rather than our Group), having considered the following reasons:

(a) the Asian Games is an international sports event of the scale which is of a rare occurrence in Hangzhou. As a well-established good corporate citizen in China seeking to contribute to such an important event and the country as a whole, and also primarily for brand building purpose but not purely from a commercial/profit-making perspective, the Greentown Group believes that the involvement in this event (including the Media Village Project Management Project) shall be led by the Parent Group as a package to promote the overall "Greentown" brand name for the benefit of the entire Greentown Group (i.e. covering our Group) as a whole;

(b) the Greentown Group has previously been involved in construction works relating to the 2009, 2013 and 2017 National Games of the People's Republic of China (全運會). As a key business strategy, the Greentown Group (under the "Greentown" brand name) would like to further its presence in such sports events. With this in mind, the strategic planning and major decision-making of the tender process as well as the property development and management plans have consistently been led by the Parent Group, which is expected to enable more concise implementation of the business, market positioning and strategies of the Parent Group (as well as the business of our Group);

(c) the Media Village Project Management Project relates to the whole construction process of the Media Village, including project management, survey and design, construction and equipment installation, property management and property operation as well as restructuring the property for leasing after the Hangzhou Asian Games. Considering the broad scope of services to be provided, from a business delineation's perspective, the Greentown Group consider that the Parent Group as a whole would be more appropriate to take lead; and

(d) the Parent Group is engaged to participate in other aspects of the Hangzhou Asia Games, including certain related property development projects. From the perspective of overall management and coordination and for more efficient communications with Hangzhou Asian Games working parties, the Greentown Group considers that it would be in the interests of the Greentown Group as a whole for the various services to be provided by the Parent Group as a package.

In light of the above, the Parent Group and our Group entered into an intra-group agreement to set out the arrangements in relation to the Media Village Project Management Project (the "Hangzhou Asia Game Arrangement"). Under the Hangzhou Asia Game Arrangement, the Parent Group will reimburse our Group for, among other things, actual costs incurred by our Group, for salaries of personnel provided by our Group, which amount would be determined based on quarterly budgets pre-approved by our Group. As of the Latest Practicable Date, an amount of approximately RMB454.3 million (primarily representing the payments which our Group made to suppliers on behalf of the Parent Group in connection with the Media Village Project Management Project) was due from the Parent Group to us, and such amount is expected to be settled on or before the Listing Date.

Principal terms of the Hangzhou Asian Games Agreement

Date	January 22, 2020
Parties	(i) Greentown China; and (ii) Greentown Management (a member of our Group)
Costs and risks	The Parent Group agreed to bear all costs and risks under the Media Village Project Management Project. To the extent that our Group incurs costs under such project, the Parent Group will reimburse our Group
Project management fees	The rights to project management fees under such project will belong to the Parent Group

Pricing and payment

Under the agreement, the Parent Group will reimburse our Group for, among other things, actual costs incurred by our Group, for salaries of personnel provided by our Group, which amount would be determined based on quarterly budgets pre-approved by our Group.

Transaction amount under the Track Record Period

The revenue recognized by our Group from the Media Village Project Management Project (representing revenue generated from the Parent Group to our Group for our employees staffed to the Media Village Project Management Project based on the relevant costs of our Group) under the Hangzhou Asian Games Agreement for the three financial years ended December 31, 2019 amount to nil, nil and RMB4.39 million, respectively.

Barring unforeseeable circumstances, we currently expect that the Media Village Project Management Project will be completed in 2022, and estimate that the revenue expected to be recognized by our Group from the Media Village Project Management Project for the years ending December 31, 2020, 2021 and 2022 (representing revenue generated from the Parent Group to our Group for our employees staffed to the Media Village Project Management Project based on the relevant costs of our Group) is expected to be RMB22.3 million, RMB26.2 million and RMB20.26 million, respectively, and the aggregate of such revenue to be recognized by our Group would not exceed RMB75 million.

Directors' view

Our Directors consider that the Hangzhou Asian Games Agreement is on normal commercial terms, fair and reasonable and in the interest of our Group and the Shareholders taken as a whole for the following reasons: (i) through the trademark licensing arrangements (as further described in the section headed "Connected Transactions"), the Group would be able to leverage and benefit from the brand value of the "Greentown" brand, as enhanced through the entire Greentown Group's participation in the Asian Games Project; and (ii) on one hand the opportunity to participate in a project of a scale of the Media Village Project Management Project is expected to equip our Group's personnel with insights, experience and skills, which can be further applied across our Group's other projects while on the other hand, the Hangzhou Asia Game Arrangement enables us to be excluded from the economic risk and commitment that we would otherwise be exposed to in the absence of such arrangement.

The Directors consider that the Hangzhou Asian Games Arrangement would not materially affect the clear business delineation between our Group and the Parent Group for the following reasons:

(a) the Hangzhou Asia Games and the associated projects (including the Media Village Project Management Project) is a one-off and exceptional event, given that international sports event with the scale of the Asian Games is a relatively rare occurrence in Hangzhou and nationally;

(b) pursuant to the Hangzhou Asia Game Arrangement, our Company expects that the revenue to be recognized by our Group (representing revenue generated from the Parent Group to our Group for our employees staffed to the Media village Project Management Project) to be relatively immaterial and that no gross profit would be recognized by our Group; and

(c) while given the unique nature of the Media Village Project Management Project, the Company expects that the profit margin (if any) of such project would be low, the Company considers that whether such project would be included or excluded from our Group would not affect our ability to fulfill the basic listing requirements under Chapter 8 of the Listing Rules.

Parent Group's Previous Interests in Project Management Projects that were Transferred to our Group

Greentown Development

Previously, Greentown Real Estate (being a member of the Parent Group) had held a 5% equity interest in Greentown Property Development Group Company Limited (綠城置業發展集團有限公司) (formerly known as Greentown Property Development Company Limited (綠城置業發展有限公司)) ("Greentown Development"). The business activities of Greentown Development includes project management for property development projects in the PRC. For the purpose of better business delineation, such 5% equity interest had been transferred by Greentown Real Estate to our Group at a cash consideration of RMB5 million which was determined with reference to the registered capital. The aforesaid transfer had been properly and legally completed and settled in June 2017 and all applicable regulatory approvals (if any) had been obtained. Greentown Development is not a member of the Parent Group or our Group.

Our Group's Interests in Certain Property Development Business for Historical Reasons

Greentown Jiayuan

Greentown Jiayuan was a company owned by the Group as to 25% and an independent third party (the "Jiayuan Shareholder") as to 75% as of the Latest Practicable Date. Greentown Jiayuan is not a member of our Group. Greentown Jiayuan is principally engaged in both project management and property development businesses. In view of addressing any potential competition issue, Greentown Real Estate and the Jiayuan Shareholder established a platform company (the "Jiayuan Platform Company"), which is owned as to 25% by Greentown Real Estate and 75% by the Jiayuan Shareholder, for Greentown Jiayuan to transfer its equity interest in all project companies engaging in property development business to the Jiayuan Platform Company. Jiayuan Platform Company is not a member of the Parent Group.

In relation to 74% equity interest held by Greentown Jiayuan in one other project company engaging in property development project (the "Hangzhou Qingting Project"), given that (i) Greentown Jiayuan's participation in such project was pursuant to public tender, any transfer of interest to another investor entity may be restricted under the applicable requirements; and (ii) the other shareholder of the Hangzhou Qingting Project has indicated objection to the transfer of such shareholding, our Group expects that such project (which is expected to complete development around 2022) will not be transferred to the Jiayuan Platform Company; and

As our Group only has a 25% equity interest in Greentown Jiayuan, the financial statements of Greentown Jiayuan are not consolidated to our Group. Instead, only a percentage of the net profit of Greentown Jiayuan in proportion to our Group's shareholding in Greentown Jiayuan (namely 25%) is recorded as a share of results of associates to the Group. For the year ended December 31, 2018, the net profit of Greentown Jiayuan attributable to our Group amounted to RMB2,785,000, representing 0.7% of the net profit of the Group. For the year ended December 31, 2019, the loss of Greentown Jiayuan amounted to RMB2,577,981, representing approximately (1.7%) of the net profit of our Group. Similarly, given that the Parent Group only has a 25% equity interest in the Jiayuan Platform Company, the financial statements of the Jiayuan Platform Company are not consolidated to the Parent Group. The Company does not intend for Greentown Jiayuan to undertake any property development project after the completion of the existing property development projects.

Southwest Greentown

As of the Latest Practicable Date, our Group held an aggregate of 25% equity interest in Southwest Greentown Real Estate Development Company Limited* (西南綠城房地產開發有限公司) ("Southwest Greentown"), with the remaining 75% equity interest held by an independent third party (the "Southwest Greentown Shareholder"). Southwest Greentown is principally engaged in project management and property development. It is not a member of our Group.

Southwest Greentown has a 20% equity interest in one remaining property development project company (the "Southwest Remaining Company"), which project is expected to complete by the end of 2025.

The financial statements of Southwest Greentown are not consolidated to our Group. Instead, only a percentage (namely 25%) of the net profit of Southwest Greentown in proportion to the Group's shareholding in Southwest Greentown will be recorded as a share of results of associates. For the years ended December 31, 2018 and December 31, 2019, the net loss of Southwest Greentown attributable to the Group only amounted to RMB744,000 and RMB383,696, respectively, which value of net loss represents approximately 0.19% and 0.10% value of the net profit of our Group.

Considering the immateriality of the only one remaining property development project and the difficulty in reaching the unanimous agreement among shareholders of the Southwest Remaining Company required for the transfer of Southwest Greentown's equity interest in the Southwest Remaining Company, our Group does not expect that such project will be transferred to a separate platform company. The Company does not intend for Southwest Greentown to undertake any property development project after the completion of the existing property development project.

Our Group's Minority Investments in Property Development Business to Promote Closer Cooperation Relationship with the Customers

To promote a closer cooperation relationship between the Group with its customers, customers for certain project management projects may invite the Group to acquire a minority stake in the relevant project company established by its customers (the "Minority Investment Projects"), in which, generally speaking, the Group either holds (i) a minority stake (generally not more than 10% of the total equity interest); or (ii) a stake that does not enable the Group to obtain control over the relevant project company based on the constitution of such project company). As of the Latest Practicable Date, the Group held minority stake in one Minority Investment Project, which is a real estate project management project in relation to Nanchang City Municipal Administration Public Town (南昌市政公用城項目) (the "Nanchang City Municipal Administration Public Town Project"). Apart from providing project management services, our Group also holds a 3% equity interest in the relevant project company, with the remaining equity interests being held by Nanchang Municipal Public Real Estate Group Co., Ltd. (南昌市政公用房地產集團有限公司) and Jinhua Boheng Investment Management Co., Ltd. (金華市博亨投資管理有限公司) (each an independent third party) as to 49% and 48%, respectively. In terms of corporate governance, being a passive shareholder with a minority interest, our Group has not appointed any director, supervisor to the relevant project company.

During the Track Record Period, the Group was previously engaged in another Minority Investment Project, which was a real estate project management project. Apart from providing project management services, our Group also held a 10% equity interest in the relevant project company, with the remaining equity interests being held by as to 90% by Anhui Zhongheng Commerce Development Co., Ltd. (安徽中恒商業發展有限公司), an independent third party. In terms of corporate governance, our Group appointed 2 out of 5 of the board members and 1 of the 2 supervisors.

We expect that the Group would hold stake in the Nanchang City Municipal Administration Public Town Project upon Listing and post-Listing until the completion of the Nanchang City Municipal Administration Public Town Project. In any event, we expect that the Group would only hold stakes in a limited number of Minority Investment Projects post Listing (together with the Nanchang City Municipal Administration Public Town Project, the "Post-Listing Minority Investment Projects"). The equity interest held by the Group in each such Minority Investment Project(s) is expected to be not more than 10% and such project(s) would only constitute an immaterial portion of the project management projects of the Group.

Notwithstanding such Minority Investment Project(s), if any, the Group will be undertaking a line of business distinct from that of the Parent Group after the Listing, given that:

(i) it is expected that, upon Listing, the Group will in general hold not more than 10% equity interest in the project company(ies) for the Minority Investment Project(s) and the number of such project(s) will be limited, and that the Group will only act as a project management service provider and passive investor in such project company(ies), with no control over their management. None of such project company(ies) will become a member of the Group post-Listing; and

(ii) in contrast, the Parent Group is principally engaged in property development in the PRC by way of holding no less than 50% or otherwise a significant equity interest in the project companies of majority of its project development projects in which, instead of being a passive investor, the Parent Group has control over the management of such project companies. Moreover, unlike the Group's operation of the Project Management Business, the principal business model of the Parent Group in the project companies is not to provide project management services to such project companies in consideration for project management fees.

Design Consultation Services

During the Track Record Period, we provided comprehensive design consultation services which focus on planning design, architecture design and landscape design. In September 2019, two of entities that were previously our subsidiaries conducting planning and architecture design business ceased to be our subsidiaries and became our joint ventures after we entered into agreements with other shareholders to require more than two-third of the approval from directors for future corporate actions. The changes of our business were primarily due to the efforts to enable individual designer shareholders of such entities to take more initiatives and responsibilities to boost the development of these services and co-operate with us as fellow partners essentially on an equal footing basis. We expect our revenue and cost of sales from other services will decrease significantly as a result of such changes subsequent to September 2019.

While the Parent Group engages in, among other things, design and decoration businesses, our Directors are of the view that the design and decoration business of the Parent Group is clearly delineated from and will not be in competition with our business in design after completion of the Spin-off. Although we also provide design services, such services are focused on outdoor design and/or construction work, whilst the design and decoration services of the Parent Group focus on indoor design work, such as the interior decoration of apartments.

INDEPENDENCE FROM GREENTOWN CHINA

Management Independence

We carry on our business independently from the Parent Group in terms of management.

The following table sets forth a table summarizing the positions held by our Directors, and their positions with the Parent Group as of the Latest Practicable Date:

Name of Director	Position in the Company	Position in the Parent Group (if any)
Guo Jiafeng (郭佳峰)	Chairman of the Board and non-executive Director	Executive president and executive director of Greentown China

Name of Director	Position in the Company	Position in the Parent Group (if any)
Zhang Yadong (張亞東)	Non-executive Director	Chairman of the board, chief executive officer and executive director of Greentown China
Liu Wensheng (劉文生)	Non-executive Director	Executive director of Greentown China
Li Jun (李軍)	Chief Executive Officer and executive Director	Nil
Lin Sanjiu (林三九)	Executive Director	Nil
Lin Zhihong (林治洪)	Independent non-executive Director	Nil
Ding Zuyu (丁祖昱)	Independent non-executive Director	Nil
Chan Yan Kwan Andy (陳仁君)	Independent non-executive Director	Nil

The other members of the senior management team of our Group are as follows:

Name of senior management	Position in the Group	Position in the Parent Group (if any)
Zhan Liying (詹麗英)	Deputy General Manager	Nil
Zhu Junhua (祝軍華)	Deputy General Manager	Nil
Huang Tiejiang (黃鐵江)	Deputy General Manager	Nil
Yu Cheeric James (余致力)	Chief Financial Officer and Company Secretary	Nil

Save as disclosed above in this section, none of our Directors or members of the senior management holds any directorship or senior management position in the Parent Group. We consider that our Group and the Parent Group are managed by different management teams, and there are sufficient non-overlapping Directors who are independent and have relevant experience to ensure the proper functioning of the Board.

We believe that our Directors and members of our senior management are able to perform their roles in our Group independently and that our Group is capable of managing our business independently from the Parent Group for the following reasons:

- the daily operations of our Group are principally managed by our executive Directors, namely Mr. Li Jun, Mr. Lin Sanjiu and other members of the senior management of our Group. Mr. Guo Jiafeng, Mr. Zhang Yadong and Mr. Liu Wensheng, our non-executive Directors, focus on the overall strategic planning of our Group and development of further synergies between our Group and the Parent Group but are not involved in the day-to-day operations and management of our Group;

- only three out of our eight Directors (namely, Mr. Guo Jiafeng, Mr. Zhang Yadong and Mr. Liu Wensheng) are members of the board of directors of Greentown China or will otherwise retain a role in the Parent Group. The aforementioned overlapping directors will only hold non-executive role in the board of directors of the Company and will not be involved in the day-to-day operation and management of the Group. Moreover, the Company does not intend to have any overlapping among the other senior management members of the Group and the Parent Group upon the Listing that will affect the management independence of the two listed companies taken as a whole. On the basis of the above, we consider that the Group will not rely on the Parent Group in terms of day-to-day operation and management functions which can be conducted independent of the Parent Group;

- notwithstanding the above, on issues that involve our Group and the Parent Group where Mr. Guo Jiafeng, Mr. Zhang Yadong and/or Mr. Liu Wensheng may have actual or potential conflicts of interests, they will (where required) abstain from voting on the relevant board resolutions in compliance with the applicable laws and regulations (including the Listing Rules);

- each Director is aware of his/her fiduciary duties as a director of our Company which requires, among other things, that he/she acts for the benefit and in the best interest of our Company and does not allow any conflict between his duties as a Director and his personal interest;

- our independent non-executive Directors have extensive experience in different areas and have been appointed in accordance with the requirements under the Listing Rules to ensure that the decisions of the Board are made only after due consideration of independent and impartial opinions.

On the basis outlined above, we are of the view that we have an independent management team and that it is capable of maintaining independence from the Parent Group.

Corporate governance measures at meetings of our Board

We will adopt the following corporate governance measures to consider new business opportunities referred to us, to manage any potential conflicts of interest and to safeguard the interests of our Shareholders:

(i) as part of our preparation for the Global Offering, we have amended our Articles of Association to comply with the Listing Rules. In particular, our Articles of Association provides 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 close associates have a material interest nor shall such Director be counted in the quorum present at the meeting;

(ii) we are committed that our Board should include a balanced composition of executive and non-executive Directors (including independent non-executive Directors). We have appointed three independent non-executive Directors and we believe our independent non-executive Directors possess 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 judgment 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 headed "Directors and Senior Management" of this Prospectus. The independent non-executive Directors of our Company shall give their independent opinions to the Shareholders on the relevant connected transaction(s) pursuant to the Listing Rules;

(iii) in the event that the independent non-executive Directors are requested to review any conflicts of interests circumstances between our Group on the one hand and Greentown China and/or our Directors on the other, Greentown China and/or our Directors shall provide the independent non-executive Directors with all necessary information and our Company shall disclose the decisions of the independent non-executive Directors either through our annual report or by way of announcements;

(iv) our Directors shall abstain from voting on any Board resolutions approving any contract or arrangement or any other proposal with Greentown China in which they have a material interest. In such a situation, our Directors who do not have any ongoing role with Greentown China will vote and decide on such matters. In this context, a conflict, so far as our Company is concerned, will be taken to include any matter in which Greentown China has a direct or indirect interest;

(v) our Directors (including the independent non-executive Directors) will seek independent and professional opinions from external advisors at our Company's cost as and when appropriate in accordance with the Code on Corporate Governance Practices and Corporate Governance Report as set out in Appendix 14 to the Listing Rules;

(vi) any transactions between our Company and its connected persons shall be in compliance with the relevant requirements of Chapter 14A of the Listing Rules, including the announcement, annual reporting and independent shareholders' approval requirements (if applicable) under the Listing Rules; and

(vii) our Company has appointed GF Capital as our compliance advisor and will appoint a Hong Kong legal advisor upon completion of the Listing, which will provide advice and guidance to us in respect of compliance with the Listing Rules and applicable laws, rules, codes and guidelines, including but not limited to various requirements relating to Directors' duties and internal controls.

Therefore, the Directors believe that our Company has sufficient and effective control mechanisms to ensure that the Directors perform their respective duties properly and safeguard the interests of the Company and our Shareholders as a whole.

Operational Independence

Independence of suppliers and customer

We have independent access to suppliers and customers and an independent management team to oversee our daily operation. The major customers of the Parent Group are middle and high income residents or individuals in the PRC as purchasers of residential properties, while the major customers of our Group are the Project Owners, which mainly consist of private property developers, state-owned property developers and Government Entities in the PRC. The Group is service oriented and does not have a wide variety of suppliers such as raw material suppliers or construction companies given the diversity of businesses undertaken of the Parent Group, and the Parent Group has a large number and wide range of suppliers including raw materials suppliers or construction companies. Between the Parent Group and the Group, there is no material overlapping of suppliers.

As advised by our PRC Legal Advisor, we possess all the material licenses and permits necessary to carry on and operate our business. Also, we consider that we have sufficient operational capacity in terms of capital and employees to operate independently.

Trademark License Agreement

Greentown China entered into a trademark license agreement with our Company in relation to the licensing of certain "Greentown" series or related trademarks in relation to our project management business (as defined therein) by Greentown China to our Company. Please refer to the section headed "Connected Transactions" in this prospectus for further details in relation to the relevant trademark license agreement. Our Directors consider that the trademark licensing agreement does not affect or impair our operational independence. The Directors consider that the goodwill of the Group in conducting project management business comprises not only of the value of the "Greentown" trademarks, but also the strong reputation and extensive experience of the senior management and project management personnel of the Group, as well as the Group's proven track record in previous projects. Please refer to the section headed "Business – Awards and Recognitions" for more details of certain awards and recognitions received by our Group, showing our strong track record and market recognition of our work. Based on the foregoing, our Directors consider that the licensing of "Greentown" trademarks under the trademark licensing agreement would not affect or impair the Group's operational independence as a whole.

Government project management projects assigned from the Parent Group to the Group

As advised by our PRC Legal Advisor, the current national laws and regulations of the PRC do not impose uniform requirements for the qualifications of project management enterprises undertaking project management projects. However, some industry governmental departments and/or regional governments may require entities undertaking non-operating state-owned capital investment projects (非經營性政府投資項目) (which are generally not-for-profit projects under relevant PRC laws) to possess qualifications such as qualifications (資質) or prerequisite qualifications (資格條件) for real estate development operations, engineering management consulting or design, etc.

As of the Latest Practicable Date, the Group possessed Grade 2 Property Development Qualification (房地產開發經營企業二級資質), and can independently undertake nationwide non-state-owned capital investment projects and state-owned capital investment projects requiring Grade 2 Property Development Qualification or property development qualifications below Grade 2. To the extent that, in the tendering process, the state-owned capital investment project clearly requires bidders to possess Grade 1 Property Development Qualification or other qualifications not possessed by the Group, the Group would not be able to undertake the project independently until the Group possesses the Grade 1 Property Development Qualification or such other qualifications.

The Group currently undertakes certain government project management projects assigned from Greentown Real Estate (a member of the Parent Group), being state-owned capital investment projects (國有資本投資項目) awarded to Greentown Real Estate. Such arrangement was made as the Group does not possess the Grade 1 Property Development Qualification required to tender for those projects (though the Group has Grade 2 Property Development Qualification).

There are two types of arrangements between our Group and the Parent Group under the Government Project Arrangements for the pre-existing, specific Government Projects Management Projects, as further described below.

Arrangement (i)

The Parent Group and the relevant project owner of a Government Project Management Project would enter into service contract (the "Contract with the Government") first, and then the Parent Group would entrust our Group to provide the services to such project owner. In practice, our Group would directly provide the services as set out in the Contract with the Government to the project owner of each relevant Government Project Management Project ("Arrangement (i)"). Such arrangement is implemented under two types of models:

(1) Model 1:

A wholly-owned subsidiary of our Group would enter into contract(s) with the Parent Group, pursuant to which it is agreed that:

– the right to project management fees received from the project owner under the Contract with the Government will belong to our Group. Our Group would bear the responsibilities and costs of service provider under the Contract with the Government; and

– after the Parent Group invoices and receives service fees from the project owner under the Contract with the Government, such service fees would be transferred to our Group, after deduction of costs actually incurred by the Parent Group thereunder.

(2) Model 2:

Pursuant to the terms of each relevant Contract with Third Party, the Parent Group would establish a project company (each, a "Greentown China Project Company") designated to be responsible for the performance of such Contract with Third Party. The Parent Group, the relevant Greentown China Project Company and our Group would enter into contract(s), pursuant to which it is agreed that:

– a wholly-owned subsidiary of our Group would be entrusted by the Parent Group to manage the Greentown China Project Company and be responsible for its operations and management for the purpose of providing the services under the relevant Contract with the Government; and

– the service fees payable by the Parent Group to our Group would be determined based on the project management fees income received pursuant to the relevant Contract with the Government, after deduction of costs actually incurred by the relevant Greentown China Project Company for the relevant Contract with the Government. During the period of entrusted management, in case of any losses incurred by the relevant Greentown China Project Company, such losses would be borne by our Group.

While in practice, Arrangement (i) is essentially "passing through" in nature which enables our Group to provide the services to the relevant project owners under the Contracts with the Government in return for fees without entitling the Parent Group to receive any actual profit, from an accounting perspective, the revenue of our Group generated under Arrangement (i) is recorded as provision of government project management services by our Group to the Parent Group, and hence they are regarded as related party transactions of our Company.

Arrangement (ii)

The Parent Group and the relevant project owner of a Government Project Management Project would enter into the Contract with the Government first, and then all three parties to the commercial arrangement (namely the project owner, the Parent Group and our Group) would confirm in writing that (a) our Group would be responsible for the provision of services under the relevant Contract with the Government to the project owner directly; and (b) the project owner should pay service fees under the relevant Contract with the Government to our Group directly ("Arrangement (ii)"). From an accounting perspective, the revenue of our Group generated under such arrangement is recognized as directly generated from third parties, and hence they are not regarded as related party transactions of our Company.

As advised by the PRC Legal Advisor, the assignment of government project management projects which are subject to Grade 1 Property Development Qualification requirement under bidding documents by Greentown Real Estate to the Group does not violate the relevant laws and regulations in the PRC.

Other information

As of December 31, 2019, our Group (by ourselves and through cooperation with business parties) were involved in a total of 115 government project management projects. Among the aforesaid, 35 Government Project Management Projects were tendered by and assigned from the Parent Group, of which 18 were under Arrangement (i) (comprising of 5 projects under Model 1 and 13 projects under Model 2) and 17 were under Arrangement (ii). Barring unforeseeable circumstances, we currently expect that such pre-existing Government Project Management Projects would be completed gradually and the last of which would be completed by the end of 2023, with 4 projects expected to be completed by 2020, 3 more projects expected to be completed by 2021, 23 projects expected to be completed by 2022 and 5 more projects expected to be completed by 2023.

For the three financial years ended December 31, 2019 the service fees received by our Group pursuant to Arrangement (i) amount to RMB5.7 million, RMB14.5 million and RMB32.5 million, respectively. We currently expect that the service fees to be received by our Group pursuant to Arrangement (i) for each of the financial years ended December 31, 2020, 2021, 2022 and 2023 would not exceed RMB151.3 million, RMB113.1 million, RMB159.2 million and RMB39.0 million, respectively.

The revenue generated from the 35 projects which were tendered by the Parent Group and assigned to the Group amounted to RMB27.04 million, RMB27.10 million and RMB52.85 million for each of the three years ended December 31, 2019. The Company does not consider that such arrangement would affect the operational independence of the Group as a whole taking into account the relatively small amount of such revenue.

Our Directors are of the view that the Government Project Arrangements are on normal commercial terms or better that are fair and reasonable and in the interest or our Company and the Shareholders taken as a whole, taking into account that (i) such arrangements are essentially "passing through" in nature which enable our Group to provide project management services for the Government Project Management Projects that would otherwise require the possession of the Grade 1 Property Development Qualification; (ii) the Parent Group essentially would not charge any fees or make any profit from our Group for such arrangements, and any fees that pass through the Parent Group (in respect of Arrangement (i)) or otherwise received by our Group (in respect of Arrangement (ii)) would be based on the service fees as agreed under each relevant Contract with the Government.

Our Company does not contemplate that there would be any new Government Project Management Projects after Listing requiring any of Arrangement (i) or Arrangement (ii) under the Government Project Arrangements on the basis that our Group did not intend to undertake new Government Project Management Projects that require Grade 1 Property Development Qualification until our Group having obtained such qualification. That being said, in the event that our Group intends to enter into any of these arrangements for any new Government Project Management Projects after Listing, we will comply with the applicable requirements under Chapter 14A of the Listing Rules including, where required, the reporting, announcement, annual review and independent Shareholders' approval requirements.

We currently do not have an expected timeframe for the obtaining of Grade 1 Property Development Qualification by the Group. We understand that the Parent Group currently does not intend to tender for government project management projects which require Grade 1 Property Development Qualification. To the best of knowledge of the Directors, it is understood that Greentown China does not intend to tender for government property management projects going forward.

Project management services from our Group to the Parent Group or its associate

While at the Latest Practicable Date, our Group entered into certain agreements with the Parent Group or its associate in relation to the provision of project management services as described below, our Company does not contemplate that there would be any new commercial projects immediately after Listing for the provision of project management.

The 1st Intergroup Project Management Agreement

(i) Background

Greentown Real Estate (being a member of the Parent Group) entered into an agreement (the "Fengxian Agreement with Project Owner") with a third party project owner (the "Fengxian Project Owner") in April 2016, pursuant to which the Fengxian Project Owner agreed to engage Greentown Real Estate to be responsible for the provision of development and construction work project management services in relation to a commercial property development project in Fengxian district of Shanghai, the PRC (the "Fengxian Project").

In May 2016, Greentown Real Estate entered into an agreement (the "1st Intergroup Project Management Agreement") with Greentown Management (being a member of our Group), pursuant to which Greentown Real Estate agreed to entrust Greentown Management to provide the corresponding development and construction work project management services to the Fengxian Project Owner under the Fengxian Agreement with Project Owner. The 1st Intergroup Project Management Agreement has been confirmed by the Fengxian Project Owner.

(ii) Principal terms

Date	May 25, 2016
Parties	(i) Greentown Real Estate (a member of the Parent Group); and (ii) Greentown Management (a member of our Group)
Fees	The Parent Group would receive service fees from the Fengxian Project Owner, and then transfer service fees received to our Group, i.e. essentially on a "passing through" basis.
Scope of major services	Greentown Real Estate agreed to entrust Greentown Management to provide corresponding development and construction work project management services to the Fengxian Project Owner under the Fengxian Agreement with Project Owner.

(iii) Other information

For the three financial years ended December 31, 2017, 2018 and 2019, the service fees received by our Group pursuant to the 1st Intergroup Project Management Agreement amount to RMB49.37 million, RMB33.65 million and RMB17.39 million, respectively. Barring unforeseeable circumstances, we currently expect that the Fengxian Project (and hence the 1st Intergroup Project Management Agreement) would be completed by the end of 2020. We currently expect that the service fees to be received by our Group pursuant to the 1st Intergroup Project Management Agreement for the financial year ending December 31, 2020 would not exceed RMB13.61 million, and that the aggregate service fees under such arrangement would not exceed RMB137 million.

The 2nd Intergroup Project Management Agreement

(i) Background

Shandong High Speed Greentown Real Estate Investment Co., Ltd. (山東高速綠城置業投資有限公司) (a company held as to 49% by the Parent Group) ("Shandong High Speed") possesses land ownership rights for a development project in Dongying district of Shandong, the PRC (the "Dongying Project"). In September 2016, Shandong High Speed entered into an agreement (the "2nd Intergroup Project Management Agreement") with Greentown Management, pursuant to which Shandong High Speed entrusted Greentown Management to be responsible for the project management work for the Dongying Project.

(ii) Principal terms

Date	September 22, 2016
Parties	(i) Shandong High Speed (a company held as to 49% by the Parent Group); and (ii) Greentown Management (a member of our Group).
Scope of major services	The services provided cover preliminary management work, planning and design management, cost management, project management, marketing management, acceptance and delivery management, customer service management, early stage property service supervision, human resources management, administrative management and assistance in financing and tax planning.

(iii) Pricing

Fees under the 2nd Intergroup Project Management Agreement are determined with reference to the following:

(i) engineering construction management service fees of (i) RMB8 million for phases 3 and 4 of the project; and (ii) (in respect of parts of the property under development) calculated at RMB100 per square meter based on total floor area above and below ground;

(ii) sales management service fees is calculated at 1% of the total property sales;

(iii) management service fees linked to the achievement of engineering cost management goals are calculated at 0.5% of total property sales;

(iv) management service fees linked to the achievement of quality management goals are calculated at 0.5% of total property sales; and

(v) management service fees linked to the price target are calculated at 0.5% of the total property sales.

(iv) Other information

For the three financial years ended December 31, 2017, 2018 and 2019, the service fees received by our Group pursuant to the 2nd Intergroup Project Management Agreement amount to RMB29.19 million, RMB31.20 million and RMB35.64 million, respectively. Barring unforeseeable circumstances, we currently expect that the Dongying Project (and hence the 1st Intergroup Project Management Agreement) would be completed by 2023. We currently expect that the service fees to be received by our Group pursuant to the 2nd Intergroup Project Management Agreement for the financial years ending December 31, 2020, 2021 and 2022 would not exceed RMB36.53 million, RMB37.08 million and RMB37.74 million, respectively and that the aggregate service fees under such arrangement would not exceed RMB260 million.

Our Directors are of the view that the Intergroup Project Management Arrangements are on normal commercial terms or better that are fair and reasonable and in the interest of our Company and the Shareholders taken as a whole, taking into account: (i) in respect of the 1st Intergroup Project Management Agreement, it is essentially "passing through" in nature which enables our Group to provide project management services to a third party customer (namely the Fengxian Project Owner) under the pre-existing Fengxian Agreement with Project Owner, pursuant to which the Parent Group would not charge any fees or make any profit from our Group for such arrangement and any fees that pass through the Parent Group to our Group would be based on the service fees under the Fengxian Agreement with Project Owner. Moreover, such arrangement is also consistent with the principle of business delineation between our Parent Group and our Group; and (ii) in respect of the 2nd Intergroup Project Management Agreement, it is the provision of the project management services by our Group to a customer (namely Shandong High Speed) in our ordinary and usual course of basis based on terms that are on normal commercial terms comparable to (or better than) the terms that our Group would offer to independent third party customers for comparable projects and scope of services.

Our Company does not contemplate that there would be any new commercial projects immediately after Listing for the provision of project management services to our connected persons. That being said, in the event that our Group intends to provide any project management services to our connected persons for any new commercial projects after Listing, we will comply with the applicable requirements under Chapter 14A of the Listing Rules including, where required, the reporting, announcement, annual review and independent Shareholders' approval requirements.

Independence of administrative capability

We have established our own organizational structure, and each department is assigned to specific areas of responsibilities. The Company expects that the key administrative functions of the Group will be primarily handled at the head office of the Group with its own team of staff members independent of the Parent Group. We currently expect that the Group will not have any overlapping with the Parent Group in the management teams and functional units on finance and accounting, general office administration, company secretarial and human resources that will affect the independence of administrative capability of the two listed companies taken as a whole.

Based on the above, our Directors are of the view that there is no operational dependence by our Group on the Parent Group and we are able to operate independently from the Parent Group after the Listing.

Financial Independence

Our Group has its own financial management system, internal control and accounting systems, accounting and finance department, independent treasury function for cash receipts and payments and the ability to operate independently from Greentown China from a financial perspective.

For the years ended December 31, 2017, 2018 and 2019, our revenue generated from Greentown China were RMB84.9 million, RMB82.4 million and RMB118.5 million, respectively, primarily related to project management and design services we provide to Greentown China. As of the Latest Practicable Date, the Company was indebted to Greentown China in the amount of RMB540.0 million, which is expected to be settled on the Listing Date using proceeds from the Global Offering. Please refer to the section headed "Future Plans and Use of Proceeds" for further details. As of the Latest Practicable Date, an amount of approximately RMB454.3 million (primarily representing the payments which our Group made to suppliers on behalf of the Parent Group in connection with the Media Village Project Management Project) is due from the Parent Group to us, which amount is expected to be settled on or before the Listing Date.

During the Track Record Period, save for the aforementioned indebtedness, the Group did not receive any material financial support from the Parent Group other than (i) the payment of the consideration for the acquisition of equity interest in Greentown Construction Management by the Parent Group on behalf of the Group (which relevant indebtedness to the Parent Group had already been settled in full by way of capitalization as of the Latest Practicable Date); and (ii) amount paid by the Group to the Parent Group for the equity transfer of interests in Greentown Management and Greentown Shidai from the Parent Group to the Group (which had been settled in full as of the Latest Practicable Date). There was approximately RMB5.0 million consideration receivable from the Parent Group arising from the disposal of an associate of the Group to the Parent Group at the end of the Track Record Period, which consideration was received by the Company in December 2019.

As of the Latest Practicable Date, there was no unsettled financial guarantee given by the Parent Group for our Group. Our Directors believe that the Group is able to finance its own operations. The Company currently expects that none of the debts or loans of the Group will be guaranteed by any connected person of the Company after the Listing.

We believe that our Group is capable of obtaining financing from external sources without reliance on Greentown China.

In light of the above, we are of the view that our Group is capable of carrying its business independently of the Parent Group and their respective associates after the Listing.

RULE 8.10 OF THE LISTING RULES

Greentown China (being our Controlling Shareholder) confirmed that, as of the Latest Practicable Date, it did not have any interest in a business, apart from its interest in our Group, which competed or was likely to compete, directly or indirectly, with our business, under Rule 8.10(1) of the Listing Rules.

Our Directors, confirmed that, as of the Latest Practicable Date, they were not interested in a business, apart from our business, which competed or was likely to compete, either directly or indirectly, with our business under Rule 8.10(2) of the Listing Rules.

REASONS FOR AND BENEFITS OF THE SPIN-OFF

Our Listing will constitute a spin-off from the Parent Group under Practice Note 15 to the Listing Rules. Our Directors believe that the spin-off would bring in a number of benefits, including (i) proceeds from the Global Offering will enable our Group to have additional funding to develop our project management business; (ii) the separate listing of our Company will enable investors to appraise and assess the potential and performance of the project management business of our Group separate and distinct from the property development business of the Parent Group; (iii) the businesses of our Group and the Parent Group have distinctive cost structures and business models, the Spin-off is expected to allow a clearer separation of operations and management and facilitate dedicated management focus on the project management business; (iv) after the Spin-off, the Company will be a company listed on the Main Board of the Stock Exchange which would enhance our Company's corporate profile and brand awareness; (v) our Group will be able to be valued on a standalone basis and investors will be provided with more details of the operating performance of the Spin-off Group which would help broaden investor base by attracting new investors who are seeking investments in a project management company with asset light business model; and (vi) upon completion of the Spin-off, we are expected to remain as a subsidiary of Greentown China and the Parent Group will thus be able to continue enjoying the benefits from the growth of the project management business notwithstanding the separate listing of our Group.

The board of directors of Greentown China also considers that the spin-off for the Listing is in the interests of Greentown China and its shareholders taken as a whole taking into account the above.

Greentown China has submitted a spin-off proposal to the Stock Exchange pursuant to Practice Note 15 of the Listing Rules. Greentown China and our Company will comply with the applicable requirements under Practice Note 15 and other applicable requirements of the Listing Rules regarding the Spin-off.

OVERVIEW

One-off Transactions with the Parent Group

Prior to the Listing, our Group has entered into certain agreements with members of the Parent Group or their associates. While such counterparties to such agreements will, upon Listing, become our Company's connected persons (as defined under Chapter 14A of the Listing Rules), the transactions under such agreements are one-off transactions with respect to specific and pre-existing projects as of the Latest Practicable Date. Given that these agreements were entered into prior to Listing and the transactions thereunder are one-off in nature in respect of specific pre-existing projects, these transactions (including, if any, the provision of services and the payment arrangement thereunder) will not be classified as connected transactions or continuing connected transactions of our Company under Chapter 14A of the Listing Rules. Please refer to "Relationship with Controlling Shareholder" for details.

Continuing Connected Transactions With The Parent Group

Prior to the Listing, our Company has entered into a trademark license agreement with Greentown China. Given that Greentown China will, upon Listing, become our Company's connected person and the trademark licensing arrangements are continuing in nature, such arrangements will constitute continuing connected transactions of our Company under Chapter 14A of the Listing Rules following the Listing.

CONTINUING CONNECTED TRANSACTIONS

Trademark License Agreement

Background of the transactions

We have been using certain trademarks registered in the name of certain member(s) of the Parent Group. In anticipation of the Global Offering and to ensure that our Group will continue to be able to use such trademarks, on February 24, 2020, our Company and Greentown China entered into a trademark license agreement (the "Trademark License Agreement") pursuant to which Greentown China licensed certain "Greentown" series of trademark registered in the PRC and Hong Kong in relation to the project management business to our Company and companies in which we directly or indirectly hold equity interest (together, the "Licensees").

Principal Terms

Licensing of trademarks

Pursuant to the Trademark License Agreement, certain trademarks (primarily certain "綠城" (Greentown) word and graphic trademarks registered in the PRC as set out in "Statutory and General Information – B. Further Information About our Business – 2. Intellectual Property Rights – (a) Trademarks – (i) Licensed Trademarks" in Appendix IV to this prospectus) are licensed to our Company for the use by the Licensees in respect of project management business as defined therein on an exclusive basis (save as otherwise provided therein), whereas certain other trademarks are licensed in favor of the Licensees for use in respect of project management business and other specified businesses on a non-exclusive basis.

Other trademarks

In relation to trademarks which the Parent Group obtains right to use through trademark registration or licensing in favor of the Parent Group subsequent to the signing of the Trademark License Agreement (the "Subsequent Marks"), the Licensees would generally have to separately obtain written agreement from the Parent Group for right to use. However, so long as our Company remains a subsidiary of Greentown China, the Parent Group agreed to grant non-exclusive license to our Company in respect of certain sub-classes Subsequent Marks registered in the PRC under for the use by the Licensees in project management business and other specified businesses.

Registration of trademarks by our Group

During the term of license and subject to the terms of the Trademark License Agreement, the Parent Group agrees to provide us with the necessary assistance to register trademarks under certain sub-classes for word or graphic trademarks in relation to "綠城管理" (Greentown management) and "綠城代建" (Greentown project management) series for project management business or other specified businesses (the "Greentown Project Management Marks").

Unused trademarks and Term

If the Licensees cease to use a particular licensed mark for project management businesses, the Parent Group has the right to terminate the licensing contractual relationship, in relation to that particular unused mark and any such unused Greentown Project Management Marks registered in the name of the Licensees shall be transferred to the Parent Group (or its specified entity) at nil consideration. As advised by our PRC Legal Advisor, save for the aforementioned right and the statutory circumstances stipulated by PRC laws and regulations pursuant to which a contract party may unilaterally terminate the contract, the Parent Group has no other right under the Trademark License Agreement to unilaterally terminate the licensing arrangements.

The license under the Trademark License Agreement has an initial term commencing from the date of the agreement and ending 10 years from the Listing, which (subject to compliance with relevant laws and regulations, including the Listing Rules), may be renewed upon written notice given by our Company for every 10 year from the expiry date. During the licensing period, in the event of any non-registration or failure of registration of a licensed trademark, such license of such trademark shall be terminated accordingly.

Historical Transaction Amount

During the Track Record Period, no licensing fee had been paid by our Company to the Parent Group given that we were a wholly-owned subsidiary of Greentown China.

Fee

The licensing fee under the Trademark License Agreement is payable from Listing by our Company to Greentown China in the following manner: (i) for the 1st year: RMB30 million; (ii) for the 2nd year: RMB40 million; (iii) for the 3rd year: RMB50 million; (iv) for each of the 4th to 10th year: RMB60 million; and (iv) (where applicable) for each of the 11th to 20th year: RMB60 million, calculated on a pro-rated basis for less than an entire calendar year. The licensing fee for the 1st to 10th year shall also be subject to a lower amount that may be agreed by Greentown China and our Company, and the licensing fee for the 11th to 20th year may also be adjusted as agreed by Greentown China and our Company.

The licensing fees have been arrived at after arm's length negotiations between the Company and Greentown with reference to, among other things: (i) the "Greentown" brand value and its relative importance to the success of the asset-light project management business of the Company. The Greentown Group has been using "Greentown" brand for over 20 years, accumulating significant goodwill and market recognition over the years in the PRC; (ii) the application of and intended use of the licensed trademarks, particularly for further expansion of our commercial project management business; (iii) the potential for further expansion of our commercial project management business which will continue to use the "Greentown" trademark; and (iv) the trademark licensing fees paid by certain other companies listed on the Stock Exchange as a percentage of revenue of such companies We also consider that the gradual increase in the licensing fees with a plateau fee cap from the 4^{th} year onwards, on the one hand, generally commensurates with our expected growth and development in the coming years and, on the other hand, provides us with certainty on the amount payable as well as benefit of a plateau fee cap.

Reasons for and benefits of the transactions

We have been using the trademarks registered under member(s) of the Parent Group for our project management business operations. We consider that the "Greentown" brand reflects our corporate identity and represents our consistent quality of services and aspiration to help our customers achieve high standard, and that such existing brand image allows us to resonate with our customers and facilitate our market and business expansion. Our Directors consider that, by benefiting from the renowned "Greentown" brand, our Commercial Project Owners can achieve strong sale performance and pricing premium in their respective projects under our project management. As such, our Directors consider that the use of the trademarks in our Group's business will provide leverage and enhance the image and profile of our projects in China and is a key reason for our Project Owners, particularly our Commercial Project Owners, to engage us in project management projects. Pursuant to the Trademark License Agreement, Greentown China also agrees that our Company shall be also entitled to manage the use of the licensed trademarks by the other Licensees including charging such other Licensees for the use of trademarks.

Listing Rules' implications

Greentown China, being our controlling shareholder, will become a connected person of our Company upon Listing. As the highest applicable percentage ratio for the highest annual licensing fee cap under the Trademark License Agreement (namely RMB60 million) is expected to exceed 0.1% but below 5% on an annual basis, upon Listing the transactions contemplated under the Trademark License Agreement will constitute continuing connected transactions of our Company subject to the reporting, annual review and announcement requirements but are exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules. Given that such transactions are expected to be carried out on a continuing basis and to extend over a period of time, our Directors are of the view that strict compliance with the announcement requirement under the Listing Rules would be impracticable and unduly burdensome and would impose unnecessary administrative costs upon our Group. Pursuant to Rule 14A.105 of the Listing Rules, we have applied for, and the Stock Exchange has granted, a waiver exempting us from strict compliance with the announcement requirement of the Listing Rules, subject to the aggregate values of such continuing connected transactions for each year not exceeding the relevant annual cap.

The independent non-executive Directors will review the continuing connected transactions under the Trademark License Agreement every year and confirm in the annual reports of our Company whether such transactions have been entered into (i) in the ordinary and usual course of business of our Group; (ii) on normal commercial terms or better; and (iii) according to the Trademark License Agreement on terms that are fair and reasonable and in the interests of our Shareholders as a whole. We will also engage our auditors to report on such continuing connected transactions every year, pursuant to which our auditors will provide a letter to our Board confirming whether anything has come to their attention that causes them to believe that such transactions: (i) have not been approved by our Board; (ii) were not entered into, in all material respects, in accordance with the Trademark License Agreement; and (iii) have exceeded the cap. Information about the aforesaid confirmation, as well as other applicable information as required under Rule 14A.71 of the Listing Rules will be disclosed in our annual reports. The Company will comply with the then applicable requirements under the Listing Rules (including, where required, announcement and independent shareholders' approval) for any proposed renewal of the Trademark License Agreement exceeding the initial term of 10 years or for any proposed material change to the terms and conditions of the Trademark License Agreement under Rule 14A.54 of the Listing Rules.

DIRECTORS' VIEW

Our Directors (including independent non-executive Directors) are of the view that the non-exempt continuing connected transactions set out above under the Trademark License Agreement have been and will be entered into in the ordinary and usual course of business on normal commercial terms or better which are fair and reasonable and in the interests of our Company and our Shareholders as a whole, and the proposed licensing fees and the annual caps thereof are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

The Directors consider that the fee arrangement of the Trademark License Agreement is on normal commercial terms which are fair and reasonable, taking into account the following:

(i) the "Greentown" brand value and its relative importance to the success of the project management business of the Company;

(ii) the application of and intended use of the licensed trademarks;

(iii) the potential for further expansion of the commercial project management business which will continue to use the "Greentown" trademark;

(iv) total historical contracted sales of projects for sales;

(v) the potential total project management fees of projects; and

(vi) it is normal business practice for agreements in the nature of the license agreement to have a long duration and to provide stability to Company's business.

The Trademark License Agreement has an initial term of 10 years (subject to renewal, if any), i.e. exceeding three years. Under Rule 14A.52 of the Listing Rules, an agreement for continuing connected transactions must not exceed three years except in special circumstances where the nature of the transactions require a longer period. Our Directors are of the view that it is normal business practice for trademark license agreements to be of a similar or longer duration to that of the Trademark License Agreement, and that a longer duration of licensing arrangements would help promote stability in our operations.

JOINT SPONSORS' VIEW

Based on the information provided by our Company and participation in due diligence and discussions with us, the Joint Sponsors consider that the Trademark License Agreement and the aforesaid non-exempt continuing connected transactions thereunder have been and will be entered into in the ordinary and usual course of business of our Company on normal commercial terms which are fair and reasonable, and in the interests of our Company and our Shareholders as a whole, and the proposed licensing fees and the annual caps thereof are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

In respect of an initial 10-year term (subject to renewal, if any) of the Trademark License Agreement, given that (i) it is strategically important for our Group to use these trademarks in the project management business; and (ii) such initial 10-year term (subject to renewal, if any) shall provide better protection to our Group given the nature of such trademarks, the Joint Sponsors concur with the Directors' view that it is normal business practice for the Trademark License Agreement to have such a duration.

AUTHORIZED AND ISSUED SHARE CAPITAL

The following is a description of the authorized and issued share capital of our Company in issue and to be issued as fully paid or credited as fully paid immediately following the completion of the Global Offering:

Authorized Share Capital

Number of Shares	Aggregate nominal value of Shares
100,000,000,000	HK$1,000,000,000

Issued Share Capital

Number of Shares	Description of Shares	Aggregate nominal value of Shares
1,432,660,000	Shares in issue as of the date of this prospectus	HK$14,326,600
477,560,000	Shares to be issued under the Global Offering	HK$4,775,600
1,910,220,000	Shares in issue immediately following the Global Offering	HK$19,102,200

ASSUMPTIONS

The above table assumes that the Global Offering has become unconditional. The above table also does not take into account any Shares which may be issued or repurchased by us under the general mandates granted to our Directors as referred to below.

RANKING

The Offer Shares will rank *pari passu* in all respects with all Shares now in issue or to be issued as mentioned in this prospectus, and will qualify and rank equally for all dividends or other distributions declared, made or paid on the Shares on a record date which falls after the date of this prospectus.

CIRCUMSTANCES UNDER WHICH GENERAL MEETINGS ARE REQUIRED

Our Company has only one class of Shares, namely ordinary shares, each ranks pari passu with the other Shares.

Pursuant to the Cayman Companies Law and the terms of the Memorandum and the Articles, our Company may from time to time by shareholders' ordinary resolution (i) increase its share capital; (ii) consolidate and divide its share capital into shares of larger amount; (iii) divide its shares into classes; (iv) subdivide its shares into shares of smaller amount; and (v) cancel any shares which have not been taken. In addition, our Company may reduce its issued share capital by shareholders' special resolution and subject to the approval by the Grand Court of the Cayman Islands in accordance with the Cayman Companies Law. For more details, please refer to "Summary of the Constitution of our Company and Cayman Companies Law – Summary of the Constitution of the Company – Articles of Association – 2.5 Alteration of capital" in Appendix III to this prospectus.

GENERAL MANDATE TO ISSUE SHARES

Subject to the Global Offering becoming unconditional, our Directors have been granted a general unconditional mandate to allot, issue and deal with Shares with a total nominal value of not more than the sum of:

- 20% of the aggregate nominal value of Shares in issue immediately following completion of the Global Offering; and

- the aggregate nominal value of Shares repurchased by us under the authority referred to in "– General Mandate to Repurchase Shares" below.

This general mandate to issue Shares will expire at the earliest of:

- the conclusion of the next annual general meeting of our Company (unless renewed by an ordinary resolution of our Shareholders in a general meeting, either unconditionally or subject to conditions); or

- the expiration of the period within which our Company's next annual general meeting is required by the Memorandum and the Articles or any other applicable laws to be held; or

- the date when it is varied or revoked by an ordinary resolution of our Shareholders in general meeting.

Please refer to "Statutory and General Information – A. Further information about our Company and our Subsidiaries – 3. Resolutions of the Shareholder of Our Company" in Appendix IV to this prospectus for further details of this general mandate to allot, issue and deal with Shares.

GENERAL MANDATE TO REPURCHASE SHARES

Subject to the Global Offering becoming unconditional, our Directors have been granted a general unconditional mandate to exercise all the powers of our Company to repurchase Shares, with a total nominal value up to 10% of the aggregate nominal value of the share capital of our Company in issue immediately following the completion of the Global Offering (excluding any Shares which may be issued under the Over-allotment Option).

The Repurchase Mandate only relates to repurchases made on the Stock Exchange, or on any other stock exchange on which our Shares are listed and which is recognized by the SFC and the Stock Exchange for this purpose, and which are in accordance with the Listing Rules. A summary of the relevant Listing Rules is set out in "Statutory and General Information – A. Further information about our Company and our Subsidiaries – 5. Repurchase of our Own Securities" in Appendix IV to this prospectus.

This general mandate to repurchase Shares will expire at the earliest of:

- the conclusion of the next annual general meeting of our Company (unless renewed by an ordinary resolution of our Shareholders in a general meeting, either unconditionally or subject to conditions);
- the expiration of the period within which our Company's next annual general meeting is required by the Memorandum and the Articles or any other applicable laws to be held; or
- the date when it is varied or revoked by an ordinary resolution of our Shareholders in general meeting.

Please refer to "A. Further information about our Company and our Subsidiaries – 3. Resolutions of the Shareholder of Our Company" in Appendix IV to this prospectus for further details of the Repurchase Mandate.

So far as our Directors are aware, immediately following the completion of the Global Offering and assuming that the Over-allotment Option is not exercised at all, the following persons are expected to have an interest and/or short positions in the Shares or underlying shares of our Company which would fall to be disclosed to us pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who are, directly or indirectly, interested in 10% or more of the nominal value of any class of our share capital carrying rights to vote in all circumstances at general meetings of our Company:

Name of the substantial shareholder	Nature of interest	Number of Shares	Approximate percentage interest of the Company
Greentown China	Beneficial owner	1,432,660,000	75.0%

Save as disclosed above in this section, our Directors are not aware of any other person who will, immediately following the completion of the Global Offering, have any interest and/or short positions in the Shares or underlying shares of our Company which would fall to be disclosed to us pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who are, directly or indirectly, interested in 10% or more of the nominal value of any class of our share capital carrying rights to vote in all circumstances at general meetings of our Company. Our Directors are not aware of any arrangement which may at a subsequent date result in a change of control of our Company.

DIRECTORS

Our Board consists of eight Directors, two of whom are executive Directors, three of whom are a non-executive Director and three of whom are independent non-executive Directors. The following table provides certain information in respect of the members of our Board:

Name	Age	Position	Date of joining our Group	Date of appointment as Director	Roles and responsibilities in our Group
Guo Jiafeng (郭佳峰) . . .	55	Chairman of the Board and Non-executive Director	January 8, 2020	January 8, 2020	Overall formulation, supervision and guidance of business strategies, planning and development of our Group
Zhang Yadong (張亞東) . . .	52	Non-executive Director	January 8, 2020	January 8, 2020	Overall formulation, supervision and guidance of business strategies, planning and development of our Group
Liu Wensheng (劉文生) . . .	59	Non-executive Director	January 8, 2020	January 8, 2020	Overall formulation, supervision and guidance of business strategies, planning and development of our Group
Li Jun (李軍) . .	43	Chief Executive Officer and Executive Director	March 2012	December 12, 2016	Overall operation and management of our Group as well as the strategic development of our Group in implementing its asset-light project management business model
Lin Sanjiu (林三九) . . .	56	Executive Director	September 2015	January 8, 2020	Operations management and supervision of the product R&D center and the establishment of marketing service center systems

Name	Age	Position	Date of joining our Group	Date of appointment as Director	Roles and responsibilities in our Group
Lin Zhihong (林治洪) . . .	49	Independent non-executive Director	June 23, 2020	June 23, 2020	Providing guidance and supervision regarding the business, operations and corporate governance of our Group
Ding Zuyu (丁祖昱) . . .	46	Independent non-executive Director	June 23, 2020	June 23, 2020	Providing guidance and supervision regarding the business, operations and corporate governance of our Group
Chan Yan Kwan Andy (陳仁君) . . .	52	Independent non-executive Director	June 23, 2020	June 23, 2020	Providing guidance and supervision regarding the business, operations and corporate governance of our Group

The following table provides information about members of our senior management team:

Name	Age	Position	Date of joining our Group	Date of appointment as senior management	Roles and responsibilities in our Group
Zhan Liying (詹麗英). . . .	43	Deputy General Manager	August 2014	September 2015	Operational management
Zhu Junhua (祝軍華). . . .	48	Deputy General Manager	September 2017	January 2018	Strategic planning and implementation of business management and the daily management and operations
Huang Tiejiang (黃鐵江). . . .	47	Deputy General Manager	January 2010	January 2017	Management of development projects for governmental clients

Name	Age	Position	Date of joining our Group	Date of appointment as senior management	Roles and responsibilities in our Group
Yu Cheeric James (余致力). . . .	45	Chief Financial Officer and Company Secretary	June 2017	June 2017	Overall financial management, company secretarial matters, investor relations and corporate governance of our Group

None of our Directors and senior management are related to each other.

Directors

Non-Executive Directors

Mr. GUO Jiafeng (郭佳峰), aged 55, is the Chairman of the Board and a non-executive Director of our Company. He was appointed as a non-executive Director on January 8, 2020. Mr. Guo is primarily responsible for the overall formulation, supervision and guidance of business strategies, planning and development of our Group.

Mr. Guo has ample experience in project development and construction. He formerly joined the Greentown Group in April 2000 and served as an executive director of Greentown China from July 2006 to March 2015. He also acted as the executive general manager of Greentown Real Estate (a member of the Parent Group) and was primarily responsible for the property development of projects in areas such as Hunan Changsha, Zhejiang Hangzhou and Zhejiang Zhoushan. Mr. Guo was mainly engaged in his personal businesses from April 2015 to July 2019. He rejoined the Greentown Group as an executive director and executive president of Greentown China in July 2019.

Mr. ZHANG Yadong (張亞東), aged 52, is a non-executive Director of our Company. He was appointed as a non-executive Director on January 8, 2020 and is primarily responsible for the overall formulation, supervision and guidance of business strategies, planning and development of our Group.

Mr. Zhang joined the Greentown Group in May 2018 and serves as executive director and executive president of Greentown China. Before joining the Greentown Group, Mr. Zhang served as the assistant to general manager, deputy general manager and general manager of Dalian Great Automobile Enterprise Group (大連大汽企業集團), assistant director and deputy director of Dalian High-tech Zone Management Committee, deputy party chief and mayor of Pulandian Municipal Committee of Liaoning Province, deputy party chief of party working committee and deputy director of management committee of Dalian Economic and Technological Development Zone, party chief and head of Dalian Urban Construction Bureau, secretary of the leading party members' group and director of Dalian Construction Committee, deputy mayor of Dalian Municipal Government, member of the standing committee and the head of the United Front Work Department of the Dalian Municipal Committee, director and general manager of China Urban and Rural Construction Development Limited (中國城鄉建設發展有限公司) (a wholly owned subsidiary of China Communications Construction Group (Limited)). During his tenure as deputy mayor of Dalian Municipal Government from January 2013 to April 2016, Mr. Zhang was responsible for urban construction and management, including overseeing the Dalian Municipal Land Resources and Housing Bureau, Urban and Rural Construction Committee, Planning Bureau, Urban Construction Administration and other related urban construction departments. Mr. Zhang has extensive experience in urban and rural construction and real estate management.

He obtained a bachelor's degree in applied mathematics from Liaoning University (遼寧大學) in the PRC in July 1990, a master degree in economics from Dongbei University of Finance and Economics (東北財經大學) in the PRC in July 1993, and a Ph.D in political economics from Xiamen University (廈門大學) in the PRC in July 1998.

Mr. LIU Wensheng (劉文生), aged 59, is a non-executive Director of our Company. He was appointed as a non-executive Director on January 8, 2020 and is primarily responsible for the overall formulation supervision and guidance of business strategies, planning and development of our Group.

Mr. Liu has extensive operation management experience, as he has served as deputy general manager of CCCC Tianjin Dredging Co., Ltd. (中交天津航道局有限公司) from June 1999, vice-chief economist and general manager of corporate planning of China Harbour Engineering Company Ltd. (中國港灣工程有限責任公司), secretary of the board of directors, the company secretary and chief economist of China Communications Construction Company Limited, chairman of CCCC International Holding Limited (中交國際(香港)控股有限公司) from June 2012 and Friede Goldman United, Ltd. and as a director of CCCC Dredging (Group) Holdings Co., Ltd. (中交疏浚(集團)股份有限公司) from July 2015. He was appointed as non-executive director of Greentown China on June 22, 2015 and was subsequently redesignated as executive director of Greentown China and was appointed as co-chairman of the board of Greentown China on January 15, 2016.

He obtained a bachelor's degree in shipping radio navigation from Dalian Maritime University (大連海事大學) (formerly known as Dalian Maritime College (大連海運學院)) in the PRC in July 1982.

Executive Directors

Mr. LI Jun (李軍), aged 43, is the Chief Executive Officer and an executive Director of our Company. He was appointed as an executive Director of our Company on December 12, 2016 and is primarily responsible for the overall operation and management of our Group as well as the strategic development of our Group in implementing its asset-light project management business model.

He joined the Greentown Group as an officer in the operations management department in February 2002 and subsequently served as a department manager in its operations management department since June 2009 and a general manager of a property development project company in the Greentown Group since April 2010. In March 2012, he joined Greentown Management and served as the general manager of its operations management center. Mr. Li has been serving as general manager of our Group since September 2015. Under the leadership of Mr. Li, our Group became the first project management company with an asset-light business model in the PRC and pioneered the concept of Project Management 4.0 management systems.

As of the Latest Practicable Date, Mr. Li is a director of Mainwide HK, Greentown Construction Management, Greentown Management and certain subsidiaries of our Company. In 2018, Mr. Li received the Annual Innovative Leader Award in China (中國年度創新領袖人物獎) granted by Guandian Real Estate New Media Co., Ltd. (觀點地產新媒體). In 2019, Mr. Li received the China Real Estate Style Award – 2019 Most Influential Business Leader in China Real Estate Industry (中國地產風尚大獎 – 2019中國房地產年度影響力行業領軍人物) from Boao Real Estate Forum.

He obtained a bachelor's degree in heating ventilation from the University of South China (南華大學) in the PRC in June 1998 and a master's degree in construction management from Zhejiang University (浙江大學) in the PRC in June 2010.

Mr. LIN Sanjiu (林三九), aged 56, is an executive Director of our Company. He was appointed as an executive Director of our Company on January 8, 2020 and is primarily responsible for operations management and supervision of the product R&D center and the establishment of marketing service center systems.

Prior to joining our Group, he served as a vice president of Zhejiang Wanma Real Estate Group (浙江萬馬房地產集團) from July 2001 to March 2006 and as the general manager of a project company, namely Zhejiang Xizi Property Development Company Limited (浙江西子置業有限公司) from April 2006 to October 2006. He joined the Greentown Group in October 2006 as a deputy general manager in Greentown Xizi Real Estate Company (綠城西子房地產公司). From April 2007 to December 2007, he acted as the executive general manager of Zhejiang Xizi Property Development Company Limited (浙江西子房地產集團有限公司).

In March 2009, Mr. Lin joined our Group as the general manager of certain project companies. He re-joined our Group in September 2015, and served as deputy general manager of our Group. He has been serving as executive general manager of our Group since January 2019.

As of the Latest Practicable Date, Mr. Lin is a director of Greentown Construction Management, Greentown Management and certain subsidiaries of our Company.

He obtained an associate degree in business management from the Hangzhou Branch of the Associated Correspondent University for Economic Management (經濟管理刊受聯合大學杭州市分校) in the PRC in June 1989.

Independent Non-Executive Directors

Mr. Lin Zhihong (林治洪), aged 49, is an independent non-executive Director of our Company. He was appointed as an independent non-executive Director of our Company on June 23, 2020 and is primarily responsible for providing guidance and supervision regarding the business, operations and corporate governance of our Group.

As at the Latest Practicable Date, Mr. Lin is the chairman of Vered Holdings Co., Ltd. (薔薇控股股份有限公司) since 2017.

Prior to joining our Group, Mr. Lin worked for a number of banks. From December 2000 to November 2005, he served as general manager and deputy general manager of the international business division, general manager of the sales division and vice president of the Dalian branch of China Minsheng Bank (中國民生銀行). From 2005 to 2012, he served as deputy general manager, general manager, and president of the trade and finance division of China Minsheng Bank. From January 2012 to August 2015, he served as president of the Hong Kong branch of China Minsheng Bank. Mr. Lin subsequently served as president of Hengfeng Bank (恒豐銀行) from August 2015 to 2016.

In 2008, Mr. Lin was selected as one of the Top Ten Pacemakers in the Building of Professional Ethics for Workers in the National Financial System (全國金融系統職工職業道德建設十佳標兵) by the National Committee of China Financial Trade Union (中國金融工會全國委員會) and one of the 50 Most Promising Young Bankers in Asia Pacific and the Gulf Region (亞太及海灣地區50名最有前途的年輕銀行家) by The Asian Banker (亞洲銀行家), and was awarded the May, 1 National Labour Medal in the National Financial System (全國金融五一勞動獎章) by China Financial Trade Union (中國金融工會). In 2011, he was awarded the 15th Anniversary Meritorious Service and Entrepreneur Award (十五周年功勳創業者獎) by China Minsheng Bank. In 2015, he was selected as a Year 2015 Outstanding Innovative Business Leader (2015傑出創新商業領袖) by Hong Kong Wen Wei Po Daily (香港文匯報).

He obtained a Ph.D in management science and engineering (financial engineering) from Dalian University of Technology (大連理工大學) in the PRC in April 2014.

Dr. Ding Zuyu (丁祖昱), aged 46, is an independent non-executive Director of our Company. He was appointed as an independent non-executive Director of our Company on June 23, 2020 and is primarily responsible for providing guidance and supervision regarding the business, operations and corporate governance of our Group.

As at the Latest Practicable Date, Dr. Ding is an executive director and the chief executive officer of E-House (China) Enterprise Holdings Limited (易居(中國)企業控股有限公司), a company listed on the Main Board of the Stock Exchange (stock code: 2048), an independent non-executive director of Powerlong Real Estate Holdings Limited (寶龍地產控股有限公司), a company listed on the Main Board of the Stock Exchange (stock code: 1238) since December 2014 and an executive member of China Real Estate and Housing Research Association (中國房地產業協會).

From September 2000 to November 2001, he was the manager of the research and development department of E-House (China) Enterprise Management Group Co., Ltd. (易居(中國)企業管理集團有限公司), and subsequently served as vice president and technology director of E-House (China) Enterprise Management Group Co., Ltd. until January 2008. From September 2009 to September 2011, he was the co-president of China Real Estate Information Corporation (中國房產資訊集團) and a director of China Real Estate Information Group from March 2011 to April 2012. From July 2011 to March 2017, he was an independent director of Shanghai Chengtou Holdings Co., Ltd (上海城投控股股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600649). From April 2012 to August 2016, he was the co-president of E-House (China) Holdings Limited (易居(中國)控股有限公司). He has been the president of the real estate information and consulting services division of E-House (China) Enterprise Holdings Limited (易居(中國)企業控股有限公司) (a company listed on the Main Board of the Stock Exchange (stock code: 2048)) since July 2006 and chief executive officer of E-House (China) Enterprise Holdings Limited since August 2016.

He obtained a Ph.D in economics from East China Normal University (華東師範大學) in the PRC in December 2013.

Mr. Chan Yan Kwan Andy (陳仁君), aged 52, is an independent non-executive Director of our Company. He was appointed as an independent non-executive Director of our Company on June 23, 2020 and is primarily responsible for providing guidance and supervision regarding the business, operations and corporate governance of our Group.

As at the Latest Practicable Date, Mr. Chan has been the chief financial officer and company secretary of Kingdom Holdings Limited (金達控股有限公司), a company listed on the Main Board of the Stock Exchange (stock code: 528) since January 2014.

Prior to joining our Group, he worked for a number of international accounting firms (including Ernst & Young) prior to August 1999. He served as assistant financial controller of Lorenzo Jewelry Mfg. (H.K.) Ltd., from August 1999 to October 2001, administrative and finance manager of Messe Düsseldorf China Ltd. (德國杜塞爾多夫展覽(中國)有限公司) from February 2002 to July 2004, group financial controller and company secretary of Natural Beauty Bio-Technology Limited (自然美生物科技有限公司), a company listed on the Main Board of the Stock Exchange (stock code: 157) and as a director of certain subsidiaries of Natural Beauty Bio-Technology Limited (自然美生物科技有限公司) from July 2004 to January 2014.

He obtained a bachelor's degree in economics and accounting from the University of Hull in the United Kingdom in July 1992 and a master's degree in business administration from the University of Western Ontario in Canada in March 2008. He has been a fellow member of the Hong Kong Institute of Certified Public Accountants (formerly known as the Hong Kong Society of Accountants) since July 2013. He has also been a fellow member of the Association of Chartered Certified Accountants since January 2002.

Save as disclosed above in this section, each of our Directors has confirmed that he or she has not held any other directorships in any listed company during the three years immediately prior to the date of this prospectus, that there are no other matters relating to his or her 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 or her appointment which is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules.

SENIOR MANAGEMENT

Ms. ZHAN Liying (詹麗英), aged 43, is the Deputy General Manager of our Company. She has been appointed to such position since July 2018 and is primarily responsible for our operational management.

She joined the Greentown Group in May 1997 as an administrative staff in Greentown Real Estate until April 2005. From May 2005 to July 2014, she served for different companies of the Greentown Group as a manager or a deputy manager. She subsequently acted as general manager of the operations management center of Greentown Shidai from August 2014 to August 2015 and as chief operating officer of our Group from September 2015.

She obtained an associate degree in secretarial studies from the Open University of China (中央廣播電視大學) in the PRC in January 2005.

Mr. ZHU Junhua (祝軍華), aged 48, is the Deputy General Manager of our Company. He was appointed to such position in September 2019 and is primarily responsible for the strategic planning and implementation of business management and the daily management and operations.

From March 2009 to June 2014, Mr. Zhu served at the headquarters of Greentown Real Estate and was primarily responsible for marketing work. He then held the positions of general manager of Wenzhou Greentown Real Estate Development Co., Ltd. (溫州綠城房地產開發有限公司) from July 2014 to February 2015 and general manager of Sunac Shanghai City Company (融創上海城市公司) from February 2015 to March 2016. From September 2017 to January 2018, Mr. Zhu served as project manager for the Zhengzhou Tianlun Dongzhao project (鄭州天倫東趙項目) at Zhejiang Shidai.

He obtained a master's degree in Business Administration from Xiamen University (廈門大學) in the PRC in June 2017.

Mr. HUANG Tiejiang (黃鐵江), aged 47, is the Deputy General Manager of our Company. He was appointed to such position in January 2017 and is primarily responsible for the management of development projects for government clients.

Mr. Huang joined our Group in January 2010 and served as various positions including civil engineer, manager and deputy general manager of platform companies in our Group from January 2010 to December 2016. He joined the Greentown Group in January 2010 and subsequently served as civil engineer, manager, deputy general manager and general manager of project companies in our Group. Prior to joining the Greentown Group, Mr. Huang also worked as a construction manager at Hangzhou Jinshan Decoration Work Company Limited (杭州錦山裝飾工程有限公司).

He obtained a diploma in civil engineering from the Southwest University of Science and Technology (西南科技大學) in the PRC in July 2015 (online study).

COMPANY SECRETARY

Mr. YU Cheeric James (余致力), aged 45, is the Chief Financial Officer and Company Secretary of our Company. Mr. Yu joined our Group in June 2017 as the Chief Financial Officer and was appointed as the Company Secretary of our Company on January 8, 2020. He is primarily responsible for the overall financial management, company secretarial matters, investor relations and corporate governance of our Group.

Mr. Yu has twenty years of experience in auditing, advisory business services and finance management. Mr. Yu started his career with an international accounting firm and thereafter, he worked in senior roles within several multinational companies and Hong Kong listed companies including CLP Holdings Limited (中電控股有限公司), a company listed on the Main Board of the Stock Exchange (stock code: 0002) and China Lilang Limited (中國利郎有限公司), a company listed on the Main Board of the Stock Exchange (stock code: 1234) where he acted as the group financial controller and company secretary. He also worked at Shimao Property Holdings Limited (世茂房地產控股有限公司), a leading company in the PRC property sector and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 0813) during January 2013 to April 2016 where he acted as head of investor relations.

He obtained a bachelor's degree in science in business administration (accountancy) from the California State University in the US in May 1997. He became an associate member of the American Institute of Certified Public Accountants on October 20, 2001 and a certified public accountant of the State of Delaware of the US on September 20, 2006.

BOARD COMMITTEES

Audit Committee

We established an audit committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Report as set out in Appendix 14 to the Listing Rules (the "**Corporate Governance Code**"). The audit committee consists of three members, namely Mr. Lin Zhihong, Dr. Ding Zuyu and Mr. Chan Yan Kwan Andy. Mr. Chan Yan Kwan Andy, an Independent non-executive Director has been appointed as the chairman of the audit committee, and is the independent non-executive Director possessing the appropriate professional qualifications. The primary duties of the audit committee are to provide our Directors with an independent review of the effectiveness of the financial reporting process, internal control and risk management system of our Group, to oversee the audit process and to perform other duties and responsibilities as assigned by our Directors.

Remuneration Committee

We established a remuneration committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and the Corporate Governance Code. The remuneration committee consists of three members, namely Mr. Lin Zhihong, Dr. Ding Zuyu and Mr. Chan Yan Kwan Andy. Dr. Ding Zuyu, an independent non-executive Director, has been appointed as the chairman of the remuneration committee. The primary duties of the remuneration committee include, amongst others, the following matters: (i) making recommendations to our Directors on our policy and structure for remunerations of all our Directors and senior management and on the establishment of a formal and transparent procedure for developing policies on such remuneration; (ii) determining the terms of the specific remuneration package of our Directors and senior management; and (iii) reviewing and approving performance-based remuneration by reference to corporate goals and objectives resolved by our Directors from time to time.

Nomination Committee

We established a nomination committee with written terms of reference in compliance with the Corporate Governance Code. The nomination committee comprises of three members, namely Mr. Lin Zhihong, Dr. Ding Zuyu and Mr. Chan Yan Kwan Andy. Mr. Lin Zhihong, an independent non-executive Director, has been appointed as the chairman of the nomination committee. The primary duties of the nomination committee are to make recommendations to our Directors on all new appointments of Directors and senior management, interviewing nominees, to take up references and to consider related matters.

CORPORATE GOVERNANCE

Our Company complies or intends to comply with the Corporate Governance Code. Our Directors will review our corporate governance policies and comply with the Corporate Governance Code in each financial year and comply with the "comply or explain" principle in our corporate governance report which will be included in our annual reports after the Listing.

BOARD DIVERSITY

Our Directors have a balanced mix of experiences and industry background. Our Directors obtained degrees in various majors including construction management, business management, industrial and civil architecture, applied mathematics, economics, political economics, shipping radio navigation, english and business administration. We have three independent non-executive Directors with different industry backgrounds, representing more than one third of the members of our Board.

We have adopted a board diversity policy which sets out the approach to achieve and maintain an appropriate balance of diverse perspectives on our Board that are relevant to our Company's business growth. Pursuant to our board diversity policy, selection of Board candidates will be based on a range of diversity factors, including gender, age, cultural and educational background, professional qualifications, skills, knowledge and industry and regional experience. The existing members of the Board were appointed after taking into account the aforesaid factors. In recognition of the particular importance of gender diversity and that gender diversity at the Board level can be improved given its current composition of a single gender, the nomination committee will use its best efforts, within three years from the Listing, to identify and recommend one female candidate to our Board for its consideration on her appointment as a Director, subject to our Directors (i) being satisfied with the competence and experience of the relevant candidates after a reasonable review process based on reasonable criteria; and (ii) fulfilling their fiduciary duties to act in the best interest of our Company and our Shareholders as a whole when deliberating on the appointment. Our Board believes that such merit-based appointments with reference to our diversity policy and the nature of our business will be in the best interest of our Company and its Shareholders as a whole.

We are committed to promote gender diversity of our Company at all levels, including but without limitation, at the Board and senior management levels, to enhance the effectiveness of our corporate governance. We have taken, and will continue to take steps to promote gender diversity of our Company. Subject to availability of experienced management personnel in our industry, we have also adopted measures to promote gender diversity in developing our pipeline of potential successors to the Board that commensurate with the industry practice, including putting gender diversity as a strategic priority when sourcing for our director candidates, leveraging the community resources including relevant associations, networking groups and publications, and forging and keeping relationship with the potential candidates.

The effective implementation of the board diversity policy requires that our Shareholders are able to judge for themselves whether the Board as constituted is a reflection of diversity. To this end, our Shareholders will be provided with detailed information of each candidate for appointment or re-election to the Board through announcements and circulars published prior to general meetings of our Company.

Our nomination committee is responsible for ensuring the diversity of our Board members and will discuss and recommend the candidates to the Board for adoption with a view of achieving board diversity. After the Listing, our nomination committee will review the board diversity policy from time to time to ensure its continued effectiveness and we will disclose the implementation of the board diversity policy in our corporate governance report on annual basis.

DIRECTORS' AND SENIOR MANAGEMENT'S REMUNERATION

Each of our executive Directors has entered into a service contract with our Company with effect from the Listing Date for an initial term of three years, which may be terminated by not less than two months' notice in writing served by either party on the other. Under these service contracts, our executive Directors are not entitled to any director's fee.

Each of our non-executive Directors has entered into a letter of appointment with our Company with effect from the Listing Date for an initial term of three years, which may be terminated by at least one month's notice in writing served by either party on the other. Under these letters of appointment, our non-executive Directors are not entitled to any director's fee.

Each of our independent non-executive Directors has entered into a letter of appointment with our Company with effect from the Listing Date for an initial term of three years, which may be terminated by at least three months' notice in writing served by either party on the other. Under these letters of appointment, each of Mr. Lin Zhihong, Dr. Ding Zuyu and Mr. Chan Yan Kwan Andy will receive an annual director's fee of RMB320,000.

Information on the remuneration of each Director during the Track Record Period is set out in note 15 to "Appendix I – Accountants' Report" of this prospectus.

The aggregate amount of fees, salaries, bonuses and retirement benefits scheme contributions we paid to our Directors in respect of each of the three years ended December 31, 2017, 2018 and 2019 were approximately RMB5.07 million, RMB7.96 million and RMB9.09 million, respectively. Further information on the remuneration of each Director during the Track Record Period is set out in note 15 to "Appendix I – Accountants' Report" of this prospectus.

During the Track Record Period, no remuneration was paid to our Directors as an inducement to join or upon joining our Group. No compensation was paid to, or receivable by, our Directors or past Directors during the Track Record Period for the loss of office as 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. None of our Directors waived any emoluments during the Track Record Period.

Under the arrangements currently in force, the aggregate amount of remuneration (excluding any discretionary bonus which may be paid) payable by our Group to our Directors for the year ending December 31, 2020 will be approximately RMB6.86 million.

The aggregate amount of fees, salaries, allowances and retirement benefits scheme contributions we paid to the five highest paid individuals of our Company, including one, one and one Director, in respect of each of the three years ended December 31, 2017, 2018 and 2019 were approximately RMB10.2 million, RMB11.3 million and RMB10.3 million respectively.

During the Track Record Period, no remuneration was paid to the five highest paid individuals of our Group as an inducement to join or upon joining our Group. No compensation was paid to or receivable by such individuals during the Track Record Period for the loss of any office in connection with the management of the affairs of any member of our Group.

Save as disclosed above in this section, no other payments have been paid or are payable in respect of the Track Record Period to our Directors by our Group.

Our Board will review and determine the remuneration and compensation packages of the Directors and senior management which, following the Listing, will receive recommendations from the remuneration committee which will take into account salaries paid by comparable companies, time commitment and responsibilities of the Directors and the performance of our Group.

COMPLIANCE ADVISOR

We have appointed GF Capital as our compliance advisor upon Listing pursuant to Rule 3A.19 of the Listing Rules. The material terms of the compliance advisor's agreement entered into between our Company and GF Capital include the following:

(a) GF Capital is to be appointed by our Company as its compliance advisor for the purpose of Rule 3A.19 of the Listing Rules for a period commencing on the Listing Date and ending on the date on which our Company complies with Rule 13.46 of the Listing Rules in respect of its financial results for the first full financial year commencing after the Listing Date or on the date on which such agreement is terminated pursuant to the terms thereof, whichever is earlier; and

(b) pursuant to Rule 3A.23 of the Listing Rules, our Company will consult with and, if necessary, seek advice from GF Capital on a timely basis in the following circumstances:

    (i) before the publication of any regulatory announcement, circular or financial report;

    (ii) where a transaction, which might be a notifiable or connected transaction, is contemplated including share issues and share repurchases;

(iii) where we propose to use the proceeds of the Global Offering in a manner different from that detailed in this prospectus or where our business activities, developments or results of our Group deviate from any forecast, estimate, or other information in this prospectus; or

(iv) where the Stock Exchange makes an inquiry of us of unusual movements in the price or trading volume of our listed securities or any other matters in accordance with Rule 13.10 of the Listing Rules.

The term of the appointment will commence on the Listing Date and end on the date on which we distribute our annual report in respect of our financial results as required under Rule 13.46 of the Listing Rules for the first full financial year commencing after the Listing Date and such appointment may be extended by mutual agreement.

THE CORNERSTONE PLACING

We have entered into cornerstone investment agreements (the "**Cornerstone Investment Agreements**") with the cornerstone investors (the "**Cornerstone Investors**"), pursuant to which the Cornerstone Investors have agreed to, subject to certain conditions, subscribe for such number of our Offer Shares (rounded down to the nearest whole board lot of 1,000 Shares) which may be purchased with an aggregate amount of approximately HK$209,766,023.

Assuming the Offer Price of HK$2.20 per Offer Share (being at the low end of the Offer Price range set out in this prospectus), the total number of Shares to be subscribed for by the Cornerstone Investors would be approximately 94,677,000 Shares, representing approximately (i) 19.83% of the Offer Shares, assuming that the Over-allotment Option is not exercised; (ii) 4.96% of the Shares in issue upon completion of the Global Offering and assuming that the Over-allotment Option is not exercised, and (iii) 4.84% of the Shares in issue upon completion of the Global Offering and assuming that the Over-allotment Option is fully exercised.

Assuming an Offer Price of HK$2.60 per Offer Share (being at the mid-point of the Offer Price range set out in this prospectus), the total number of Shares to be subscribed for by the Cornerstone Investors would be approximately 80,112,000 Shares, representing approximately (i) 16.78% of the Offer Shares, assuming that the Over-allotment Option is not exercised, (ii) 4.19% of the Shares in issue upon completion of the Global Offering and assuming that the Over-allotment Option is not exercised, and (iii) 4.09% of the Shares in issue upon completion of the Global Offering and assuming that the Over-allotment Option is fully exercised.

Assuming an Offer Price of HK$3.00 per Offer Share (being at the high end of the Offer Price range set out in this prospectus), the total number of Shares to be subscribed for by the Cornerstone Investors would be approximately 69,429,000 Shares, representing approximately (i) 14.54% of the Offer Shares, assuming that the Over-allotment Option is not exercised, (ii) 3.63% of the Shares in issue upon completion of the Global Offering and assuming that the Over-allotment Option is not exercised, and (iii) 3.55% of the Shares in issue upon completion of the Global Offering and assuming that the Over-allotment Option is fully exercised.

To the best knowledge of the Company, each of the Cornerstone Investors is an independent third party and hence is not our connected person. The Cornerstone Investors will acquire the Offer Shares pursuant to, and as part of, the International Offering. The Offer Shares to be subscribed for by the Cornerstone Investors will rank *pari passu* in all respects with the other fully paid Shares in issue and will be counted towards the public float of the Company under Rule 8.08 of the Listing Rules. None of the Cornerstone Investors will have any representation on the Board or becomes a substantial shareholder of the Company upon completion of the Global Offering, or will subscribe for any Offer Shares under the Global Offering other than pursuant to the cornerstone investment agreements referred to below.

Pursuant to the respective cornerstone investment agreements with the Company, the Cornerstone Investors have confirmed that they are not accustomed to take and have not taken any instructions from any core connected person of the Company in relation to the acquisition, disposal, voting or other disposition of securities of the Company and that they are not, directly or indirectly, financed, funded or backed by any core connected person of the Company. As confirmed by each of the Cornerstone Investors, there is no side arrangement made between the Company and each of the Cornerstone Investors or any benefit, direct or indirect, conferred on the Cornerstone Investors by virtue of or in relation to the cornerstone investment, other than a guaranteed allocation of the relevant Offer Shares at the final Offer Price. As confirmed by Lucky Advent Limited ("**Lucky Advent**") and Hangzhou SUPOR Equity Investment Co., Ltd. ("**SUPOR Industrial Capital**"), their subscription under the respective cornerstone investment agreements would be financed by their own internal resources and raised funds, respectively.

The Offer Shares to be subscribed by the Cornerstone Investors may be affected by reallocation of the Offer Shares between the International Offering and the Hong Kong Public Offering in the event of over-subscription under the Hong Kong Public Offering as described in the section headed "Structure of the Global Offering – The Hong Kong Public Offering – Reallocation" in this prospectus. Details of the actual number of Offer shares to be allocated to the Cornerstone Investors will be disclosed in the allotment results announcement to be issued by us on or around July 9, 2020.

As of the Latest Practicable Date, the Company, the Joint Representatives, and Cornerstone Investors did not expect any delayed delivery of the Offer Shares to be subscribed by the Cornerstone Investors or any delayed settlement in payment for such subscription. Instead, the Stock Borrowing Agreement is expected to be entered into between the Controlling Shareholder and the Stabilizing Manager in order to facilitate the over-allocation in the International Offering and the stabilization by the Stabilizing Manager.

The Company considers the commitment to subscribe for the Offer Shares by the Cornerstone Investors pursuant to the Cornerstone Investment Agreements (including their agreement to provide the non-disposal undertakings as described below) demonstrates their confidence in our growth and development.

OUR CORNERSTONE INVESTORS

Based on the Offer Price of HK$2.20 (being the low end of the Offer Price range)

Cornerstone Investor	Investment Amount *(Note)*	Number of Offer Shares (rounded down to nearest whole board lot of 1,000 Shares)	Approximate % of total number of Offer Shares: Assuming the Over-allotment Option is not exercised	Approximate % of total number of Offer Shares: Assuming the Over-allotment Option is exercised in full	Approximate % of total Shares in issue immediately following the completion of the Global Offering: Assuming the Over-allotment Option is not exercised	Approximate % of total Shares in issue immediately following the completion of the Global Offering: Assuming the Over-allotment Option is exercised in full
SUPOR Industrial Capital	RMB135,200,000 (equivalent to approximately HK$147,766,023)	66,496,000	13.92%	12.66%	3.48%	3.40%
Lucky Advent . . .	US$8,000,000 (equivalent to approximately HK$62,000,000)	28,181,000	5.90%	5.36%	1.48%	1.44%
Total:	**HK$209,766,023**	**94,677,000**	**19.83%**	**18.02%**	**4.96%**	**4.84%**

Based on the Offer Price of HK$2.60 (being the mid-point of the Offer Price range)

Cornerstone Investor	Investment Amount *(Note)*	Number of Offer Shares (rounded down to nearest whole board lot of 1,000 Shares)	Approximate % of total number of Offer Shares: Assuming the Over-allotment Option is not exercised	Approximate % of total number of Offer Shares: Assuming the Over-allotment Option is exercised in full	Approximate % of total Shares in issue immediately following the completion of the Global Offering: Assuming the Over-allotment Option is not exercised	Approximate % of total Shares in issue immediately following the completion of the Global Offering: Assuming the Over-allotment Option is exercised in full
SUPOR Industrial Capital	RMB135,200,000 (equivalent to approximately HK$147,766,023)	56,266,000	11.78%	10.71%	2.95%	2.87%
Lucky Advent . . .	US$8,000,000 (equivalent to approximately HK$62,000,000)	23,846,000	4.99%	4.54%	1.25%	1.22%
Total:	**HK$209,766,023**	**80,112,000**	**16.78%**	**15.25%**	**4.19%**	**4.09%**

	Based on the Offer Price of HK$3.0 (being the high end of the Offer Price range)					
			Approximate % of total number of Offer Shares		Approximate % of total Shares in issue immediately following the completion of the Global Offering	
Cornerstone Investor	Investment Amount *(Note)*	Number of Offer Shares (rounded down to nearest whole board lot of 1,000 Shares)	Assuming the Over-allotment Option is not exercised	Assuming the Over-allotment Option is exercised in full	Assuming the Over-allotment Option is not exercised	Assuming the Over-allotment Option is exercised in full
SUPOR Industrial Capital	RMB135,200,000 (equivalent to approximately HK$147,766,023)	48,763,000	10.21%	9.28%	2.55%	2.49%
Lucky Advent . . .	US$8,000,000 (equivalent to approximately HK$62,000,000)	20,666,000	4.33%	3.93%	1.08%	1.06%
Total:	**HK$209,766,023**	**69,429,000**	**14.54%**	**13.22%**	**3.63%**	**3.55%**

Note: Calculated based on an exchange rate of US$1.00 to HK$7.7500 and RMB$1.00 to HK$1.0929. The actual investment amount of the Cornerstone Investors in Hong Kong dollars may vary due to the actual exchange rate to be determined in accordance with the respective Cornerstone Investment Agreements. The investment amount of SUPOR Industrial Capital is inclusive of trading fee, transaction levy and brokerage in respect of the Shares to be subscribed while the investment amount of Lucky Advent is exclusive of trading fee, transaction levy and brokerage in respect of the Shares to be subscribed.

The following information on the Cornerstone Investors was provided to the Company by the Cornerstone Investors.

SUPOR Industrial Capital

SUPOR Industrial Capital (in its capacity as the entrusted manager to, and for and on behalf of SUPOR Sunfaith Private Equity Fund V and SUPOR Sunfaith Private Equity Fund VI (the "**SUPOR Funds**")) has agreed to subscribe for such number of Shares (rounded down to the nearest whole board lot of 1,000 Shares) which may be purchased with an aggregate amount of RMB135.2 million (equivalent to approximately HK$147.8 million) at the Offer Price. SUPOR Industrial Capital (in its capacity as the entrusted manager to, and for and on behalf of, the SUPOR Funds) may elect to purchase the Shares through a qualified domestic institutional investor.

SUPOR Industrial Capital is a company incorporated in the PRC, principally engaged in equity investment, entrusted asset management, asset management, investment consulting and investment management. It is headquartered in Binjiang District, Hangzhou, China. Its ultimate controlling shareholder is SUPOR Group Co., Ltd., a company incorporated in the PRC principally engaged in the industrial sectors including the manufacturing, wholesale and export of kitchen appliances and accessories and the brand "SUPOR" has been established in the industry for over 25 years. SUPOR Group Co., Ltd. holds 85% of the equity interest of SUPOR Industrial Capital. The remaining shareholding of SUPOR Industrial Capital is held by Mr. Su

Xianze, who is the founder of the brand 'SUPOR'. Mr. Su Xianze graduated from the Zhejiang University and received his Executive Master of Business Administration degree from the China Europe International Business School. He is currently the president of SUPOR Group Co., Ltd. and SUPOR Industrial Capital and the chairman of the Strategic Committee of Zhejiang SUPOR Co., Ltd.. As confirmed by SUPOR Industrial Capital, neither SUPOR Industrial Capital nor any of its shareholders is listed on any stock exchange.

For the purpose of this cornerstone investment, SUPOR Industrial Capital, through the SUPOR Funds, will subscribe for the Offer Shares through two funds (the "**QDII Funds**"), which are set up and maintained by Guotai Asset Management Co., Ltd. (the "**QDII Manager**"). Guotai Asset Management Co., Ltd. is a qualified domestic institutional investor approved by the relevant PRC authority. The QDII Funds will invest in such Offer Shares on behalf of the Investor to fulfil the obligations of the Investor under the cornerstone investment agreement, and will hold such Offer Shares on behalf of the Investor.

Lucky Advent

Lucky Advent has agreed to subscribe for such number of Shares (rounded down to the nearest whole board lot of 1,000 Shares) which may be purchased with an aggregate amount of US$8 million (equivalent to approximately HK$62 million) at the Offer Price.

Lucky Advent is a company incorporated in the British Virgin Islands with limited liability and is wholly-owned by Mr. Lou Gongwang (樓公望). Lucky Advent is principally engaged in investment holding. As confirmed by Lucky Advent, it is not a company listed on any stock exchange.

Mr. Lou Gongwang (樓公望) is the founder and chairman of the board of directors of Zhejiang Propitious Asset Management Company Limited (浙江益祥資產管理有限公司), a company established in the PRC in 2015 and is principally engaged in investment and the provision of financial services. Mr. Lou also serves as the vice president of the Zheshang Financial Committee (浙商財經理事會) of the PRC.

CONDITIONS PRECEDENT

The subscription obligation of each Cornerstone Investor is subject to the following conditions precedent:

(a) the Hong Kong Underwriting Agreement and the International Underwriting Agreement being entered into and having become effective and unconditional (in accordance with their respective original terms or as subsequently waived or varied by agreement of the parties thereto) by no later than the time and date as specified in these underwriting agreements, and neither of the Hong Kong Underwriting Agreement and the International Underwriting Agreement having been terminated;

(b) the Offer Price having been agreed upon between the Company and the Joint Representatives (on behalf of the Underwriters);

(c) the Listing Committee having granted the approval for the listing of, and permission to deal in, the Shares (including the Shares to be subscribed for by the Cornerstone Investors pursuant to the cornerstone investment agreements as well as other applicable waivers and approvals) and such approval, permission or waiver not having been revoked prior to the commencement of dealings in the Shares on the Stock Exchange;

(d) no laws shall have been enacted or promulgated by any governmental authority which prohibits the consummation of the transactions contemplated in the Global Offering or in the relevant cornerstone investment agreements, and there shall be no orders or injunctions from a court of competent jurisdiction in effect precluding or prohibiting consummation of such transactions; and

(e) the respective representations, warranties, undertakings and confirmations of the Cornerstone Investors under the relevant cornerstone investment agreements are accurate and true in all respects and not misleading and that there is no material breach of the relevant cornerstone investment agreements on the part of the relevant Cornerstone Investor and the guarantor, if applicable.

RESTRICTIONS ON DISPOSAL OF SHARES BY THE CORNERSTONE INVESTORS

Each of the Cornerstone Investors has agreed that without the prior written consent of each of the Company, the Joint Sponsors and the Joint Representatives, it will not, whether directly or indirectly, at any time during the period of six months following the Listing Date (the "**Lock-up Period**"), directly or indirectly, dispose of any of the Shares it has purchased pursuant to the cornerstone investment agreement, save for transfers to any of its wholly-owned subsidiaries which will be bound by the same obligations of such Cornerstone Investor, including the Lock-up Period restriction.

OTHER INFORMATION

As confirmed by the Company, there is no side agreement or arrangement between the Group and any of the Cornerstone Investors in relation to the subscription of the Offer Shares by the Cornerstone Investors that is not otherwise reflected in the Cornerstone Investment Agreements. As confirmed by each of the Cornerstone Investors: (a) it is not accustomed to take instructions from the Company, the Directors, chief executive of the Company or any existing shareholder of the Company (whether controlling shareholder, substantial shareholder or otherwise) or any of its subsidiaries or their respective close associates; and (b) the subscription of the Offer Shares by it is not financed by the Company, the Directors, chief executive of the Company or any existing shareholder of the Company (whether controlling shareholder, substantial shareholder or otherwise) or any of its subsidiaries or their respective close associates.

FUTURE PLANS

Our objective is to maintain and further enhance our leadership position in the industry and to continue to expand our project coverage to different property types. Please see the section headed "Business – Our Strategies" for a detailed description of our future plans.

USE OF PROCEEDS

We estimate that we will receive net proceeds from the Global Offering of approximately HK$1,145.1 million, after deducting the underwriting fees, commissions and estimated expenses payable by us in relation to the Global Offering, assuming the Over-allotment Option is not exercised and an Offer Price of HK$2.60 per Share, being the mid-point of the indicative offer price range stated in this prospectus. We intend to use the net proceeds we receive from the Global Offering as follows, and, to the extent necessary, we will also supplement the net proceeds with our internally available funds from business operation to achieve the following objectives.

1. Approximately 20.0% of the net proceeds or HK$229.0 million will be used to scale up our business through organic growth and strategic acquisitions of selected businesses along downstream of the value chain of project management such as design institutes, consulting services providers and occupational training businesses to develop ourselves as a comprehensive project management platform through enriching our services along the value chain. Specifically, we will explore business opportunities along the development of project management industry value chain and look into investment opportunities with core competitive strength, greater value and higher profit margin which enhance our core-competitive strength, creating one of the key barriers for new and existing competitors. We also intend to pursue strategic alliances with, investments in and potential acquisition of, companies which can further enhance brand recognition and expand our services offering and we aim to establish a premier comprehensive project management platform that covers the entire property development industry value chain, where we serve as the gatekeeper of the PRC real estate industry. See "Business – Our Strategies – Develop ourselves as a comprehensive project management platform through enriching our services along the value chain." For target companies with core management capabilities in residential project management, we plan to acquire a majority equity interest. For other target companies, we plan to acquire a 30% to 50% equity interest. For the target companies we will have a minority equity interest, we plan to exercise influence through our strategic cooperation with the target companies and protect our minority equity interest by (i) sharing our abundant resources in the value chain of project management industry with target companies; (ii) appointing our board members to participate in the corporate decision making; (iii) amending target companies' articles of association as a prerequisite of our investment to stipulate major matters subject to a unanimous vote; and (iv) engaging in the corporate governance by exercising our shareholder rights such as voting rights, inquiry rights and advisory rights in accordance with laws.

   For now, we plan to prioritize acquisition targets of reputable real estate – related design institutes, with a service-driven asset light business model and a higher gross profit margin compared to the landscape construction company we plan to dispose, whose primary cost of sales consists of construction raw materials and trees and seedlings, and consultation service providers as well as occupational trainings including know-how, corporate management, and supplier certification with business operation history of more than three to five years, sufficient industry qualifications and located in regions where we already covered or plan to expand into. In particular, we intend to focus on targets located in Tier 1 and Tier 2 cities in the PRC with an asset-light business model. When evaluating potential acquisition or investment targets, we will consider, among others, (i) professional management teams; (ii) industry reputation and competitive position; and (iii) industry technology or qualification barriers. We believe our strategic acquisitions will provide a more diversified and comprehensive service offerings to our customers, improve our principal business's core competitiveness and further help to establish industry barriers. As of the date of this prospectus, we have not identified any specific targets or participated in any discussion related to potential acquisition or investment transaction.

2. Approximately 14.5% of the net proceeds or HK$166.0 million will be used for our development of commercial project management with capital contribution. We intend to use such proceeds to invest in selected projects of great potentials with our strategic business partners. When a favorable opportunity arises, we may help source financing for the Commercial Project Owners or contribute our own capital to invest (in the form of liquidity support, debt financing or equity investment) in the projects we manage. It can benefit Project Owners by providing them with liquidity support to maintain their property development, benefit financial institutions by offering them quality investment projects and our quality services throughout relevant project management projects, as well as benefit us by expanding our project portfolios and generating return from our provision of liquidity support. For further details, see the section headed "Business – Our Strategies – Maintain our leadership position in the industry and further expand our project management business in existing and new cities and regions" in this prospectus. We also plan to use such proceeds to expand our service scope to further develop real estate-related services which are mainly comprised of liquidity support, debt financing and equity investment based on the Commercial Project Owners' demand. For further discussion on Project Owners demand, see the section headed "Industry Overview – Outlook of the PRC Project Management Industry – Commercial Project Management Services with Capital Contribution – Expected Demand and Target Customers" in this prospectus.

   We primarily rely on our own sales and marketing efforts and word-of-mouth recommendation to acquire mandates for new project management projects. Depending on the needs of the Project Owners during the course of project management, we may contribute our own capital to invest in the form of liquidity support, debt financing or equity investment in the projects we manage based on their working capital needs, after taking into consideration the reputation, business and financial performance and cash flow positions of the relevant Project Owners and the relevant managed projects.

   We will consider the following factors, among others, when determining whether to provide debt financing to any Project Owner based on its request: (i) the creditworthiness of the Project Owner, (ii) whether the financing need of the Project Owner is temporary, and (iii) whether the proposed debt financing helps us to acquire the mandate to carry out the project management and/or to facilitate the completion of procured project management projects to increase our revenue. When we determine to provide debt financing to the Project Owner, we will make sure it complies with the relevant laws and regulations. We will consider the following factors, among others, when providing the equity investment: (i) the location of the project; (ii) the prospect of the project; and (iii) benefits of cooperation with the Project Owner. When a favorable opportunity arises, we will make minority equity investment in quality projects in Tier 1 and Tier 2 cities in the PRC. As of December 31, 2019, we had only provided liquidity support in the amount of RMB20.0 million to the Project Owner in one commercial project management project we managed. As of the date of this prospectus, the commercial project management project had been completed and we had no project in which we provide liquidity support, debt financing or equity investment. We will establish a customized management team for each project to oversee the operation during the process of providing project management services with capital contribution. For further discussion on how we oversee operation of projects, see section headed "Business – Project Management Business – Commercial Project Management – Business Model" in this prospectus.

We plan to use proceeds to provide liquidity support, debt financing or make equity investment by entering into a number of contracts with Project Owners, project companies and other parties (as the case may be). Among others, we will enter into (i) master cooperation contracts, (ii) contracts governing mortgage, pledge, guarantee and other contractual relationship to safeguard our interests; and (iii) project management contracts governing the roles and responsibilities of the parties, the cooperation model, financing amount, financing period, and profit sharing.

We plan to take any or all of the following measures to manage the investment risks and credit risks in relation to the liquidity support and debt financing and equity investment we provide.

- We will conduct a comprehensive assessment on the Project Owners and project company to measure the creditworthiness of the Project Owner, risks of each individual project business and financial performance and cash flow positions of, and security provided by, the relevant Project Owners and the relevant managed projects;

- The shareholders and actual controllers of the project company bear joint and several liabilities for the contract performance of project companies by providing guarantee in favor of us;

- The equity held by the shareholders of the project company are pledged to us as a collateral for our debt;

- The project company pledges its receivables to us as a collateral by signing pledge contracts with us for our debt;

- The project company pledges its land use right to us as a collateral for our debt;

- We, as a shareholder of the project companies, have veto power at the shareholders' meeting, and power of appointment of directors of the board to observe the operation and financial condition of project companies; and

- The shareholders or actual controllers of the project company shall bear the repurchase obligations for the minority shares held by us when project companies default or under certain conditions and we may have other measures such as preferred liquidation, which allows us to get paid first in the event of liquidation of the project company, or drag-along clause, which dictates our rights to force other shareholders to join in the sale of the project company, to manage the investment and credit risks.

According to China Index Academy, from a long-term perspective, commercial project management with capital contribution will be a mainstream of the real estate industry in the future. For further discussion on commercial project management with capital contribution, see the section headed "Industry Overview – Outlook of the PRC Project Management Industry – Commercial Project Management Services with Capital Contribution" in this prospectus.

3. Approximately 51.5% of the net proceeds or HK$590.2 million will be used to repay the indebtedness to Greentown China in the amount of RMB540.0 million as of the Latest Practicable Date, which is expected to be settled on the Listing Date. Please refer to the section headed "Relationship with Controlling Shareholder – Financial Independence" for further details.

4. Approximately 4.0% of the net proceeds or HK$45.4 million will be used for the development of our ecosystem, which will be operated as a platform integrating comprehensive services provided by quality suppliers in property development. In particular, we intend to utilize such proceeds to provide one-stop project management solutions. We also plan to use such proceeds to establish the industry know-how information system, thereby enhancing our knowledge base and expert resources, and solidifying our project management industry standards and benchmarks. We intend to allocate the said net proceeds for the development of our ecosystem in the following manner.

   (i) approximately 2.0% of the net proceeds or HK$22.7 million will be used to build platforms for knowledge and standard sharing and industry participants certification, through integrating different resources from the upstream and downstream participants in the industry; and

   (ii) approximately 2.0% of the net proceeds or HK$22.7 million will be used to optimize our Greentown Star standard for our products, operations and services, and suppliers in the property development. We plan to continue to integrate the Greentown Star standards into our business operations and promote their general application in the PRC project management industry so that Greentown Star standards will be widely accepted among industry participants and it will further reinforce our competitive advantage. For further details, see the section headed "Business Our Strategies Further implement the "Greentown Star" standards to solidify project management industry standards and benchmarks" in this prospectus.

5. Approximately 10.0% of the net proceeds or HK$114.5 million will be used for working capital, marketing, and other general corporate purposes. We intend to increase our sales and marketing efforts through participating in industry conventions and exhibitions, meeting with potential customers, marketing our services through various promotion channels, and expanding our network through cooperation with local partners. Specifically, we will build new business development channels by participating in industry chamber of commerce promotion activities in every quarter and participating in professional exchanges and workshops in the industry annually and improvement of business development incentives.

If the Offer Price is fixed at HK$3.00 per Share, being the high-end of the Offer Price range stated in this prospectus, the net proceeds will be increased by approximately HK$185.3 million. If the Offer Price is fixed at HK$2.20 per Share, being the low-end of the Offer Price range stated in this prospectus, the net proceeds will be reduced by approximately HK$185.3 million.

The Over-allotment Option will be granted by our Company. The additional net proceeds that would be received by our Company if the Over-allotment Option were exercised in full would be HK$120.4 million, after deducing the underwriting commissions and other estimated expenses in connection with the Global Offering and assuming an Offer Price of HK$2.60 per Share, being the midpoint of the proposed Offer Price range of HK$2.20 to HK$3.00 per Share.

In relation to item 3 above, our Company intends to repay such indebtedness to Greentown China on the Listing Date irrespective of whether the Offer Price is higher or lower than the mid-point of the stated range. The intended use of proceeds for the other items will be adjusted accordingly on a pro rata basis if the Offer Price is higher or lower than the mid-point of the stated range and/or if the Over-allotment Option is exercised.

To the extent that the net proceeds of the Global Offering are not immediately used for the above purposes and to the extent permitted by the relevant laws and regulations, we intend to deposit the net proceeds into short-term demand deposits. We will issue an announcement if there is any material change in the abovementioned use of proceeds as and when appropriate.

HONG KONG UNDERWRITERS

Credit Suisse (Hong Kong) Limited

Deutsche Bank AG, Hong Kong Branch

BNP Paribas Securities (Asia) Limited

CLSA Limited

BOCI Asia Limited

GF Securities (Hong Kong) Brokerage Limited

CRIC Securities Company Limited

UNDERWRITING

This prospectus is published solely in connection with the Hong Kong Public Offering. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters on a conditional basis. The International Offering is expected to be fully underwritten by the International Underwriters. If, for any reason, the Offer Price is not agreed between the Company and the Joint Representatives (on behalf of the Underwriters), the Global Offering will not proceed and will lapse.

The Global Offering comprises the Hong Kong Public Offering of initially 47,756,000 Hong Kong Offer Shares and the International Offering of initially 429,804,000 International Offer Shares (including 47,756,000 Reserved Shares under the Preferential Offering), subject, in each case, to reallocation on the basis as described in the section entitled "Structure of the Global Offering" in this prospectus and the Over-allotment Option (in the case of the International Offering).

UNDERWRITING ARRANGEMENTS AND EXPENSES

The Hong Kong Public Offering

Hong Kong Underwriting Agreement

The Hong Kong Underwriting Agreement was entered into on June 26, 2020. Pursuant to the Hong Kong Underwriting Agreement, we are offering the Hong Kong Offer Shares (subject to adjustment and re-allocation set out in "Structure of the Global Offering") for subscription by the public in Hong Kong in accordance with the terms and conditions of this prospectus and the Application Forms relating thereto.

Subject to (i) the Listing Committee granting listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus, and such listing and permission not having been subsequently revoked prior to the commencement of trading of our Shares on the Main Board of the Stock Exchange and (ii) certain other conditions set out in the Hong Kong Underwriting Agreement (including the Joint Representatives (on behalf of the

Underwriters) and the Company agreeing upon the Offer Price), the Hong Kong Underwriters have agreed severally and not jointly to subscribe or procure subscribers for their respective applicable proportions of the Hong Kong Offer Shares now being offered which are not taken up under the Hong Kong Public Offering on the terms and conditions of this prospectus and the Application Forms relating thereto and the Hong Kong Underwriting Agreement.

The Hong Kong Underwriting Agreement is conditional on and subject to, among other things, the International Underwriting Agreement having been signed and becoming unconditional and not having been terminated in accordance with its terms.

For applicants applying under the Hong Kong Public Offering, this prospectus and the Application Forms contain the terms and conditions of the Hong Kong Public Offering. The International Offering is expected to be fully underwritten by the International Underwriters.

Grounds for Termination

The Joint Sponsors and the Joint Representatives (for themselves and on behalf of the Hong Kong Underwriters) shall be entitled by written notice to the Company to terminate the Hong Kong Underwriting Agreement with immediate effect if prior to 8:00 a.m. on the Listing Date:

(i) there shall develop, occur, exist or come into effect:

(a) any event, or series of events, in the nature of force majeure (including, without limitation, any acts of government, declaration of a national or international emergency or war, calamity, crisis, epidemic, pandemic, large scale outbreaks of diseases (including, without limitation, COVID-19, SARS, swine or avian flu, H5N1, H1N1, H7N9 and such related/mutated forms), economic sanctions, strikes, labour disputes, lock-outs, fire, explosion, flooding, earthquake, civil commotion, riots, public disorder, acts of war, outbreak or escalation of hostilities (whether or not war is declared), acts of God or acts of terrorism (whether or not responsibility has been claimed) or interruption or delay in transportation) in or affecting Hong Kong, the PRC, the Cayman Islands, the United States, the United Kingdom or the European Union (or any member thereof) (collectively, the "**Relevant Jurisdictions**");

(b) any change or development involving a prospective change, or any event or circumstances or series of events likely to result in any change or development involving a prospective change, in any local, national, regional or international financial, economic, political, military, industrial, legal, fiscal, regulatory, currency, credit or market matters or conditions, equity securities or exchange control or any monetary or trading settlement system or other financial markets (including, without limitation, conditions in the stock and bond markets, money and foreign exchange markets, the interbank markets and credit markets), in or affecting any of the Relevant Jurisdictions;

(c) any moratorium, suspension or restriction (including, without limitation, any imposition of or requirement for any minimum or maximum price limit or price range) in or on trading in securities generally on the Stock Exchange, the New York Stock Exchange, the NASDAQ Global Market, the London Stock Exchange, the Shanghai Stock Exchange, the Shenzhen Stock Exchange or the Tokyo Stock Exchange;

(d) any general moratorium on commercial banking activities in or affecting Hong Kong (imposed by the Financial Secretary or the Hong Kong Monetary Authority or other competent authority), New York (imposed at the U.S. Federal or New York State level or by any other competent authority), London, the PRC, the European Union (or any member thereof) or any of the other Relevant Jurisdictions (declared by the relevant authorities) or any disruption in commercial banking or foreign exchange trading or securities settlement or clearance services, procedures or matters in or affecting any of the Relevant Jurisdictions;

(e) any new law or regulation or any change or development involving a prospective change in existing laws or regulations or any change or development involving a prospective change in the interpretation or application thereof by any court or any governmental authority in or affecting any of the Relevant Jurisdictions;

(f) the imposition of economic sanctions, in whatever form, directly or indirectly, by, or for, any of the Relevant Jurisdictions;

(g) a prohibition on the Company for whatever reason from offering, allotting, issuing or selling any of the Shares (including Shares to be allotted and issued under the Over-allotment Option) pursuant to the terms of the Global Offering;

(h) any valid demand by any creditor for repayment or payment of any indebtedness of any member of the Group or in respect of which any member of the Group is liable prior to its stated maturity;

(i) any change or development involving a prospective change or amendment in or affecting taxation or foreign exchange control, currency exchange rates or foreign investment regulations (including, without limitation, a material devaluation of the Hong Kong dollar or RMB against any foreign currencies, a change in the system under which the value of the Hong Kong dollar is linked to that of the United States dollar or RMB is linked to any foreign currency or currencies), or the implementation of any exchange control, in any of the Relevant Jurisdictions or affecting an investment in the Offer Shares;

(j) other than with the prior written consent of the Joint Sponsors and the Joint Representatives, the issue or requirement to issue by the Company of a supplement or amendment to this prospectus, any Application Forms or other documents in connection with the offer and sale of the Offer Shares pursuant to the Companies (Winding Up and Miscellaneous Provisions) Ordinance or the Listing Rules or upon any requirement or request of SEHK and/or the SFC;

(k) any demand by creditors for repayment of indebtedness or for an order or petition for the winding-up or liquidation of any member of the Group, or any composition or arrangement made by any member of the Group with its creditors or a scheme of arrangement entered into by any member of the Group, or any resolution for the winding-up of any member of the Group or the appointment of a provisional liquidator, receiver or manager over all or part of the assets or undertaking of any member of the Group or anything analogous thereto occurring in respect of any member of the Group;

(l) any litigation, dispute, legal action or claim being threatened or instigated against any member of the Group;

(m) any contravention by the Company, any member of the Group, or any Director of any applicable laws and regulations or the Listing Rules;

(n) any non-compliance of this prospectus (or any other documents used in connection with the contemplated subscription and sale of the Offer Shares) or any aspect of the Global Offering with the Listing Rules or any other applicable laws and regulations;

(o) any materialisation or prospective change or development likely to result in a materialisation of, any of the risks set out in the section headed "Risk Factors" in this prospectus; or

(p) there is the commencement by any Authority (as defined in the Hong Kong Underwriting Agreement) of any investigation or other action against the Company, the Controlling Shareholder, or any Director or member of senior management of the Company or the Controlling Shareholder in his or her capacity as such, or an announcement by any Authority that it intends to commence any such investigation or take any such action;

which, individually or in the aggregate, in the sole and absolute opinion of the Joint Sponsors and the Joint Representatives (for themselves and on behalf of the Hong Kong Underwriters):

(1). has or will or may have a material adverse effect on the assets, liabilities, general affairs, business, management, prospects, shareholder's equity, profit, losses, earnings, results of operations, performance, position or condition, financial or otherwise, of the Group as a whole;

(2). has or will have or may have a material adverse effect on the success or marketability or pricing of the Global Offering or the level of applications or the distribution of the Offer Shares under the Hong Kong Public Offering or the level of interest under the International Offering;

(3). makes or will make or is likely to make it inadvisable, inexpedient, impracticable or incapable for the Hong Kong Public Offering and/or the International Offering to proceed or to market the Global Offering or the delivery or distribution of the Offer Shares on the terms and in the manner contemplated by the Offer-Related Documents (as defined below); or

(4). has or will or may have the effect of making any material part of the Hong Kong Underwriting Agreement (including underwriting) incapable of performance in accordance with its terms or preventing the processing of applications and/or payments pursuant to the Global Offering or pursuant to the underwriting thereof; or

(ii) there has come to the notice of the Joint Sponsors and the Joint Representatives (for themselves and on behalf of the Hong Kong Underwriters) that:

(a) any statement contained in this prospectus, the Application Forms, the formal notice and/or any notices, announcements, advertisements, communications or other documents (including any announcement, circular, document or other communication pursuant to the Hong Kong Underwriting Agreement) issued or used by or on behalf of the Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto) (collectively, the "**Offer-Related Documents**") was, when it was issued, or has become, untrue, incorrect, inaccurate, incomplete in any material respects or misleading or deceptive, or that any estimate, forecast, expression of opinion, intention or expectation contained in any of such documents is not fair and honest and based on reasonable grounds or reasonable assumptions;

(b) any matter has arisen or has been discovered which would or might, had it arisen or been discovered immediately before the date of this prospectus, constitute a material omission from, or misstatement in, any of the Offer-Related Documents;

(c) there is a material breach of any of the obligations imposed upon or to be imposed upon the Company or the Controlling Shareholder under the Hong Kong Underwriting Agreement or the International Underwriting Agreement (other than upon any of the Joint Global Coordinators, the Joint Sponsors or the Underwriters), as applicable;

(d) there is an event, act or omission which gives or is likely to give rise to any liability of the Company or the Controlling Shareholder pursuant to the indemnities given by any of them under the Hong Kong Underwriting Agreement or the International Underwriting Agreement, as applicable;

(e) there is any material adverse change or development or likely to be any prospective material adverse change or development in the assets, liabilities, general affairs, business, management, prospects, shareholders' equity, profits, losses, earnings, results of operations, performance, position or condition, financial, trading or otherwise, of the Group as a whole;

(f) there is a breach of, or any event or circumstance rendering untrue, incorrect, incomplete or misleading in any respect, any of the warranties given by the Company and the Controlling Shareholder in the Hong Kong Underwriting Agreement or the International Underwriting Agreement, as applicable;

(g) the approval of the Listing Committee of the listing of, and permission to deal in, the Shares in issue (including the Shares to be issued pursuant to the Global Offering (including the additional Shares which may be issued upon the exercise of the Over-allotment Option)), other than subject to customary conditions, on or before the date of the Listing, or if granted, the approval is subsequently withdrawn, canceled, qualified (other than by customary conditions), revoked or withheld;

(h) any person has withdrawn its consent to the issue of this prospectus with the inclusion of its reports, letters and/or legal opinions (as the case may be) and references to its name included in the form and context in which it respectively appears;

(i) the Company withdraws this prospectus (and/or any other documents issued or used in connection with the Global Offering) or the Global Offering;

(j) there is a prohibition on the Company for whatever reason from offering, allotting, issuing or selling any of the Offer Shares pursuant to the terms of the Global Offering;

(k) the chairman of the Board, the chief executive officer, any other Director or any other member of senior management of the Company is vacating his or her office; or

(l) any Director or member of senior management of the Company is being charged with an indictable offence or is prohibited by operation of law or otherwise disqualified from taking part in the management of a company.

Undertakings Pursuant to the Listing Rules

Undertakings by the Company

Pursuant to Rule 10.08 of the Listing Rules, the Company has undertaken to the Hong Kong Stock Exchange that it will not exercise its power to issue any further Shares, or securities convertible into equity securities (whether or not of a class already listed) or enter into any agreement to such an issue within six months from the Listing Date (whether or not such issue of Shares or securities will be completed within six months from the commencement of dealing), except:

(a) pursuant to the Global Offering and the Over-allotment Option; or

(b) under any of the circumstances provided under Rule 10.08 of the Listing Rules.

Undertakings by the Controlling Shareholder

Pursuant to Rule 10.07 of the Listing Rules, the Controlling Shareholder has undertaken to the Company and to the Stock Exchange, except pursuant to the Global Offering (including pursuant to the Over-allotment Option or, if applicable, the stock borrowing arrangement that may be entered into with the Stabilizing Manager or any of its associates or any person acting for it), that it will not, and shall procure that any other registered holder(s) (if any) will not, without the prior written consent of the Stock Exchange or unless otherwise in compliance with applicable requirements of the Listing Rules:

(a) in the period commencing on the date of this prospectus and ending on the date which is six months from the Listing Date (the "**First Six-Month Period**"), dispose of, or enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any Shares in respect of which it is shown in this prospectus to be the beneficial owner(s) (as defined in Rule 10.07(2) of the Listing Rules); and

(b) in the period of six months commencing on the date on which the period referred to in the preceding paragraph expires (the "**Second Six-Month Period**"), dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares referred to in the preceding paragraph if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, it or the group of the controlling shareholders of the Company would cease to be a controlling shareholder (as defined in the Listing Rules) of the Company.

Further, pursuant to Note (3) to Rule 10.07(2) of the Listing Rules, the Controlling Shareholder has undertaken to the Company and to the Stock Exchange that, during the First Six-Month Period:

(a) when it pledges or charges any Shares beneficially owned by it in favor of an authorized institution (as defined in the Banking Ordinance, Chapter 155 of the Laws of Hong Kong) as security for a bona fide commercial loan, immediately inform the Company of such pledge or charge together with the number of such Shares so pledged or charged; and

(b) when it receives indications, either verbal or written, from the pledgee or chargee that any of the pledged or charged Shares will be disposed of, immediately inform the Company of such indications,

the Company will also inform the Stock Exchange as soon as it has been informed of the above matters, if any, by the Controlling Shareholders and disclose such matters in accordance with the publication requirements under Rule 2.07C of the Listing Rules as soon as possible after being so informed.

Undertakings Pursuant to the Hong Kong Underwriting Agreement

Undertakings by the Company

Except for the issue, offer or sale of the Offer Shares by the Company pursuant to the Global Offering (including pursuant to the Over-Allotment Option), during the period commencing on the date of the Hong Kong Underwriting Agreement and ending on the First Six-Month Period, the Company undertakes to each of the Joint Sponsors, the Joint Representative, the Joint Global Coordinators and the Hong Kong Underwriters not to, without the prior written consent of the Joint Sponsors and the Joint Representatives (on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules:

(a) offer, allot, issue, sell, accept subscription for, contract to allot, issue or sell, contract or agree to allot, issue or sell, assign, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, right or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, or otherwise transfer or dispose of, or agree to transfer or dispose of or create any encumbrance over, either directly or indirectly, conditionally or unconditionally, or repurchase, any legal or beneficial interest in any Shares or other securities of the Company, or any interests in any of the foregoing (including, but not limited to, any securities that are convertible into or exercisable or exchangeable for, or that represent the right to receive, or any warrants or other rights to purchase, any Shares or other securities of the Company, or deposit any shares or other securities of the Company, as applicable, with a depository in connection with the issue of depositary receipts); or

(b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of subscription or ownership (legal or beneficial) of any Shares or other securities of the Company, or any interest therein (including, without limitation, any securities of which are convertible into or exchangeable or exercisable for, or represent the right to receive, or any warrants or other rights to purchase, any Shares or other securities of the Company); or

(c) enter into any transaction with the same economic effect as any transaction specified in paragraphs (a) or (b) above; or

(d) offer to or contract to or agree to announce, or publicly disclose that the Company will or may enter into any transaction described in paragraphs (a), (b) or (c) above,

in each case, whether any of the transactions specified in paragraphs (a), (b) or (c) above is to be settled by delivery of Shares or other securities of the Company, in cash or otherwise (whether or not the issue of such Shares or other securities of the Company will be completed within the aforesaid period).

In the event that, during the period of the Second Six-Month Period, the Company enters into any of the transactions specified in paragraphs (a), (b) or (c) above or offers to or agrees to or contracts to or announces, or publicly discloses, any intention to, enter into any such transactions, the Company shall take all reasonable steps to ensure that it will not create a disorderly or false market in the securities of the Company and will not cause the Controlling Shareholder to cease to be a controlling shareholder (as defined in the Listing Rules) of the Company. The Controlling Shareholder undertakes to each of the Joint Sponsors, the Joint Representatives, the Joint Global Coordinators and the Hong Kong Underwriters to procure the Company to comply with the above undertakings.

Each of the Company and the Controlling Shareholder agrees and undertakes that it will not, and the Controlling Shareholder further undertakes to procure that the Company will not, effect any purchase of Shares, or agree to do so, which may reduce the holdings of Shares held by the public (as defined in Rule 8.24 of the Listing Rules) below 25% on or before the date falling six months after the Listing Date without first having obtained the prior written consent of the Joint Sponsors and the Joint Representatives (on behalf of the Hong Kong Underwriters).

Undertaking by the Controlling Shareholder

The Controlling Shareholder undertakes to each of the Company, the Joint Sponsors, the Joint Representatives, the Joint Global Coordinators and the Hong Kong Underwriters that, without the prior written consent of the Joint Representatives (on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules:

(i) save for the lending of Shares pursuant to the Stock Borrowing Agreement, during the during the period commencing on the date of the Hong Kong Underwriting Agreement and ending on the First Six-Month Period, it will not, and will procure that the relevant registered holders, any nominee or trustee holding on trust for it will not:

(a) offer, pledge, charge, sell, contract or agree to sell, assign, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to purchase, grant, or purchase any option, warrant, contract or right to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, lend or otherwise transfer or dispose of or create an encumbrance over, or agree to transfer or dispose of or create any encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or other securities of the Company or any interest in any of the foregoing (including, but not limited to, any securities that are convertible into or exchangeable or exercisable for, or that represent the right to receive, or any warrants or other rights to purchase, any Shares or other securities of the Company) beneficially owned by it directly or indirectly through its relevant registered holder, nominee or trustee holding on trust for it as of the Listing Date (the "**Locked-up Securities**");

(b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of, any Locked-up Securities;

(c) enter into or effect any transaction with the same economic effect as any transaction described in paragraphs (a) or (b) above; or

(d) offer to or contract to or agree to or publicly disclose that it will or may enter into any transaction described in paragraphs (a), (b) or (c) above,

whether any such transaction described in paragraphs (a), (b) or (c) above is to be settled by delivery of such Shares or other securities of the Company, in cash or otherwise (whether or not the settlement or delivery of such Shares or other securities will be completed within the First Six-Month Period);

(ii) it will not, during the Second Six-Month Period, enter into any of the transactions specified in paragraphs (a), (b) or (c) above or offer to or agree to or announce any intention to effect any such transaction if, immediately following any sale, transfer or disposal or upon the exercise or enforcement of any option, right, interest or encumbrance pursuant to such transaction, it will cease to be the "controlling shareholder" (as defined in the Listing Rules) of the Company;

(iii) until the expiry of the Second Six-Month Period, in the event that it or the relevant registered holder, nominee or trustee holding on trust for it enters into any such transactions specified in paragraphs (a), (b) or (c) above or offers to or agrees to or contracts to, or publicly announces an intention to enter into any such transactions, it will take all reasonable steps to ensure that all restrictions and requirements under the Listing Rules on the sale, transfer or disposal of the locked up securities are complied with by it or the relevant registered holder, nominee or trustee holding on trust for it; and

(iv) provided that nothing in the above paragraphs shall prevent the Controlling Shareholder from using the Shares or other securities of the Company or any interest therein beneficially owned by them as security (including a charge or a pledge) in favour of an authorized institution (as defined in the Banking Ordinance, Chapter 155 of the Laws of Hong Kong) for a bona fide commercial loan.

The Controlling Shareholder undertakes to the Company, the Joint Sponsors, the Joint Representatives, the Joint Global Coordinators and the Hong Kong Underwriters that at any time during the Twelve-Month Period, it will:

(i) if and when he/it or the relevant registered holder(s) pledges or charges any Shares or other securities of the Company beneficially owned by it, immediately inform the Company, the Joint Sponsors and the Joint Representatives in writing of such pledge or charge together with the number of Shares or other securities of the Company so pledged or charged; and

(ii) if and when it or the relevant registered holder(s) receives indications, either verbal or written, from any pledgee or chargee that any of the pledged or charged Shares or other securities of the Company will be disposed of, immediately inform the Company, the Joint Sponsors and the Joint Representatives in writing of such indications.

The Company hereby undertakes to the Joint Sponsors, the Joint Representatives, the Joint Global Coordinators and the Hong Kong Underwriters that upon receiving such information in writing from the Controlling Shareholder, it will, as soon as practicable and if required pursuant to the Listing Rules and/or the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong), notify the Stock Exchange and make a public disclosure in relation to such information by way of an announcement.

Indemnity

Each of the Company and the Controlling Shareholder jointly and severally undertakes to indemnify and keep fully indemnified (on an after-tax basis) and hold harmless each of the the Joint Representatives, Joint Global Coordinators, the Joint Sponsors, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters (for themselves, respectively, and on trust for its directors, officers, employees, agents, assignees and affiliates) from and against certain losses which they may suffer, including losses arising from their performance of their obligations under the Hong Kong Underwriting Agreement and any breach by us of the Hong Kong Underwriting Agreement.

Hong Kong Underwriters' interests in the Company

Except for its obligations under the Hong Kong Underwriting Agreement and save as disclosed in this prospectus, as of the Latest Practicable Date, none of the Hong Kong Underwriters has any shareholding interest in the Company or any right or option (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for securities in the Company.

Following the completion of the Global Offering, the Hong Kong Underwriters and their affiliated companies may hold a certain portion of the Shares as a result of fulfilling their obligations under the Hong Kong Underwriting Agreement.

The International Offering

International Underwriting Agreement

In connection with the International Offering, it is expected that we will enter into the International Underwriting Agreement with, among others, the International Underwriters. Under the International Underwriting Agreement, subject to the conditions set out therein, the International Underwriters would severally agree to procure purchasers for, or to purchase, Offer Shares being offered pursuant to the International Offering. It is expected that the International Underwriting Agreement may be terminated on similar grounds as the Hong Kong Underwriting Agreement. It is expected that pursuant to the International Underwriting Agreement, the Company will give undertakings similar to those given pursuant to the Hong Kong Underwriting Agreement set out in "– Underwriting Arrangements and Expenses – The Hong Kong Public Offering – Undertakings Pursuant to the Hong Kong Underwriting Agreement" above. Potential investors are reminded that in the event that the International Underwriting Agreement is not entered into, the Global Offering will not proceed.

The Company is expected to grant to the International Underwriters the Over-allotment Option, exercisable by the Joint Representatives on behalf of the International Underwriters at any time from the date of the International Underwriting Agreement until 30 days after the last date for the lodging of applications under the Hong Kong Public Offering, to require the Company to issue and allot up to an aggregate of 47,756,000 additional Offer Shares representing 10.0% of the initial Offer Shares, at the same price per Offer Share under the International Offering to cover, among other things, over allocations (if any) in the International Offering.

Commissions and Expenses and Joint Sponsors' Fee

The Company will pay the Hong Kong Underwriters a commission of 3.0% (and the Joint Representatives a discretionary incentive fee of up to 0.5%) of the aggregate Offer Price in respect of the Hong Kong Offer Shares initially offered under the Hong Kong Public Offering (before adjustment and reallocation).

For unsubscribed Hong Kong Offer Shares reallocated to the International Offering, the underwriting commission will not be paid to the Hong Kong Underwriters but will instead be paid, at the rate applicable to the International Offering, to the Joint Representatives and the relevant International Underwriters.

The aggregate commissions and fees, together with Stock Exchange listing fees, SFC transaction levy and Stock Exchange trading fee, legal and other professional fees and printing and all other expenses relating to the Global Offering, which are estimated to amount in aggregate to approximately HK$96.6 million (assuming an Offer Price of HK$2.60 per Offer Share (being the mid-point of the indicative Offer Price range stated in this prospectus and assuming the Over-allotment Option is not exercised at all) and the full payment of the discretionary incentive fee and no exercise of the Over-allotment Option), are payable and borne by the Company.

An aggregate amount of approximately HK$11.6 million is payable by the Company as sponsor fees to the Joint Sponsors.

The commissions and fees were determined after arm's length negotiations between the Company and the Hong Kong Underwriters and/or other parties by reference to the current market conditions.

INDEPENDENCE OF THE JOINT SPONSORS

The Joint Sponsors satisfy the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules.

ACTIVITIES BY SYNDICATE MEMBERS

The underwriters of the Hong Kong Public Offering and the International Offering (together, the "**Syndicate Members**") and their affiliates may each individually undertake a variety of activities (as further described below) which do not form part of the underwriting.

The Syndicate Members and their affiliates are diversified financial institutions with relationships in countries around the world. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, trading, hedging, investing and other activities for their own account and for the account of others. In the ordinary course of their various business activities, the Syndicate Members and their respective affiliates may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers. Such investment and trading activities may involve or relate to assets, securities and/or instruments of the Company and/or persons and entities with relationships with the Company and may also include swaps and other financial instruments entered into for hedging purposes in connection with the Group's loans and other debt.

In relation to the Shares, the activities of the Syndicate Members and their affiliates could include acting as agent for buyers and sellers of the Shares, entering into transactions with those buyers and sellers in a principal capacity, including as a lender to initial purchasers of the Shares (which financing may be secured by the Shares) in the Global Offering, proprietary trading in the Shares, and entering into over-the-counter or listed derivative transactions or listed and unlisted securities transactions (including issuing securities such as derivative warrants listed on a stock exchange) which have as their underlying assets, assets including the Shares. Such transactions may be carried out as bilateral agreements or trades with selected counterparties. Those activities may require hedging activity by those entities involving, directly or indirectly, the buying and selling of the Shares, which may have a negative impact on the trading price of the Shares. All such activity could occur in Hong Kong and elsewhere in the world and may result in the Syndicate Members and their affiliates holding long and/or short positions in the Shares, in baskets of securities or indices including the Shares, in units of funds that may purchase the Shares, or in derivatives related to any of the foregoing.

In relation to issues by the Syndicate Members or their affiliates of any listed securities having the Shares as their underlying securities, whether on the Stock Exchange or on any other stock exchange, the rules of the exchange may require the issuer of those securities (or one of its affiliates or agents) to act as a market maker or liquidity provider in the security, and this will also result in hedging activity in the Shares in most cases.

Such activities may affect the market price or value of the Shares, the liquidity or trading volume in the Shares and the volatility of the price of the Shares, and the extent to which this occurs from day to day cannot be estimated.

It should be noted that when engaging in any of these activities, the Syndicate Members will be subject to certain restrictions, including the following:

(a) the Syndicate Members must not, in connection with the distribution of the Offer Shares, effect any transactions (including issuing or entering into any option or other derivative transactions relating to the Offer Shares), whether in the open market or otherwise, with a view to stabilizing or maintaining the market price of any of the Offer Shares at levels other than those which might otherwise prevail in the open market; and

(b) the Syndicate Members must comply with all applicable laws and regulations, including the market misconduct provisions of the SFO, including the provisions prohibiting insider dealing, false trading, price rigging and stock market manipulation.

Certain of the Syndicate Members or their respective affiliates have provided from time to time, and expect to provide in the future, investment banking and other services to the Company and its affiliates for which such Syndicate Members or their respective affiliates have received or will receive customary fees and commissions.

In addition, the Syndicate Members or their respective affiliates may provide financing to investors to finance their subscriptions of Offer Shares in the Global Offering.

THE GLOBAL OFFERING

This prospectus is published in connection with the Hong Kong Public Offering as part of the Global Offering. The Global Offering comprises:

(i) the Hong Kong Public Offering of 47,756,000 Shares (subject to reallocation as described below) for subscription by the public in Hong Kong as described in "– The Hong Kong Public Offering" below; and

(ii) the International Offering of an aggregate of 429,804,000 Shares (subject to reallocation and the Over-allotment Option as described below) outside the United States (including to professional and institutional investors within Hong Kong) in offshore transactions in reliance on Regulation S and in the United States to Qualified Institutional Buyers, or QIBs, in reliance on Rule 144A pursuant to an exemption from the registration requirements of the U.S. Securities Act.

Of the 429,804,000 Offer Shares initially being offered under the International Offering, 47,756,000 Offer Shares are available for subscription by Qualifying Greentown Shareholders under the Preferential Offering as Assured Entitlement.

Investors may apply for Offer Shares under the Hong Kong Public Offering or apply for or indicate an interest for Offer Shares under the International Offering, but may not do both (except that Qualifying Greentown Shareholders who are eligible to apply for the Reserved Shares in the Preferential Offering may also either (i) apply for Hong Kong Offer Shares under the Hong Kong Public Offering, if eligible; or (ii) indicate an interest for International Offer Shares under the International Offering, if qualified to do so).

The Offer Shares will represent approximately 25.0% of the issued share capital of the Company immediately following the completion of the Global Offering without taking into account the exercise of the Over-allotment Option. If the Over-allotment Option is exercised in full, the Offer Shares will represent approximately 26.8% of the enlarged registered share capital immediately after completion of the Global Offering and the exercise of the Over-allotment Option.

References in this prospectus to applications, Application Forms, application monies or the procedure for applications relate solely to the Hong Kong Public Offering.

THE HONG KONG PUBLIC OFFERING

Number of Shares Initially Offered

We are initially offering 47,756,000 Shares for subscription by the public in Hong Kong at the Offer Price, representing 10.0% of the total number of Offer Shares available under the Global Offering, assuming that the Over-allotment Option is not exercised. Subject to the reallocation of Offer Shares between the International Offering and the Hong Kong Public Offering, the Hong Kong Offer Shares initially offered under the Hong Kong Public Offering will represent approximately 2.5% of the enlarged share capital of the Company immediately following the completion of the Global Offering.

The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to institutional and professional investors. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities.

Completion of the Hong Kong Public Offering is subject to the conditions set out in "– Conditions of the Global Offering" below.

Allocation

Allocation of Offer Shares to investors under the Hong Kong Public Offering will be based solely on the level of valid applications received under the Hong Kong Public Offering. The basis of allocation may vary, depending on the number of Hong Kong Offer Shares validly applied for by applicants. Such allocation could, where appropriate, consist of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

For allocation purposes only, the total number of Offer Shares initially available under the Hong Kong Public Offering (after taking into account of any reallocation referred to below) is to be divided equally (to the nearest board lot) into two pools for allocation purposes: Pool A and Pool B. The Hong Kong Offer Shares in Pool A will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares with an aggregate price of HK$5 million (excluding the brokerage, SFC transaction levy and the Stock Exchange trading fee payable) or less. The Offer Shares in Pool B will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares with an aggregate price of more than HK$5 million (excluding the brokerage, SFC transaction levy and the Stock Exchange trading fee payable). Investors should be aware that applications in Pool A and applications in Pool B may receive different allocation ratios. If Offer Shares in one (but not both) of the pools are under-subscribed, the surplus Offer Shares will be transferred to the other pool to satisfy demand in that other pool and be allocated accordingly. For the purpose of this paragraph only, the "price" for Offer Shares means the price payable on application therefor (without regard to the Offer Price as finally determined). Applicants can only receive an allocation of Offer Shares from either Pool A or Pool B but not from both pools. Multiple or suspected multiple applications and any application for more than 23,878,000 Hong Kong Offer Shares (being 50% of the 47,756,000 Offer Shares initially available under the Hong Kong Public Offering) are liable to be rejected.

Reallocation

The allocation of Offer Shares between the Hong Kong Public Offering and the International Offering is subject to adjustment. Paragraph 4.2 of Practice Note 18 of the Listing Rules and the Guidance Letter HKEX-GL-91-18 require a clawback mechanism to be put in place which would have the effect of increasing the number of Offer Shares under the Hong Kong Public Offering to a certain percentage of the total number of Offer Shares offered under the Global Offering if certain prescribed total demand levels are reached as further described below:

(i) if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents less than 15 times the number of Offer Shares initially available for subscription under the Hong Kong Public Offering, the Joint Representatives, in their absolute discretion, may (but shall not be obliged to) reallocate up to 47,756,000 Offer Shares from the International Offering to the Hong Kong Public Offering, so that the total number of the Offer Shares available under the Hong Kong Public Offering will be up to 95,512,000 Offer Shares, representing 20.0% of the Offer Shares initially available under the Global Offering (before any exercise of the Over-allotment Option), and the final Offer Price shall be fixed at HK$2.20 per Offer Share (being the low-end of the Offer Price range stated in this prospectus);

(ii) if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents 15 times or more but less than 50 times the number of Offer Shares initially available for subscription under the Hong Kong Public Offering, then Offer Shares will be reallocated to the Hong Kong Public Offering from the International Offering so that the total number of Offer Shares available under the Hong Kong Public Offering will be 143,268,000 Offer Shares, representing 30% of the Offer Shares initially available under the Global Offering;

(iii) if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents 50 times or more but less than 100 times the number of Offer Shares initially available for subscription under the Hong Kong Public Offering, then the number of Offer Shares to be reallocated to the Hong Kong Public Offering from the International Offering will be increased so that the total number of Offer Shares available under the Hong Kong Public Offering will be 191,024,000 Offer Shares, representing 40% of the Offer Shares initially available under the Global Offering; and

(iv) if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents 100 times or more the number of Offer Shares initially available for subscription under the Hong Kong Public Offering, then the number of Offer Shares to be reallocated to the Hong Kong Public Offering from the International Offering will be increased so that the total number of Offer Shares available under the Hong Kong Public Offering will be 238,780,000 Offer Shares, representing 50% of the Offer Shares initially available under the Global Offering.

In each case, the additional Offer Shares reallocated to the Hong Kong Public Offering will be allocated between Pool A and Pool B and the number of Offer Shares allocated to the International Offering will be correspondingly reduced in such manner as the Joint Representatives deem appropriate. In addition, the Joint Representatives may reallocate Offer Shares from the International Offering to the Hong Kong Public Offering to satisfy valid applications under the Hong Kong Public Offering.

If the Hong Kong Public Offering is not fully subscribed, the Joint Representatives have the authority to reallocate all or any unsubscribed Hong Kong Offer Shares to the International Offering in such proportions as the Joint Representatives deem appropriate. If the International Offering is not fully subscribed, the Joint Representatives may decide in its absolute discretion to reallocate Offer Shares from the International Offering to the Hong Kong Public Offering.

The Preferential Offering will not be subject to reallocation between the Hong Kong Public Offering and the International Offering.

Applications

Each applicant under the Hong Kong Public Offering will be required to give an undertaking and confirmation in the application submitted by him that he and any person(s) for whose benefit he is making the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any International Offer Shares under the International Offering (except in respect of Reserved Shares applied for under the Preferential Offering), and such applicant's application is liable to be rejected if the said undertaking and/or confirmation is breached and/or untrue (as the case may be) or he has been or will be placed or allocated International Offer Shares under the International Offering.

Applicants under the Hong Kong Public Offering are required to pay, on application, the maximum Offer Price of HK$3.00 per Offer Share plus brokerage, SFC transaction levy and Stock Exchange trading fee payable on each Offer Share. If the Offer Price, as finally determined in the manner described in "– Pricing and Allocation" below, is less than the maximum price of HK$3.00 per Offer Share, appropriate refund payments (including the brokerage, SFC transaction levy and Stock Exchange trading fee attributable to the surplus application monies) will be made to successful applicants, without interest. Further details are set out in the section headed "How to Apply for Hong Kong Offer Shares and Reserved Shares."

References in this prospectus to applications, Application Forms, application monies or the procedure for application relate solely to the Hong Kong Public Offering.

THE PREFERENTIAL OFFERING

Basis of the Assured Entitlement

In order to enable Greentown Shareholders to participate in the Global Offering on a preferential basis as to allocation only, subject to the Stock Exchange granting approval for the listing of, and permission to deal in, the Shares on the Main Board of the Stock Exchange and the Global Offering becoming unconditional, Qualifying Greentown Shareholders are being invited to apply for an aggregate of 47,756,000 Reserved Shares in the Preferential Offering, representing approximately 11.1% and 10.0% of the Offer Shares available under the International Offering and the Global Offering, respectively, as Assured Entitlement. The Reserved Shares are being offered out of the International Offer Shares under the International Offering and are not subject to reallocation as described in "– The Hong Kong Public Offering – Reallocation" above.

The basis of the Assured Entitlement is one Reserved Share for every integral multiple of 53 Greentown Shares held by Qualifying Greentown Shareholders as of 4:30 p.m. on the Record Date.

Qualifying Greentown Shareholders who hold less than 53 Greentown Shares on the Record Date and therefore will not have an Assured Entitlement to the Reserved Shares will still be entitled to participate in the Preferential Offering by applying for excess Reserved Shares.

Qualifying Greentown Shareholders should note that Assured Entitlement to Reserved Shares may not represent a number of a full board lot of 1,000 Shares. Further, the Reserved Shares allocated to the Qualifying Greentown Shareholders will be rounded down to the closest whole number if required, and dealings in odd lots of the Shares may be at a price below the prevailing market price for full board lots.

Assured Entitlement of Qualifying Greentown Shareholders to Reserved Shares are not transferable and there will be no trading in nil-paid entitlements on the Stock Exchange.

Basis of Allocation for Applications for Reserved Shares

Qualifying Greentown Shareholders may apply for a number of Reserved Shares which is greater than, less than or equal to their Assured Entitlement under the Preferential Offering.

A valid application for a number of Reserved Shares which is less than or equal to a Qualifying Greentown Shareholder's Assured Entitlement under the Preferential Offering will be accepted in full, subject to the terms and conditions set out in the **BLUE** Application Forms and assuming the conditions of the Preferential Offering are satisfied.

Where a Qualifying Greentown Shareholder applies for a number of Reserved Shares which is greater than the Qualifying Greentown Shareholder's Assured Entitlement under the Preferential Offering, the relevant Assured Entitlement will be satisfied in full (subject to terms and conditions mentioned above and set forth on the **BLUE** Application Forms) but the excess portion of such application will only be met to the extent that there are sufficient Available Reserved Shares (as defined below) resulting from other Qualifying Greentown Shareholders declining to take up some or all of their Assured Entitlement by way of allocation by the Joint Representatives on a fair and reasonable basis. Such allocation basis is consistent with the allocation basis commonly used in the case of over subscriptions in public offerings in Hong Kong, where a higher allocation percentage will be applied in respect of smaller applications of excess Reserved Shares, and thereafter at the discretion of the Joint Representatives, to other investors in the International Offering.

Qualifying Greentown Shareholders who intend to apply for excess Reserved Shares must apply for a number which is one of the numbers set out in the table of numbers in the **BLUE** Application Form and make a payment of the corresponding amount.

To the extent that the excess applications for the Reserved Shares are:

(i) less than the Reserved Shares not taken up by the Qualifying Greentown Shareholders' Assured Entitlement (the "**Available Reserved Shares**"), the Available Reserved Shares will first be allocated to satisfy such excess applications for the Reserved Shares in full and thereafter will be allocated, at the discretion of the Joint Representatives, to the International Offering;

(ii) equal to the Available Reserved Shares, the Available Reserved Shares will be allocated to satisfy such excess applications for the Reserved Shares in full; or

(iii) more than the Available Reserved Shares, the Available Reserved Shares will be allocated on a fair and reasonable basis, which is consistent with the allocation basis commonly used in the case of over-subscriptions in public offerings in Hong Kong, where a higher allocation percentage will be applied in respect of smaller applications of excess Reserved Shares. If there is an odd lot number of Shares left after satisfying the excess applications, such number of odd lot Shares will be reallocated, at the discretion of the Joint Representatives, to the International Offering.

Save for the above, the Preferential Offering will not be subject to the clawback arrangement between the International Offering and the Hong Kong Public Offering.

Beneficial Greentown Shareholders (not being Non-Qualifying Greentown Shareholders) whose Greentown Shares are held by a nominee company should note that the Company will regard the nominee company as a single Greentown Shareholder according to the register of members of Greentown China. Accordingly, such beneficial Greentown Shareholders whose Greentown Shares are held by a nominee company should note that the arrangement under paragraph (c) above will not apply to them individually. Any Beneficial Greentown Shareholders (not being Non-Qualifying Greentown Shareholders) whose Greentown Shares are registered in the name of a nominee, trustee or registered holder in any other capacity should make arrangements with such nominee, trustee or registered holder in relation to applications for Reserved Shares under the Preferential Offering. Any such person is advised to consider whether it wishes to arrange for the registration of the relevant Greentown Shares in the name of the beneficial owner prior to the Record Date.

Applications by Qualifying Greentown Shareholders for Hong Kong Offer Shares

Qualifying Greentown Shareholders may make an application for Reserved Shares on a **BLUE** Application Form and, in addition, will be entitled to apply for Hong Kong Offer Shares under the Hong Kong Public Offering. Such Qualifying Greentown Shareholders will receive no preference as to entitlement or allocation in respect of such further applications for Hong Kong Offer Shares under the Hong Kong Public Offering.

Qualifying Greentown Shareholders and Non-Qualifying Greentown Shareholders

Only Greentown Shareholders whose names appeared on the register of members of Greentown at 4:30 p.m. on the Record Date, excluding the Non-Qualifying Greentown Shareholders, are entitled to subscribe for the Reserved Shares under the Preferential Offering.

Non-Qualifying Greentown Shareholders are those Greentown Shareholders with registered addresses in, or who are otherwise known by Greentown China to be residents of any of the Specified Territories.

Notwithstanding any other provision in this prospectus or the **BLUE** Application Forms, the Company reserves the right to permit any Greentown Shareholder to take up his/her/its Assured Entitlement to the Reserved Shares if the Company, in its absolute discretion, is satisfied that the transaction in question is exempt from or not subject to or can otherwise be lawfully made to them without contravention of any relevant or legal regulatory requirements.

The Company has been advised by the Company's PRC Legal Advisor that pursuant to Article 23 of the Implementation Rules for Registration, Depository and Clearing Services under the Mainland-Hong Kong Stock Markets Connect Programme (《內地與香港股票市場交易互聯互通機制登記、存管、結算業務實施細則》), China Securities Depository and Clearing Corporation Limited (中國證券登記結算有限責任公司) does not provide services relating to the subscription of newly issued shares to southbound investors. Accordingly, beneficial owners who hold Greentown Shares through Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect cannot participate in the Preferential Offering and will not be able to take up their respective Assured Entitlement to the Reserved Shares under the Preferential Offering through the trading mechanism of Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect. As such, the Shares will not be securities eligible for the Shanghai-Hong Kong Stock Connect or the Shenzhen-Hong Kong Stock Connect.

Distribution of this Prospectus and the BLUE Application Forms

A **BLUE** Application Form has been dispatched to each Qualifying Greentown Shareholder. In addition, Qualifying Greentown Shareholders will receive a copy of this prospectus in the manner in which they have elected to receive corporate communications under Greentown China's corporate communications policy.

If a Qualifying Greentown Shareholder has elected to receive corporate communications from Greentown China in printed form, or has not been asked to elect the means of receiving Greentown China's corporate communications, a printed copy of this prospectus in the elected language version(s) will be dispatched to such Qualifying Greentown Shareholder.

Qualifying Greentown Shareholders may also obtain a printed copy of this prospectus during normal business hours from any of the designated branches of the receiving banks and the designated offices of each of those Hong Kong Underwriters as set out in the section headed "How to Apply for Hong Kong Offer Shares and Reserved Shares."

Distribution of this prospectus and/or the **BLUE** Application Form(s) into any jurisdiction other than Hong Kong may be restricted by law. Persons into whose possession this prospectus and/or the **BLUE** Application Form(s) (including, without limitation, agents, custodians, nominees and trustees) should inform themselves of, and observe, any such restriction. Any failure to comply with such restriction may constitute a violation of the securities laws of any such jurisdiction.

Receipt of this prospectus and/or the **BLUE** Application Form(s) does not and will not constitute an offer in those jurisdictions in which it would be illegal to make an offer and, in those circumstances, this prospectus and/or the **BLUE** Application Form(s) must be treated as sent for information only and should not be copied or redistributed.

Application Procedures

The procedures for application under and the terms and conditions of the Preferential Offering are set out in the section headed "How to Apply for Hong Kong Offer Shares and Reserved Shares – C. Applications for Reserved Shares" and on the **BLUE** Application Forms.

The documents to be issued in connection with the Hong Kong Public Offering and the Preferential Offering will not be registered or filed under applicable securities or equivalent legislation of any jurisdiction other than Hong Kong. No action has been taken to permit an offering of the Hong Kong Offer Shares and the Reserved Shares or the distribution of this prospectus in any jurisdiction other than Hong Kong. Accordingly, this prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation.

THE INTERNATIONAL OFFERING

Number of Offer Shares Offered

The International Offering will consist of an initial offering of 429,804,000 Offer Shares, representing 90.0% of the total number of Offer Shares available under the Global Offering. The Reserved Shares being offered pursuant to the Preferential Offering are being offered out of the International Offer Shares.

Allocation

The International Offering will include selective marketing of Offer Shares to institutional and professional investors and other investors anticipated to have a sizeable demand for such Offer Shares in Hong Kong and other jurisdictions outside the United States in reliance in Regulation S. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities. Allocation of the Offer Shares pursuant to the International Offering will be effected in accordance with the "book-building" process described in "– Pricing and Allocation" below and based on a number of factors, including the level and timing of demand, the total size of the relevant investor's invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further Shares, and/or hold or sell its Shares, after the listing of the Shares on the Stock Exchange. Such allocation is intended to result in a distribution of the Shares on a basis which would lead to the establishment of a solid professional and institutional shareholder base to the benefit of the Company and the Shareholders as a whole.

Over-allotment Option

In connection with the Global Offering, it is expected the Company will grant the Over-allotment Option to the International Underwriters exercisable by the Joint Representatives on behalf of the International Underwriters. Pursuant to the Over-allotment Option, the Joint Representatives have the right, exercisable at any time from the date of the International Underwriting Agreement until 30 days after the last date for the lodging of applications under the Hong Kong Public Offering, to require the Company to issue and allot up to 47,756,000 additional Offer Shares, representing 10.0% of the initial Offer Shares, at the same price per Offer Share under the International Offering to cover over-allocation in the International Offering, if any. If the Over-allotment Option is exercised in full, the additional Offer Shares will represent approximately 2.4% of the Company's enlarged share capital immediately following the completion of the Global Offering and the exercise of the Over-allotment Option. In the event that the Over-allotment Option is exercised, an announcement will be made.

The Joint Representatives (on behalf of the Underwriters) may require any investor who has been offered Offer Shares under the International Offering, and who has made an application under the Hong Kong Public Offering, to provide sufficient information to the Joint Representatives so as to allow it to identify the relevant applications under the Hong Kong Public Offering and to ensure that they are excluded from any allocation of Offer Shares under the Hong Kong Public Offering.

Reallocation

The total number of Offer Shares to be issued pursuant to the International Offering may change as a result of the clawback arrangement described in "– The Hong Kong Public Offering – Reallocation" above and/or any reallocation of unsubscribed Offer Shares originally included in the Hong Kong Public Offering.

PRICING AND ALLOCATION

The International Underwriters will be soliciting from prospective investors' indications of interest in acquiring Offer Shares in the International Offering. Prospective professional and institutional investors will be required to specify the number of Offer Shares under the International Offering they would be prepared to acquire either at different prices or at a particular price. This process, known as "book-building," is expected to continue up to, and to cease on or about, the last day for lodging applications under the Hong Kong Public Offering.

The Offer Price is expected to be fixed by agreement between the Company and the Joint Representatives (on behalf of the Underwriters) on the Price Determination Date, which is expected to be on or about Friday, July 3, 2020 and in any event no later than Thursday, July 9, 2020.

The Offer Price per Hong Kong Offer Share under the Hong Kong Public Offering will be identical to the Offer Price per International Offer Share under the International Offering based on the Hong Kong dollar price per International Offer Share under the International Offering, as determined by the Joint Representatives (for themselves and on behalf of the Underwriters) and the Company.

The Offer Price will not be more than HK$3.00 per Offer Share and is expected to be not less than HK$2.20 per Offer Share unless otherwise announced, as further explained below, not later than the morning of the last day for lodging applications under the Hong Kong Public Offering. Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the Offer Price range stated in this prospectus.

The Joint Representatives (on behalf of the Underwriters) may, where considered appropriate, based on the level of interest expressed by prospective professional and institutional investors during the book-building process, and with our consent, reduce the number of Offer Shares and/or the Offer Price range below that stated in this prospectus at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, the Company will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the last day for lodging applications under the Hong Kong Public Offering, cause to be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) and on the website of the Company (**www.lcgljt.com**) and the website of the Stock Exchange (**www.hkexnews.hk**) notices of the reduction. Upon the issue of such a notice, the revised number of Offer Shares and/or Offer Price range will be final and conclusive and the Offer Price, if agreed upon by the Company and the Joint Representatives (on behalf of the Underwriters), will be fixed within such revised Offer Price range.

Applicants should have regard to the possibility that any announcement of a reduction in the number of Offer Shares and/or the Offer Price range may not be made until the last day for lodging applications under the Hong Kong Public Offering. Such notice will also include confirmation or revision, as appropriate, of the working capital statement and the Global Offering statistics as currently set out in this prospectus, and any other financial information which may change materially as a result of any such reduction.

In the absence of any such notice so published, the number of Offer Shares will not be reduced and/or the Offer Price, if agreed upon between the Company and the Joint Representatives (on behalf of the Underwriters), will under no circumstances be set outside the Offer Price range stated in this prospectus. However, if the number of Offer Shares and/or the Offer Price range is reduced, applicants under the Hong Kong Public Offering will be notified that they are required to confirm their applications. If applicants have been so notified but have not confirmed their applications in accordance with the procedures to be notified, all unconfirmed applications will be deemed revoked.

In the event of a reduction in the number of Offer Shares, the Joint Representatives may, at its discretion, reallocate the number of Offer Shares to be offered in the Hong Kong Public Offering and the International Offering, provided that the number of Offer Shares comprised in the Hong Kong Public Offering shall not be less than 10% of the total number of Offer Shares available under the Global Offering. The Offer Shares to be offered in the Hong Kong Public Offering and the Offer Shares to be offered in the International Offering may, in certain circumstances, be reallocated between these offerings at the discretion of the Joint Representatives. The Preferential Offering will not be subject to reallocation between the Hong Kong Public Offering and the International Offering.

The final Offer Price, the level of indications of interest in the International Offering, the level of applications in the Hong Kong Public Offering and the basis of and results of allocations of Offer Shares under the Hong Kong Public Offering are expected to be announced on Thursday, July 9, 2020 in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) and on the website of the Company (**www.lcgljt.com**) and the website of the Stock Exchange (**www.hkexnews.hk**).

HONG KONG UNDERWRITING AGREEMENT

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms and conditions of the Hong Kong Underwriting Agreement and is subject to the Company and the Joint Representatives (on behalf of the Underwriters) agreeing the Offer Price.

We expect to enter into the International Underwriting Agreement relating to the International Offering on the Price Determination Date.

The underwriting arrangements under the Hong Kong Underwriting Agreement and the International Underwriting Agreement are summarized in the section headed "Underwriting."

CONDITIONS OF THE GLOBAL OFFERING

Acceptance of all applications for Offer Shares will be conditional on, among other things:

(a) the Listing Committee granting listing of, and permission to deal in, (i) the Shares in issue and to be issued pursuant to the Global Offering; and (ii) the Shares which may be issued pursuant to the exercise of the Over-allotment Option; and such listing and permission not subsequently having been revoked prior to the commencement of dealings in the Shares on the Stock Exchange;

(b) the Offer Price having been agreed between the Company and the Joint Representatives (on behalf of the Underwriters) on the Price Determination Date;

(c) the execution and delivery of the International Underwriting Agreement on or about the Price Determination Date; and

(d) the obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement and the obligations of the International Underwriters under the International Underwriting Agreement becoming unconditional and not having been terminated in accordance with the terms of the respective agreements, in each case on or before the dates and times specified in the Hong Kong Underwriting Agreement or the International Underwriting Agreement (unless and to the extent such conditions are validly waived on or before such dates and times) and in any event not later than the date which is 30 days after the date of this prospectus.

If, for any reason, the Offer Price is not agreed between the Company and the Joint Representatives (on behalf of the Underwriters) on or before July 9, 2020, the Global Offering will not proceed and will lapse.

The consummation of each of the Hong Kong Public Offering and the International Offering is conditional upon, among other things, the other offering becoming unconditional and not having been terminated in accordance with its terms.

If the above conditions are not fulfilled or waived prior to the times and dates specified, the Global Offering will lapse and the Stock Exchange will be notified immediately. Notice of the lapse of the Hong Kong Public Offering will be published by the Company in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) and on the websites of the Stock Exchange at **www.hkexnews.hk** and the Company at **www.lcgljt.com** on the next day following such lapse. In such situation, all application monies will be returned, without interest, on the terms set out in the section headed "How to Apply for Hong Kong Offer Shares and Reserved Shares." In the meantime, all application monies will be held in (a) separate bank account(s) with the receiving banks or other bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong).

Share certificates issued in respect of the Hong Kong Offer Shares will only become valid at 8:00 a.m. on the Listing Date provided that the Global Offering has become unconditional in all respects (including the Underwriting Agreements not having been terminated in accordance with their terms at any time prior to 8:00 a.m. on the Listing Date).

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

We have applied to the Listing Committee for the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Capitalization Issue and the Global Offering and the Shares.

No part of the Company's share or loan capital is listed on or dealt in on any other stock exchange and no such listing or permission to deal is being or proposed to be sought in the near future.

STABILIZATION

Stabilization is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilize, the underwriters may bid for, or purchase, the securities in the secondary market, during a specified period of time, to curb and, if possible, prevent any decline in the market price of the securities below the offer price. It may be effected in jurisdictions where it is permissible to do so and subject to all applicable laws and regulatory requirements. In Hong Kong, the price at which stabilization is effected is not permitted to exceed the Offer Price.

In connection with the Global Offering, the Stabilizing Manager or any person acting for it, on behalf of the Underwriters, may over-allocate or effect short sales or any other stabilizing transactions with a view to stabilizing or maintaining the market price of the Offer Shares at a level higher than that which might otherwise prevail in the open market. Short sales involve the sale by the Stabilizing Manager of a greater number of Shares than the Underwriters are required to purchase in the Global Offering. "Covered" short sales are sales made in an amount not greater than the Over-allotment Option. The Stabilizing Manager may close out the covered short position by either exercising the Over-allotment Option to purchase additional Offer Shares or purchasing Shares in the open market. In determining the source of the Offer Shares to close out the covered short position, the Stabilizing Manager will consider, among other things, the price of Offer Shares in the open market as compared to the price at which they may purchase additional Offer Shares pursuant to the Over-allotment Option. Stabilizing transactions consist of certain bids or purchases made for the purpose of preventing or curbing a decline in the market price of the Offer Shares while the Global Offering is in progress. However, there is no obligation on the Stabilizing Manager or any person acting for it to conduct any such stabilizing action. Such stabilizing activity, if commenced, will be done at the absolute discretion of the Stabilizing Manager and may be discontinued at any time.

Any such stabilizing activity is required to be brought to an end within 30 days of the last day for the lodging of applications under the Hong Kong Public Offering. The number of the Offer Shares that may be over-allocated will not exceed the number of the Shares that may be sold under the Over-allotment Option, namely, 47,756,000 Offer Shares, which is 10.0% of the number of Offer Shares initially available under the Global Offering, and cover such over-allocations by exercising the Over-allotment Option or by making purchases in the secondary market at prices that do not exceed the Offer Price or through stock borrowing arrangements or a combination of these means.

In Hong Kong, stabilizing activities must be carried out in accordance with the Securities and Futures (Price Stabilizing) Rules. Stabilizing actions permitted pursuant to the Securities and Futures (Price Stabilizing) Rules include:

(a) over-allocating for the purpose of preventing or minimizing any reduction in the market price of the Shares;

(b) selling or agreeing to sell the Shares so as to establish a short position in them for the purpose of preventing or minimizing any reduction in the market price of the Shares;

(c) purchasing or subscribing for, or agreeing to purchase or subscribe for, the Shares pursuant to the Over-allotment Option in order to close out any position established under (a) or (b) above;

(d) purchasing, or agreeing to purchase, any of the Shares for the sole purpose of preventing or minimizing any reduction in the market price;

(e) selling or agreeing to sell any of the Shares in order to liquidate any position established as a result of those purchases; and

(f) offering or attempting to do anything as described in (b), (c), (d) or (e) above.

Stabilizing actions by the Stabilizing Manager, or any person acting for it, will be entered into in accordance with the laws, rules and regulations in place in Hong Kong on stabilization.

As a result of effecting transactions to stabilize or maintain the market price of the Shares, the Stabilizing Manager, or any person acting for it, may maintain a long position in the Shares. The size of the long position, and the period for which the Stabilizing Manager, or any person acting for it, will maintain the long position is at the discretion of the Stabilizing Manager and is uncertain. In the event that the Stabilizing Manager liquidates this long position by making sales in the open market, this may lead to a decline in the market price of the Shares.

Stabilizing action by the Stabilizing Manager, or any person acting for it, is not permitted to support the price of the Shares for longer than the stabilizing period, which begins on the day on which trading of the Shares commences on the Hong Kong Stock Exchange and ends on the 30th day after the last day for the lodging of applications under the Hong Kong Public Offering. The stabilizing period is expected to end on Sunday, August 2, 2020. As a result, demand for the Shares, and their market price, may fall after the end of the stabilizing period. These activities by the Stabilizing Manager may stabilize, maintain or otherwise affect the market price of the Shares. As a result, the price of the Shares may be higher than the price that otherwise may exist in the open market. Any stabilizing action taken by the Stabilizing Manager, or any person acting for it, may not necessarily result in the market price of the Shares staying at or above the Offer Price either during or after the stabilizing period. Bids for or market purchases of the Shares by the Stabilizing Manager, or any person acting for it, may be made at a price at or below the Offer Price and therefore at or below the price paid for the Shares by purchasers. A public announcement in compliance with the Securities and Futures (Price Stabilizing) Rules will be made within seven days of the expiration of the stabilizing period.

STOCK BORROWING ARRANGEMENT

In order to facilitate the settlement of over-allocations in connection with the Global Offering, the Stabilizing Manager (or its affiliate(s)) may choose to borrow up to 47,756,000 Shares (being the maximum number of Shares which may be sold upon the exercise of the Over-allotment Option) from the Company pursuant to the Stock Borrowing Agreement. The stock borrowing arrangements under the Stock Borrowing Agreement will comply with the requirements set out in Listing Rules 10.07(3).

If the Stock Borrowing Agreement is entered into, the borrowing of Shares will only be effected by the Stabilizing Manager (or any person acting for it) for the settlement of over-allocations in the International Offering.

The Shares borrowing arrangement described above will be effected in compliance with all applicable laws, rules and regulatory requirements. The Stabilizing Manager (or any person acting for it) is not required to pay any stock borrowing fee, stock borrowing interest or other consideration and no collateral (cash or otherwise) will be provided by the Stabilizing Manager (or any person acting for it) to Greentown China in connection with such Stock borrowing arrangement.

SHARES WILL BE ELIGIBLE FOR CCASS

All necessary arrangements have been made to enable the Shares to be admitted into CCASS. If the Stock Exchange grants the listing of, and permission to deal in, the Shares and we comply with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares on the Stock Exchange or any other date HKSCC chooses. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second Business Day after any trading day. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

DEALING ARRANGEMENTS

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Friday, July 10, 2020, it is expected that dealings in the Shares on the Stock Exchange will commence at 9:00 a.m. on Friday, July 10, 2020.

The Shares will be traded in board lots of 1,000 Shares each. The stock code of the Shares is 9979.

A. HOW TO APPLY FOR HONG KONG OFFER SHARES

1. How To Apply

If you apply for Hong Kong Offer Shares, then you may not apply for or indicate an interest for International Offer Shares (except in respect of Reserved Shares applied for pursuant to the Preferential Offering).

To apply for Hong Kong Offer Shares, you may:

- use a **WHITE** or **YELLOW** Application Form;
- apply online via the **White Form eIPO** service at **www.eipo.com.hk**; or
- electronically cause HKSCC Nominees to apply on your behalf.

None of you or your joint applicant(s) may make more than one application, except (i) where you are a nominee and provide the required information in your application; and (ii) if you are a Qualifying Shareholder, you may also apply for Reserved Shares by using a **BLUE** Application Form.

The Company, the Joint Representatives, the **White Form eIPO** Service Provider and their respective agents may reject or accept any application in full or in part for any reason at their discretion.

2. Who can apply for Hong Kong Offer Shares

You can apply for Hong Kong Offer Shares on a **WHITE** or **YELLOW** Application Form if you or the person(s) for whose benefit you are applying:

- are 18 years of age or older;
- have a Hong Kong address;
- are outside the United States, and are not a U.S. person (as defined in Regulation S); and
- are not a legal or natural person of the PRC.

You can also or alternatively apply for Reserved Shares on a **BLUE** Application Form if you are also a Qualifying Shareholder.

If you apply online through the **White Form eIPO** service, in addition to the above, you must also:

- have a valid Hong Kong identity card number; and
- provide a valid e-mail address and a contact telephone number.

If you are a firm, the application must be in the individual members' names. If you are a body corporate, the application form must be signed by a duly authorized officer, who must state his representative capacity, and stamped with your corporation's chop.

If an application is made by a person under a power of attorney, the Joint Representatives may accept it at their discretion, and on any conditions they think fit, including requiring evidence of the attorney's authority.

The number of joint applicants may not exceed four and they may not apply by means of **White Form eIPO** service for the Hong Kong Offer Shares.

Unless permitted by the Listing Rules, you cannot apply for any Hong Kong Offer Shares if you are:

- an existing beneficial owner of Shares in the Company and/or any of its subsidiaries;
- a Director or chief executive officer of the Company and/or any of its subsidiaries;
- an associate (as defined in the Listing Rules) of any of the above;
- a connected person (as defined in the Listing Rules) of the Company or will become a connected person of the Company immediately upon completion of the Global Offering; and
- have been allocated or have applied for any International Offer Shares or otherwise participate in the International Offering (except in respect of the Reserved Shares applied for pursuant to the Preferential Offering).

3. Applying for Hong Kong Offer Shares

Which Application Channel to Use

For Hong Kong Offer Shares to be issued in your own name, use a **WHITE** Application Form or apply online through **www.eipo.com.hk**.

For Hong Kong Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS Participant's stock account, use a **YELLOW** Application Form or electronically instruct HKSCC via CCASS to cause HKSCC Nominees to apply for you.

Where to Collect the Application Forms

You can collect a **WHITE** Application Form and a copy of this prospectus during normal business hours from 9:00 a.m. on Monday, June 29, 2020 until 12:00 noon on Friday, July 3, 2020 from:

(1) the following address of the Joint Representatives:

Credit Suisse (Hong Kong) Limited	Level 88, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong
Deutsche Bank AG, Hong Kong Branch	Level 52, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong

(2) or any of the following branches of the following receiving banks:

(i) Bank of China (Hong Kong) Limited

District	Branch Name	Address
Hong Kong	Bank of China Tower Branch	1 Garden Road, Hong Kong
	Quarry Bay Branch	Parkvale, 1060 King's Road, Quarry Bay, Hong Kong
Kowloon	194 Cheung Sha Wan Road Branch	194-196 Cheung Sha Wan Road, Sham Shui Po, Kowloon
	Mong Kok Branch	589 Nathan Road, Mong Kok, Kowloon
New Territories . .	East Point City Branch	Shop Nos. 217 D-E, Level 2, East Point City, 8 Chung Wa Road, Tseung Kwan O, New Territories
	Shatin Branch	Shop 20, Level 1, Lucky Plaza, 1-15 Wang Pok Street, Sha Tin, New Territories

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

District	Branch Name	Address
Hong Kong	Central Branch	1/F., 9 Queen's Road Central, Hong Kong
	Causeway Bay Branch	Shop A on G/F, 1/F, Hennessy Apartments, 488 & 490 Hennessy Road, Hong Kong
Kowloon	Tsim Sha Tsui Branch	Shop 1&2, G/F, No. 35-37 Hankow Road, Tsimshatsui, Kowloon
	Kwun Tong Branch	Shop 5&6, 1/F, Crocodile Center, 79 Hoi Yuen Road, Kwun Tong, Kowloon
New Territories . .	Sha Tsui Road Branch	Shop 4, G/F Chung On Building, 297-313 Sha Tsui Road, Tsuen Wan, New Territories
	Sheung Shui Branch	Shop 2, G/F, San Fung Building, No.33 San Fung Avenue, Shek Wu Hui, Sheung Shui, New Territories

You can collect a **YELLOW** Application Form and a copy of this prospectus during normal business hours from 9:00 a.m. on Monday, June 29, 2020 until 12:00 noon on Friday, July 3, 2020 from:

- the Depository Counter of HKSCC at 1/F, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong; or

- your stockbroker.

Time for Lodging Application Forms

Your completed **WHITE** or **YELLOW** Application Form, together with a check or a banker's cashier order attached and marked payable to "BANK OF CHINA (HONG KONG) NOMINEES LIMITED – GREENTOWN MANAGEMENT PUBLIC OFFER" for the payment, should be deposited in the special collection boxes provided at any of the branches of the receiving banks listed above, at the following times:

- Monday, June 29, 2020 – 9:00 a.m. to 5:00 p.m.

- Tuesday, June 30, 2020 – 9:00 a.m. to 5:00 p.m.

- Thursday, July 2, 2020 – 9:00 a.m. to 5:00 p.m.

- Friday, July 3, 2020 – 9:00 a.m. to 12:00 noon

The application lists will be open from 11:45 a.m. to 12:00 noon on Friday, July 3, 2020, the last application day or such later time as described in "E. Effect of bad weather on the opening of the Application Lists" in this section.

4. Terms and Conditions of an Application

Follow the detailed instructions in the **WHITE** or **YELLOW** Application Form carefully; otherwise, your application may be rejected.

By submitting a **WHITE** or **YELLOW** Application Form or applying through the **White Form eIPO** Service Provider, among other things, you:

(i) undertake to execute all relevant documents and instruct and authorize the Company and/or the Joint Representatives (or their agents or nominees), as agents of the Company, to execute any documents for you and to do on your behalf all things necessary to register any Hong Kong Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association;

(ii) agree to comply with the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Cayman Companies Law and the Articles of Association;

(iii) confirm that you have read the terms and conditions and application procedures set out in this prospectus and in the Application Form and agree to be bound by them;

(iv) confirm that you have received and read this prospectus and have only relied on the information and representations contained in this prospectus in making your application and will not rely on any other information or representations except those in any supplement to this prospectus;

(v) confirm that you are aware of the restrictions on the Global Offering in this prospectus;

(vi) agree that none of the Company, the Joint Sponsors, the Joint Representatives, the Joint Global Coordinators, the Joint Bookrunners, the Underwriters, their respective directors, officers, employees, partners, agents, advisors and any other parties involved in the Global Offering is or will be liable for any information and representations not in this prospectus (and any supplement to it);

(vii) undertake and confirm that you or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the International Offering nor participated in the International Offering except in respect of Reserved Shares applied for under the Preferential Offering;

(viii) agree to disclose to the Company, our Hong Kong Share Registrar, receiving banks, the Joint Sponsors, the Joint Representatives, the Joint Global Coordinators, the Joint Bookrunners, the Underwriters and/or their respective advisors and agents any personal data which they may require about you and the person(s) for whose benefit you have made the application;

(ix) if the laws of any place outside Hong Kong apply to your application, agree and warrant that you have complied with all such laws and none of the Company, the Joint Sponsors, the Joint Representatives, the Joint Global Coordinators, the Joint Bookrunners and the Underwriters nor any of their respective officers or advisors will breach any law outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus and the Application Form;

(x) agree that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;

(xi) agree that your application will be governed by the laws of Hong Kong;

(xii) represent, warrant and undertake that (i) you understand that the Hong Kong Offer Shares have not been and will not be registered under the U.S. Securities Act; and (ii) you and any person for whose benefit you are applying for the Hong Kong Offer Shares are outside the United States (as defined in Regulation S) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S;

(xiii) warrant that the information you have provided is true and accurate;

(xiv) agree to accept the Hong Kong Offer Shares applied for, or any lesser number allocated to you under the application;

(xv) authorize the Company to place your name(s) or the name of the HKSCC Nominees, on the Company's register of members as the holder(s) of any Hong Kong Offer Shares allocated to you, and the Company and/or its agents to send any share certificate(s) and/or any e-Refund payment instructions and/or any refund check(s) to you or the first-named applicant for joint application by ordinary post at your own risk to the address stated on the application, unless you have chosen to collect the share certificate(s) and/or refund check(s) in person;

(xvi) declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying except in respect of Reserved Shares applied under the Preferential Offering;

(xvii) understand that the Company, the Joint Sponsors and the Joint Representatives will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Offer Shares to you and that you may be prosecuted for making a false declaration;

(xviii) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or to the **White Form eIPO** Service Provider by you or by any one as your agent or by any other person; and

(xix) (if you are making the application as an agent for the benefit of another person) warrant that (i) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC; and (ii) you have due authority to sign the Application Form or give **electronic application instructions** on behalf of that other person as their agent.

Additional Instructions for YELLOW Application Form

You may refer to the **YELLOW** Application Form for details.

5. Applying through White Form eIPO Service

General

Individuals who meet the criteria in the paragraph headed "2. Who can apply for Hong Kong Offer Shares" above, may apply through the **White Form eIPO** service for the Hong Kong Offer Shares to be allotted and registered in their own names through the designated website at **www.eipo.com.hk**.

Detailed instructions for application through the **White Form eIPO** service are on the designated website. If you do not follow the instructions, your application may be rejected and may not be submitted to the Company. If you apply through the designated website, you authorize the **White Form eIPO** Service Provider to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the **White Form eIPO** service.

Time for Submitting Applications under the White Form eIPO

You may submit your application to the **White Form eIPO** Service Provider at **www.eipo.com.hk** (24 hours daily, except on the last application day) from 9:00 a.m. on Monday, June 29, 2020 until 11:30 a.m. on Friday, July 3, 2020 and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Friday, July 3, 2020 or such later time under the "E. Effect of Bad Weather on the Opening of the Application Lists" in this section.

No Multiple Applications

If you apply by means of **White Form eIPO**, once you complete payment in respect of any **electronic application instruction** given by you or for your benefit through the **White Form eIPO** service to make an application for Hong Kong Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an **electronic application instruction** under **White Form eIPO** more than once and obtaining different application reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you are suspected of submitting more than one application through the **White Form eIPO** service or by any other means (except where you applied as or for a Qualifying Greentown Shareholder under the Preferential Offering), all of your applications are liable to be rejected.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, the Company and all other parties involved in the preparation of this prospectus acknowledge that each applicant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

Commitment to sustainability

The obvious advantage of **White Form eIPO** service is to save the use of paper via the self-serviced and electronic application process. Computershare Hong Kong Investor Services Limited, being the designated **White Form eIPO** Service Provider, will contribute HK$2 for each "GREENTOWN MANAGEMENT HOLDINGS COMPANY LIMITED" **White Form eIPO** application submitted via **www.eipo.com.hk** to support sustainability.

6. Applying by giving Electronic Application Instructions to HKSCC via CCASS

General

CCASS Participants may give **electronic application instructions** to apply for the Hong Kong Offer Shares and to arrange payment of the monies due on application and payment of refunds under their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a **CCASS Investor Participant**, you may give these **electronic application instructions** through the CCASS Phone System by calling 2979 7888 or through the CCASS Internet System (**https://ip.ccass.com**) (using the procedures in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time).

HKSCC can also input **electronic application instructions** for you if you go to:

Hong Kong Securities Clearing Company Limited
Customer Service Center
1/F, One & Two Exchange Square
8 Connaught Place
Central
Hong Kong

and complete an input request form.

You can also collect a copy of this prospectus from this address.

If you **are not a CCASS Investor Participant**, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf.

You will be deemed to have authorized HKSCC and/or HKSCC Nominees to transfer the details of your application to the Company, the Joint Representatives and our Hong Kong Share Registrar.

Giving Electronic Application Instructions to HKSCC via CCASS

Where you have given **electronic application instructions** to apply for the Hong Kong Offer Shares and a **WHITE** Application Form is signed by HKSCC Nominees on your behalf:

(i) HKSCC Nominees will only be acting as a nominee for you and is not liable for any breach of the terms and conditions of the **WHITE** Application Form or this prospectus;

(ii) HKSCC Nominees will do the following things on your behalf:

- agree that the Hong Kong Offer Shares to be allotted shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the CCASS Participant's stock account on your behalf or your CCASS Investor Participant's stock account;

- agree to accept the Hong Kong Offer Shares applied for or any lesser number allocated;

- undertake and confirm that you have not applied for or taken up, will not apply for or take up, or indicate an interest for, any Offer Shares under the International Offering (except in respect of Reserved Shares applied for pursuant to the Preferential Offering);

- (if the **electronic application instructions** are given for your benefit) declare that only one set of **electronic application instructions** has been given for your benefit;

- (if you are an agent for another person) declare that you have only given one set of **electronic application instructions** for the other person's benefit and are duly authorized to give those instructions as their agent;

- confirm that you understand that the Company, the Directors, the Joint Sponsors and the Joint Representatives will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Offer Shares to you and that you may be prosecuted if you make a false declaration;

- authorize the Company to place HKSCC Nominees' name on the Company's register of members as the holder of the Hong Kong Offer Shares allocated to you and to send share certificate(s) and/or refund monies under the arrangements separately agreed between us and HKSCC;

- confirm that you have read the terms and conditions and application procedures set out in this prospectus and agree to be bound by them;

- confirm that you have received and/or read a copy of this prospectus and have relied only on the information and representations in this prospectus in causing the application to be made, save as set out in any supplement to this prospectus;

- agree that none of the Company, the Joint Representatives, the Joint Global Coordinators, the Joint Sponsors, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, their respective directors, officers, employees, partners, agents, advisors and any other parties involved in the Global Offering, is or will be liable for any information and representations not contained in this prospectus (and any supplement to it);

- agree to disclose your personal data to the Company, our Hong Kong Share Registrar, receiving banks, the Joint Representatives, the Joint Global Coordinators, the Joint Sponsors, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and/or its respective advisors and agents;

- agree (without prejudice to any other rights which you may have) that once HKSCC Nominees' application has been accepted, it cannot be rescinded for innocent misrepresentation;

- agree that any application made by HKSCC Nominees on your behalf is irrevocable before the fifth day after the time of the opening of the application lists (excluding any day which is a Saturday, Sunday or public holiday in Hong Kong), such agreement to take effect as a collateral contract with us and to become binding when you give the instructions and such collateral contract to be in consideration of the Company agreeing that it will not offer any Hong Kong Offer Shares to any person before the fifth day after the time of the opening of the application lists (excluding any day which is a Saturday, Sunday or public holiday in Hong Kong), except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong) if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance gives a public notice under that section which excludes or limits that person's responsibility for this prospectus;

- agree that once HKSCC Nominees' application is accepted, neither that application nor your **electronic application instructions** can be revoked, and that acceptance of that application will be evidenced by the Company's announcement of the Hong Kong Public Offering results;

- agree to the arrangements, undertakings and warranties under the participant agreement between you and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, for giving **electronic application instructions** to apply for Hong Kong Offer Shares;

- agree with the Company, for itself and for the benefit of each Shareholder (and so that the Company will be deemed by its acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for itself and on behalf of each of the Shareholders, with each CCASS Participant giving **electronic application instructions**) to observe and comply with the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Articles of Association; and

- agree that your application, any acceptance of it and the resulting contract will be governed by the Laws of Hong Kong.

Effect of Giving Electronic Application Instructions to HKSCC via CCASS

By giving **electronic application instructions** to HKSCC or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees shall be liable to the Company or any other person in respect of the things mentioned below:

- instructed and authorized HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Hong Kong Offer Shares on your behalf;

- instructed and authorized HKSCC to arrange payment of the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or if the Offer Price is less than the maximum Offer Price per Offer Share initially paid on application, refund of the application monies (including brokerage, SFC transaction levy and the Stock Exchange trading fee) by crediting your designated bank account; and

- instructed and authorized HKSCC to cause HKSCC Nominees to do on your behalf all the things stated in the **WHITE** Application Form and in this prospectus.

Minimum Purchase Amount and Permitted Numbers

You may give or cause your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** for a minimum of 1,000 Hong Kong Offer Shares. Instructions for more than 1,000 Hong Kong Offer Shares must be in one of the numbers set out in the table in the Application Forms. No application for any other number of Hong Kong Offer Shares will be considered and any such application is liable to be rejected.

Time for Inputting Electronic Application Instructions[(1)]

CCASS Clearing/Custodian Participants can input **electronic application instructions** at the following times on the following dates:

- Monday, June 29, 2020 - 9:00 a.m. to 8:30 p.m.
- Tuesday, June 30, 2020 - 8:00 a.m. to 8:30 p.m.
- Thursday, July 2, 2020 - 8:00 a.m. to 8:30 p.m.
- Friday, July 3 2020 - 8:00 a.m. to 12:00 noon

Note:

(1) These times in this sub-section are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants and/or CCASS Investor Participants.

CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on June 29, 2020 until 12:00 noon on July 3, 2020 (24 hours daily, except on Friday, July 3, 2020, the last application day).

The latest time for inputting your **electronic application instructions** will be 12:00 noon on Friday, July 3, 2020, the last application day or such later time as described in "E. Effect of bad weather on the opening of the Application Lists" in this section.

No Multiple Applications

If you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Hong Kong Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Hong Kong Offer Shares for which you have given such instructions and/or for which such instructions have been given for your benefit. Any **electronic application instructions** to make an application for the Hong Kong Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, the Company and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

Personal Data

The section of the Application Form headed "Personal Data" applies to any personal data held by the Company, the Hong Kong Share Registrar, the receiving banks, the Joint Representatives, the Joint Global Coordinators, the Joint Sponsors, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and any of their respective advisors and agents about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

7. How many applications can you make

Multiple applications for the Hong Kong Offer Shares are not allowed except by nominees. If you are a nominee, in the box on the Application Form marked "For nominees" you must include:

- an account number; or
- some other identification code,

for each beneficial owner or, in the case of joint beneficial owners, for each joint beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.

If you are a Qualifying Greentown Shareholder applying for Reserved Shares under the Preferential Offering on a **BLUE** Application Form, you may also make one application for Hong Kong Offer Shares either on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC via CCASS (if you are a CCASS Investor Participant or act through a CCASS Clearing or Custodian Participant) or to the **White Form eIPO** Service Provider via the **White Form eIPO** service. However, in respect of any application for Hong Kong Offer Shares using the abovementioned methods, you will not enjoy the preferential treatment accorded to you under the Preferential Offering as described in "Structure of the Global Offering – The Preferential Offering."

All of your applications will be rejected if more than one application on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or through **White Form eIPO** service is made for your benefit (including the part of the application made by HKSCC Nominees acting on **electronic application instructions**). If an application is made by an unlisted company and:

- the principal business of that company is dealing in securities; and
- you exercise statutory control over that company, then the application will be treated as being for your benefit.

"**Unlisted company**" means a company with no equity securities listed on the Stock Exchange.

"**Statutory control**" means you:

- control the composition of the board of directors of the company;
- control more than half of the voting power of the company; or
- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

B. APPLICATIONS FOR RESERVED SHARES

1. Who can apply for Reserved Shares

Only Qualifying Greentown Shareholders are entitled to subscribe for the Reserved Shares under the Preferential Offering.

Qualifying Greentown Shareholders are entitled to apply on the basis of an Assured Entitlement of one Reserved Share for every integral multiple of 53 Greentown Shares held by them as of 4:30 p.m. on the Record Date. Any Qualifying Greentown Shareholder holding less than 53 Greentown Shares as of 4:30 p.m. on the Record Date will not be entitled to apply for Reserved Shares but will still be entitled to participate in the Preferential Offering by applying for excess Reserved Shares.

If the applicant is a firm, the application must be in the individual members' names, not in the name of the firm. If the applicant is a body corporate, the **BLUE** Application Form must be signed by a duly authorized officer, who must state his representative capacity, and stamped with the corporation's chop.

If an application is made by a person under a power of attorney, the Joint Representatives may accept it at its discretion, and on any conditions it thinks fit, including requiring evidence of the attorney's authority.

2. Channel for applying for the Reserved Shares

An application for Reserved Shares under the Preferential Offering may only be made by Qualifying Greentown Shareholders using **BLUE** Application Forms which have been despatched to Qualifying Greentown Shareholders. In addition, Qualifying Greentown Shareholders will receive a copy of this prospectus in the manner in which they have elected to receive corporate communications under Greentown's corporate communications policy.

If a Qualifying Greentown Shareholder has elected to receive corporate communications from Greentown in printed form, or has not been asked to elect the means of receiving Greentown's corporate communications, a printed copy of this prospectus in the elected language version(s) will be despatched to such Qualifying Greentown Shareholder.

If a Qualifying Greentown Shareholder has (a) elected to receive an electronic version of corporate communications or (b) is deemed to have consented to receiving the electronic version of corporate communications from Greentown, and an electronic version of this prospectus (which is identical to the printed prospectus) can be accessed and downloaded from the websites of the Company and the Stock Exchange at **www.lcgljt.com** and **www.hkexnews.hk**, respectively.

A Qualifying Greentown Shareholder who has elected to receive or is deemed to have consented to receiving the electronic form of this prospectus may at any time request for a printed copy of this prospectus by sending a request in writing to the Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong or by email to GreentownChina.ecom@computershare.com.hk. The Hong Kong Share Registrar will promptly upon request send by ordinary post a printed copy of this prospectus to such Qualifying Greentown Shareholder, free of charge, although such Qualifying Greentown Shareholder may not be able to receive such printed copy of this prospectus before the close of the Hong Kong Public Offering.

Qualifying Greentown Shareholders may also obtain a printed copy of this prospectus during normal business hours from any of the designated branches of the receiving banks and the designated offices of each of those Hong Kong Underwriters as set out in "– B. Applications for Hong Kong Offer Shares – 3. Applying for Hong Kong Offer Shares – Where to Collect the Application Forms."

Where a Qualifying Greentown Shareholder applies for a number of Reserved Shares which is greater than the Qualifying Greentown Shareholder's Assured Entitlement under the Preferential Offering, the relevant Assured Entitlement will be satisfied in full (subject to terms and conditions of an application mentioned above) but the excess portion of such application will only be met to the extent that there are sufficient Available Reserved Shares resulting from other Qualifying Greentown Shareholders declining to take up some or all of their Assured Entitlement by way of allocation by the Joint Representatives on a fair and reasonable basis. Such allocation basis is consistent with the allocation basis commonly used in the case of over subscriptions in public offerings in Hong Kong, where a higher allocation percentage will be applied in respect of smaller applications of excess Reserved Shares, and thereafter at the discretion of the Joint Representatives, to other investors in the International Offering.

Qualifying Greentown Shareholders who intend to apply for excess Reserved Shares must apply for a number of Shares which is one of the numbers set out in the table of numbers and payments in the **BLUE** Application Form.

To the extent that excess applications for the Reserved Shares are:

(i) less than the Available Reserved Shares, the Available Reserved Shares will first be allocated to satisfy such excess applications for the Reserved Shares in full and thereafter will be allocated, at the discretion of the Joint Representatives, to the International Offering;

(ii) equal to the Available Reserved Shares, the Available Reserved Shares will be allocated to satisfy such excess applications for the Reserved Shares in full; or

(iii) more than the Available Reserved Shares, the Available Reserved Shares will be allocated on a fair and reasonable basis, which is consistent with the allocation basis commonly used in the case of over-subscriptions in public offerings in Hong Kong, where a higher allocation percentage will be applied in respect of smaller applications of excess Reserved Shares. If there is an odd lot number of Shares left after satisfying the excess applications, such number of odd lot Shares will be re-allocated, at the discretion of the Joint Representatives, to the International Offering.

Save for the above, the Preferential Offering will not be subject to the clawback arrangement between the International Offering and the Hong Kong Public Offering.

Qualifying Greentown Shareholders who have applied for Reserved Shares under the Preferential Offering on a **BLUE** Application Form, may also make one application either on a **WHITE** or **YELLOW** Application Form, or by giving **electronic application instructions** to HKSCC via CCASS (if you are a CCASS Investor Participant or act through a CCASS Clearing or Custodian Participant) or through the **White Form eIPO** service for the Hong Kong Offer Shares in the Hong Kong Public Offering, subject to eligibility mentioned in the paragraph headed "2. Who can apply for Hong Kong Offer Shares" above. However, Qualifying Greentown Shareholders will receive no preference as to entitlement or allocation in respect of applications for Hong Kong Offer Shares made on **WHITE** or **YELLOW** Application Forms or by giving **electronic application instructions** to HKSCC or through the **White Form eIPO** service under the Hong Kong Public Offering.

3. Despatch of the Prospectus and the BLUE Application Forms

The **BLUE** Application Form has been despatched, if you are a Qualifying Greentown Shareholder, to your address recorded on the register of members of Greentown, at 4:30 p.m. on the Record Date. In addition, Qualifying Greentown Shareholders will receive a printed copy of this prospectus if a Qualifying Greentown Shareholder has elected to receive corporate communications from Greentown in a printed form or has not been asked to elect the means of receiving Greentown's corporate communications. An electronic copy of this prospectus (which is identical to the printed prospectus) can be accessed and downloaded from the websites of the Company at **www.lcgljt.com** and the Stock Exchange at **www.hkexnews.hk**, respectively.

Persons who held their Greentown Shares on the Record Date in CCASS indirectly through a broker/custodian, and wish to participate in the Preferential Offering, should instruct their broker or custodian to apply for the Reserved Shares on their behalf by no later than the deadline set by HKSCC or HKSCC Nominees. In order to meet the deadline set by HKSCC, such persons should check with their broker/custodian for the timing on the processing of their instructions, and submit their instructions to their broker/custodian as required by them. Persons who held their Greentown Shares on the Record Date in CCASS directly as a CCASS Investor Participant, and wish to participate in the Preferential Offering, should give their instructions to HKSCC via the CCASS Phone System or CCASS Internet System no later than the deadline set by HKSCC or HKSCC Nominees.

Qualifying Greentown Shareholders who require a replacement **BLUE** Application Form should contact Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong or on its hotline at 2862 8555.

Distribution of this prospectus and/or the **BLUE** Application Form(s) into any jurisdiction other than Hong Kong may be restricted by law. Persons into whose possession this prospectus and/or the **BLUE** Application Form(s) come (including, without limitation, agents, custodians, nominees and trustees) should inform themselves of, and observe, any such restriction. Any failure to comply with such restriction may constitute a violation of the securities laws of any such jurisdiction.

Receipt of this prospectus and/or the **BLUE** Application Form(s) does not and will not constitute an offer in those jurisdictions in which it would be illegal to make an offer and, in those circumstances, this prospectus and/or the **BLUE** Application Form(s) must be treated as sent for information only and should not be copied or redistributed.

4. Applying by using BLUE Application Form

(a) You may choose one of the three options on the **BLUE** Application Form when applying for Reserved Shares:

(i) Option 1: apply for a number of Reserved Shares that is equal to your Assured Entitlement.

(ii) Option 2: apply for a number of Reserved Shares up to your Assured Entitlement and excess Reserved Shares.

(iii) Option 3: apply for a number of Reserved Shares that is less than your Assured Entitlement.

(b) The **BLUE** Application Form will be rejected by the Company if:

(i) the **BLUE** Application Form is not completed in accordance with the instructions as stated in the **BLUE** Application Form;

(ii) the **BLUE** Application Form has not been duly signed (only written signatures are acceptable) (or in the case of a joint application, not all applicants have signed);

(iii) in respect of applicants who are corporate entities, the **BLUE** Application Form has not been duly signed (only written signature is acceptable) by an authorized officer or affixed with a company chop;

(iv) the check/banker's cashier order/**BLUE** Application Form is defective;

(v) the **BLUE** Application Form is not accompanied with a check/banker's cashier order or is accompanied by more than one check/banker's cashier order;

(vi) the account name on check/banker's cashier order is not pre-printed or certified by the issuing bank;

(vii) the check/banker's cashier order is not drawn on a Hong Kong dollar bank account in Hong Kong;

(viii) the name of the payee indicated on the check/banker's cashier order is not "BANK OF CHINA (HONG KONG) NOMINEES LIMITED – GREENTOWN MANAGEMENT PREFERENTIAL OFFER";

(ix) the check has not been crossed "Account payee only";

(x) the check was post-dated;

(xi) the applicant's payment is not made correctly or the applicant paid by check or banker's cashier order and the check or banker's cashier order is dishonored on its first presentation;

(xii) the applicant's name/the first applicant's name on the joint application is not the same as the name pre-printed or certified/endorsed by the drawee bank on the check/banker's cashier order;

(xiii) alteration(s) to the application details on the **BLUE** Application Form has not been authorized by the signature(s) of the applicant(s);

(xiv) the application is completed by pencil;

(xv) the applicant does not fill in all the boxes in the option he/she/it chooses;

(xvi) the applicant chooses more than one of the options on the **BLUE** Application Form;

(xvii) the Company or the Directors believe that by accepting the application, the Company would violate the applicable securities or other laws, rules or regulations of the jurisdiction where the **BLUE** Application Form is received or where the applicant's address is located; or

(xviii) the Company and the Joint Representatives, and their respective agents or nominees, exercise their discretion to reject or accept any application, or to accept only part of any application. No reasons have to be given for any rejection or acceptance.

(c) If you are applying for a number of Reserved Shares which is equal to your Assured Entitlement (**Option 1**):

- Your application will be rejected by the Company if the amount on your check/banker's cashier order does not match with the amount payable in Box B set out in the **BLUE** Application Form.

(d) If you are applying for a number of Reserved Shares up to your Assured Entitlement and excess Reserved Shares (**Option 2**):

- Your application will be rejected if the amount on the check/banker's cashier order does not match and is less than the amount payable in relation to your Assured Entitlement applied for in your **BLUE** Application Form.

- Your application for your Assured Entitlement (if any) will be accepted in full but your application for excess Reserved Shares will be rejected if the amount on the check/banker's cashier order does not match and is more than the amount payable in relation to your Assured Entitlement applied for but is less than the total amount payable in relation to both your Assured Entitlement applied for and the excess Reserved Shares applied for in your **BLUE** Application Form.

- Your application will be accepted in full if the amount on the check/banker's cashier order does not match and is more than the total amount payable in relation to both your Assured Entitlement applied for and the excess Reserved Shares applied for in your **BLUE** Application Form.

(e) If you are applying for a number of Reserved Shares which is less than your Assured Entitlement (**Option 3**):

- You are recommended to apply for Reserved Shares in one of the numbers set out in the table in the **BLUE** Application Form. When the number of Reserved Shares applied for is in one of the numbers set out in the table in the **BLUE** Application Form, your application will be rejected by the Company if the amount on your check/banker's cashier order does not match with the corresponding amount payable as set out in the table in the **BLUE** Application Form. When the number of Reserved Shares applied for is not in one of the numbers set out in the table in the **BLUE** Application Form, your application will be rejected by the Company if the amount on your check/banker's cashier order does not match with the amount payable calculated by using the formula set out in the **BLUE** Application Form.

5. When may applications be made

Applications on BLUE Application Forms

Your completed **BLUE** Application Form, together with a check/banker's cashier order attached and marked payable to "BANK OF CHINA (HONG KONG) NOMINEES LIMITED – GREENTOWN MANAGEMENT PREFERENTIAL OFFER" should be deposited in the special collection boxes provided at any of the branches of the receiving banks listed in "– B. Applications for Hong Kong Offer Shares – 3. Applying for Hong Kong Offer Shares – Where to Collect the Application Forms" at the specified times on the following dates:

- Monday, June 29, 2020 – 9:00 a.m. to 5:00 p.m.
- Tuesday, June 30, 2020 – 9:00 a.m. to 5:00 p.m.
- Thursday, July 2, 2020 – 9:00 a.m. to 5:00 p.m.
- Friday, July 3, 2020 – 9:00 a.m. to 12:00 noon

Application lists

The application lists will be open from 11:45 a.m. to 12:00 noon on Friday, July 3, 2020, the last application day or such later time as described in "– E. Effect of bad weather on the opening of the Application Lists" in this section.

No proceedings will be taken on applications for Reserved Shares and no allotment of any such Reserved Shares will be made until after the closing of the application lists.

6. How many applications may be made

You should refer to "– A. Applications for Hong Kong Offer Shares – 7. How many applications can you make" above for the situations where you may make an application for Hong Kong Offer Shares under the Hong Kong Public Offering in addition to application(s) for Reserved Shares under the Preferential Offering.

7. Terms, Conditions and Instructions

You may refer to the **BLUE** Application Form for details of the terms, conditions and instructions which apply to applications for Reserved Shares.

C. WARNING FOR ELECTRONIC APPLICATIONS

The subscription of the Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC is only a facility provided to CCASS Participants. Similarly, the application for Hong Kong Offer Shares through the **White Form eIPO** service is also only a facility provided to public investors and Qualifying Greentown Shareholders. Such facilities are subject to capacity limitations and potential service interruptions and you are advised not to wait until the last application day in making your electronic applications. The Company, the Directors, the Joint Representatives, the Joint Global Coordinators, the Joint Sponsors, the Joint Bookrunners, the Joint Lead Managers and the Underwriters take no responsibility for such applications and provide no assurance that any CCASS Participant or person applying through the **White Form eIPO** service will be allotted any Hong Kong Offer Shares and the Reserved Shares.

To ensure that CCASS Investor Participants can give their **electronic application instructions**, they are advised not to wait until the last minute to input their instructions to the systems. In the event that CCASS Investor Participants have problems in the connection to CCASS Phone System/CCASS Internet System for submission of **electronic application instructions**, they should either (i) submit a **WHITE** or **YELLOW** Application Form, or (ii) go to HKSCC's Customer Service Centre to complete an input request form for **electronic application instructions** before 12:00 noon, Friday, July 3, 2020.

D. HOW MUCH ARE THE HONG KONG OFFER SHARES AND THE RESERVED SHARES

The **WHITE**, **YELLOW** and **BLUE** Application Forms have tables showing the exact amount payable for Shares.

You must pay the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee in full upon application for Shares under the terms set out in the Application Forms.

You may submit an application using a **WHITE** or **YELLOW** Application Form or through the **White Form eIPO** service in respect of a minimum of 1,000 Hong Kong Offer Shares. Each application or **electronic application instruction** in respect of more than 1,000 Hong Kong Offer Shares must be in one of the numbers set out in the table in the **WHITE** or **YELLOW** Application Form, or as otherwise specified on the designated website at **www.eipo.com.hk**.

For applicants on the **BLUE** Application Form, if the number of Reserved Shares applied for is not one of the numbers set out in the table, you must calculate the correct amount payable on application by using the formula set out in the **BLUE** Application Form.

If your application is successful, brokerage will be paid to the Exchange Participants (as defined in the Listing Rules), and the SFC transaction levy and the Stock Exchange trading fee are paid to the Stock Exchange (in the case of the SFC transaction levy, collected by the Stock Exchange on behalf of the SFC).

For further details on the Offer Price, see the section headed "Structure of the Global Offering – Pricing and Allocation."

E. EFFECT OF BAD WEATHER ON THE OPENING OF THE APPLICATION LISTS

The application lists will not open if there is/are:

- a tropical cyclone warning signal number 8 or above;
- Extreme Conditions; and/or
- a "black" rainstorm warning, in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Friday, July 3, 2020. Instead they will open between 11:45 a.m. and 12:00 noon on the next Business Day which does not have any of those warnings or Extreme Conditions in Hong Kong in force at any time between 9:00 a.m. and 12:00 noon.

If the application lists do not open and close on Friday, July 3, 2020 or if there is/are a tropical cyclone warning signal number 8 or above, a "black" rainstorm warning signal and/or Extreme Conditions in force in Hong Kong that may affect the dates mentioned in the section headed "Expected Timetable," an announcement will be made in such event.

F. PUBLICATION OF RESULTS

The Company expects to announce the final Offer Price, the level of indication of interest in the International Offering, the level of applications in the Hong Kong Public Offering and the Preferential Offering and the basis of allocation of the Hong Kong Offer Shares and the Reserved Shares on Thursday, July 9, 2020 in South China Morning Post (in English), Hong Kong Economic Times (in Chinese) and on the Company's website at **www.lcgljt.com** and the website of the Stock Exchange at **www.hkexnews.hk**.

The results of allocations and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Hong Kong Public Offering and the Preferential Offering will be available at the times and date and in the manner specified below:

- in the announcement to be posted on the Company's website at **www.lcgljt.com** and the Stock Exchange's website at **www.hkexnews.hk** by no later than 8:00 a.m. on Thursday, July 9, 2020;
- from the designated results of allocations website at **www.iporesults.com.hk** (alternatively: English **https://www.eipo.com.hk/en/Allotment**; Chinese **https://www.eipo.com.hk/zh-hk/Allotment**) with a "search by ID" function on a 24-hour basis from 8:00 a.m. on Thursday, July 9, 2020 to 12:00 midnight on Wednesday, July 15, 2020;
- by telephone enquiry line by calling 2862 8555 between 9:00 a.m. and 6:00 p.m. on Thursday, July 9, 2020, Friday, July 10, 2020, Monday, July 13, 2020 and Tuesday, July 14, 2020;

- in the special allocation results booklets which will be available for inspection during opening hours from Thursday, July 9, 2020 to Saturday, July 11, 2020 at all the receiving banks' designated branches.

If the Company accepts your offer to purchase (in whole or in part), which it may do by announcing the basis of allocations and/or making available the results of allocations publicly, there will be a binding contract under which you will be required to purchase the Hong Kong Offer Shares and the Reserved Shares if the conditions of the Global Offering are satisfied and the Global Offering is not otherwise terminated. Further details are contained in the section headed "Structure of the Global Offering."

You will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application. This does not affect any other right you may have.

G. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED HONG KONG OFFER SHARES AND/OR RESERVED SHARES

You should note the following situations in which the Hong Kong Offer Shares and/or Reserved Shares will not be allotted to you:

(i) If your application is revoked:

By completing and submitting an Application Form or giving **electronic application instructions** to HKSCC or via the **White Form eIPO** Service Provider you agree that your application or the application made by HKSCC Nominees on your behalf cannot be revoked on or before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong). This agreement will take effect as a collateral contract with the Company.

Your application or the application made by HKSCC Nominees on your behalf may only be revoked on or before such fifth day if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance) gives a public notice under that section which excludes or limits that person's responsibility for this prospectus.

If any supplement to this prospectus is issued, applicants who have already submitted an application will be notified that they are required to confirm their applications. If applicants have been so notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked.

If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the press of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot respectively.

(ii) If the Company or its agents exercise their discretion to reject your application:

The Company, the Joint Representatives, the **White Form eIPO** Service Provider and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

(iii) If the allotment of Hong Kong Offer Shares and the Reserved Shares is void:

The allotment of Hong Kong Offer Shares and Reserved Shares will be void if the Listing Committee of the Stock Exchange does not grant permission to list the Shares either:

- within three weeks from the closing date of the application lists; or
- within a longer period of up to six weeks if the Listing Committee notifies the Company of that longer period within three weeks of the closing date of the application lists.

(iv) If:

- you make multiple applications or suspected multiple applications (other than an application (if any) made on a **BLUE** Application Form in your capacity as a Qualifying Greentown Shareholder;
- you or the person for whose benefit you are applying have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) Hong Kong Offer Shares and International Offer Shares (except in respect of the Reserved Shares applied for pursuant to the Preferential Offering);
- your Application Form is not completed in accordance with the stated instructions;
- your **electronic application instructions** through the **White Form eIPO** are not completed in accordance with the instructions, terms and conditions on the designated website;
- your payment is not made correctly or the check or banker's cashier order paid by you is dishonored upon its first presentation;
- the Underwriting Agreements do not become unconditional or are terminated;
- the Company or the Joint Representatives believe that by accepting your application, it would violate applicable securities or other laws, rules or regulations;
- your application is for more than 50% of the Hong Kong Offer Shares initially offered under the Hong Kong Public Offering; or

H. REFUND OF APPLICATION MONIES

If an application is rejected, not accepted or accepted in part only, or if the Offer Price as finally determined is less than the maximum offer price of HK$3.00 per Offer Share (excluding brokerage, SFC transaction levy and the Stock Exchange trading fee thereon), or if the conditions of the Hong Kong Public Offering are not fulfilled in accordance with "Structure of the Global Offering – Conditions of the Global Offering" in this prospectus or if any application is revoked, the application monies, or the appropriate portion thereof, together with the related brokerage, SFC transaction levy and the Stock Exchange trading fee, will be refunded, without interest or the check or banker's cashier order will not be cleared.

Any refund of your application monies will be made on or before Thursday, July 9, 2020.

1. Despatch/Collection of Share Certificates and Refund Monies

You will receive one share certificate for all Hong Kong Offer Shares allotted to you under the Hong Kong Public Offering (except pursuant to applications made on **YELLOW** Application Forms or by **electronic application instructions** to HKSCC via CCASS where the share certificates will be deposited into CCASS as described below) and one share certificate for all Reserved Shares allotted to you under the Preferential Offering.

No temporary document of title will be issued in respect of the Shares. No receipt will be issued for sums paid on application.

If you apply by **WHITE** or **YELLOW** or **BLUE** Application Form, subject to personal collection as mentioned below, the following will be sent to you (or, in the case of joint applicants, to the first-named applicant) by ordinary post, at your own risk, to the address specified on the Application Form:

- share certificate(s) for all the Hong Kong Offer Shares and/or Reserved Shares allotted to you (for **YELLOW** Application Forms, share certificates will be deposited into CCASS as described below); and

- refund check(s) crossed "Account Payee Only" in favor of the applicant (or, in the case of joint applicants, the first-named applicant) for (i) all or the surplus application monies for the Hong Kong Offer Shares and/or Reserved Shares, wholly or partially unsuccessfully applied for; and/or (ii) the difference between the Offer Price and the maximum Offer Price per Offer Share paid on application in the event that the Offer Price is less than the maximum Offer Price (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest). Part of the Hong Kong identity card number/passport number, provided by you or the first named applicant (if you are joint applicants), may be printed on your refund check, if any. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund check(s). Inaccurate completion of your Hong Kong identity card number/passport number may invalidate or delay encashment of your refund check(s).

Subject to arrangement on dispatch/collection of share certificates and refund monies as mentioned below, any refund check and share certificates are expected to be posted on or before Thursday, July 9, 2020. The right is reserved to retain any share certificate(s) and any surplus application monies pending clearance of check(s) or banker's cashier's order(s).

Share certificates will only become valid at 8:00 a.m. on Friday, July 10, 2020 provided that the Global Offering has become unconditional and the right of termination described in the "Underwriting" section in this prospectus has not been exercised. Investors who trade shares prior to the receipt of share certificates or the share certificates becoming valid do so at their own risk.

Personal Collection

*(i) If you apply using a **WHITE** or **BLUE** Application Form*

If you apply for 1,000,000 or more Hong Kong Offer Shares and/or for 1,000,000 or more Reserved Shares and have provided all information required by your Application Form, you may collect your refund check(s) and/or share certificate(s) from the Hong Kong Share Registrar at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Thursday, July 9, 2020 or such other date as notified by us in the newspapers.

If you are an individual who is eligible for personal collection, you must not authorize any other person to collect for you. If you are a corporate applicant which is eligible for personal collection, your authorized representative must bear a letter of authorization from your corporation stamped with your corporation's chop. Both individuals and authorized representatives must produce, at the time of collection, evidence of identity acceptable to the Hong Kong Share Registrar.

If you do not collect your refund check(s) and/or share certificate(s) personally within the time specified for collection, they will be despatched promptly to the address specified in your Application Form by ordinary post at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares or for 1,000,000 Reserved Shares, your refund check(s) and/or share certificate(s) will be sent to the address on the relevant Application Form on or before Thursday, July 9, 2020, by ordinary post and at your own risk.

*(ii) If you apply using a **YELLOW** Application Form*

If you apply for 1,000,000 Hong Kong Offer Shares or more, please follow the same instructions as described above for collecting refund check(s). If you have applied for less than 1,000,000 Hong Kong Offer Shares, your refund check(s) will be sent to the address on the relevant Application Form on or before Thursday, July 9, 2020, by ordinary post and at your own risk.

If you apply by using a **YELLOW** Application Form and your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for credit to your or the designated CCASS Participant's stock account as stated in your Application Form on Thursday, July 9, 2020, or upon contingency, on any other date determined by HKSCC or HKSCC Nominees.

- If you apply through a designated CCASS participant (other than a CCASS investor participant)

  For Hong Kong Offer Shares credited to your designated CCASS participant's stock account (other than CCASS Investor Participant), you can check the number of Hong Kong Offer Shares allotted to you with that CCASS participant.

- If you are applying as a CCASS investor participant

  The Company will publish the results of CCASS Investor Participants' applications together with the results of the Hong Kong Public Offering in the manner described in "F. Publication of Results" above. You should check the announcement published by the Company and report any discrepancies to HKSCC before 5:00 p.m. on Thursday, July 9, 2020 or any other date as determined by HKSCC or HKSCC Nominees. Immediately after the credit of the Hong Kong Offer Shares to your stock account, you can check your new account balance via the CCASS Phone System and CCASS Internet System.

*(iii) If you apply through the **White Form eIPO** service*

If you apply for 1,000,000 Hong Kong Offer Shares or more and your application is wholly or partially successful, you may collect your Share certificate(s) from the Hong Kong Share Registrar at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Thursday, July 9, 2020, or such other date as notified by the Company in the newspapers as the date of despatch/collection of Share certificates/e-Refund payment instructions/refund check.

If you do not collect your Share certificate(s) personally within the time specified for collection, they will be sent to the address specified in your application instructions by ordinary post at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares, your Share certificate(s) (where applicable) will be sent to the address specified in your application instructions on or before Thursday, July 9, 2020 by ordinary post at your own risk.

If you apply and pay the application monies from a single bank account, any refund monies will be despatched to that bank account in the form of e-Refund payment instructions. If you apply and pay the application monies from multiple bank accounts, any refund monies will be despatched to the address as specified in your application instructions in the form of refund check(s) by ordinary post at your own risk.

*(iv) If you apply via **Electronic Application Instructions** to HKSCC*

Allocation of Hong Kong Offer Shares

For the purposes of allocating Hong Kong Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives **electronic application instructions** or each person for whose benefit instructions are given will be treated as an applicant.

Deposit of Share Certificates into CCASS and Refund of Application Monies

If your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of your designated CCASS Participant's stock account or your CCASS Investor Participant stock account on Thursday, July 9, 2020, or, on any other date determined by HKSCC or HKSCC Nominees.

The Company expects to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, the Company will include information relating to the relevant beneficial owner), your Hong Kong identity card number/passport number or other identification code (Hong Kong business registration number for corporations) and the basis of allotment of the Hong Kong Public Offering in the manner specified in "– G. Publication of Results" above on Thursday, July 9, 2020. You should check the announcement published by the Company and report any discrepancies to HKSCC before 5:00 p.m. on Thursday, July 9, 2020 or such other date as determined by HKSCC or HKSCC Nominees.

If you have instructed your broker or custodian to give **electronic application instructions** on your behalf, you can also check the number of Hong Kong Offer Shares allotted to you and the amount of refund monies (if any) payable to you with that broker or custodian.

If you have applied as a CCASS Investor Participant, you can also check the number of Hong Kong Offer Shares allotted to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time) on Thursday, July 9, 2020. Immediately following the credit of the Hong Kong Offer Shares to your stock account and the credit of refund monies to your bank account, HKSCC will also make available to you an activity statement showing the number of Hong Kong Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.

Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the Offer Price and the maximum Offer Price per Offer Share initially paid on application (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest) will be credited to your designated bank account or the designated bank account of your broker or custodian on Thursday, July 9, 2020.

I. ADMISSION OF THE SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the Shares and we comply with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares or any other date HKSCC chooses. Settlement of transactions between Exchange Participants (as defined in the Listing Rules) is required to take place in CCASS on the second Business Day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Investors should seek the advice of their stockbroker or other professional advisor for details of the settlement arrangement as such arrangements may affect their rights and interests.

All necessary arrangements have been made enabling the Shares to be admitted into CCASS.

The following is the text of a report set out on pages I-1 to I-102, received from the Company's reporting accountants, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus.

Deloitte. 德勤

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF GREENTOWN MANAGEMENT HOLDINGS COMPANY LIMITED AND CREDIT SUISSE (HONG KONG) LIMITED AND DEUTSCHE SECURITIES ASIA LIMITED

Introduction

We report on the historical financial information of Greentown Management Holdings Company Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages I-4 to I-102 which comprises the consolidated statements of financial position of the Group as at December 31, 2017, 2018 and 2019, the statements of financial position of the Company as at December 31, 2017, 2018 and 2019, and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statement of cash flows of the Group for each of the three years ended December 31, 2019 (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-4 to I-102 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated June 29, 2020 (the "Prospectus") in connection with the initial listing of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgment, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 2 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 of the Company, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the Group's financial position as at December 31, 2017, 2018 and 2019, of the Company's financial position as at December 31, 2017, 2018 and 2019 and of the Group's financial performance and cash flows for the Track Record Period in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-3 have been made.

Dividends

We refer to Note 14 to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Track Record Period.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
June 29, 2020

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 accountants' report.

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, have been prepared in accordance with accounting policies which conform with International Financial Reporting Standards ("IFRSs") issued by International Accounting Standards Board (the "IASB") and were audited by Deloitte Touche Tohmatsu Certified Public Accountants LLP, certified public accountants registered in the People's Republic of China (the "PRC"), in accordance with Hong Kong Standards on Auditing issued by the HKICPA ("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.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	NOTES	Year ended December 31, 2017	2018	2019
		RMB'000	RMB'000	RMB'000
Continuing operations				
Revenue	6	1,015,880	1,481,187	1,993,892
Cost of sales		(439,358)	(737,404)	(1,112,321)
Gross profit		576,522	743,783	881,571
Other income	7	6,855	10,426	17,928
Other gains and losses	8	6,452	294	10,962
Selling and marketing expenses		(13,041)	(34,696)	(21,965)
Administration expenses		(241,289)	(248,265)	(302,215)
Listing fee		–	–	(15,572)
Finance costs	9	(1,123)	(2,227)	(1,761)
Impairment losses under expected credit loss model, net of reversal	10	–	(11,348)	(7,781)
Impairment losses on allowance for doubtful debts, net of reversal	10	8,763	–	–
Gain (loss) from changes in fair value of investment properties	19	1,185	(15,399)	(974)
Gain on acquisition of a subsidiary	35	280	–	–
Net loss on disposal of a subsidiary	36	–	(170)	–
Net loss on partial disposal of an associate		–	(1,521)	–
Share of results of associates	21	13,983	(1,684)	(6,606)
Share of results of joint ventures	22	(8,661)	(27,429)	(15,383)
Profit before tax	11	349,926	411,764	538,204
Income tax expense	13	(94,175)	(48,672)	(149,282)
Profit for the year from continuing operations		255,751	363,092	388,922
Discontinued operations				
Profit (loss) for the year from discontinued operations	12	6,829	1,855	(18,204)
Profit for the year		262,580	364,947	370,718

	NOTES	Year ended December 31, 2017	2018	2019
		RMB'000	RMB'000	RMB'000
Other comprehensive income				
Item that will not be reclassified to profit or loss:				
Fair value gain on investments in equity instruments at fair value through other comprehensive income ("FVTOCI"), net of tax		–	17,759	10,996
Total comprehensive income for the year		262,580	382,706	381,714
Profit for the year attributable to owners of the Company				
– from continuing operations		243,399	332,675	339,880
– from discontinued operations		3,483	2,225	(15,111)
		246,882	334,900	324,769
Profit for the year attributable to non-controlling interests				
– from continuing operations		12,352	30,417	49,042
– from discontinued operations		3,346	(370)	(3,093)
		15,698	30,047	45,949
		262,580	364,947	370,718
Total comprehensive income for the year attributable to:				
Owners of the Company		246,882	352,659	335,765
Non-controlling interests		15,698	30,047	45,949
		262,580	382,706	381,714
EARNING PER SHARE				
From continuing and discontinued operations				
– Basic (RMB)	*16*	0.25	0.23	0.23
From continuing operations				
– Basic (RMB)	*16*	0.25	0.23	0.24

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	NOTES	As at December 31, 2017	2018	2019
		RMB'000	RMB'000	RMB'000
Non-Current Assets				
Property, plant and equipment	17	82,705	125,588	107,253
Right-of-use assets	18	37,281	44,217	15,934
Investment properties	19	25,710	10,311	29,147
Goodwill	20	769,241	769,241	769,241
Interests in associates	21	63,099	58,562	55,554
Interests in joint ventures	22	8,982	8,439	36,183
Equity instruments at FVTOCI	23	–	77,503	87,161
Available-for-sale investments	24	30,553	–	–
Deferred tax assets	25	7,588	37,248	16,360
Loan to a related party	41(iii)	–	–	99,912
Deposit for acquisition of property, plant and equipment		–	–	21,965
		1,025,159	1,131,109	1,238,710
Current Assets				
Inventories		4,537	4,805	–
Trade and other receivables	27	180,948	177,803	312,842
Contract assets	28	220,343	244,044	311,920
Amounts due from related parties	41(ii)	42,426	355,402	654,618
Loan to a related party	41(ii)	524,542	–	–
Pledged bank deposits	29	3,662	6,428	14,963
Bank balances and cash	29	294,275	471,563	1,126,771
		1,270,733	1,260,045	2,421,114
Assets classified as held for sale	12	–	–	99,883
		1,270,733	1,260,045	2,520,997
Current Liabilities				
Trade and other payables	30	415,813	707,942	830,489
Amounts due to related parties	41(ii)	1,037,204	374,378	800,753
Income taxes payable		28,712	44,478	84,346
Other taxes payable		21,414	8,980	29,929
Contract liabilities	31	210,634	291,352	239,580
Lease liabilities	32	6,094	7,382	6,294
Bank and other borrowings – due within one year	33	10,000	10,000	–
		1,729,871	1,444,512	1,991,391
Liabilities associated with assets classified as held for sale	12	–	–	62,849
		1,729,871	1,444,512	2,054,240
Net Current (Liabilities) Assets		(459,138)	(184,467)	466,757
Total Assets Less Current Liabilities		566,021	946,642	1,705,467

	NOTES	As at December 31, 2017	2018	2019
		RMB'000	RMB'000	RMB'000
Capital and Reserves				
Share capital	34	–	11,587	11,587
Reserves		490,838	829,439	1,583,172
Equity attributable to owners of the Company		490,838	841,026	1,594,759
Non-controlling interests		45,027	60,764	86,430
Total Equity		535,865	901,790	1,681,189
Non-Current Liabilities				
Deferred tax liabilities	25	296	11,738	15,400
Lease liabilities	32	29,860	33,114	8,878
		30,156	44,852	24,278
Net Assets		535,865	901,790	1,681,189

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

		As at December 31,		
	NOTES	**2017**	**2018**	**2019**
		RMB'000	*RMB'000*	*RMB'000*
Non-Current Assets				
Investment in a subsidiary	*26*	–	–	–
Amount due from a subsidiary	*41(ii)*	1,432,643	1,421,947	1,824,934
		1,432,643	1,421,947	1,824,934
Current Assets				
Bank balances and cash		13	18	29
Amount due from a subsidiary	*41(ii)*	–	–	540,000
Current Liabilities				
Amount due to a related party	*41(ii)*	–	–	540,000
Net Current Assets		13	18	29
Total Assets Less Current Liabilities		1,432,656	1,421,965	1,824,963
Net Assets		1,432,656	1,421,965	1,824,963
Capital and Reserves				
Share capital	*34*	–	11,587	11,587
Reserves	*42*	1,432,656	1,410,378	1,813,376
Total Equity		1,432,656	1,421,965	1,824,963

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Equity attributable to owners of the Company									
	Share capital	Share premium	Statutory reserve	Merge reserve	Special reserve	FVTOCI reserve	Retained earnings	Attributable to owners of the Company	Non-controlling interests	Total
	RMB'000	*RMB'000*	*RMB'000* *(Note i)*	*RMB'000* *(Note ii)*	*RMB'000* *(Note iii)*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2017	–	–	29,638	23,571	79,384	–	181,209	313,802	23,061	336,863
Profit for the year	–	–	–	–	–	–	246,882	246,882	15,698	262,580
Transfer to statutory reserve	–	–	21,897	–	–	–	(21,897)	–	–	–
Acquisition of a subsidiary *(Note 35)*	–	–	–	–	–	–	–	–	6,268	6,268
Capital contribution from shareholder *(Note iv)*	–	1,432,660	–	–	–	–	–	1,432,660	–	1,432,660
Deemed distribution to shareholders for acquisition of subsidiaries under common control *(Note ii)*	–	–	–	(1,502,170)	–	–	–	(1,502,170)	–	(1,502,170)
Deemed distribution to shareholders for acquisition of associates *(Note 21(i), (iii) and (iv))*	–	–	–	(336)	–	–	–	(336)	–	(336)
At December 31, 2017	–	1,432,660	51,535	(1,478,935)	79,384	–	406,194	490,838	45,027	535,865
Adjustment on adoption of IFRS 9 *(Note 3)*	–	–	–	–	–	17,453	(19,924)	(2,471)	(4,056)	(6,527)
At January 1, 2018 (restated)	–	1,432,660	51,535	(1,478,935)	79,384	17,453	386,270	488,367	40,971	529,338
Profit for the year	–	–	–	–	–	–	334,900	334,900	30,047	364,947
Other comprehensive income for the year	–	–	–	–	–	17,759	–	17,759	–	17,759
Total comprehensive income for the year	–	–	–	–	–	17,759	334,900	352,659	30,047	382,706
Transfer to statutory reserve	–	–	2,355	–	–	–	(2,355)	–	–	–
Payments of dividends	–	–	–	–	–	–	–	–	(9,651)	(9,651)
Liquidation of a subsidiary	–	–	–	–	–	–	–	–	(603)	(603)
Capitalization issue *(Note 34(ii))*	11,587	(11,587)	–	–	–	–	–	–	–	–
At December 31, 2018	11,587	1,421,073	53,890	(1,478,935)	79,384	35,212	718,815	841,026	60,764	901,790

	Equity attributable to owners of the Company									
	Share capital	**Share premium**	**Statutory reserve**	**Merge reserve**	**Special reserve**	**FVTOCI reserve**	**Retained earnings**	**Attributable to owners of the Company**	**Non-controlling interests**	**Total**
	RMB'000	*RMB'000*	*RMB'000 (Note i)*	*RMB'000 (Note ii)*	*RMB'000 (Note iii)*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2019	11,587	1,421,073	53,890	(1,478,935)	79,384	35,212	718,815	841,026	60,764	901,790
Profit for the year	–	–	–	–	–	–	324,769	324,769	45,949	370,718
Other comprehensive income for the year	–	–	–	–	–	10,996	–	10,996	–	10,996
Total Comprehensive income for the year	–	–	–	–	–	10,996	324,769	335,765	45,949	381,714
Transfer to statutory reserve	–	–	999	–	–	–	(999)	–	–	–
Payments of dividend	–	–	–	–	–	–	–	–	(5,200)	(5,200)
Acquisition of a subsidiary *(Note 35)*	–	–	–	–	–	–	–	–	3,000	3,000
Disposal of a subsidiary *(Note 36)*	–	–	(1,112)	–	–	–	1,112	–	(21,783)	(21,783)
Capital contribution from shareholders *(Note v)*	–	410,000	–	–	–	–	–	410,000	3,700	413,700
Deemed contribution from shareholders for disposal of an associate *(Note 21(v))*	–	–	–	7,968	–	–	–	7,968	–	7,968
At December 31, 2019	11,587	1,831,073	53,777	(1,470,967)	79,384	46,208	1,043,697	1,594,759	86,430	1,681,189

Notes:

(i) In accordance with the Articles of Association of all subsidiaries established in the People's Republic of China (the "PRC"), they are required to transfer 10% of the profit after taxation to the statutory reserve until the reserve reaches 50% of the registered capital. Transfer to this reserve must be made before distributing dividends to equity holders. The statutory reserve can be used to make up for previous years' losses, expand the existing operations or convert into additional capital of the subsidiaries.

(ii) The merge reserve mainly represents:

(a) the changes in equity attributable to owners of the Company arisen from acquisition of subsidiaries under common control from Greentown China Holdings Limited ("Greentown China") for reorganization purpose. The changes are calculated based on the difference between the book value of the net assets recognized from the ultimate holding shareholder and the fair value of consideration paid for acquisition under common control;

(b) the changes in equity attributable to owners of the Company arisen from acquisition of non-controlling interests. The changes are calculated based on the difference between the amount by which non-controlling interests are adjusted and the fair value of the consideration paid for the acquisition of non-controlling interests;

(c) the deemed distribution to shareholders arisen from the acquisition of associates at the consideration without commercial substance. The changes are calculated based on the difference between the fair value of the interests in associates acquired at acquisition date and the fair value of the consideration paid for acquisition of such associates;

(d) the deemed contribution from shareholder arisen from the disposal of an associate at the consideration without commercial substance. The change is calculated based on the difference between the carrying amount of the interest in an associate disposed at disposal date and the fair value of the consideration received for disposal of such associate.

The movements during the year ended December 31, 2017 were mainly (a) the consideration paid by the Group for the acquisition of 35.4% equity interest of Greentown Construction Management Co., Ltd. (綠城建設管理集團有限公司) ("Greentown Construction Management") (formerly "Hangzhou Bluetown Zhixin Construction Management Co., Ltd. (杭州藍城致信建設管理有限公司)") amounting to RMB507,160,000 formerly held by Greentown China under common control; (b) the consideration to be paid by the Group for the acquisition of 100% equity interest of Greentown Real Estate Construction Management Group Co., Ltd. (綠城房地產建設管理集團有限公司) ("Greentown Construction Management Group") (formerly "Greentown Dingyi Real Estate Investment Management Co., Ltd. (綠城鼎益房地產投資管理有限公司)") and 100% equity interest of Greentown Shidai Urban Construction Development Co., Ltd. (綠城時代城市建設發展有限公司) ("Greentown Shidai") under common control at the consideration of RMB675,450,000 and RMB319,560,000 respectively and (c) the deemed distribution to shareholder arisen from the acquisition of associates at the consideration without commercial substance, details of which are set out in Note 21(i), (iii) and (iv).

The movement during the year ended December 31, 2019 was mainly the deemed contribution from shareholder arisen from the disposal of an associate at the consideration without commercial substance, details of which are set out in Note 21(v).

(iii) The special reserve as of January 1, 2017 represents capital contribution and retained earnings in Greentown Construction Management by the then shareholders of the combining entities before the Group Reorganization (as defined in Note 2), details of which are set out in Note 2.

(iv) As part of the Group Reorganization, on June 5, 2017, the Company issued additional two shares to Greentown China (as defined in Note 1) to capitalize indebtedness arising from the payment of total consideration to acquire the whole interests of Greentown Construction Management paid by Greentown China on behalf of the Company valued at RMB1,432,660,000, details of which are set out in Note 2.

(v) In October 2019, the owner of the Company, Greentown China agreed to contribute a total of RMB410 million as a capital contribution to the Company without increase in the number of issued shares.

In June 2019, the Group received share contribution amounting to RMB3,700,000 from a non-controlling shareholder of a subsidiary of the Group.

CONSOLIDATED STATEMENTS OF CASH FLOWS

		Year ended December 31,		
	NOTES	**2017**	**2018**	**2019**
		RMB'000	*RMB'000*	*RMB'000*
OPERATING ACTIVITIES				
Profit for the year		262,580	364,947	370,718
Adjustments for:				
Income tax expense		96,147	50,778	149,731
Finance costs		1,673	2,930	4,282
Exchange gain or loss		6	(4)	(29)
Interest income		(6,570)	(8,700)	(16,720)
Dividends from available-for-sale investment		(2,980)	–	–
Share of results of associates		(13,983)	1,684	6,606
Share of results of joint ventures		8,661	27,429	15,383
Depreciation of property, plant and equipment		12,375	14,322	22,018
Depreciation of right-of-use assets		5,452	10,844	11,424
Impairment losses under expected credit loss model, net of reversal		–	10,896	10,567
Impairment losses on allowance for doubtful debts, net of reversal		(8,763)	–	–
(Gain) loss on disposal of property, plant and equipment		(309)	864	515
Loss (gain) on early termination of lease		544	–	(426)
(Gain) loss from changes in fair value of investment properties		(1,185)	15,399	974
Gain on fair value of acquisition of a joint venture in stages		(891)	–	–
Gain on acquisition of a subsidiary		(280)	–	–
Net loss on disposal of a subsidiary		–	170	–
Net loss on partial disposal of an associate		–	1,521	–
Operating cash flows before movements in working capital		352,477	493,080	575,043
(Increase) decrease in inventories		(198)	(268)	44
Increase in trade and other receivables		(92,368)	(21,738)	(208,470)
Decrease (increase) in contract assets		87,003	(39,271)	(79,131)
Increase in amounts due from related parties		(42,426)	(321,045)	(342,650)
Increase in trade and other payables		634,233	256,199	227,994
(Decrease) increase in amounts due to related parties		(464,966)	132,184	86,427
(Decrease) increase in contract liabilities		(3,784)	88,659	(50,694)
Cash generated from operations		469,971	587,800	208,563
Income taxes paid		(94,354)	(57,259)	(87,447)
NET CASH FROM OPERATING ACTIVITIES		375,617	530,541	121,116

	NOTES	Year ended December 31, 2017	2018	2019
		RMB'000	RMB'000	RMB'000
INVESTING ACTIVITIES				
Interest received		6,570	8,699	16,194
Dividends received		–	3,980	800
Proceeds on disposal of property, plant and equipment		3,183	1,502	2,406
Proceeds on disposal of interest in an associate		–	3,500	5,000
Proceeds from disposal of an equity investment at FVTOCI		–	–	550
Investments in associates		(41,500)	(1,000)	(350)
Investments in joint ventures		(5,650)	–	(6,245)
Purchase of an available-for-sale investment		(5,000)	–	–
Purchases of property, plant and equipment		(15,466)	(69,438)	(49,115)
Payments for right-of-use assets		(412)	–	–
Payments for rental deposits		(691)	(528)	(451)
Repayment from a related party		50,000	–	–
Net cash inflow on acquisition of subsidiaries	35	2,635	–	2,381
Net cash outflow on disposal of subsidiaries	36	–	(610)	(43,320)
Withdraw of pledged bank deposits		248	2,014	2,361
Placement of pledged bank deposits		(1,212)	(4,780)	(10,897)
Repayment of loan to a related party		622,975	666,461	–
Advance of loan to relate parties		(1,147,517)	(141,919)	(100,000)
NET CASH (USED IN) FROM INVESTING ACTIVITIES		(531,837)	467,881	(180,686)
FINANCING ACTIVITIES				
Dividends paid		–	(9,651)	(5,200)
Interest paid		(1,626)	(2,636)	(4,240)
Acquisition of partial interest of a subsidiary		(815,745)	–	–
Consideration paid for acquisition of subsidiaries under common control in prior year		–	(795,010)	(200,000)
Capital distribution to the non-controlling interests		–	(603)	–
Repayment of bank borrowings		–	(10,000)	(16,000)
Repayments of lease liabilities		(6,039)	(13,238)	(7,120)
Proceeds from borrowings		5,000	10,000	6,000
Contribution from shareholders		–	–	413,700
Advance from related parties in relation to group reorganization		815,745	–	–
Advance from a related party		–	–	540,000
Settlement of Project Management Business demerger received from Bluetown		1,559	–	–
NET CASH (USED IN) FROM FINANCING ACTIVITIES		(1,106)	(821,138)	727,140
Effect of foreign exchange rate changes		(6)	4	29
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		(157,332)	177,288	667,599
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		451,607	294,275	471,563
CASH AND CASH EQUIVALENTS AT END OF YEAR*		294,275	471,563	1,139,162

* Cash and cash equivalents as at December 31, 2019 included cash and cash equivalents of discontinued operations amounting to RMB12,391,000 which were presented as assets classified as held for sale as at December 31, 2019.

NOTES TO HISTORICAL FINANCIAL INFORMATION

1. GENERAL

The Company was established in the Cayman Islands as an exempted company with limited liability on December 12, 2016. The address of the registered office and the principal place of business of the Company are set out in the section headed "Corporate Information" to the Prospectus. As at the date of this report, the immediate and ultimate holding company of the Company is Greentown China Holdings Limited ("Greentown China"), a company listed on the Main Board of the Stock Exchange and incorporated in the Cayman Islands.

The Company is an investment holding company. The principal activity of the Group is to provide project management services.

The functional currency of the Company is RMB, which is the same as the presentation currency of the Historical Financial Information.

No statutory financial statements of the Company have been prepared since its date of incorporation, as it is incorporated in the jurisdiction where there is no statutory audit requirement.

2. BASIS OF PREPARATION AND PRESENTATION OF HISTORICAL FINANCIAL INFORMATION

The Historical Financial Information has been prepared based on the accounting policies set out in Note 4 which conform with IFRSs issued by IASB and the principles of common control combinations and conventions applicable for group reorganization (details are set out below).

Historically, part of the Group's principal business, which is providing project management service ("Project Management Business"), was carried out by Bluetown Property Construction Management Group Co., Ltd. (藍城房地產建設管理集團有限公司) ("Bluetown"), as part of the Group Reorganization, Bluetown completed a demerger and a restructuring in 2016, after which Greentown Construction Management has taken over the assets, rights and liabilities of the Project Management Business previously undertaken by Bluetown and the accumulated retained earnings relevant with the Project Management Business before the completion of demerger have been represented as the special reserve as at January 1, 2017.

In preparation for the listing of the Company's shares on the Stock Exchange, the Group underwent a series of group restructuring ("Group Reorganization"), the major steps of the Group Reorganization are detailed below.

Previously, Bluetown was a 35.4%-owned subsidiary indirectly held by Greentown China, through a wholly-owned subsidiary Greentown Real Estate Group Co., Ltd. ("Greentown Real Estate") before the start of Group Reorganization since Greentown Real Estate can exercise control over Bluetown by appointing majority of the board of directors of Bluetown. On May 12, 2016, the board of Bluetown passed the Bluetown separation scheme to demerge the Bluetown into two companies and incorporated Greentown Construction Management to inherit all of the Project Management Business from Bluetown. The newly formed companies each mirrored the share structure of Bluetown, thus Greentown China indirectly held 35.4% equity interests of Greentown Construction Management after the demerger. The separation process was substantially completed by the end of September 2016. Greentown Construction Management was incorporated on September 8, 2016.

On June 25, 2016, Greentown China acquired the remaining 64.6% equity interests of Greentown Construction Management from Mr. Song Wei Ping, who is an individual shareholder of Greentown China, Hangzhou Cuidu Investment Management Company Limited (杭州翠都投資管理有限公司), Ningbo Heji Investment Management Partnership (Limited Liability Partnership) (寧波合基合夥投資管理合夥企業(有限合夥)), Shanghai Yiju Shengyuan Equity Investment Center (Limited Liability Partnership) (上海易居生源股權投資中心(有限合夥)), and Shanghai Yiju Shengquan Equity Investment Center (Limited Liability Partnership) (上海易居生泉股權投資中心(合夥企業)) (collectively "Other Investors") with equity interest of 34.6%, 10%, 17%, 1.7%, and 1.3% respectively, through a wholly-owned investment holding company Mainwide (HK) Limited ("Mainwide"), at a consideration of RMB925,500,000.

On December 12, 2016, one share of the Company was issued and allotted to Greentown China.

On December 20, 2016, the Company acquired entire equity interests of Mainwide from Greentown China with the consideration of HKD1.

On March 23, 2017, Mainwide signed an agreement to acquire 35.4% interests of Greentown Construction Management from Greentown Real Estate at a consideration of RMB507,160,000. After the acquisition, Greentown Construction Management become the wholly-owned subsidiary of Mainwide. The aggregate consideration amount to acquire entire equity interests of Greentown Construction Management is RMB1,432,660,000, of which, RMB28,650,000 and RMB815,745,000 advanced from Richwise Holdings Limited ("Richwise"), a wholly owned subsidiary of Greentown China have been paid in 2016 and 2017 respectively and the remaining consideration of RMB588,265,000 have been paid by Richwise on behalf of Mainwide in 2017.

On June 5, 2017, Greentown China, the Company, Richwise and Mainwide entered into a deed that (i) Greentown China and Richwise agreed to pay the total consideration to acquire entire equity of Greentown Construction Management amounted to RMB1,432,660,000 on behalf of Mainwide ("Indebtedness"); (ii) Mainwide transferred all the liabilities to repay the Indebtedness to the Company; (iii) Richwise assigned its rights to the Indebtedness to Greentown China; (iv) the Company capitalized the Indebtedness by way of allotment and issued two shares to Greentown China.

On June 13 and 14, 2017, Greentown Construction Management signed agreements to acquire both 100% interests of Greentown Construction Management Group and Greentown Shidai from Greentown Real Estate at the consideration of RMB675,450,000 and RMB319,560,000 respectively, of which, RMB795,010,000 have been paid by Greentown Construction Management in 2018 and the remaining RMB200,000,000 have been paid in November 2019. Afterwards, the reorganization of the Group has been completed.

The consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows of the Group for year ended December 31, 2017 include the entities comprising the Group as if the group structure upon completion of Group Reorganization had been in existence throughout the year ended December 31, 2017, or since their date of incorporation or acquisition, where there is a shorter period.

3. APPLICATION OF NEW AND REVISED IFRSs

For the purpose of preparing and presenting the Historical Financial Information for the Track Record Period, the Group has consistently applied the accounting policies which conform with the IFRSs, which are effective for the Group's accounting period beginning on January 1, 2019 throughout the Track Record Period, including IFRS 15 *Revenue from Contracts with Customers* and IFRS 16 *Leases*, except that the Group adopted IFRS 9 *Financial Instruments* on January 1, 2018 and International Accounting Standard ("IAS") 39 *Financial Instruments: Recognition and Measurement* prior to January 1, 2018.

IFRS 9 Financial Instruments

IFRS 9 introduces new requirements for the classification and measurement of financial assets, financial liabilities, general hedge accounting and expected credit losses ("ECL") for financial assets and other items (for example, contract assets) that are subject to the impairment provisions.

Key requirements of IFRS 9 which are relevant to the Group are:

- all recognized financial assets that are within the scope of IFRS 9 are required to be subsequently measured at amortized cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding are generally measured at amortized cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognized in profit or loss.

- in relation to the impairment of financial assets, IFRS 9 requires an expected credit loss ("ECL") model, as opposed to an incurred credit loss model under IAS 39. The ECL model requires an entity to account for ECL and changes in those ECLs at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognized.

Accounting policies resulting from application of IFRS 9 are disclosed in Note 4.

Summary of effects arising from initial application of IFRS 9

The table below illustrates the classification and measurement of financial assets and other items subject to ECL under IFRS 9 and IAS 39 at the date of initial application, January 1, 2018.

	Notes	Available-for-sale investments	Equity instruments at FVTOCI	Amortized cost (previously classified as loans and receivables)	Contract assets	Deferred tax assets/ liabilities	FVTOCI reserve	Retained earnings	Non-controlling interests
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Closing balance at December 31, 2017 – IAS 39		30,553	–	1,043,586	220,343	7,292	–	406,194	45,027
Effect arising from initial application of IFRS 9									
Reclassification:									
From available-for-sale investments	*(a)*	(30,553)	30,553	–	–	–	–	–	–
Remeasurement:									
Impairment under ECL model	*(b)*	–	–	(17,981)	(13,539)	7,540	–	(19,924)	(4,056)
From cost to fair value	*(a)*	–	23,271	–	–	(5,818)	17,453	–	–
Opening balance at January 1, 2018		–	53,824	1,025,605	206,804	9,014	17,453	386,270	40,971

The Group has applied IFRS 9 in accordance with the transition provisions set out in IFRS 9, i.e. applied the classification and measurement requirements (including impairment under ECL model) retrospectively to instruments that have not been derecognized as at January 1, 2018 and has not applied the requirements to instruments that have already been derecognized as at January 1, 2018. The difference between carrying amounts as at December 31, 2017 and the carrying amounts as at January 1, 2018 are recognized in the opening retained earnings and other components of equity, without restating comparative information during the Track Record Period.

(a) Available-for-sale ("AFS") investments

From AFS equity investments to fair value through other comprehensive income ("FVTOCI")

The Group elected to present in other comprehensive income for the fair value changes of all its equity investments previously classified as available-for-sale. These investments are not held for trading and not expected to be sold in the foreseeable future. At the date of initial application of IFRS 9, unquoted equity investments of RMB30,553,000 previously measured at cost less impairment under IAS 39 were reclassified from available-for-sale investments to equity instruments at FVTOCI. The fair value gains of RMB23,271,000 relating to those unquoted equity investments previously carried at cost less impairment were adjusted to equity instruments at FVTOCI and RMB17,453,000 (net of tax impact amounted to RMB5,818,000) were adjusted to FVTOCI reserve as at January 1, 2018. There was no provision of impairment accrued by the Group under IAS 39 previously.

(b) Impairment under ECL model

The application of the ECL model of IFRS 9 on January 1, 2018 resulted in earlier provision of credit losses which are not yet incurred in relation to the Group's financial assets measured at amortized cost and other items (for example, contract assets) that subject to the impairment provisions.

The Group applies the IFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all contract assets, trade receivables and trade related amounts due from related parties. To measure the ECL, contract assets, trade receivables and trade related amounts due from related parties have been grouped based on shared credit risk characteristics and debtors' aging. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for the trade receivables are a reasonable approximation of the loss rates for the contract assets.

Loss allowances for other financial assets at amortized cost mainly comprise of pledged bank deposits, bank balances, other receivables and non-trade related amounts due from related parties are measured on 12-month ECL ("12m ECL") basis and there had been no significant increase in credit risk since initial recognition, except for certain other receivables and non-trade related amounts due from related parties which are measured on lifetime ECL basis as those credit risk had increased significantly since initial recognition.

As at January 1, 2018, the additional credit loss allowance has been recognized against retained earnings with corresponding tax effect being adjusted. The additional loss allowance is charged against the respective asset.

All loss allowances for financial assets including trade receivables and other financial assets at amortized cost and contract assets as at December 31, 2017 reconciled to the opening loss allowance as at January 1, 2018 is as follows:

	Contract assets	**Trade receivables**	**Trade related amounts due from related parties**	**Other financial assets at amortized cost**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At December 31, 2017 – IAS 39	–	2,671	–	–
Amounts remeasured through opening retained earnings	13,539	13,564	1,300	3,117
At January 1, 2018	13,539	16,235	1,300	3,117

New and amendments to IFRSs issued but not yet effective

The Group has not early applied the following new and amendments to IFRSs that have been issued but are not yet effective:

IFRS 17	Insurance Contracts[1]
Amendment to IFRS 16	Covid-19-Related Rent Concessions[6]
Amendments to IFRS 3	Definition of a Business[2]
Amendments to IFRS 3	Reference to the Conceptual Framework[5]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to IAS 1	Classification of Liabilities as Current or Non-current[5]
Amendments to IAS 1 and IAS 8	Definition of Material[4]
Amendments to IAS 16	Property, Plant and Equipment: Proceeds before Intended Use[5]
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract[5]
Amendments to IFRS 9, IAS 39 and IFRS 7	Interest Rate Benchmark Reform[4]
Amendments to IFRS Standards	Annual Improvements to IFRS Standards 2018-2020[5]

1 Effective for annual periods beginning on or after January 1, 2021.

2 Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after January 1, 2020.

3 Effective for annual periods beginning on or after a date to be determined.

4 Effective for annual periods beginning on or after January 1, 2020.

5 Effective for annual periods beginning on or after January 1, 2022.

6 Effective for annual periods beginning on or after June 1, 2020.

In addition to the above new and amendments to IFRSs, a revised Conceptual Framework for Financial Reporting was issued in 2018. Its consequential amendments, the *Amendments to References to the Conceptual Framework in IFRS Standards*, will be effective for annual periods beginning on or after January 1, 2020.

The directors of the Company anticipate that application of the above new and amendments to IFRSs will have no material impact to the Group's consolidated financial statements in the future.

4. SIGNIFICANT ACCOUNTING POLICIES

The Historical Financial Information has been prepared in accordance with accounting policies which conform with IFRSs. In addition, the Historical Financial Information includes applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

The Historical Financial Information have been prepared on the historical cost basis except for certain financial instruments and investment properties which are measured at fair value, and explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 *Share-based Payment*, leasing transactions that are accounted for in accordance with IFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in IAS 2 *Inventories* or value in use in IAS 36 *Impairment of Assets*.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For financial instruments and investment properties which are transacted at fair value and a valuation technique that unobservable inputs is to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that at initial recognition the results of the valuation technique equals the transaction price.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

Basis of consolidation

The Historical Financial Information incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interests.

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognized. A gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognized in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39/IFRS 9 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Business combinations

Acquisitions of businesses, other than business combination under common control are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognized in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognized and measured in accordance with IAS 12 *Income Taxes* and IAS 19 *Employee Benefits* respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 *Share-based Payment* at the acquisition date (see the accounting policy below);

- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard; and

- lease liabilities are recognized and measured at the present value of the remaining lease payments (as defined in IFRS 16) as if the acquired leases were new leases at the acquisition date, except for leases for which (a) the lease term ends within 12 months of the acquisition date; or (b) the underlying asset is of low value. Right-of-use assets are recognized and measured at the same amount as the relevant lease liabilities, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net amount of the identifiable assets acquired and the liabilities assumed as at acquisition date. If, after re-assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control), and the resulting gain or loss, if any, is recognized in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income and measured under IFRS 9 would be accounted for on the same basis as would be required if the Group had disposed directly of the previously held equity interest.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognized as of that date.

Merger accounting for business combination involving businesses under common control

The Historical Financial Information incorporates the financial statement items of the combining businesses in which the common control combination occurs as if they had been combined from the date when the combining businesses first came under the control of the controlling party.

The net assets of the combining businesses are consolidated using the existing book values from the controlling party's perspective. No amount is recognized in respect of goodwill or bargain purchase gain at the time of common control combination.

The consolidated statement of profit or loss and other comprehensive income includes the results of each of the combining businesses from the earliest date presented or since the date when the combining businesses first came under the common control, where this is a shorter period.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit (or group of cash-generating units).

On disposal of the relevant cash-generating unit or any of the cash-generating unit within the group of cash-generating units, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal. When the Group disposes of an operation within the cash-generating unit (or a cash-generating unit within a group of cash-generating units), the amount of goodwill disposed of is measured on the basis of the relative values of the operation (or the cash-generating unit) disposed of and the portion of the cash-generating unit (or the group of cash-generating units) retained.

Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates and joint ventures are incorporated in the Historical Financial Information using the equity method of accounting. The financial statements of associates and joint ventures used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate or a joint venture is initially recognized in the consolidated statement of financial position at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. Changes in net assets of the associate/joint venture other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of an associate or joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognized as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognized immediately in profit or loss in the period in which the investment is acquired.

The Group assesses whether there is an objective evidence that the interest in an associate or a joint venture may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognized in profit or loss. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset within the scope of IFRS 9, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the associate or joint venture and the fair value of any retained interest and any proceeds from disposing the relevant interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognized in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) upon disposal/partial disposal of the relevant associate or joint venture.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognized in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognized in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in the relevant subsidiary after the sale.

When the Group is committed to a sale plan involving disposal of an investment, or a portion of an investment, in an associate or joint venture, the investment or the portion of the investment that will be disposed of is classified as held for sale when the criteria described above are met, and the Group discontinues the use of the equity method in relation to the portion that is classified as held for sale from the time when the investment (or a portion of the investment) is classified as held for sale.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell, except for financial assets within the scope of IFRS 9 which continue to be measured in accordance with the accounting policies as set out in respective sections.

Revenue from contracts with customers

The Group recognizes revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognized over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognized at a point in time when the customer obtains control of the distinct good or service.

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with IFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A contract asset and a contract liability relating to the same contract are accounted for and presented on a net basis.

For contracts where the period between payment and transfer of the associated goods or services is less than one year, the Group applies the practical expedient of not adjusting the transaction price for any significant financing component.

Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation

Input method

The progress towards complete satisfaction of a performance obligation is measured based on input method, which is to recognize revenue on the basis of the Group's efforts or inputs to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation, that best depict the Group's performance in transferring control of goods or services.

Variable consideration

For project management contracts that contain variable consideration based on the future pre-sales amount of the project, the Group estimates the amount of consideration to which it will be entitled using either (a) the expected value method or (b) the most likely amount, depending on which method better predicts the amount of consideration to which the Group will be entitled.

The estimated amount of variable consideration is included in the transaction price only to the extent that it is highly probable that such an inclusion will not result in a significant revenue reversal in the future when the uncertainty associated with the variable consideration is subsequently resolved.

At the end of each reporting period, the Group updates the estimated transaction price (including updating its assessment of whether an estimate of variable consideration is constrained) to represent faithfully the circumstances present at the end of the reporting period and the changes in circumstances during the reporting period.

Principal versus agent

When another party is involved in providing goods or services to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e. the Group is a principal) or to arrange for those goods or services to be provided by the other party (i.e. the Group is an agent).

The Group is a principal if it controls the specified good or service before that good or service is transferred to a customer.

The Group is an agent if its performance obligation is to arrange for the provision of the specified good or service by another party. In this case, the Group does not control the specified good or service provided by another party before that good or service is transferred to the customer. When the Group acts as an agent, it recognizes revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party.

Leasing

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified or arising from business combinations on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

As a practical expedient, leases with similar characteristics are accounted on a portfolio basis when the Group reasonably expects that the effects on the financial statements would not differ materially from individual leases within the portfolio.

The Group also applies practical expedient not to separate non-lease components from lease component, and instead account for the lease component and any associated non-lease components as a single lease component.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases of motor vehicles that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis or another systematic basis over the lease term.

Right-of-use assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and

- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Except for those that are classified as investment properties and measured under fair value model, right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets that do not meet the definition of investment property as a separate line item on the consolidated statement of financial position. Right-of-use assets that meet the definition of investment property are presented within "investment properties".

Refundable rental deposits

Refundable rental deposits paid are accounted under IAS 39/IFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognizes and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group as a lessor

Classification and measurement of leases

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Amounts due from lessees under finance leases are recognized as receivables at commencement date at amounts equal to net investments in the leases, measured using the interest rate implicit in the respective leases. Initial direct costs (other than those incurred by manufacturer or dealer lessors) are included in the initial measurement of the net investments in the leases. Interest income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognized in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and such costs are recognized as an expense on a straight-line basis over the lease term except for investment properties measured under fair value model.

Allocation of consideration to components of a contract

When a contract includes both leases and non-lease components, the Group applies IFRS 15 to allocate consideration in a contract to lease and non-lease components. Non-lease components are separated from lease component on the basis of their relative stand-alone selling prices.

Refundable rental deposits

Refundable rental deposits received are accounted for under IAS 39/IFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

Lease modification

The Group accounts for a modification to an operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchange prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognized in profit or loss in the period in which they arise.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognized in profit or loss in the year in which they are incurred.

Retirement benefit costs

The Group participates in state-managed retirement benefit schemes, which are defined contribution schemes, pursuant to which the Group pays a fixed percentage of its qualifying staff's wages as contributions to the plans. Payments to such retirement benefit schemes are charged as an expense when employees have rendered service entitling them to the contributions.

Short-term employee benefits

Short-term employee benefits are recognized at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognized as an expense unless another IFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognized for benefits accruing to employees in respect of wages and salaries and annual leave in the period the related service is rendered at the undiscounted amount of the amount of benefits expected to be paid in exchange for that service.

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realized, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognizes the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 *Income Taxes* requirements to right-of-use assets and lease liabilities separately. Temporary differences on initial recognition of the relevant right-of-use assets and lease liabilities are not recognized due to application of the initial recognition exemption. Temporary differences arising from subsequent revision to the carrying amounts of right-of-use assets and lease liabilities, resulting from remeasurement of lease liabilities and lease modifications, that are not subject to initial recognition exemption are recognized on the date of remeasurement or modification.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Property, plant and equipment

Property, plant and equipment, including leasehold land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the consolidated statement of financial position at cost less accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognized so as to write off the cost of items of property, plant and equipment other than construction in progress less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Ownership interests in leasehold land and building

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition.

To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as "right-of-use assets" in the consolidated statement of financial position except for those that are classified and accounted for as investment properties under the fair value model. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at fair value, adjusted to exclude any prepaid or accrued operating lease income.

Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. A leased property which is recognized as a right-of-use asset upon application of IFRS 16 is derecognized if the Group as intermediate lessor classifies the sublease as a finance lease. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognized.

Impairment on property, plant and equipment and right-of-use assets other than goodwill

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment and right-of-use assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of property, plant and equipment and right-of-use assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognized immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or a cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Inventories

Inventories are stated at the lower of cost and net realizable value. Costs of inventories are determined on a weighted average method. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

Financial instruments

Financial assets and financial liabilities are recognized when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss ("FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets

Classification and subsequent measurement of financial assets (upon application of IFRS 9 in accordance with transitions in Note 3)

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at FVTOCI:

- the financial asset is held within a business model whose objective is achieved by both selling and collecting contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at the date of initial application of IFRS 9 initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 *Business Combinations* applies.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortized cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

(i) Amortized cost and interest income

Interest income is recognized using the effective interest method for financial assets measured subsequently at amortized cost and debt instruments/receivables subsequently measured at FVTOCI. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognized by applying the effective interest rate to the amortized cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognized by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

(ii) Equity instruments designated as at FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in OCI and accumulated in the FVTOCI reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to retained earnings.

Dividends from these investments in equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the "other gains and losses" line item in profit or loss.

Impairment of financial assets and other items subject to impairment assessment under IFRS 9 (upon application of IFRS 9 in accordance with transitions in Note 3)

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets (including trade receivables, other receivables, amounts due from related parties, loan to a related party, pledged bank deposits and bank balances and cash) and contract assets which are subject to impairment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognizes lifetime ECL for trade receivables, contract assets and trade related amounts due from related parties. The ECL on these assets are assessed individually for debtors with significant balances or credit-impaired and collectively using a provision matrix with debtors' aging as groupings of various debtors that have similar loss patterns for these assets which are individually insignificant.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognizes lifetime ECL. The assessment of whether lifetime ECL should be recognized is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

- an actual or expected significant deterioration in the operating results of the debtor;

- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the aforegoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if i) it has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfill its contractual cash flow obligations. The Group considers pledged bank deposits and bank balances to have low credit risk because the counterparties are banks with high credit ratings assigned by international credit-rating agencies or with a good reputation.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganization.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognized in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Where ECL is measured on a collective basis or cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments (i.e. the Group's trade receivables, other receivables and amounts due from related parties are each assessed as a separate group);

- Past-due status;

- Nature, size and industry of debtors; and

- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortized cost of the financial asset.

The Group recognizes an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade and other receivables and contract assets where the corresponding adjustment is recognized through a loss allowance account.

Classification and subsequent measurement of financial assets (before application of IFRS 9 on January 1, 2018)

The Group's financial assets are classified into the following specified categories: loans and receivables and available-for-sale financial assets. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables, amounts due from related parties, loan to a related party, pledged bank deposits and bank balances and cash) are carried at amortized cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss on financial assets below).

(ii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as financial assets at FVTPL, loans and receivables or held-to-maturity investments.

Equity held by the Group that are classified as available-for-sale and are traded in an active market are measured at fair value at the end of each reporting period except for unquoted equity investments whose fair value cannot be reliably measured.

Dividends on available-for-sale equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established.

For available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, they are measured at cost less any identified impairment losses at the end of the reporting period (see accounting policy on impairment loss on financial assets below).

(iii) Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of the reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For an available-for-sale equity investment, a significant or prolonged decline in the fair value of that investment below cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organization.

For certain categories of financial assets, such as trade and other receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past due, observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortized cost, the amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss. When a trade or other receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss in the period.

For financial assets measured at amortized cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI upon application of IFRS 9, the cumulative gain or loss previously accumulated in the FVTOCI reserve is not reclassified to profit or loss, but is transferred to retained earnings.

On derecognition of an available-for-sale investment, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancelation of the Company's own equity instruments.

Financial liabilities

All financial liabilities are subsequently measured at amortized cost using the effective interest method.

Financial liabilities at amortized cost

Financial liabilities at amortized cost including bank and other borrowings, trade and other payables, amounts due to related parties are subsequently measured at amortized cost, using the effective interest method.

Derecognition of financial liabilities

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, canceled or they have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 4, the directors of the Company are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Determination on percentage of completion for revenue recognized over time

The Group recognizes project management revenue over time by reference to the progress towards complete satisfaction of the performance obligation at the reporting date. The progress is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation, by reference to the staff costs of who assigned by the Group to involve each project incurred up to the end of each reporting period as a percentage of total estimated costs for each contract. Significant judgments and estimations are required in determining the completeness of the estimated total costs and the accuracy of progress towards complete satisfaction of the performance obligation at the reporting date. The Group has a standard cost budgeting and estimate completion process in which management reviews the development progress and execution of the performance obligations. As part of this process, management reviews information including but not limited to, the cost occurred and accrued to achieve the schedule. Changes in cost estimates in future periods can have effect on the Group's revenue recognized. In making the above estimations, the Group relies on past experience and work of contractors. The Group recognized project management revenue over time amounted to RMB1,015,880,000, RMB1,481,187,000 and RMB1,993,892,000 respectively for the year ended December 31, 2017, 2018 and 2019.

ECL allowance

Trade receivables, contract assets and other financial assets including other receivables, amount due from related parties and loan to a related party with significant balances and credit-impaired are assessed for ECL individually. In addition, the Group uses provision matrix to calculate ECL for the trade receivables and contract assets which are individually insignificant. The provision rates are based on debtors' aging as groupings of various debtors that have similar loss patterns. The provision matrix is based on the Group's historical default rates taking into consideration forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's financial assets and contract assets are disclosed in Note 38.

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. Where the actual future cash flows are less than expected, or change in facts and circumstances which results in downward revision of future cash flows, a material impairment loss may arise. The carrying amount of goodwill as at December 31, 2017, 2018 and 2019 were RMB769,241,000 (net of accumulated impairment loss of RMB nil), RMB769,241,000 (net of accumulated impairment loss of RMB nil), and RMB769,241,000 (net of accumulated impairment loss of RMB nil) respectively. Details of the impairment loss calculation are set out in Note 20.

6. REVENUE AND SEGMENT INFORMATION

(i) Disaggregation of revenue from contracts with customers is as follows:

	Year ended December 31,		
	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*
Revenue recognized overtime:			
Commercial project management	806,666	1,145,542	1,470,763
Governmental project management	149,803	202,889	358,438
Others	59,411	132,756	164,691
	1,015,880	1,481,187	1,993,892

(ii) Performance obligations for contracts with customers

Commercial and Governmental Project management service

The Group provides project management service to commercial and government customers. Such services are recognized as a performance obligation satisfied over time as the customers simultaneously receive and consume the benefits provided by the Group's project management service. Revenue for these project management services are recognized over time on input method based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs.

The commercial and governmental project management service fees are invoiced to the clients periodically on an agreed-upon payment schedule and/or milestone between the customers and the Group. The Group recognized a contract asset over the period in which the commercial and governmental project management service are performed representing the Group's right to consideration for the services performed because the rights are conditional on the Group's future performance in achieving specified milestones. Contract asset is transferred to trade receivables at the point at which the rights become unconditional. Payments received before the related service is performed are included in the consolidated statement of financial position as contract liabilities.

For commercial and governmental project management contracts that contain variable consideration based on the future pre-sales amount of the project, the Group estimates the amount of consideration to which it will be entitled using either (a) the expected value method or (b) the most likely amount, depending on which method better predicts the amount of consideration to which the Group will be entitled.

The Group does not consider the advance payments pertain to commercial and governmental project management service to have contained significant financing component.

(iii) Transaction price allocated to the remaining performance obligation for contracts with customers

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at December 2017, 2018 and 2019, and the expected timing of recognizing revenue are as follows:

As at December 31, 2017

	Commercial project management	Governmental project management	Others
	RMB'000	*RMB'000*	*RMB'000*
Within one year	782,514	168,944	79,873
More than one year	3,244,421	203,484	14,592
	4,026,935	372,428	94,465

As at December 31, 2018

	Commercial project management	Governmental project management	Others
	RMB'000	*RMB'000*	*RMB'000*
Within one year	1,113,181	338,002	110,136
More than one year	5,447,574	868,602	36,298
	6,560,755	1,206,604	146,434

As at December 31, 2019

	Commercial project management	Governmental project management	Others
	RMB'000	*RMB'000*	*RMB'000*
Within one year	1,430,141	503,772	50,980
More than one year	5,790,219	1,046,505	52,586
	7,220,360	1,550,277	103,566

These amount disclosed above do not include transaction price allocated to performance obligations which have been satisfied but not yet recognized due to variable consideration constraint.

(iv) Segment information

The chief operating decision-maker of the Group has been identified as the executive directors and certain senior management (collectively referred to as the "CODM"). Operating segments are determined based on the Group's internal reports which are submitted to the CODM for performance assessment and resources allocation. This is also the basis upon which the Group is organized and managed.

The Group's consolidated revenue and results are attributable to the market in the PRC (country of domicile) and all of the Group's consolidated assets are located in the PRC.

No segment assets and liabilities are presented as they were not regularly provided to the CODM for the purpose of resource allocation and performance assessment.

The Group's reportable segments under IFRS 8 are as follows:

1 Commercial project management – provide property development management service to project owner

2 Governmental project management – provide property development management service to government on resettlement housing property development projects and public infrastructure

3 Others (including consulting service and construction design service, etc.)

For the commercial project management service, the CODM reviews the financial information of each commercial project management service project, hence each commercial project management service project constitutes a separate operating segment. However, the commercial project management service project possess similar economic characteristics, and are with similar development and selling activities as well as similar customer bases. Therefore, all commercial project management service projects are aggregated into one reportable segment for segment reporting purposes.

For the governmental project management service, the CODM reviews the financial information of each governmental project management service project, hence each governmental project management service project constitutes a separate operating segment. However, the governmental project management service projects possess similar economic characteristics, and are with similar development and selling activities as well as similar customer bases. Therefore, all governmental project management service projects are aggregated into one reportable segment for segment reporting purposes.

The CODM assesses the performance of the operating segments based on the post-tax profit of the group entities engaged in the respective segment activities, which includes share of results of associates and joint ventures, but exclude certain other income, administrative expenses and finance costs. Financial information provided to the CODM is measured in a manner consistent with the accounting policies adopted in the preparation of the consolidated financial statements as described in Note 4.

An analysis of the Group's revenue and results from continuing operations by reportable segment is as follow:

For the year ended December 31, 2017

Continuing operations

	Commercial project management	Governmental project management	Others	Segment total	Eliminations	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Segment revenue						
External revenue	806,666	149,803	59,411	1,015,880	–	1,015,880
Inter-segment revenue	–	2,645	–	2,645	(2,645)	–
Total	806,666	152,448	59,411	1,018,525	(2,645)	1,015,880
Segment Results	244,091	26,077	487	270,655	(2,645)	268,010
Unallocated other income						9
Unallocated administrative expenses						(12,258)
Unallocated finance costs						(10)
Profit for the year						255,751

For the year ended December 31, 2018

Continuing operations

	Commercial project management	Governmental project management	Others	Segment total	Eliminations	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Segment revenue						
External revenue	1,145,542	202,889	132,756	1,481,187	–	1,481,187
Inter-segment revenue	–	39,604	7,440	47,044	(47,044)	–
Total	1,145,542	242,493	140,196	1,528,231	(47,044)	1,481,187
Segment Results	355,637	21,562	10,801	388,000	(4,991)	383,009
Unallocated other income						1
Unallocated administrative expenses						(19,872)
Unallocated finance costs						(46)
Profit for the year						363,092

For the year ended December 31, 2019

Continuing operations

	Commercial project management	Governmental project management	Others	Segment total	Eliminations	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Segment revenue						
External revenue	1,470,763	358,438	164,691	1,993,892	–	1,993,892
Inter-segment revenue	–	179,173	20,464	199,637	(199,637)	–
Total	1,470,763	537,611	185,155	2,193,529	(199,637)	1,993,892
Segment results	342,684	57,495	19,542	419,721	438	420,159
Unallocated other income						22
Unallocated administrative expenses						(15,560)
Unallocated listing fee						(15,572)
Unallocated finance costs						(127)
Profit for the year						388,922

Information about major customers

There is no customers contributing revenue over 10% of the total revenue of the Group from continuing operations during the Track Record Period.

7. OTHER INCOME

	Year ended December 31,		
	2017	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*
Continuing operations			
Interest income on bank balances	2,169	8,274	16,140
Interest income on loans to related parties *(Note 41(i)(c))*	4,387	1,111	526
Gross rental income from investment properties	299	602	1,149
Others	–	439	113
	6,855	10,426	17,928

8. OTHER GAINS AND LOSSES

	Year ended December 31,		
	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*
Continuing operations			
Government grants *(Note)*	2,478	998	11,109
Dividends from available-for-sale investment	2,980	–	–
Gain on fair value of acquisition of a joint venture in stages	891	–	–
Gain (loss) on disposal of property, plant and equipment	298	(864)	(453)
(Loss) gain on early termination of lease	(544)	–	426
Exchange gain or loss	(1)	(46)	(111)
Others	350	206	(9)
	6,452	294	10,962

Note: The amounts represent government grants received from PRC government authorities in connection with the enterprise development supports, which have no condition imposed.

9. FINANCE COSTS

	Year ended December 31,		
	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*
Continuing operations			
Interest on bank and other borrowings	(11)	–	–
Interest on lease liabilities	(1,091)	(2,063)	(1,743)
Others	(21)	(164)	(18)
	(1,123)	(2,227)	(1,761)

10. IMPAIRMENT LOSSES UNDER EXPECTED CREDIT LOSS MODEL, NET OF REVERSAL/IMPAIRMENT LOSSES ON ALLOWANCE FOR DOUBTFUL DEBTS, NET OF REVERSAL

	Year ended December 31,		
	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*
Continuing operations			
Impairment losses (recognized) reversed on:			
– trade receivables	(2,671)	(4,388)	(4,713)
– contract assets	11,434	(2,031)	(2,448)
– other receivables	–	(154)	332
– amounts due from related parties	–	(4,775)	(338)
– loan to a related party	–	–	(614)
	8,763	(11,348)	(7,781)

Details of impairment assessment are set out in Note 38.

11. PROFIT BEFORE TAX

Profit before tax for the year from continuing operations has been arrived at after charging (crediting):

	Year ended December 31,		
	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*
Profit before tax has been arrived at after charging (crediting):			
Directors' remuneration	5,071	7,963	9,090
Other staff costs:			
– Salaries and other benefits	486,087	563,157	571,650
– Retirement benefits scheme contributions	15,956	23,054	25,276
Total staff costs	507,114	594,174	606,016
Depreciation of property, plant and equipment	11,736	13,655	21,074
Depreciation of right-of-use assets	5,337	10,127	10,873
Auditors' remuneration	1,706	263	1,124

12. DISCONTINUED OPERATIONS

On September 30, 2019, the directors of the Group resolved to dispose of all of the Group's landscape design operations. Negotiations with interested party have subsequently taken place. The assets and liabilities attributable to the business, which are expected to be sold within twelve months, have been classified as a disposal group held for sale and are presented separately in the consolidated statement of financial position (see below). The net proceeds of disposal are expected to exceed the net carrying amount of the relevant assets and liabilities and accordingly, no impairment loss has been recognized.

The profit (loss) for the years ended December 31, 2017, 2018 and 2019 from the discontinued landscape design operations are set out below.

	Year ended December 31,		
	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*
Revenue	110,560	203,423	228,536
Cost of sales	(92,569)	(187,623)	(232,472)
Gross profit (loss)	17,991	15,800	(3,936)
Other income	14	56	54
Other gains and losses	12	–	(54)
Selling and marketing expenses	(139)	(105)	–
Administration expenses	(8,527)	(10,798)	(8,512)
Finance costs	(550)	(1,444)	(2,521)
Impairment losses under expected credit loss model, net of reversal	–	452	(2,786)
Profit (loss) before tax	8,801	3,961	(17,755)
Income tax expense	(1,972)	(2,106)	(449)
Profit (loss) for the year	6,829	1,855	(18,204)

	Year ended December 31,		
	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*
Profit (loss) for the years from discontinued operations includes the following:			
Gain (loss) on disposal of property, plant and equipment	11	–	(62)
Depreciation and amortization of property, plant and equipment	639	667	944
Depreciation of right-of-use assets	115	717	551
Interest on lease liabilities	32	49	24
Auditor's remuneration	6	10	77
Cost of inventories recognized as an expense	32,525	51,669	52,977

During the years ended December 31, 2017, 2018 and 2019 the landscape design operations contributed RMB945,000 and RMB5,173,000 to the Group's operating cash outflow and RMB12,940,000 to the Group's operating cash inflow respectively, paid RMB827,000, RMB438,000 and RMB148,000 in respect of investing activities and received RMB4,376,000, RMB12,765,000 and paid RMB12,880,000 respectively in respect of financing activities.

The major classes of assets and liabilities of the landscape design operation as at December 31, 2019, which have been presented separately in the consolidated statement of financial position, are as follows:

	RMB'000
Property, plant and equipment	4,340
Right-of-use assets	401
Inventories	4,761
Trade and other receivables	27,310
Amounts due from related parties	42,807
Contract assets	7,873
Bank balances and cash	12,391
Total assets classified as held for sale	99,883
Trade and other payables	61,563
Contract liabilities	864
Amounts due to related parties	52
Lease liabilities	370
Total liabilities classified as held for sale	62,849

13. INCOME TAX EXPENSE

	Year ended December 31,		
	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*
Continuing operations			
Current tax:			
– PRC Enterprise Income Tax	94,135	70,890	129,421
(Over) under provision in prior years:			
– PRC Enterprise Income Tax	(374)	348	1,075
Deferred tax:			
– Current year	414	(22,566)	18,786
	94,175	48,672	149,282

No provision for Hong Kong Profits Tax has been made as the Group did not have any assessable income subjected to Hong Kong Profits Tax during the years ended December 31, 2017, 2018 and 2019.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the EIT rate of the PRC subsidiaries is 25%.

The Company is registered as an exempted company and as such is not subject to Cayman Islands taxation.

The tax charge for the year can be reconciled to the profit per the consolidated statement of profit or loss and other comprehensive income as follows:

	Year ended December 31,		
	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*
Profit before tax	349,926	411,764	538,204
Income tax expense calculated at 25%	87,482	102,941	134,551
Tax effect of share of results of associates	(3,496)	421	1,651
Tax effect of share of results of joint ventures	2,165	6,857	3,846
Effect of income that is non-taxable	(1,038)	–	–
Effect of expenses that are not-deductible	719	2,511	2,118
Effect of unused tax losses not recognized as deferred tax assets	8,717	541	5,296
Effect of deductible temporary differences not recognized as deferred tax assets	–	7,546	854
Effect of expenses that are deductible but are eliminated due to consolidation	–	(72,488)	–
(Over) under provision in prior years	(374)	348	1,075
Others	–	(5)	(109)
Income tax expenses recognized in profit or loss	94,175	48,672	149,282

14. DIVIDENDS

The Company had not resolved and paid any dividend during the Track Record Period.

15. DIRECTOR'S, CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS

Details of the emoluments paid or payable to the director and the Chief Executive Officer of the Company (including emoluments for his services as managerial level employee of group entities prior to becoming the director of the Company) during the Track Record Periods are as follows:

	Year ended December 31,		
	2017	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*
Chief Executive Officer and Executive Director:			
Mr. LI Jun			
– director's fee	–	–	–
– salaries and other benefits	3,500	3,500	2,450
– performance-based bonus	1,500	4,382	6,552
– retirement benefits scheme contributions	71	81	88
	5,071	7,963	9,090

Note: The performance-based bonus is discretionary based on the Group's financial results and directors' performance as decided by the management of the Group.

Five highest paid individuals' emoluments

Of the five individuals with the highest emoluments in the Group, including one, one and one director of the Group for the years ended December 31, 2017, 2018 and 2019 respectively. Details of whose emoluments are included in the disclosures above. The emoluments of the remaining highest paid individuals for the years ended December 31, 2017, 2018 and 2019 respectively were as follows:

	Year ended December 31,		
	2017	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*
Employees			
– salaries and other benefits	5,189	4,348	4,060
– performance-based bonus	4,837	6,747	5,985
– retirement benefits scheme contributions	219	159	265
	10,245	11,254	10,310

The emoluments of the five highest paid individuals (including one director) were within the following bands:

	Year ended December 31,		
	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*
HKD3,000,001 to HKD3,500,000	–	–	2
HKD3,500,001 to HKD4,000,000	1	–	1
HKD4,000,001 to HKD4,500,000	3	–	–
HKD4,500,001 to HKD5,000,000	–	–	1
HKD5,000,001 to HKD5,500,000	–	2	–
HKD5,500,001 to HKD6,000,000	1	–	–
HKD6,500,001 to HKD7,000,000	–	1	–
HKD7,500,001 to HKD8,000,000	–	1	–
HKD9,000,001 to HKD9,500,000	–	1	–
HKD10,000,001 to HKD10,500,000	–	–	1
	5	5	5

During the years ended December 31, 2017, 2018, and 2019, no emoluments were paid by the Group to any of the directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the years ended December 31, 2017, 2018 and 2019.

16. EARNINGS PER SHARE

For continuing operations

The calculation of the basic earnings per share attributable to the owners of the Company is based on the following data:

Earnings figures are calculated as follows:

	Year ended December 31,		
	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*
Profit for the year attributable to owners of the Company	246,882	334,900	324,769
Less:			
Profit (loss) for the year from discontinued operations attributable to owners of the Company	3,483	2,225	(15,111)
Earnings for the purpose of basic earnings per share from continuing operations	243,399	332,675	339,880

Number of shares

	Year ended December 31,		
	2017	2018	2019
	'000	*'000*	*'000*
Weighted average number of ordinary shares for the purpose of basic earnings per share	969,499	1,432,660	1,432,660

The weighted average number of ordinary shares for the purpose of basic earnings per share has been adjusted for the share capitalization on February 13, 2018.

From continuing and discontinued operations

The calculation of the basic earnings per share from continuing and discontinued operations attributable to the owners of the Company is based on the following data:

Earnings

	Year ended December 31,		
	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*
Earnings for the purpose of basic earnings per share (Profit for the year attributable to owners of the Company)	246,882	334,900	324,769

The denominators used are the same as those detailed above for basic earnings per share.

From discontinued operations

Basic earnings (losses) per share for the discontinued operations for the year ended December 31, 2017, 2018 and 2019 are RMB0.36 cent per share, RMB0.16 cent per share and RMB(1.05) cent per share respectively based on the profit (loss) for the year ended December 31, 2017, 2018 and 2019 from the discontinued operations of RMB3.48 million, RMB2.23 million and RMB(15.11) million respectively and the denominators used are the same as those detailed above for basic earnings per share.

No diluted earnings per share for the year ended December 31, 2017, 2018 and 2019 were presented as there were no potential ordinary shares in issue for the relevant years.

17. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings	Leasehold improvements	Furniture, fixtures and equipment	Transportation equipment	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
COST					
At January 1, 2017	62,873	6,905	12,003	33,434	115,215
Additions	1,925	2,664	3,296	5,751	13,636
Disposals	–	–	(311)	(8,886)	(9,197)
Acquisition of a subsidiary *(Note 35)*	–	190	562	14	766
At December 31, 2017	64,798	9,759	15,550	30,313	120,420
Additions	32,119	14,126	5,675	8,097	60,017
Disposals	–	–	(2,011)	(11,517)	(13,528)
Disposal of a subsidiary *(Note 36)*	–	–	(186)	(306)	(492)
At December 31, 2018	96,917	23,885	19,028	26,587	166,417
Additions	121	12,055	6,093	2,736	21,005
Disposals	–	–	(3,526)	(6,840)	(10,366)
Disposal of subsidiaries *(Note 36)*	–	(7,628)	(7,376)	(780)	(15,784)
Transfer to assets classified as held for sale *(Note 12)*	(4,912)	(1,165)	(581)	(20)	(6,678)
At December 31, 2019	92,126	27,147	13,638	21,683	154,594
DEPRECIATION AND IMPAIRMENT					
At January 1, 2017	(1,398)	(5,916)	(6,397)	(17,952)	(31,663)
Provided for the year	(3,760)	(1,338)	(2,052)	(5,225)	(12,375)
Eliminated on disposals	–	–	225	6,098	6,323
At December 31, 2017	(5,158)	(7,254)	(8,224)	(17,079)	(37,715)
Provided for the year	(3,266)	(3,481)	(2,935)	(4,640)	(14,322)
Eliminated on disposals	–	–	1,643	9,517	11,160
Disposal of a subsidiary *(Note 36)*	–	–	9	39	48
At December 31, 2018	(8,424)	(10,735)	(9,507)	(12,163)	(40,829)
Provided for the year	(5,189)	(7,513)	(5,391)	(3,925)	(22,018)
Eliminated on disposals	–	–	2,419	5,026	7,445
Disposal of subsidiaries *(Note 36)*	–	1,402	3,823	498	5,723
Transfer to assets classified as held for sale *(Note 12)*	747	1,096	480	15	2,338
At December 31, 2019	(12,866)	(15,750)	(8,176)	(10,549)	(47,341)
CARRYING VALUES					
At December 31, 2017	59,640	2,505	7,326	13,234	82,705
At December 31, 2018	88,493	13,150	9,521	14,424	125,588
At December 31, 2019	79,260	11,397	5,462	11,134	107,253

The above items of property, plant and equipment are depreciated on a straight-line basis at the following rates per annum after taking into account of the residual value:

Land and buildings	4.75%
Leasehold improvements	Short of lease term or useful life of the leasehold properties
Furniture, fixtures and equipment	19% to 31.67%
Transportation equipment	19%

18. RIGHT-OF-USE ASSETS

	Office premises	Motor vehicles	Total
	RMB'000	*RMB'000*	*RMB'000*
COST			
As at January 1, 2017	20,016	400	20,416
Additions	23,259	–	23,259
Decrease in early termination of lease	(1,204)	–	(1,204)
As at December 31, 2017	42,071	400	42,471
Additions	17,780	–	17,780
Derecognition due to the completion of lease	–	(400)	(400)
As at December 31, 2018	59,851	–	59,851
Additions	5,641	–	5,641
Derecognition due to the completion of lease	(2,255)	–	(2,255)
Acquisition of a subsidiary *(Note 35)*	1,107	–	1,107
Disposal of subsidiaries *(Note 36)*	(21,241)	–	(21,241)
Decrease in early termination of lease	(13,916)	–	(13,916)
Transfer to assets classified as held for sale *(Note 12)*	(1,784)	–	(1,784)
As at December 31, 2019	27,403	–	27,403
DEPRECIATION			
As at January 1, 2017	–	–	–
Provided for the year	(5,152)	(300)	(5,452)
Decrease in early termination of lease	262	–	262
As at December 31, 2017	(4,890)	(300)	(5,190)
Provided for the year	(10,744)	(100)	(10,844)
Derecognition due to the completion of lease	–	400	400
As at December 31, 2018	(15,634)	–	(15,634)
Provided for the year	(11,424)	–	(11,424)
Derecognition due to the completion of lease	2,255	–	2,255
Disposal of subsidiaries *(Note 36)*	5,409	–	5,409
Decrease in early termination of lease	6,542	–	6,542
Transfer to assets classified as held for sale *(Note 12)*	1,383	–	1,383
As at December 31, 2019	(11,469)	–	(11,469)
CARRYING VALUES			
As at December 31, 2017	37,181	100	37,281
As at December 31, 2018	44,217	–	44,217
As at December 31, 2019	15,934	–	15,934

	Year ended December 31,		
	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*
Expense relating to short-term leases with lease terms end within 12 months			
– from continuing operations	2,283	3,976	1,983
– from discontinued operations	538	1,647	3,879
	2,821	5,623	5,862
Total cash outflow for leases			
– from continuing operations	9,314	18,355	10,484
– from discontinued operations	669	2,618	4,264
	9,983	20,973	14,748

For the years ended December 31, 2017, 2018, and 2019 the Group leases various offices and vehicles for its operations. Lease contracts are entered into for fixed term of 16 months to 8 years without extension and termination options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

The Group regularly entered into short-term leases for office premises and machinery equipment used by discontinued operations. As at December 31, 2017, 2018 and 2019, the portfolio of short-term leases is similar.

In addition, all the balance of lease liabilities are recognized with related right-of-use assets as at December 31, 2017, 2018 and 2019. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

19. INVESTMENT PROPERTIES

	RMB'000
FAIR VALUE	
At January 1, 2017	–
Additions	24,525
Unrealized gain on property revaluation included in profit or loss	1,185
At December 31, 2017	25,710
Unrealized loss on property revaluation included in profit or loss	(15,399)
At December 31, 2018	10,311
Additions	19,810
Unrealized loss on property revaluation included in profit or loss	(974)
At December 31, 2019	29,147

The Group leases out retail stores under operating leases with rentals payable monthly. The leases typically run for an initial period of 1 to 5 years, with unilateral rights to extend the lease beyond initial period held by lessees only. The leases of retail stores are fixed over the lease term.

The Group is not exposed to foreign currency risk as a result of the lease arrangements, as all leases are denominated in the respective functional currencies of group entities. The lease contracts do not contain lessee's option to purchase the property at the end of lease term.

All of the Group's property interests held to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

The Group engages third party qualified valuers to perform the valuation. The management of the Company works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model.

The fair value of the Group's investment property at December 31, 2017, 2018 and 2019 have been arrived at on the basis of a valuation carried out on that date by Tianyuan Assets Appraisal Co., Ltd., an independent qualified professional valuer not connected to the Group, registered at Room 1202, Block A, UDC Times Building, No. 8 Xinye Road, Jianggan District, Hangzhou, Zhejiang Province, PRC.

In estimating the fair value of the properties, the highest and best use of the properties is their current use.

The following table gives information about how the fair values of these investment properties are determined (in particular, the valuation techniques and inputs used), as well as the fair value hierarchy into which the fair value measurements are categorized (Level 3) based on the degree to which the inputs to the fair value measurements is observable.

Carrying value of investment properties held by the Group in the consolidated statement of financial positions	**Fair value hierarchy**	**Valuation technique(s) and key input(s)**	**Significant unobservable input(s)**	**Relationship of unobservable inputs to fair value**
Commercial store units and carpark units in Shengzhou: December 31, 2017: RMB25,710,000 December 31, 2018: RMB10,311,000 December 31, 2019: RMB10,692,000	Level 3	Market approach – based on market observable transactions of similar properties and adjusted to reflect the locations and conditions of the subject property.	For store unites: Price per square meter, using market direct comparable and taking into account of location, age and other individual factors which is RMB20,500, RMB8,100 and RMB8,500 per square meter as at December 31, 2017, 2018 and 2019 respectively For carpark units Price per unit, which is RMB118,400, RMB108,900 and RMB108,100 per unit as at December 2017, 2018 and 2019 respectively	The higher the price per square meter, the higher the fair value.
Commercial store units in Lin'an: December 31, 2019: RMB17,298,000	Level 3	Market approach – based on market observable transactions of similar properties and adjusted to reflect the locations and conditions of the subject property.	Price per square meter, using market direct comparable and taking into account of location, age and other individual factors which is RMB21,400 per square meter as at December 31, 2019	The higher the price per square meter, the higher the fair value.
Commercial store units in Changxing: December 31, 2019: RMB1,157,000	Level 3	Market approach – based on market observable transactions of similar properties and adjusted to reflect the locations and conditions of the subject property.	Price per square meter, using market direct comparable and taking into account of location, age and other individual factors which is RMB9,800 per square meter as at December 31, 2019	The higher the price per square meter, the higher the fair value.

20. GOODWILL

	As at December 31,		
	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*
At January 1, and at December 31, ...	769,241	769,241	769,241

The goodwill held by the Group as at December 31, 2017, 2018 and 2019 arose on the acquisition of subsidiaries Greentown Construction Management Group and Greentown Shidai in 2015.

Goodwill arose in the acquisition of Greentown Shidai and Greentown Construction Management Group because the consideration paid for the acquisition effectively included the benefit of expected synergies, revenue growth and future market development of Greentown Shidai and Greentown Construction Management Group. These benefits are not recognized separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

For the purposes of impairment testing, goodwill set out above has been allocated to one cash generating unit ("CGU"). The estimated recoverable amount of CGU was determined to be higher than its carrying amount by RMB301,805,000, RMB315,820,000 and RMB462,432,000 as at December 31, 2017, 2018 and 2019 respectively. Therefore, the director considered that there is no impairment of CGU containing goodwill during the years ended December 31, 2017, 2018 and 2019 accordingly.

The basis of recoverable amount of the CGU and its major underlying assumptions is summarized below:

The recoverable amount of the CGU has been determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets approved by management covering a five-year period, and pre-tax discount rate of 17.86%, 17.86% and 17.87% as at December 31, 2017, 2018 and 2019 respectively. Other key assumptions for the value in use calculations relate to the estimation of cash inflows/outflows which include budgeted sales and gross margin, such estimation is based on the unit's past performance and director's expectations for the market development. The directors believe that any reasonably possible change in any of these assumptions would not cause the carrying amount of CGU to exceed its recoverable amount.

The table below sets forth (i) the key assumptions that are used in the calculation of the value in use of the CGUs as at December 31, 2017, 2018 and 2019; and (ii) the effect of the reasonably possible change in each of the key assumptions as determined by the Directors (with all other variables remained constant) on the calculation of value in use of the CGUs of mentioned above:

As at December 31, 2017

Key assumption	Base case	Change in key assumption	Surplus of recoverable amount of the CGU over its carrying amount
			RMB'000
Annual incremental sales contract rate for first five years	5%	Decrease by 1%	217,844
		Decrease by 2%	135,059
Gross margin rate.	20%-50%	Decrease by 5%	236,933
		Decrease by 10%	172,060
Pre-tax discount rate	17.86%	Increase by 1%	228,195
		Increase by 2%	162,495
Long-term growth rate.	1%	Decrease by 0.25%	285,649
		Decrease by 0.5%	270,109

As at December 31, 2018

Key assumption	Base case	Change in key assumption	Surplus of recoverable amount of the CGU over its carrying amount
			RMB'000
Annual incremental sales contract rate for first five years	5%	Decrease by 1%	183,023
		Decrease by 2%	51,987
Gross margin rate	20%-50%	Decrease by 5%	233,795
		Decrease by 10%	151,769
Pre-tax discount rate	17.86%	Increase by 1%	233,252
		Increase by 2%	159,572
Long-term growth rate	1%	Decrease by 0.25%	299,020
		Decrease by 0.5%	282,860

As at December 31, 2019

Key assumption	Base case	Change in key assumption	Surplus of recoverable amount of the CGU over its carrying amount
			RMB'000
Annual incremental sales contract rate for first five years	5%	Decrease by 1%	300,785
		Decrease by 2%	141,442
Gross margin rate	20%-50%	Decrease by 5%	347,516
		Decrease by 10%	232,599
Pre-tax discount rate	17.87%	Increase by 1%	372,027
		Increase by 2%	291,437
Long-term growth rate	1%	Decrease by 0.25%	443,630
		Decrease by 0.5%	425,567

21. INTERESTS IN ASSOCIATES

	As at December 31,		
	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*
Cost of unlisted investments in associates	49,421	44,930	40,280
Share of post-acquisition profits, net of dividends received	13,678	13,632	15,274
	63,099	58,562	55,554

As at December 31, 2017, 2018 and 2019, the Group had interests in the following principal associates established and operating in the PRC:

Name of associates	Registered capital	Proportion of ownership interest/ voting rights held by the Group			Principal activities
		As at December 31,			
		2017	2018	2019	
浙江綠城園林工程有限公司 Zhejiang Greentown Garden Project Co., Ltd. ("Greentown Garden Project")	RMB20,000,000	45% (i)	10% (ii)	10%	Landscape design and consulting
浙江綠城佳園建設工程管理有限公司 Zhejiang Greentown Jiayuan Construction Project Management Co., Ltd. ("Greentown Jiayuan")	RMB100,000,000	25% (iii)	25%	25%	Project management service
西南綠城房地產開發有限公司 Southwestern Greentown Real Estate Development Co., Ltd. ("Southwestern Greentown")	RMB100,000,000	25% (iv)	25%	25%	Project management service
*綠城理想家房屋科技服務有限公司 (Greentown Ideal House Technology Service Co., Ltd.) ("Greentown Ideal House")	RMB50,000,000	30%	30%	N/A (v)	Maintenance and service
*浙江綠城珅業房產建設管理有限公司 (formerly 綠城華南(深圳)建設管理有限公司) (Zhejiang Greentown Shenye Real Estate Construction Management Co., Ltd. formerly Greentown Southern China (Shenzhen) Construction Management Co., Ltd.) ("Zhejiang Shenye")	RMB50,000,000	40% (vi)	40%	N/A (vi)	Project management service
**浙江綠城繁星管理諮詢有限公司 (Zhejiang Greentown Fanxing Management Consulting Co., Ltd.) ("Greentown Fanxing")	RMB20,000,000	N/A	N/A	20%	Management and consulting
**杭州蕭山浙企綠城資產管理有限公司 (Hangzhou Xiaoshanzheqi Greentown Asset Management Co., Ltd.) ("Hangzhou Zheqi")	RMB10,000,000	N/A	N/A	35%	Investment holding and consulting

Notes:

(i) Greentown Construction Management Group acquired 45% equity interest of Greentown Garden Project from Greentown Real Estate at the consideration of RMB4,500,000 in 2017. The acquisition of Greentown Garden Project was for reorganization purpose, the consideration paid to Greentown Real Estate was without commercial substance. Greentown Construction Management Group recognized the initial cost of interest of Greentown Garden Project at the fair value of the shares obtained by the Group at the acquisition date, amounting to RMB7,060,000 and the benefits arisen from the difference between the initial cost and consideration amounting to RMB2,560,000 was presented as deemed contribution to the Group.

(ii) Greentown Construction Management Group disposed of 35% equity interest of Greentown Garden Project to a third party at the consideration of RMB3,500,000 in 2018. The carrying amount of equity disposed is RMB5,021,000. The difference between the carrying amount of equity disposed and consideration was recognized in net loss on partial disposal of associate of Greentown Construction Management Group. After the disposal, there is still one out of three directors of Greentown Garden Project appointed by Greentown Construction Management Group. Therefore, the remaining interests are still accounted for as interests in an associate.

(iii) Greentown Construction Management Group acquired 25% equity interest of Greentown Jiayuan from Greentown Real Estate at the consideration of RMB25,000,000 in 2017. The acquisition of Greentown Jiayuan was for reorganization purpose, the consideration paid to Greentown Real Estate was without commercial substance. Greentown Construction Management Group recognized the initial cost of interest of Greentown Jiayuan at the fair value of the shares obtained by the Group at the acquisition date, amounting to RMB27,632,000 and the benefits arisen from the difference between the initial cost and consideration amounting to RMB2,632,000 was presented as deemed contribution to the Group.

(iv) Southwestern Greentown was 17%-owned available-for-sale of Greentown Construction Management Group previously valued at RMB8,257,000. Greentown Construction Management Group acquired additional 8% equity interest of Southwestern Greentown from Greentown Real Estate at the consideration of RMB8,000,000 in 2017. After the acquisition, Greentown Construction Management Group held 25% equity interest in Southwestern Greentown and accounted for the investment as interest in an associate. The acquisition of additional interest of Southwestern Greentown was for reorganization purpose, the consideration paid to Greentown Real Estate was without commercial substance. Greentown Construction Management Group recognized the total cost of 25% equity interest of Southwestern Greentown at the fair value of the total 25% interests at the acquisition date amounting to RMB10,729,000 and the losses arisen from the difference between the cost and the fair value of previous available-for-sale at the acquisition date amounting to RMB8,257,000 and the additional cash consideration of RMB8,000,000 amounting to RMB5,528,000 was presented as deemed distribution to the Group.

(v) Greentown Construction Management Group disposed all its 30% equity interest of Greentown Ideal House to a fellow subsidiary of the Group at the consideration of RMB5,000,000 in 2019 which was without commercial substance. As at the disposal date, the carrying amount of the equity disposed was RMB nil while the Group has recognized the provision for the share of losses of Greentown Ideal House amounting to RMB2,968,000 regarding the Group obligated to undertake the share of losses limited to the unfulfilled capital contribution to Greentown Ideal House registered by the Group. The difference between the carrying amount of the equity disposed and the provision recognized and consideration received amounting to RMB7,968,000 was presented as deemed contribution to the Group.

(vi) Greentown Construction Management Group co-founded Zhejiang Shenye with Changxing Yuanhe investment management partnership (limited partnership) and Shenzhen Xinsheng Investment Consulting Co., Ltd. ("Shenzhen Xinsheng") in 2017, with 40%, 30% and 30% of equity interest respectively. As capital contribution was not paid, Greentown Construction Management Group recognized the initial cost of interest of Zhejiang Shenye at RMB nil. Greentown Construction Management Group acquired additional 11% equity interest of Zhejiang Shenye from Shenzhen Xinsheng in 2019 subsequently without consideration, since no capital contribution paid by each party as at the date of acquisition. The Group transferred the investment to interest in joint venture subsequently. After the acquisition, two out of three directors of Zhejiang Shenye are appointed by the Group, while decisions about relevant activities of Zhejiang Shenye require more than two-thirds of directors' voting rights. Therefore, Zhejiang Shenye is accounted for as a joint venture of the Group after the acquisition.

* These associate companies were established in 2017.

** These associate companies were established in 2019.

Summarized financial information of material associate

Summarized financial information in respect of the Group's material associate, Greentown Jiayuan is set out below. The summarized financial information below represents amounts shown in the associate' financial statements prepared in accordance with IFRSs.

The associate is accounted for using the equity method in these consolidated financial statements.

	As at December 31,		
	2017	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*
Current assets	666,829	772,944	782,027
Non-current assets	28,091	23,647	16,250
Current liabilities	208,750	641,774	659,635
Non-current liabilities	341,500	–	–
Non-controlling interests	9,103	8,110	2,245

The above amounts of assets and liabilities include the following:

	As at December 31,		
	2017	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*
Cash and cash equivalents	67,596	66,600	62,442

	As at December 31,		
	2017	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*
Revenue	98,945	135,358	143,395
Profits (loss) for the year attributed to the owner of the Greentown Jiayuan	25,039	11,142	(10,312)

The above profits (loss) for the year includes the following:

	As at December 31,		
	2017	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*
Depreciation and amortization	826	1,578	1,870
Interest income	21,154	304	604
Income tax expense	7,375	10,406	10,403

Reconciliation of the above summarized financial information to the carrying amount of the interest in the associate recognized in the consolidated financial statements:

	As at December 31,		
	2017	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*
Net assets of Greentown Jiayuan	135,567	146,707	136,397
Proportion of the Group's ownership interest in Greentown Jiayuan	25%	25%	25%
Carrying amount of the Group's interest in Greentown Jiayuan	33,892	36,677	34,099

Aggregate information of associates that are not individually material:

	Year ended December 31,		
	2017	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*
Group's share of total profit (loss) for the year	7,416	(3,859)	(2,811)
Aggregate carrying amount of the Group's interest in these associates	29,207	21,885	21,455

Note: Group's share of total profit for the year includes the provision for the share of certain associates as its share of losses of those associates exceeds its interests in those associates. As at December 31, 2018, the Group did not fulfill the payment obligation of subscribed capital contribution to those associates and the Group obligated to undertake the share of losses limited to the unfulfilled capital contribution to those associates registered by the Group. Other than the abovementioned provision, the Group does not have any unrecognized share of losses of these associates as at December 31, 2017, 2018 and 2019.

22. INTERESTS IN JOINT VENTURES

	As at December 31,		
	2017	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*
Cost of unlisted investments in joint ventures	11,411	11,588	40,500
Share of post-acquisition loss, net of dividends received	(2,429)	(3,149)	(4,317)
	8,982	8,439	36,183

As at December 31, 2017, 2018 and 2019, the Group had interests in the following principal joint ventures established and operating in the PRC:

Name of joint ventures	Registered capital	Proportion of ownership interest/ voting rights held by the Group			Principal activities
		As at December 31,			
		2017	2018	2019	
上海輔秦建設工程管理有限公司 (formerly 新疆綠城維格投資管理有限公司) (Shanghai Fuqin Project Management Co., Ltd.) ("Shanghai Fuqin")	RMB5,000,000	51% (i)	51%	51%	Project management service
山東藍城建設管理有限公司 (Shandong Bluetown Construction Management Co., Ltd.) ("Shandong Bluetown")	RMB10,000,000	51% (ii)	51%	51%	Project management service
新疆綠城創景建設管理有限公司 (formerly 新疆藍城房地產開發有限公司) (Xinjiang Chuangjing Construction Management Co., Ltd.) ("Xinjiang Bluetown")	RMB20,000,000	51% (ii)	51%	51%	Project management service
綠城景豐房地產建設管理有限公司 (formerly 山東綠城景豐房地產建設管理有限公司) (Greentown Jingfeng Real Estate Co., Ltd.)	RMB50,000,000	51% (iii)	51%	51%	Project management service
浙江綠城時代建設管理有限公司 (Zhejiang Shidai of Greentown Construction Management Co., Ltd.)	RMB10,000,000	51% (iii)	51%	51%	Project management service
綠城長裕建設管理有限公司 (Greentown Changyu Construction Management Co., Ltd.)	RMB50,000,000	51% (iii)	51%	51%	Project management service
綠城綠明建設管理有限公司 (Greentown Lvming Construction Management Co., Ltd.)	RMB50,000,000	51% (iii)	51%	51%	Project management service
山東綠城萬合房地產建設管理有限公司 (Shandong Greentown Wanhe Real Estate Construction Management Co., Ltd.)	RMB10,000,000	51% (iii)	51%	51%	Project management service
浙江綠城匠信建設管理有限公司 (Zhejiang Greentown Jiangxin Construction Management Co., Ltd.)	RMB10,000,000	51% (iv)	51%	51%	Project management service
浙江綠城商地建設管理有限公司 (Zhejiang Greentown Shangdi Construction Management Co., Ltd.)	RMB10,000,000	58.65% (vii)	58.65%	58.65%	Project management service
浙江綠城華贏建設管理有限公司 (Zhejiang Greentown Huaying Construction Management Co., Ltd.)	RMB10,000,000	51% (iii)	51%	51%	Project management service
綠城創新建設管理有限公司 (formerly 綠城創新建設管理(北京)有限公司) (Greentown Innovation Construction Management Co., Ltd.)	RMB50,000,000	51% (iii)	51%	51%	Project management service
綠城北方建設管理有限公司 (Greentown Northern Construction Management Co., Ltd.)	RMB50,000,000	51% (iii)	51%	51%	Project management service
綠城正弘(北京)建設管理有限公司 (Greentown Zhenghong (Beijing) Construction Management Co., Ltd.)	RMB10,000,000	51% (iii)	51%	51%	Project management service

Name of joint ventures	Registered capital	Proportion of ownership interest/ voting rights held by the Group			Principal activities
		As at December 31,			
		2017	2018	2019	
杭州綠城濱峰建設管理有限公司 (Hangzhou Greentown Binfeng Construction Management Co., Ltd.)	RMB20,000,000	100%	51% (v)	51%	Project management service
綠城田園城市建設發展有限公司 (Greentown Tianyuan City Construction Development Co., Ltd.)	RMB50,000,000	N/A	51% (viii)	51%	Project management service
杭州綠城鼎力建設管理有限公司 (Hangzhou Greentown Dingli Construction Management Co., Ltd.)	RMB20,000,000	N/A	51% (vi)	51%	Project management service
Zhejiang Shenye	RMB50,000,000	N/A	N/A	51% (Note 21 (vi))	Project management service
杭州綠城都會建築設計有限公司 (Hangzhou Greentown Duhui Construction and Design Co., Ltd.)	RMB12,244,900	N/A	N/A	51% (ix)	Construction and design
浙江綠城利普建築設計有限公司 (Zhejiang Greentown Lipu Construction Design Co., Ltd.) ("Greentown Lipu")	RMB12,245,000	N/A	N/A	51% (x)	Construction design and consulting
山東綠城青和建築設計有限公司 (Shandong Greentown Qinghe Architectural Design Co., Ltd.) ("Greentown Qinghe")	RMB6,120,000	N/A	N/A	50.98% (xi)	Construction design and consulting

Notes:

(i) Greentown Construction Management acquired additional 11% equity interest of Shanghai Fuqin in 2017. Shanghai Fuqin was previously a 40%-owned associate of Greentown Construction Management. After the acquisition, two out of three directors of Shanghai Fuqin are appointed by Greentown Construction Management, while a valid board resolution of relevant activities requires more than two-thirds of directors' voting rights. Therefore, Shanghai Fuqin is accounted for as a joint venture of Greentown Construction Management.

(ii) Greentown Construction Management acquired both additional 31% equity interest of Shandong Bluetown and Xinjiang Bluetown in 2017. Shandong Bluetown and Xinjiang Bluetown were previously 20%-owned available-for-sales of Greentown Construction Management. After the acquisition, two out of three directors of Shandong Bluetown and Xinjiang Bluetown are appointed by Greentown Construction Management, while a valid board resolution of relevant activities requires more than two-thirds of directors' voting rights. Therefore, both Shandong Bluetown and Xinjiang Bluetown are accounted for as joint ventures of Greentown Construction Management Group.

(iii) Two out of three directors of these companies are appointed by the Group, while a valid board resolution of relevant activities requires more than two-thirds of directors' voting rights. Therefore, these companies are accounted for as joint ventures of the Group.

(iv) The joint venture was incorporated in 2017. Three out of five directors of this company is appointed by the Group, while a valid board resolution of relevant activities requires two-thirds of directors' voting rights. Therefore, this company is accounted for as a joint ventures of the Group.

(v) Greentown Real Estate Construction Management Group Co., Ltd. disposed of its 49% equity interest in Hangzhou Greentown Binfeng Construction Management Co., Ltd. ("Hangzhou Binfeng") in 2018 and Hangzhou Binfeng is accounted for as a joint venture of the Group. Details of the disposal are set out in Note 36.

(vi) The joint venture was established in 2018. Two out of three directors of the company are appointed by the Group, while a valid board resolution of relevant activities requires more than two-thirds of directors' voting rights. Therefore, the company are accounted for as joint venture of the Group.

(vii) Three out of seven directors of this company is appointed by the Group, while a valid board resolution of relevant activities requires an unanimous approval from all directors. Therefore, this company is accounted for as a joint venture of the Group.

(viii) The joint venture was established in 2018. Three out of five directors of this company is appointed by the Group, while a valid board resolution of relevant activities requires more than two-thirds of directors' voting rights. Therefore, this company is accounted for as a joint venture of the Group.

(ix) The joint venture was established in 2019. Three out of five directors of this company is appointed by the Group, while a valid board resolution of relevant activities requires more than two-thirds of directors' voting rights. Therefore, this company is accounted for as a joint venture of the Group.

(x) On September 18, 2019, the Group entered an agreement with other shareholders of Greentown Lipu to revise the Article of Association of Greentown Lipu, all parties agreed that a valid board resolution of relevant activities of Greentown Lipu requires more than two-thirds of directors' voting rights. Three out of five directors of Greentown Lipu are appointed by the Group. Therefore, Greentown Lipu is accounted for as a joint venture afterwards. Details of the disposal are set out in Note 36.

(xi) On September 19, 2019, the Group entered an agreement with another shareholder of Greentown Qinghe to revise the Article of Association of the Greentown Qinghe, all parties agreed that a valid board resolution of relevant activities of Greentown Qinghe requires more than two-thirds of directors' voting rights. Three out of five directors of Greentown Qinghe are appointed by the Group. Therefore, Greentown Qinghe is accounted for as a joint venture afterwards. Details of the disposal are set out in Note 36.

No joint venture was individually material to the Group for the year ended December 31, 2017, 2018 and 2019.

Group's share of total loss for the year includes the provision for the share of certain joint ventures as its share of losses of those joint ventures exceeds its interests in those joint ventures. As at December 31, 2017, 2018 and 2019, the Group did not fulfill the payment obligation of subscribed capital contribution to those joint ventures and the Group obligated to undertake the share of losses limited to the unfulfilled capital contribution to those joint ventures registered by the Group. Other than the abovementioned provision, the Group does not have any unrecognized share losses of these joint ventures as at December 31, 2017, 2018 and 2019.

23. EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Equity instruments as at FVTOCI comprise:

	As at December 31,	
	2018	**2019**
	RMB'000	*RMB'000*
Unlisted equity securities	77,503	87,161

	Total
	RMB'000
At January 1, 2018	53,824
Unrealized fair value gain	23,679
At December 31, 2018	77,503
Disposal	(5,000)
Unrealized fair value gain	14,658
As at December 31, 2019	87,161

The above unlisted equity investments represent the Group's equity interest in private entities established in the PRC. The directors of the Company have elected to designate these investments in equity instruments as at FVTOCI as they are held for the long term primarily with the objective of strengthening business relationships.

24. AVAILABLE-FOR-SALE INVESTMENTS

Available-for-sale investments comprise:

	As at December 31,
	2017
	RMB'000
Unlisted equity securities, at cost	30,553

25. DEFERRED TAXATION

The following are the major deferred tax assets (liabilities) recognized and movements thereon during the current and prior years:

	Impairment losses	Tax losses	Fair Value adjustment – Investment properties	Fair Value adjustment – FVTOCI	Accrued expenses	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2017	2,858	4,848	–	–	–	7,706
(Charge) credit to profit or loss	(2,191)	(3,199)	(296)	–	5,272	(414)
At December 31, 2017	667	1,649	(296)	–	5,272	7,292
Adjustment on adoption of IFRS 9	7,540	–	–	(5,818)	–	1,722
At January 1, 2018 (restated)	8,207	1,649	(296)	(5,818)	5,272	9,014
(Charge) credit to profit or loss	2,958	20,880	3,850	–	(5,272)	22,416
Charge to other comprehensive income	–	–	–	(5,920)	–	(5,920)
At December 31, 2018	11,165	22,529	3,554	(11,738)	–	25,510
(Charge) credit to profit or loss	202	(22,489)	243	–	2,362	(19,682)
Charge to other comprehensive income	–	–	–	(3,662)	–	(3,662)
Disposal of subsidiaries *(Note 36)*	(1,206)	–	–	–	–	(1,206)
At December 31, 2019	10,161	40	3,797	(15,400)	2,362	960

For the purpose of presentation in the consolidated statement of financial position, deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same legal entity and fiscal authority. The following is the analysis of the deferred tax balances for financial reporting purposes:

	As at December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Deferred tax assets	7,588	37,248	16,360
Deferred tax liabilities	(296)	(11,738)	(15,400)
	7,292	25,510	960

The Group had deductible temporary differences of RMB nil, RMB34,517,000 and RMB24,697,000 as at December 31, 2017, 2018 and 2019 respectively. No deferred tax asset has been recognized in relation to such deductible temporary differences as it is not probable that taxable profit will be available against which such deductible temporary differences can be utilized.

As at December 31, 2017, 2018 and 2019, the Group had unused tax losses of RMB41,498,000, RMB113,346,000 and RMB44,518,000 respectively, available to offset against future profits. As at December 31, 2017, 2018 and 2019, unused tax losses of RMB6,595,000, RMB90,116,000 and RMB159,000, had been recognized in deferred tax assets, while RMB34,903,000, RMB23,230,000 and RMB44,359,000 had not been recognized due to the unpredictability of future profit streams. For these unrecognized tax losses, pursuant to the relevant laws and regulations in the PRC, these tax losses will be carried forward and expired in years as follows:

	As at December 31,		
	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000* *(Note)*
2019	5,399	–	–
2020	13	13	–
2021	8,544	450	431
2022	20,947	20,886	21,099
2023	N/A	1,881	8,691
2024	N/A	N/A	14,138
	34,903	23,230	44,359

Note: The unused tax losses of discontinued operations which had not been recognized in deferred tax assets as at December 31, 2019 has not been included in the unrecognized tax losses of the Group as at December 31, 2019 as above.

26. INVESTMENT IN SUBSIDIARIES

On December 20, 2016, the Company acquired one share which is 100% interests of Mainwide from Central Ford Limited, a whole-interests subsidiary of Greentown China with the consideration of HKD1.

During the Track Record Period and as at the date of this report, the Company has direct and indirect shareholders' interests in the following subsidiaries:

Name of subsidiaries	Place the date of incorporation/ establishment	Registered capital	Shareholding/equity interest attributable to the Company – As at December 31, 2017	2018	2019	As at the date of this report	Principal activities	Notes
Directly held:								
Mainwide (H.K.) Limited	Hong Kong, April 1, 2016	HKD1	100%	100%	100%	100%	Investment holding	
Indirectly held:								
綠城建設管理集團有限公司(原名:杭州藍城致信建設管理有限公司) (Greentown Construction Management Co., Ltd., formerly Hangzhou Bluetown Zhixin Construction Management Co., Ltd.)	PRC, September 8, 2016	RMB1,050,000,000	100%	100%	100%	100%	Project management	
淳安縣千島湖綠城房產建設管理有限公司 (Chun'an Qiandao Lake Greentown Real Estate Construction Management Co., Ltd.)	PRC, January 13, 2011	RMB1,000,000	100%	100%	100%	100%	Project management	
義烏綠城房產建設管理有限公司 (Yiwu Greentown Real Estate Construction Management Co., Ltd.)	PRC, December 18, 2012	RMB10,000,000	100%	100%	100%	100%	Project management	
義烏綠城投資發展有限公司 (Yiwu Greentown Investment Development Co., Ltd.)	PRC, September 11, 2013	RMB10,000,000	100%	100%	100%	100%	Project management	
青島綠城房產建設管理有限公司 (Qingdao Greentown Real Estate Construction Management Co., Ltd.)	PRC, October 22, 2012	RMB50,000,000	100%	100%	100%	100%	Project management	

Name of subsidiaries	Place the date of incorporation/ establishment	Registered capital	Shareholding/equity interest attributable to the Company As at December 31, 2017	2018	2019	As at the date of this report	Principal activities	Notes
綠城北方房產建設有限公司 (Greentown Northern Real Estate Construction Co., Ltd.)	PRC, December 6, 2010	RMB50,000,000	100%	N/A	N/A	N/A	Project management	(a)
金華綠城房產建設管理有限公司 (Jinhua Greentown Real Estate Construction Management Co., Ltd.)	PRC, November 4, 2013	RMB1,000,000	100%	100%	100%	100%	Project management	
嘉興綠城房地產建設管理有限公司 (Jiaxing Greentown Real Estate Construction Management Co., Ltd.)	PRC, February 18, 2014	RMB1,000,000	100%	N/A	N/A	N/A	Project management	(b)
上海綠城聯捷建設管理有限公司 (Shanghai Greentown Lianjie Construction Management Co., Ltd.)	PRC, June 4, 2013	RMB10,000,000	70%	70%	70%	70%	Project management	
綠城樂居建設管理集團有限公司(原名:杭州綠城樂居建設管理有限公司、綠城樂居建設管理有限公司) (Greentown Leju Construction Management Group Co., Ltd., formerly Hangzhou Greentown Leju Construction Management Co., Ltd., Greentown Leju Construction Management Co., Ltd)	PRC, November 30, 2011	RMB100,000,000	100%	100%	100%	100%	Project management	
杭州大江東綠城建設管理有限公司(原名:杭州大江東藍城建設管理有限公司) (Hangzhou Dajiangdong Greentown Construction Management Co., Ltd., formerly Hangzhou Dajiangdong Bluetown Construction Management Co., Ltd.)	PRC, June 26, 2015	RMB10,000,000	100%	100%	100%	100%	Project management	
上海藍城聯捷建設管理有限公司 (Shanghai Bluetown Lianjie Construction Management Co., Ltd.) ("Bluetown Lianjie")	PRC, November 30, 2015	RMB10,000,000	70%	70%	70%	70%	Project management	
上海藍城一方建設管理有限公司 (Shanghai Bluetown Yifang Construction Management Co., Ltd.) ("Bluetown Yifang")	PRC, January 29, 2016	RMB5,000,000	35%	35%	35%	35%	Project management	(c)
上海冉盛藍城建設管理有限公司 (Shanghai Ransheng Bluetown Construction Management Co., Ltd.) ("Bluetown Ransheng")	PRC, July 18, 2016	RMB10,000,000	N/A	N/A	N/A	N/A	Project management	(d)(e)
上海藍城祥裕建設管理有限公司 (Shanghai Bluetown Xiangyu Construction Management Co., Ltd.) ("Bluetown Xiangyu")	PRC, March 4, 2016	RMB10,000,000	42%	N/A	N/A	N/A	Project management	(f)(g)
上海藍城聯穗建設管理有限公司 (Shanghai Bluetown Liansui Construction Management Co., Ltd.) ("Bluetown Liansui")	PRC, October 13, 2014	RMB6,500,000	47.6%	N/A	N/A	N/A	Project management	(h)(i)
綠城房地產建設管理集團有限公司(原名:綠城鼎益房地產投資管理有限公司、綠城房地產建設管理有限公司) (Greentown Real Estate Construction Management Group Co., Ltd. formerly Greentown Dingyi Real Estate Investment Management Co., Ltd., Greentown Real Estate Construction Management Co., Ltd.)	PRC, March 21, 2012	RMB200,000,000	100%	100%	100%	100%	Project management	
溫州綠城悅居建設管理有限公司(原名:溫州綠鼎悅居建設管理有限公司) (Wenzhou Greentown Yueju Construction Management Co., Ltd., formerly Wenzhou Lvding Yueju Construction Management Co., Ltd.)	PRC, May 15, 2012	RMB1,000,000	100%	N/A	N/A	N/A	Project management	(j)
江西綠城眾森房地產投資管理有限公司 (Jiangxi Greentown Zhongsen Real Estate Investment Management Co., Ltd.)	PRC, April 17, 2014	RMB2,000,000	52%	N/A	N/A	N/A	Investment holding	(k)

Name of subsidiaries	Place the date of incorporation/ establishment	Registered capital	Shareholding/equity interest attributable to the Company — As at December 31, 2017	2018	2019	As at the date of this report	Principal activities	Notes
杭州綠城九略投資管理有限公司(原名:杭州綠鼎投資管理有限公司) (Hangzhou Greentown Jiulve Investment Management Co., Ltd., formerly Hangzhou Greentown Lvding Investment Management Co., Ltd.)	PRC, September 21, 2015	RMB10,000,000	100%	100%	100%	100%	Investment holding and consulting	
浙江綠星教育科技有限公司(原名:杭州綠諾投資管理有限公司) (Zhejiang Lvxing Educational Technology Co., Ltd., formerly Hangzhou Lvnuo Investment Management Co., Ltd.)	PRC, September 21, 2015	RMB10,000,000	100%	100%	100%	100%	Investment holding and education	
淳安綠城工程項目管理有限公司 (Chun'an Greentown Engineering Project Management Co., Ltd.)	PRC, February 26, 2016	RMB3,000,000	100%	100%	100%	100%	Project management	
杭州綠城濱峰建設管理有限公司 (Hangzhou Greentown Binfeng Construction Management Co., Ltd.)	PRC, April 29, 2016	RMB20,000,000	100%	N/A	N/A	N/A	Project management	(l)
金華綠城信息經濟產業園建設管理有限公司 (Jinhua Greentown Information Economic Industrial Park Construction Management Co., Ltd.)	PRC, November 10, 2016	RMB1,000,000	100%	100%	100%	100%	Project management	
杭州綠城坤一景觀設計諮詢有限公司 (Hangzhou Greentown Kunyi Garden Decoration & Consulting Co., Ltd.) ("Greentown Kunyi")	PRC, August 13, 2014	RMB2,041,000	51%	51%	51%	51%	Construction design and consulting	(m)
浙江綠城景道園林工程有限公司 (Zhejiang Greentown Landscape Garden Project Co., Ltd.) ("Greentown Landscape Garden")	PRC, November 29, 2012	RMB19,341,350	51%	51%	51%	51%	Landscape design and consulting	(n)
綠城鼎益(汕頭)房地產投資管理有限公司 (Greentown Dingyi (Shantou) Real Estate Investment Management Co., Ltd.)	PRC, August 20, 2014	RMB10,000,000	60%	N/A	N/A	N/A	Investment holding	(o)
浙江綠城利普建築設計有限公司 (Zhejiang Greentown Lipu Construction Design Co., Ltd.) ("Greentown Lipu")	PRC, September 30, 2011	RMB12,245,000	51%	51%	N/A	N/A	Construction design and consulting	(p)
台州綠城樂居建設管理有限公司 (Taizhou Greentown Leju Construction Management Co., Ltd.)	PRC, September 12, 2017	RMB1,000,000	100%	100%	100%	100%	Project management	
浙江綠城市政園林建設有限公司 (Zhejiang Greentown Public City Garden Construction Co., Ltd.)	PRC, September 13, 2017	RMB50,000,000	100%	100%	100%	100%	Landscape design and consulting	
溫州綠城樂居建設管理有限公司 (Wenzhou Greentown Leju Construction Management Co., Ltd.)	PRC, December 13, 2017	RMB1,000,000	100%	100%	100%	100%	Project management	
綠城時代城市建設發展有限公司 (Greentown Shidai Urban Construction Development Co., Ltd.)	PRC, September 17, 2012	RMB50,000,000	100%	N/A	N/A	N/A	Project management	(q)
紹興綠欣投資管理有限公司 (Shaoxing Lvxin Investment Management Co., Ltd.)	PRC, April 22, 2015	RMB1,000,000	80%	80%	80%	80%	Project management	
杭州江南綠城樂居建設管理有限公司 (Hangzhou Jiangnan Greentown Leju Construction Management Co., Ltd.)	PRC, February 9, 2018	RMB20,000,000	N/A	100%	100%	100%	Project management	
台州黃岩綠城樂居企業管理有限公司 (Taizhou Huangyan Greentown Leju Enterprise Management Co., Ltd.)	PRC, June 14, 2018	RMB1,000,000	N/A	100%	100%	100%	Project management	

Name of subsidiaries	Place the date of incorporation/ establishment	Registered capital	Shareholding/equity interest attributable to the Company As at December 31, 2017	2018	2019	As at the date of this report	Principal activities	Notes
麗水綠城樂居建設管理有限公司 (Lishui Greentown Leju Construction Management Co., Ltd.)	PRC, November 26, 2018	RMB1,000,000	N/A	100%	100%	100%	Project management	
山東綠城青和建築設計有限公司 (Shandong Greentown Qinghe Architectural Design Co., Ltd.) ("Greentown Qinghe")	PRC, April 20, 2018	RMB6,120,000	N/A	N/A	N/A	N/A	Construction design and consulting	(r)
綠城全順房地產建設管理有限公司 (Greentown Quanshun Real Estate Construction Management Co., Ltd.)	PRC, June 26, 2018	RMB50,000,000	N/A	51%	51%	51%	Project management service	(s)
浙江綠城建服建設管理有限公司 (Zhejiang Greentown Construction Service and Management Co., Ltd.)	PRC, December 21, 2018	RMB10,000,000	N/A	63%	63%	63%	Project management	
綠星資服房地產建設管理(杭州)有限公司 (Lvxing Asset Service and Real Estate Construction Management Hangzhou Co., Ltd.)	PRC, December 25, 2018	RMB100,000	N/A	100%	100%	100%	Project management	
綠星建築設計(杭州)有限公司 (Lvxing Construction Design Hangzhou Co., Ltd.)	PRC, December 25, 2018	RMB100,000	N/A	100%	100%	100%	Construction design and consulting	
綠星房產諮詢(杭州)有限公司 (Lvxing Real Estate Consulting Hangzhou Co., Ltd.)	PRC, December 25, 2018	RMB100,000	N/A	100%	100%	100%	Management and consulting	
三亞鑄就房地產諮詢管理有限公司 (Sanya Zhujiu Real Estate Consulting Management Co., Ltd.)	PRC, January 28, 2019	RMB5,000,000	N/A	N/A	100%	100%	Management and consulting	
浙江綠城浙企建設管理有限公司 (Zhejiang Greentown Zheqi Construction Management Co., Ltd.)	PRC, May 9, 2019	RMB10,000,000	N/A	N/A	65%	65%	Project management	
嘉興綠星樂居建設管理有限公司 (Jiaxing Lvxing Leju Construction Management Co., Ltd.)	PRC, May 6, 2019	RMB1,000,000	N/A	N/A	100%	100%	Project management	
溫州綠欣企業管理有限公司 (Wenzhou Lvxin Enterprise Management Co., Ltd.)	PRC, December 3, 2019	RMB1,000,000	N/A	N/A	100%	100%	Project management	
溫州綠興工程項目管理有限公司 (Wenzhou Lvxing Engineering Project Management Co., Ltd.)	PRC, December 3, 2019	RMB1,000,000	N/A	N/A	100%	100%	Project management	
成都綠城致嘉建設管理有限公司 (Chengdu Greentown Zhijia Construction Management Co.,Ltd.)	PRC, December 6, 2019	RMB10,000,000	N/A	N/A	100%	100%	Project management	
杭州綠欣海河工程項目管理有限公司 (Hangzhou Lvxinhaihe Engineering Project Management Co., Ltd.)	PRC, December 12, 2019	RMB1,000,000	N/A	N/A	100%	100%	Project management	

English translated names for the PRC subsidiaries are for identification only.

Notes:

(a) Greentown Northern Real Estate Construction Co., Ltd. has completed its statutory liquidation process in December 2018.

(b) Jiaxing Greentown Real Estate Construction Management Co., Ltd. has completed its statutory liquidation process in September 2018.

(c) Bluetown Yifang is a 50%-owned subsidiary of Bluetown Lianjie since there are four out of five directors of Bluetown Yifang are appointed by Bluetown Lianjie, while a valid board resolution of relevant activities requires two-thirds of directors' voting rights. Therefore, Bluetown Lianjie can exercise control over Bluetown Yifang by appointing majority of the board of directors.

(d) Bluetown Ransheng is a 50%-owned subsidiary of Bluetown Lianjie since there are four out of five directors of Bluetown Ransheng are appointed by Bluetown Lianjie, while a valid board resolution of relevant activities requires two-thirds of directors' voting rights. Therefore, Bluetown Lianjie can exercise control over Bluetown Ransheng by appointing majority of the board of directors.

(e) Bluetown Lianjie disposed of its 50% equity interest in Bluetown Ransheng in 2017. Details of the disposal are set out in Note 36.

(f) Bluetown Xiangyu is a 60%-owned subsidiary of Bluetown Lianjie.

(g) Bluetown Xiangyu has completed its statutory liquidation process in March 2018.

(h) Bluetown Liansui is a 68%-owned subsidiary of Bluetown Lianjie.

(i) Bluetown Liansui has completed its statutory liquidation process in July 2018.

(j) Wenzhou Greentown Yueju Construction Management Co., Ltd. has completed its statutory liquidation process in June 2018.

(k) Jiangxi Greentown Zhongsen Real Estate Investment Management Co., Ltd. has completed its statutory liquidation process in December 2018.

(l) Greentown Real Estate Construction Management Group Co., Ltd. disposed of its 49% equity interest in Hangzhou Greentown Binfeng Construction Management Co., Ltd. ("Hangzhou Binfeng") in 2018 and Hangzhou Binfeng is accounted for as a joint venture of the Group. Details of the disposal are set out in Note 36.

(m) Greentown Kunyi is a 51%-owned subsidiary of Greentown Construction Management Group. All of three directors of Greentown Kunyi are appointed by Greentown Construction Management Group. Therefore, Greentown Construction Management Group can exercise control over Greentown Kunyi.

(n) Greentown Landscape Garden is a 51%-owned subsidiary of Greentown Construction Management Group. All of three directors of Greentown Landscape Garden are appointed by Greentown Construction Management Group. Therefore, Greentown Construction Management Group can exercise control over Greentown Landscape Garden.

(o) Greentown Dingyi (Shantou) Real Estate Investment Management Co., Ltd. has completed its statutory liquidation process in March 2018.

(p) Formerly, Greentown Lipu was a 51%-owned subsidiary of Greentown Construction Management Group since there are three out of five directors of Greentown Lipu are appointed by Greentown Construction Management Group, while a valid board resolution of Greentown Lipu required an half of directors' votes. Therefore, Greentown Construction Management Group could exercise control over Greentown Lipu by appointing majority of the board of directors formerly. On September 18, 2019, Greentown Construction Management Group entered an agreement with other shareholders of Greentown Lipu to revise the Article of Association of Greentown Lipu, all parties agreed that a valid board resolution of Greentown Lipu requires unanimous approval from all directors. Three out of five directors of Greentown Lipu are appointed by Greentown Construction Management Group. Therefore, Greentown Lipu is accounted for as a joint venture afterwards. Details of the disposal are set out in Note 36.

(q) Greentown Shidai Urban Construction Development Co., Ltd. has completed its statutory liquidation process in December 2018.

(r) Greentown Construction Management Group obtained 50.98% equity interest of Greentown Qinghe on February 1, 2019. Four out of five directors of Greentown Qinghe are appointed by Greentown Construction Management Group, while a valid board resolution of Greentown Qinghe required an half of directors' votes. Therefore, Greentown Construction Management Group could exercise control over Greentown Qinghe by appointing majority of the board of directors formerly. On September 19, 2019, Greentown Construction Management Group entered an agreement with other shareholder of Greentown Qinghe to revise the Article of Association of Greentown Qinghe, all parties agreed that a valid board resolution of Greentown Qinghe requires unanimous approval from all directors. Four out of five directors of Greentown Qinghe are appointed by Greentown Construction Management Group. Therefore, Greentown Qinghe is accounted for as a joint venture afterwards. Details of the disposal are set out in Note 36.

(s) Greentown Quanshun Real Estate Construction Management Group Co., Ltd. is a 51% owned subsidiary of Greentown Construction Management Group. Two of three directors of the company are appointed by the Group, while a valid board resolution of relevant activities requires two-thirds of directors' voting rights. Therefore, Greentown Construction Management Group can exercise control over Greentown Quanshun Real Estate Construction Co., Ltd.

All subsidiaries now comprising the Group are limited liability companies and have adopted December 31, as their financial year end date.

No audit report is issued for Mainwide (H.K.) Limited for the years ended December 31, 2017, 2018 and 2019.

The statutory financial statements of the subsidiaries registered in the PRC were prepared in accordance with the relevant accounting principles and financial regulations applicable to enterprises established in the PRC and were audited by certificated public accountants registered in the PRC as set out below:

Name of subsidiaries	Periods covered	Certified Public Accountants
Greentown Construction Management Co., Ltd.	For the years ended December 31, 2017, 2018 and 2019	Zhejiang Yaoxin Certified Public Accountants Co., Ltd.
Chun'an Qiandao Lake Greentown Real Estate Construction Management Co., Ltd.	For the years ended December 31, 2017, 2018 and 2019	Zhejiang Yaoxin Certified Public Accountants Co., Ltd.
Yiwu Greentown Real Estate Construction Management Co., Ltd.	For the years ended December 31, 2017, 2018 and 2019	Zhejiang Yaoxin Certified Public Accountants Co., Ltd.
Yiwu Greentown Investment Development Co., Ltd.	For the years ended December 31, 2017, 2018 and 2019	Zhejiang Yaoxin Certified Public Accountants Co., Ltd.
Qingdao Greentown Real Estate Construction Management Co., Ltd.	For the years ended December 31, 2017 and 2018	Zhejiang Yaoxin Certified Public Accountants Co., Ltd.
	For the year ended December 31, 2019	No audited financial statements are issued
Greentown Northern Real Estate Construction Co., Ltd.	For the years ended December 31, 2017	Zhejiang Yaoxin Certified Public Accountants Co., Ltd.
	For the period from January 1, 2018 to December 28, 2018 (date of liquidation)	No audited financial statements are issued
Jinhua Greentown Real Estate Construction Management Co., Ltd.	For the years ended December 31, 2017, 2018 and 2019	Zhejiang Yaoxin Certified Public Accountants Co., Ltd.
Jiaxing Greentown Real Estate Construction Management Co., Ltd.	For the years ended December 31, 2017	Zhejiang Yaoxin Certified Public Accountants Co., Ltd.
	For the period from January 1, 2018 to September 13, 2018 (date of liquidation)	No audited financial statements are issued
Shanghai Greentown Lianjie Construction Management Co., Ltd.	For the years ended December 31, 2017, 2018 and 2019	Shanghai Rongsheng Certified Public Accountants Co., Ltd.
Greentown Leju Construction Management Group Co., Ltd.	For the years ended December 31, 2017, 2018 and 2019	Zhejiang Yaoxin Certified Public Accountants Co., Ltd.
Hangzhou Dajiangdong Greentown Construction Management Co., Ltd.	For the years ended December 31, 2017, 2018 and 2019	Zhejiang Yaoxin Certified Public Accountants Co., Ltd.
Shanghai Bluetown Lianjie Construction Management Co., Ltd.	For the years ended December 31, 2017, 2018 and 2019	Shanghai Rongsheng Certified Public Accountants Co., Ltd.
Shanghai Bluetown Yifang Construction Management Co., Ltd.	For the years ended December 31, 2017, 2018 and 2019	Shanghai Rongsheng Certified Public Accountants Co., Ltd.
Shanghai Ransheng Bluetown Construction Management Co., Ltd.	For the year ended December 31, 2017	No audited financial statements are issued
Shanghai Bluetown Xiangyu Construction Management Co., Ltd.	For the period from January 1, 2017 to March 20, 2018 (date of liquidation)	No audited financial statements are issued
Shanghai Bluetown Liansui Construction Management Co., Ltd.	For the year ended December 31, 2017 and for the period from January 1, 2018 to July 9, 2018 (date of liquidation)	No audited financial statements are issued

Name of subsidiaries	Periods covered	Certified Public Accountants
Greentown Real Estate Construction Management Group Co., Ltd.	For the years ended December 31, 2017, 2018 and 2019	Zhejiang Yaoxin Certified Public Accountants Co., Ltd.
Wenzhou Greentown Yueju Construction Management Co., Ltd.	For the year ended December 31, 2017	Zhejiang Yaoxin Certified Public Accountants Co., Ltd.
	For the period from January 1, 2018 to June 7, 2018 (date of liquidation)	No audited financial statements are issued
Jiangxi Greentown Zhongsen Real Estate Investment Management Co., Ltd.	For the year ended December 31, 2017	Zhejiang Yaoxin Certified Public Accountants Co., Ltd.
	For the period from January 1, 2018 to December 12, 2018 (date of liquidation)	No audited financial statements are issued
Hangzhou Greentown Jiulve Investment Management Co., Ltd.	For the years ended December 31, 2017, 2018 and 2019	Zhejiang Yaoxin Certified Public Accountants Co., Ltd.
Zhejiang Lvxing Educational Technology Co., Ltd.	For the years ended December 31, 2017, 2018 and 2019	Zhejiang Yaoxin Certified Public Accountants Co., Ltd.
Chun'an Greentown Engineering Project Management Co., Ltd.	For the years ended December 31, 2017 and 2018	Zhejiang Yaoxin Certified Public Accountants Co., Ltd.
	For the year ended December 31, 2019	No audited financial statements are issued
Hangzhou Greentown Binfeng Construction Management Co., Ltd.	For the year ended December 31, 2017	Zhejiang Yaoxin Certified Public Accountants Co., Ltd.
Jinhua Greentown Information Economic Industrial Park Construction Management Co., Ltd.	For the years ended December 31, 2017, 2018 and 2019	Zhejiang Yaoxin Certified Public Accountants Co., Ltd.
Hangzhou Greentown Kunyi Garden Decoration & Consulting Co., Ltd.	For the years ended December 31, 2017, 2018 and 2019	Zhejiang Yaoxin Certified Public Accountants Co., Ltd.
Zhejiang Greentown Landscape Garden Project Co., Ltd.	For the years ended December 31, 2017, 2018 and 2019	Zhejiang Yaoxin Certified Public Accountants Co., Ltd.
Greentown Dingyi (Shantou) Real Estate Investment Management Co., Ltd.	For the year ended December 31, 2017 and for the period from January 1, 2018 to March 22, 2018 (date of liquidation)	No audited financial statements are issued
Zhejiang Greentown Lipu Construction Design Co., Ltd.	For the years ended December 31, 2017 and 2018	Zhejiang Yaoxin Certified Public Accountants Co., Ltd.
Taizhou Greentown Leju Construction Management Co., Ltd.	For the period from September 12, 2017 (date of registration) to December 31, 2017 and for the year ended December 31, 2018 and 2019	Zhejiang Yaoxin Certified Public Accountants Co., Ltd.
Zhejiang Greentown Public City Garden Construction Co., Ltd.	For the period from September 13, 2017 (date of registration) to December 31, 2017	No audited financial statements are issued
	For the years ended December 31, 2018 and 2019	Zhejiang Yaoxin Certified Public Accountants Co., Ltd.
Wenzhou Greentown Leju Construction Management Co., Ltd.	For the period from December 13, 2017 (date of registration) to December 31, 2017 and for the year ended December 31, 2018 and 2019	Zhejiang Yaoxin Certified Public Accountants Co., Ltd.

Name of subsidiaries	Periods covered	Certified Public Accountants
Greentown Shidai Urban Construction Development Co., Ltd.	For the year ended December 31, 2017	Zhejiang Yaoxin Certified Public Accountants Co., Ltd.
	For the period from January 1, 2018 to December 5, 2018 (date of liquidation)	No audited financial statements are issued
Shaoxing Lvxin Investment Management Co., Ltd.	For the years ended December 31, 2017, 2018 and 2019	Zhejiang Yaoxin Certified Public Accountants Co., Ltd.
Hangzhou Jiangnan Greentown Leju Construction Management Co., Ltd.	For the period from February 9, 2018 (date of registration) to December 31, 2018 and for the year ended December 31, 2019	Zhejiang Yaoxin Certified Public Accountants Co., Ltd.
Taizhou Huangyan Greentown Leju Enterprise Management Co., Ltd.	For the period from June 14, 2018 (date of registration) to December 31, 2018 and for the year ended December 31, 2019	Zhejiang Yaoxin Certified Public Accountants Co., Ltd.
Lishui Greentown Leju Construction Management Co., Ltd.	For the period from November 26, 2018 (date of registration) to December 31, 2018	No audited financial statements are issued
	For the year ended December 31, 2019	Zhejiang Yaoxin Certified Public Accountants Co., Ltd.
Zhejiang Greentown Construction Service and Management Co., Ltd.	For the period from December 21, 2018 (date of registration) to December 31, 2018 and for the year ended December 31, 2019	No audited financial statements are issued
Lvxing Asset Service and Real Estate Construction Management (Hangzhou) Co., Ltd.	For the period from December 25, 2018 (date of registration) to December 31, 2018 and for the year ended December 31, 2019	No audited financial statements are issued
Lvxing Construction Design Hangzhou Co., Ltd.	For the period from December 25, 2018 (date of registration) to December 31, 2018 and for the year ended December 31, 2019	No audited financial statements are issued
Lvxing Real Estate Consulting Hangzhou Co., Ltd.	For the period from December 25, 2018 (date of registration) to December 31, 2018 and for the year ended December 31, 2019	No audited financial statements are issued
Greentown Quanshun Real Estate Construction Management Group Co., Ltd.	For the period from June 26, 2018 (date of registration) to December 31, 2018 and for the year ended December 31, 2019	No audited financial statements are issued
Sanya Zhujiu Real Estate Consulting Management Co., Ltd.	For the period from January 28, 2019 (date of registration) to December 31, 2019	Zhejiang Yaoxin Certified Public Accountants Co., Ltd.
Zhejiang Greentown Zheqi Construction Management Co., Ltd.	For the period from May 9, 2019 (date of registration) to December 31, 2019	No audited financial statements are issued
Jiaxing Lvxing Leju Construction Management Co., Ltd.	For the period from May 6, 2019 (date of registration) to December 31, 2019	Zhejiang Yaoxin Certified Public Accountants Co., Ltd.

Name of subsidiaries	Periods covered	Certified Public Accountants
Wenzhou Lvxin Enterprise Management Co., Ltd.	For the period from December 3, 2019 (date of registration) to December 31, 2019	Zhejiang Yaoxin Certified Public Accountants Co., Ltd.
Wenzhou Lvxing Engineering Project Management Co., Ltd.	For the period from December 3, 2019 (date of registration) to December 31, 2019	Zhejiang Yaoxin Certified Public Accountants Co., Ltd.
Chengdu Greentown Zhijia Construction Management Co., Ltd.	For the period from December 6, 2019 (date of registration) to December 31, 2019	No audited financial statements are issued
Hangzhou Lvxinhaihe Engineering Project Management Co., Ltd.	For the period from December 12, 2019 (date of registration) to December 31, 2019	Zhejiang Yaoxin Certified Public Accountants Co., Ltd.

27. TRADE AND OTHER RECEIVABLES

	As at December 31,		
	2017	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables	105,119	97,707	155,095
Less: allowance for credit losses	(2,671)	(19,474)	(17,383)
Trade receivables, net of allowance for credit losses	102,448	78,233	137,712
Other receivables	76,233	95,771	135,627
Less: allowance for credit losses	–	(2,974)	(2,642)
Other receivables, net of allowance for credit losses	76,233	92,797	132,985
Prepayments	2,267	6,773	2,337
Deferred issue cost	–	–	4,226
Input value-added tax	–	–	35,582
	180,948	177,803	312,842

Included in the trade receivables were bills receivables amounted to RMB3,500,000, RMB12,706,000 and RMB10,692,000 as at December 31, 2017, 2018 and 2019 respectively. All bills received by the Group are with a maturity period of less than one year.

The Group does not normally allow a credit period to its customers. The following is an age analysis of trade receivables (including bills receivables), net of allowance for credit losses, presented based on the invoice date at the end of each reporting period end:

	As at December 31,		
	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*
Within 180 days	86,750	67,641	121,670
180-365 days	12,697	10,286	14,983
Over 365 days	3,001	306	1,059
	102,448	78,233	137,712

As at December 31, 2017, included in the Group's trade receivable balance are debtors with aggregate carrying amount of RMB102,448,000 which are past due as at the reporting date for which the Group has not provided for impairment loss. The Group does not hold any collateral over these balances.

Movement in the allowance for doubtful debts:

	Contract assets	Trade receivables	Total
	RMB'000	*RMB'000*	*RMB'000*
As at January 1, 2017	11,434	–	11,434
Impairment losses recognized	–	2,671	2,671
Impairment losses reversed	(11,434)	–	(11,434)
As at December 31, 2017	–	2,671	2,671

Other receivables, other than advances to third parties which were mainly earnest money for potential projects, are repayable on demand. Prepayments and deposits are expected to be recovered within 12 months or normal operating cycle.

Details of impairment assessment of trade and other receivables for the year ended December 31, 2018 and 2019 are set out in Note 38.

28. CONTRACT ASSETS

	As at January 1,	As at December 31,		
	2017	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Project management service *(Note)*				
Contract assets	307,346	220,343	259,614	329,937
Less: allowance for credit losses	(11,434)	–	(15,570)	(18,017)
	295,912	220,343	244,044	311,920

Note: The significant increases in the years ended December 31, 2018 and 2019 are the results of the expansion of the project management business of the Group.

29. BANK BALANCES AND CASH/PLEDGED BANK DEPOSITS

At the end of each reporting period, bank balances and cash of the Group comprised of cash held by the Group and short-term bank deposits with an original maturity of three months or less. Bank balances carry interest at market rates which range from 0.001% to 2.99%, 0.001% to 2.99% and 0.001% to 3.55% per annum as at December 31, 2017, 2018 and 2019, respectively.

The deposits are pledged to a bank as collateral for the issue of letter of credit by the bank in connection with the purchase of raw materials, and plant and equipment by the Group. The pledged bank deposits carry interest at fixed rates which range from 0.35% to 2.75%, 0.35% to 2.75% and 0.30% to 2.75% per annum as at December 31, 2017, 2018 and 2019, respectively.

30. TRADE AND OTHER PAYABLES

	As at December 31,		
	2017	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*
Trade payables	27,510	41,021	23,741
Other payables	241,731	448,703	565,147
Payroll Payable	140,340	182,309	191,197
Provision for share of losses of associates exceeded interests invested *(Note 21)*	–	2,968	–
Provision for share of losses of joint ventures exceeded interests invested *(Note 22)*	6,232	32,941	50,404
	415,813	707,942	830,489

The following is an aged analysis of trade payables presented based on the invoice date.

	As at December 31,		
	2017	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	24,989	38,999	21,646
1-2 years	1,063	1,844	970
2-3 years	1,404	124	1,071
More than 3 years	54	54	54
	27,510	41,021	23,741

31. CONTRACT LIABILITIES

	As at January 1,	As at December 31,		
	2017	**2017**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Contract liabilities *(Note)*				
– to related parties *(Note 41(ii))*	2,000	1,356	1,794	–
– to third parties	210,725	209,278	289,558	239,580
	212,725	210,634	291,352	239,580

Note: The contract liabilities mainly represent the amounts received from the project management service before the related service is performed. Contract liabilities will be carried-forward to recognize as revenue when related performance obligations that are satisfied. The significant increase in the year ended December 31, 2018 is the result of the expansion of the project management business of the Group.

32. LEASE LIABILITIES

	As at December 31,		
	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*
Lease liabilities payable:			
Within one year	6,094	7,382	6,294
Within a period of more than one year but not more than two years	6,413	10,564	5,865
Within a period of more than two years but not more than five years	17,280	19,258	3,013
Within a period of more than five years	6,167	3,292	–
	35,954	40,496	15,172
Less: Amount due for settlement with 12 months shown under current liabilities	(6,094)	(7,382)	(6,294)
Amount due for settlement after 12 months shown under non-current liabilities	29,860	33,114	8,878

Lease liabilities are monitored within the Group's treasury function.

33. BANK AND OTHER BORROWINGS

	As at December 31,		
	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*
Unsecured bank loans repayable within one year, carried variable rate based on the People's Bank of China benchmark rate	10,000	10,000	–

The average effective interest rates were as follows:

	As at December 31,		
	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*
Bank loan	5.003%	5.655%	–

34. SHARE CAPITAL

The Company was incorporated and registered as an exempted company in the Cayman Islands on December 12, 2016 with an authorized share capital of HKD380,000 divided into 38,000,000 shares of a nominal value of HKD0.01 each. Upon incorporation of the Company, one share was issued by Greentown China.

The share capital represents the issued share capital of the Company.

The details of the change of the Company's authorized and issued ordinary shares during the Track Record Period are set out as below:

	Authorized number of shares	**HKD**
Ordinary shares of HKD0.01 each		
At January 1, 2017 and December 31, 2017	38,000,000	380,000
Increase	99,962,000,000	999,620,000
As at December 31, 2018 and 2019	100,000,000,000	1,000,000,000

	Issued and fully paid number of shares	**HKD**	**Shown in the consolidated statements of financial position as**
			RMB'000
Ordinary shares of HKD0.01 each			
At January 1, 2017	1	0.01	–
Ordinary shares issued *(Note (i))*	2	0.02	–
At December 31, 2017	3	0.03	–
Ordinary shares issued *(Note (ii))*	1,432,659,997	14,326,599.97	11,587
As at December 31, 2018 and 2019	1,432,660,000	14,326,600.00	11,587

Notes:

(i) On June 5, 2017, the Company entered into a deed to issue additional two shares to Greentown China to capitalized indebtedness arising from the payment of total consideration to acquire the whole interests of Greentown Construction Management paid by Greentown China on behalf of the Company valued at RMB1,432,660,000. The additional two shares were issued to Greentown China on June 27, 2017.

(ii) On February 13, 2018, the Company allotted and issued a total of 1,432,659,997 ordinary shares of HKD0.01 each credited as fully paid at par to Greentown China by way of capitalization of HKD14,326,599.97 out of the share premium of the Company.

35. ACQUISITION OF SUBSIDIARIES

Particulars of subsidiaries acquired during 2017 and 2019 were as follows:

Acquired company	Principal activities	Acquisition date	Equity interest acquired	Consideration
				RMB'000
浙江綠城利普建築設計有限公司 Zhejiang Greentown Lipu Construction Design Co., Ltd. ("Greentown Lipu") *(Note (i))*	Construction design and consulting	June 30, 2017	51%	– *(Note (i))*
山東綠城青和建築設計有限公司 Shandong Greentown Qinghe Construction Design Co., Ltd. ("Greentown Qinghe") *(Note (ii))*	Construction design and consulting	February 1, 2019	50.98%	– *(Note (ii))*

Notes:

(i) Greentown Construction Management Group, a wholly-owned subsidiary of the Group, obtained 51% equity interest of Greentown Lipu by capital injection of RMB6,245,000. The Group acquired Greentown Lipu so as to continue the expansion of the Group's construction design and consulting operation. Greentown Lipu has become a joint venture of the Group in September 2019, details of which are set out in Notes 22 and 36.

(ii) Greentown Real Estate Construction Management Group, a wholly-owned subsidiary of the Group, obtained 50.98% equity interest of Greentown Qinghe by capital injection of RMB3,120,000. The board of the directors of Greentown Qinghe is authorized to direct the relevant activities of Greentown Qinghe. Four out of five directors of Greentown Qinghe appointed by the Group while a valid board resolution require a half of the directors' consents. Therefore, the Group can exercise control over Greentown Qinghe. Greentown Qinghe has become a joint venture of the Group in September 2019, details of which are set out in Notes 22 and 36.

No subsidiary was acquired during 2018.

A summary of the effects of the acquisition of subsidiaries is as follows:

	Year ended December 31,	
	2017	2019
	Fair value of identified assets and liabilities of Greentown Lipu of acquisition date	Fair value of identified assets and liabilities of Greentown Qinghe of acquisition date
	RMB'000	*RMB'000*
Property, plant and equipment	766	–
Right-of-use assets	–	1,107
Trade and other receivables	5,851	758
Bank balances and cash	8,880	5,501
Trade and other payables	(805)	(220)
Income taxes payable	(111)	–
Other taxes payable	(95)	(30)
Contract liabilities	(1,693)	–
Lease Liabilities	–	(996)
	12,793	6,120
Non-controlling interests	(6,268)	(3,000)
	6,525	3,120
Less:		
Capital injection	(6,245)	(3,120)
Gain on acquisition of a subsidiary	(280)	–
	–	–
Net cash flow arising on acquisition:		
Capital injection	(6,245)	(3,120)
Bank balances and cash acquired	8,880	5,501
	2,635	2,381

The receivables acquired (which principally comprised trade and other receivables) with a fair value of RMB5,851,000 at the date of acquisition had gross contractual amounts of RMB5,851,000, which were expected to be fully collected for Greentown Lipu. The receivables acquired (which principally comprised trade and other receivables) with a fair value of RMB758,000 at the date of acquisition had gross contractual amounts of RMB758,000, which were expected to be fully collected for Greentown Qinghe.

The acquisition of the subsidiaries has been accounted for using the acquisition method. The non-controlling interest recognized at the acquisition date was measured by reference to the proportionate share of the recognized amounts of net assets of the subsidiary and amounted to RMB6,268,000 and RMB3,000,000 during the years ended December 31, 2017 and 2019 respectively.

Greentown Lipu contributed RMB26,143,000 in revenue to the Group between the date of acquisition and December 31, 2017. Greentown Qinghe contributed RMB27,573,000 in revenue to the Group between the date of acquisition and September 19, 2019 (the date it became a joint venture).

The profit attributable to Greentown Lipu amounted to RMB1,144,000 has been recognized in the Group's profit for the period between the date of acquisition and December 31, 2017. The profit attributable to Greentown Qinghe amounted to RMB5,523,000 has been recognized in the Group's profit for the period between the date of acquisition and September 19, 2019 (the date it became a joint venture).

Had the acquisition of Greentown Lipu been effected at the beginning of the year ended December 31, 2017, the total amount of revenue from continuing operations of the Group for the year ended December 31, 2017 would have been RMB1,020,215,000, the amount of the profit from continuing operations for the year ended December 31, 2017 would have been RMB256,254,000. Had the acquisition of Greentown Qinghe been effected at the beginning of the year ended December 31, 2019, the total amount of revenue from continuing operations of the Group for the year ended December 31, 2019 would have been RMB1,994,707,000, the amount of the profit from continuing operations for the year ended December 31, 2019 would have been RMB388,962,000. The proforma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed at the beginning of the year, nor is it intended to be a projection of future results.

Acquisition-related costs were immaterial and had been recognized as an expense in the years ended December 31, 2017 and 2019, within the administrative expenses line item in the consolidated statement of profit or loss and other comprehensive income.

36. DISPOSAL OF SUBSIDIARIES

On August 23, 2017, the Group disposed of its 50% equity interest in Bluetown Ransheng which is a dormant company to a third party for a consideration of RMB nil. The net asset of Bluetown Ransheng at the disposal date was RMB nil. The Group did not recognize any gain or loss on disposal of Bluetown Ransheng.

On March 20, 2018, the Group disposed of its 49% equity interest in Hangzhou Greentown Binfeng Construction Management Co., Ltd. ("Hangzhou Binfeng") to a third party for a consideration of RMB nil. Two out of three of directors of Hangzhou Binfeng are appointed by the Group, while a valid board resolution of relevant activities requires more than two-thirds of directors' voting rights, therefore, the remaining 51% equity interest is accounted for as interest in a joint venture.

On September 18, 2019, the Group entered an agreement with other shareholders of Greentown Lipu to revise the Article of Association of Greentown Lipu, all parties agreed that a valid board resolution of relevant activities of Greentown Lipu requires more than two out of three directors' consents. Three out of five directors of Greentown Lipu are appointed by the Group. Therefore, Greentown Lipu is accounted for as a joint venture afterwards.

On September 19, 2019, the Group entered an agreement with another shareholder of Greentown Qinghe to revise the Article of Association of the Greentown Qinghe, all parties agreed that a valid board resolution of relevant activities of Greentown Qinghe requires more than two out of three directors' consents. Three out of five directors of Greentown Qinghe are appointed by the Group. Therefore, Greentown Qinghe is accounted for as a joint venture afterwards.

A summary of the effects of the disposal of the subsidiaries is as follows:

	Year ended December 31,	
	2018	**2019**
	RMB'000	*RMB'000*
Property, plant and equipment	444	10,061
Right-of-use assets	–	15,832
Deferred tax assets	–	1,206
Trade and other receivables	6,436	27,017
Amounts due from related parties	1,000	–
Bank balances and cash	610	43,320
Trade and other payables	–	(31,637)
Income taxes payable	(170)	(3,758)
Other taxes payable	(32)	(703)
Contract liabilities	(7,941)	(214)
Lease liabilities	–	(16,674)
	347	44,450
Net loss on disposal of a subsidiary	(170)	–
Net-controlling interests	–	(21,783)
Total consideration	177	22,667
Satisfied by:		
Interests in a joint venture	177	22,667
Net cash outflow arising on disposal:		
Bank balances and cash disposed of	(610)	(43,320)

37. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximizing the return to shareholders through the optimization of the debt and equity balance.

The capital structure of the Group consists of bank borrowings (net of cash and cash equivalents) and equity attributable to owners of the Company (comprising capital and reserves).

The directors of the Company review the capital structure on a regular basis. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital. The Group will balance its overall capital structure through the payment of dividends, new share issues as well as the issue of new debt or the redemption of existing debt.

38. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	As at December 31,		
	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*
Financial assets			
Financial assets at amortized cost	N/A	1,004,423	2,166,961
Loans and receivables (including cash and cash equivalents)	1,043,586	N/A	N/A
Available-for-sale investments	30,553	N/A	N/A
Equity instruments at fair value through other comprehensive income	N/A	77,503	87,161
	1,074,139	1,081,926	2,254,122
Financial liabilities			
Amortized cost	1,316,445	874,102	1,389,641

(b) Financial risk management objectives and policies

The Group's major financial instruments include equity investments, trade and other receivables, amounts due from related parties, loan to a related party, pledged bank deposits, bank balances and cash, trade and other payables, amounts due to related parties and bank and other borrowings. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate pledged bank deposits, loan to a related party and lease liabilities. The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank deposits and bank and other borrowings. The Group currently does not have an interest rate hedging policy to mitigate interest rate risk; nevertheless, the management monitors interest rate exposure and will consider hedging significant interest rate risk should the need arise.

If the interest rate had been 5 basis points higher/lower and all other variables were held constant, the Group's profit before tax would increase/decrease by RMB406,000, RMB308,000 and RMB571,000, for the years ended December 31, 2017, 2018 and 2019, respectively.

Other price risk

The Group is exposed to equity price risk through its investments in unlisted equity securities measured at FVTOCI. The Group has appointed a team to monitor the price risk and will consider hedging the risk exposure should the need arise.

The sensitivity analyzes have been determined based on the exposure to equity price risk at each reporting date, excluding available-for-sale investments measured at cost less impairment for the year ended December 31, 2017. If the prices of the equity instruments had been 10% higher/lower, FVTOCI reserve would increase/decrease by RMB5,813,000 and RMB6,537,000 for the years ended December 31, 2018 and 2019 respectively.

Credit risk and impairment assessment

As at December 31, 2018 and 2019, the Group's maximum exposure to credit risk which will cause a financial loss to the Group is arising from the carrying amount of the respective recognized financial assets as stated in the consolidated statement of financial position.

The Group's credit risk is primarily attributable to its trade receivables, other receivables, amounts due from related parties, loan to a related party, pledged bank deposits, bank balances, and contract assets.

Trade receivables, contract assets and trade related amounts due from related parties arising from contracts with customers

In order to minimize the credit risk, The Group has policies in place to ensure that sales are made to purchasers with an appropriate financial strength and appropriate percentage of down payments. It also has other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group performs impairment assessment under ECL model upon application of IFRS 9 on trade balances based on provision matrix (before application of IFRS 9 on January 1, 2018: incurred loss model).

Other receivables

The credit risk of other receivables is managed through an internal process. The Group actively monitors the outstanding amounts owed by each debtor and uses past due information to assess whether credit risk has increased significantly since initial recognition.

Non-trade related amounts due from related parties and loan to a related party

The credit risk of non-trade related amounts due from related parties and loan to a related party are managed through an internal process. The Group also actively monitors the outstanding amounts owed by each debtor to assess whether credit risk has increased significantly since initial recognition.

Bank balances and cash and pledged bank deposit

Cash deposits are mainly placed with state-owned financial institutions and reputable banks which are all high-credit quality financial institutions, therefore the Group's credit risk on liquid funds is limited.

The Group's internal credit risk grading assessment for trade receivables, contract assets and trade related amounts due from related parties comprises the following categories:

Internal credit rating	Description	Basis for recognition of expected credit loss provision
Low risk	The counterparty has a low risk of default or counterparty frequently repays after due dates.	Lifetime ECL – not credit-impaired
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources.	Lifetime ECL – not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired.	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery.	Amount is written-off

The Group's internal credit risk grading assessment for other receivables, loan to a related party, non-trade related amounts due from related parties and bank balances and pledged bank deposit comprises the following categories:

Internal credit rating	Description	Basis for recognition of expected credit loss provision
Performing	The counterparty has a low risk of default and does not have any past-due amounts.	12-month ECL
Low risk	The counterparty still has a strong capacity to meet contractual cash flows after due date and the Group considers that the counterparty can settle in full afterwards.	12-month ECL
Watch list	Repayments are overdue and the Group considers that there is significant increases in credit risk since initial recognition.	Lifetime ECL – not credit-impaired
Doubtful	Repayments are overdue and the Group considers that default has occurred.	Lifetime ECL – credit-impaired
Loss	There is evidence indicating the asset is fully impaired.	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery.	Amount is written-off

The tables below detail the credit risk exposures of the Group's financial assets and contract assets which are subject to ECL assessment:

					As at December 31,	
					2018	**2019**
	Notes	**External credit rating**	**Internal credit rating**	**12-month or lifetime ECL**	**Gross carrying amount**	**Gross carrying amount**
					RMB'000	*RMB'000*
Financial assets at amortized cost						
Trade receivable . . .	*27*	N/A	*Note 1*	Lifetime ECL (not credit-impaired)	86,081	146,222
			Loss	Lifetime ECL (credit-impaired)	11,626	8,873
					97,707	155,095
Trade related amounts due from related parties . .	*41(ii)*	N/A	*Note 1*	Lifetime ECL (not credit-impaired)	114,106	33,332
			Loss	Lifetime ECL (credit-impaired)	456	21
					114,562	33,353
Other receivables . .	*27*	N/A	Performing & Low risk	12-month ECL	90,980	132,847
			Watch list	Lifetime ECL (not credit-impaired)	1,949	1,395
			Doubtful & Loss	Lifetime ECL (credit-impaired)	2,842	1,385
					95,771	135,627

					As at December 31,	
					2018	2019
	Notes	**External credit rating**	**Internal credit rating**	**12-month or lifetime ECL**	**Gross carrying amount**	**Gross carrying amount**
					RMB'000	*RMB'000*
Non-trade related amounts due from related parties . . .	*41(ii)*	N/A	Performing	12-month ECL	247,909	626,918
Loan to a related party.	*41(iii)*	N/A	Performing	12-month ECL	–	100,526
Pledged bank deposits	*29*	AAA – A *(Note 2)*	N/A	12-month ECL	6,428	14,963
Bank balances and cash	*29*	AAA – A *(Note 2)*	N/A	12-month ECL	471,563	1,126,771
Contract assets	*28*	N/A	*Note 1*	Lifetime ECL (not credit-impaired)	259,614	329,937

Notes:

1. For trade receivables, trade related amounts due from related parties and contract assets, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. Except for debtors with significant outstanding balances or credit-impaired, the Group determines the expected credit losses on these items by using a provision matrix based on aged days.

2. External credit rating disclosed by the counterparty financial institutions and banks, majority of which are located in the PRC.

Provision matrix – debtors' aging

As part of the Group's credit risk management, the Group uses debtors' aging to assess the impairment for its customers including those who are the related parties of the Group in relation to its project management service and construction design service because these operating segments have large number of small customers with common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. The Group assessed the impairment for its customers from these operating segments separately, and the information about the exposure to credit risk for these trade receivables and trade related amounts due from related parties based on provision matrix as at December 31, 2018 and 2019 within lifetime ECL (not credit impaired) are presented below respectively. Credit-impaired debtors with gross carrying amounts of RMB11,626,000 and RMB8,873,000 for trade receivables as at December 31, 2018 and 2019 respectively were assessed individually; Credit-impaired debtors with gross carrying amounts of RMB456,000 and RMB21,000 for trade related amounts due from related parties as at December 31, 2018 and 2019 respectively were assessed individually.

	As at December 31,			
	2018		2019	
	Average loss rate	Trade receivables	Average loss rate	Trade receivables
		RMB'000		*RMB'000*
Gross carrying amount				
Within 180 days	8.25%	76,478	5.63%	128,929
180-365 days	15.24%	9,153	6.81%	16,078
Over 365 days	32.22%	450	12.84%	1,215
		86,081		146,222

	As at December 31,			
	2018		2019	
	Average loss rate	Contract assets	Average loss rate	Contract assets
Gross carrying amount	6.00%	259,614	5.46%	329,937

	As at December 31,			
	2018		2019	
	Average loss rate	Trade related amounts due from related parties	Average loss rate	Trade related amounts due from related parties
		RMB'000		*RMB'000*
Gross carrying amount				
Within 180 days	3.63%	98,567	3.67%	20,183
180-365 days	8.98%	15,539	8.43%	13,149
		114,106		33,332

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort.

The following table shows the movement in lifetime ECL that has been recognized for trade receivables, contract assets and trade related amounts due from related parties under the simplified approach.

	Lifetime ECL (not credit-impaired)	Lifetime ECL (credit-impaired)	Total
	RMB'000	*RMB'000*	*RMB'000*
As at December 31, 2017 under IAS 39	–	2,671	2,671
Adjustment upon application of IFRS 9	23,622	4,781	28,403
As at January 1, 2018 – as restated	23,622	7,452	31,074
– Transfer to credit-impaired	(396)	396	–
– Impairment losses recognized	13,511	4,646	18,157
– Impairment losses reversed	(8,349)	(412)	(8,761)
As at December 31, 2018	28,388	12,082	40,470
– Transfer to credit-impaired	(287)	287	–
– Impairment losses recognized	18,170	1,176	19,346
– Impairment losses reversed	(10,905)	(332)	(11,237)
– Disposal of subsidiaries	(1,506)	(3,318)	(4,824)
– Transfer to assets classified as held for sale	(5,484)	(1,001)	(6,485)
As at December 31, 2019	28,376	8,894	37,270

Changes in the loss allowance for trade receivables, contract assets and trade related amounts due from related parties are mainly due to:

	As at December 31,		
	2018		2019
	Increase/(decrease) in lifetime ECL		Increase/(decrease) in lifetime ECL
	Not credit-impaired	Credit-impaired	Not credit-impaired
	RMB'000	*RMB'000*	*RMB'000*
One trade debtor with a gross carrying amount of RMB4,500,000 defaulted and transferred to credit-impaired as at December 31, 2018	(396)	4,500	–
Several new trade debtors with gross carrying amounts of RMB235,991,000 and RMB164,871,000 as at December 31, 2018 and 2019	12,032	–	13,666
Settlement in full of trade debtors with gross carrying amounts of RMB103,999,000 and RMB101,971,000 as at December 31, 2018 and 2019	(6,425)	–	(6,124)

Provision matrix – internal credit rating

The following table provides information about the exposure to credit risk and ECL for other receivables, non-trade related amounts due from related parties and loan to a related party which are assessed collectively. In addition to the internal credit ratings as stated above, the Group further assessed the impairment for other receivables, non-trade related amounts due from related parties and loan to a related party from the different operating segments separately, and the information about the exposure to credit risk for these other receivables, amounts due from related parties and loan to a related party based on provision matrix as at December 31, 2018 and 2019 within 12-month ECL and life time (not credit impaired) are presented below respectively. Credit-impaired debtors with gross carrying amounts of RMB779,000 and RMB779,000 for other receivables as at December 31, 2018 and 2019 respectively were assessed individually; Debtors with significant outstanding balance with gross carrying amounts of RMB125,307,000 and RMB413,369,000 for non-trade amount due from related parties as at December 31, 2018 and 2019 respectively were assessed individually; Debtors with significant outstanding balance with gross carrying amount of RMB100,526,000 for loan to a related party as at December 31, 2019 was assessed individually.

	As at December 31,			
	2018		**2019**	
	Average loss rate	**Other receivables**	**Average loss rate**	**Other receivables**
		RMB'000		*RMB'000*
Gross carrying amount				
Performing	0.54%	89,408	0.76%	130,109
Low risk	16.86%	1,572	17.79%	2,738
Watch list	20.63%	1,949	21.00%	1,395
Doubtful	56.71%	2,063	56.77%	606
		94,992		134,848

	As at December 31,			
	2018		**2019**	
	Average loss rate	**Non-trade related amounts due from related parties**	**Average loss rate**	**Non-trade related amounts due from related parties**
		RMB'000		*RMB'000*
Gross carrying amount				
Performing	0.54%	122,602	0.76%	213,549

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated.

The following table shows the movement in lifetime ECL that has been recognized for other receivables, non-trade related amounts due from related parties and loan to a related party.

	12m ECL	Lifetime ECL (not credit-impaired)	Lifetime ECL (credit-impaired)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As at December 31, 2017 under IAS 39	–	–	–	–
Adjustment upon application of IFRS 9	1,137	1,259	721	3,117
As at January 1, 2018				
– **as restated**	1,137	1,259	721	3,117
– Transfer to credit-impaired	–	(422)	422	–
– Transfer to lifetime ECL	(355)	355	–	–
– Impairment losses recognized	1,730	47	954	2,731
– Impairment losses reversed	(246)	(837)	(148)	(1,231)
As at December 31, 2018	2,266	402	1,949	4,617
– Transfer to credit-impaired	–	(126)	126	–
– Transfer to lifetime ECL	(187)	187	–	–
– Impairment losses recognized	3,816	174	218	4,208
– Impairment losses reversed	(236)	(344)	(1,170)	(1,750)
– Transfer to assets classified as held for sale	(36)	–	–	(36)
As at December 31, 2019	5,623	293	1,123	7,039

Company Level

Debtor with significant outstanding balance with a gross carrying amount of RMB1,432,625,000 and RMB2,382,579,000 for amount due from a subsidiary as at December 31, 2018 and 2019 respectively was assessed individually. Details of which are set out in Note 41(ii).

Liquidity risk

In the management of 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 following table details the Group's remaining contractual maturity for its non-derivative financial liabilities based on the agreed repayment terms. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

Liquidity and interest risk tables

	Weighted Average interest rate	On demand or less than 1 year	1-5 years	Over 5 years	Total undiscounted cash flows	Carrying amount
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
For the year ended December 31, 2017						
Non-derivative financial liabilities						
Trade and other payables. .	–	269,241	–	–	269,241	269,241
Bank and other borrowings – variable-rate	5.003%	10,132	–	–	10,132	10,000
Amounts due to related parties – interest-free	–	1,037,204	–	–	1,037,204	1,037,204
Lease liabilities	5.400%	7,842	27,325	6,565	41,732	35,954
As at December 31, 2017 .		1,324,419	27,325	6,565	1,358,309	1,352,399

	Weighted Average interest rate	On demand or less than 1 year	1-5 years	Over 5 years	Total undiscounted cash flows	Carrying amount
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
For the year ended December 31, 2018						
Non-derivative financial liabilities						
Trade and other payables. .	–	489,724	–	–	489,724	489,724
Bank and other borrowings – variable-rate	5.655%	10,173	–	–	10,173	10,000
Amounts due to related parties – interest-free	–	374,378	–	–	374,378	374,378
Lease liabilities	5.400%	9,334	33,077	3,411	45,822	40,496
As at December 31, 2018 .		883,609	33,077	3,411	920,097	914,598

	Weighted Average interest rate	On demand or less than 1 year	1-5 years	Over 5 years	Total undiscounted cash flows	Carrying amount
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
For the year ended December 31, 2019						
Non-derivative financial liabilities						
Trade and other payables. .	–	588,888	–	–	588,888	588,888
Amounts due to related parties – interest-free	–	800,753	–	–	800,753	800,753
Lease liabilities	5.400%	6,934	9,296	–	16,230	15,172
As at December 31, 2019 .		1,396,575	9,296	–	1,405,871	1,404,813

(c) Fair value measurements of financial instruments

Fair value of the Group's financial assets that are measured at fair value on a recurring basis

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

Financial instrument	**Fair value**	**Fair value hierarchy**	**Valuation technique and key inputs**	**Significant unobservable inputs**
	RMB'000			
Unquoted equity investments . . .	Equity instrument at FVTOCI: 11,007 and 16,604 as at December 31, 2018 and 2019 respectively	Level 3	Income approach – in this approach, the discounted cash flow method was used to capture the present value of the expected dividend income and ultimate disposal proceed.	Discount rate of 6.4% and 6.1% as at December 31, 2018 and 2019 respectively. *(Note 1)*
	Equity instrument at FVTOCI: 31,084 and 38,441 as at December 31, 2018 and 2019 respectively	Level 3	Market approach – in this approach, the value of an asset or security is based upon development of ratios of market prices which investors are paying for similar assets or securities in the market place.	Adjusted price earnings ratio (P/E ratio), determined by reference to the P/E ratio of listed entities in similar industries, of 8.9 and 8.9 as at December 31, 2018 and 2019 respectively. *(Note 2)* Discount for lack of marketability, determined by reference to the share price of listed entities in similar industries, of 29.3% and 28.0% as at December 31, 2018 and 2019 respectively. *(Note 3)*

Financial instrument	Fair value	Fair value hierarchy	Valuation technique and key inputs	Significant unobservable inputs
	RMB'000			
Unquoted equity investments . . .	Equity instruments at FVTOCI: 30,285 and 32,116 as at December 31, 2018 and 2019 respectively	Level 3	The value of underlying net assets is based on the expected net realizable value of properties under development calculated by the discounted future income generated from the sales of such properties under development in the future less costs to be incurred to reach the sales condition, plus adjusted value of other identifiable assets and liabilities of the underlying net assets.	Discount rate, used to determine the value of properties under development, taking into account weighted average cost of capital (WACC) determined using a Capital Asset Pricing Model, of 12.1% and 11.4% as at December 31, 2018 and 2019 respectively. *(Note 4)* Expected price per square meter, used to determine the value of properties under development, ranging from RMB10,430 to RMB28,500 and from RMB10,400 to RMB28,500 as at December 31, 2018 and 2019 respectively. *(Note 5)*
	Equity instruments at FVTOCI: 5,127 as at December 31, 2018	Level 3	The value of underlying net assets is based on the value of carpark units calculated by the market observable transactions of similar properties and adjusted to reflect the locations and conditions, plus adjusted value of other identifiable assets and liabilities of the underlying net assets.	Expected price per unit, used to determine the value of carpark units, ranging from RMB32,000 to RMB61,000 per unit as at December 31, 2018. *(Note 6)*

Note 1: A 10% increase/decrease in the discount rate while holding all other variables constant would decrease the fair value measurement of the unquoted equity investments by RMB80,000 and RMB140,000 or increase the fair value measurement of the unquoted equity investments by RMB120,000 and RMB140,000 as at December 31, 2018 and 2019, respectively.

Note 2: A 10% increase/decrease in the P/E ratio while holding all other variables constant would increase/decrease the fair value measurement of the unquoted equity investments by RMB3,064,000 and RMB3,813,000 as at December 31, 2018 and 2019, respectively.

Note 3: A 10% increase/decrease in the discount for lack of marketability while holding all other variables constant would decrease/increase the fair value measurement of the unquoted equity investments by RMB1,270,000 and RMB1,483,000 as at December 31, 2018 and 2019, respectively.

Note 4: A 10% increase/decrease in the discount rate while holding all other variables constant would decrease the fair value measurement of the unquoted equity investments by RMB217,500 and RMB62,000 or increase the fair value measurement of the unquoted equity investments by RMB217,600 and RMB63,700 as at December 31, 2018 and 2019, respectively.

Note 5: A 10% increase/decrease in the expected price per square meter while holding all other variables constant would increase the fair value measurement of the unquoted equity investments by RMB3,961,000 and RMB3,123,100 or decrease the fair value measurement of the unquoted equity investments by RMB3,960,700 and RMB3,276,900 as at December 31, 2018 and 2019, respectively.

Note 6: A 10% increase/decrease in the expected price per unit while holding all other variables constant would increase/decrease the fair value measurement of the unquoted equity investments by RMB180,000 as at December 31, 2018.

Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required)

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortized cost in the consolidated financial statements approximate their fair values.

39. RETIREMENT BENEFITS PLANS

The employees of the Group's subsidiaries in the PRC are members of the state-managed retirement benefits schemes operated by the PRC government. The PRC subsidiaries are required to contribute a certain percentage of payroll costs to the retirement benefits schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefits schemes is to make the specified contributions.

40. CONTINGENT LIABILITIES

At the end of each reporting period, the Group had no significant contingent liability.

41. RELATED PARTY DISCLOSURES

(i) During the year, in addition to those disclosed in other notes to the consolidated financial statements, the Group entered into the following transactions with related parties:

(a) Provided project management service to related parties

	Notes	Year ended December 31, 2017	2018	2019
		RMB'000	*RMB'000*	*RMB'000*
山東高速綠城置業投資有限公司 Shandong High Speed Greentown Real Estate Investment Co., Ltd. ("Shandong High Speed")	*(5)*	29,191	31,201	35,641
綠城房地產集團有限公司 Greentown Real Estate Group Co., Ltd. ("Greentown Real Estate Group")	*(1)*	55,112	48,115	31,199
山東藍城建設管理有限公司 Shandong Bluetown Construction Management Co., Ltd. ("Shandong Bluetown")	*(3)*	9,523	30,227	12,290
杭州錢江綠星樂居建設管理有限公司 Hangzhou Qianjiang Lvxing Leju Construction Management Co., Ltd. ("Hangzhou Qianjiang")	*(1)*	–	–	8,842
溫州綠城樂居企業管理有限公司 Wenzhou Greentown Leju Enterprise Management Co., Ltd. ("Wenzhou Leju Enterprise Management")	*(1)*	–	–	8,632
杭州綠城濱峰建設管理有限公司 Hangzhou Greentown Binfeng Construction Management Co., Ltd. ("Hangzhou Binfeng")	*(3)*	–	1,791	4,716
溫州綠城樂居項目管理有限公司 Wenzhou Greentown Leju Project Management Co., Ltd. ("Wenzhou Leju Project Management")	*(1)*	–	–	4,501
杭州綠城鼎力建設管理有限公司 Hangzhou Greentown Dingli Construction Management Co., Ltd. ("Greentown Dingli")	*(3)*	–	6,138	4,470
綠城景豐房地產建設管理有限公司(原名:山東綠城景豐房地產建設管理有限公司) Greentown Jingfeng Real Estate Co., Ltd. (Formerly Shandong Greentown Jingfeng Real Estate Co., Ltd. ("Greentown Jingfeng")	*(3)*	–	158	4,468
綠城楊柳郡房地產有限公司 Greentown Yangliujun Real Estate Co., Ltd. ("Greentown Yangliujun")	*(1)*	–	–	4,388
綠城長裕建設管理有限公司 Greentown Changyu Construction Management Co., Ltd.) ("Greentown Changyu")	*(3)*	–	377	1,742
Others		3,545	2,668	2,608
		97,371	120,675	123,497

(b) Provided construction design and education consulting service to related parties

	Notes	2017	2018	2019
		Year ended December 31,		
		RMB'000	RMB'000	RMB'000
Wenzhou Leju Enterprise Management	(1)	–	–	15,025
Wenzhou Leju Project Management	(1)	–	–	9,543
Greentown Real Estate Group	(1)	597	3,065	701
Others		811	3,118	5,709
		1,408	6,183	30,978

(c) Interest income arising from loan to related parties

	Notes	2017	2018	2019
		Year ended December 31,		
		RMB'000	RMB'000	RMB'000
瀋陽全運村建設有限公司 Shenyang Quanyuncun Construction Co., Ltd. ("Shenyang Quanyuncun")	(5)	–	–	526
Greentown Real Estate Group	(1)	4,387	370	–
Others		–	741	–
		4,387	1,111	526

(d) Received consulting and other service from related parties

	Notes	2017	2018	2019
		Year ended December 31,		
		RMB'000	RMB'000	RMB'000
綠城綠明建設管理有限公司 Greentown Lvming Construction Management Co., Ltd. ("Greentown Lvming")	(3)	4,993	47,107	75,582
浙江綠城珅業房產建設管理有限公司 Zhejiang Greentown Shenye Real Estate Construction Management Co., Ltd. ("Zhejiang Shenye")	(3)	–	28,500	72,202
Greentown Fanxing	(3)	–	–	70,773
綠城北方建設管理有限公司 Greentown Northern Construction Management Co., Ltd. ("Greentown Northern")	(3)	3,650	33,658	66,537
山東藍城建設管理有限公司 Shandong Bluetown Construction Management Co., Ltd. ("Shandong Bluetown")	(3)	4,105	7,006	63,159
綠城創新建設管理有限公司 Greentown Chuangxin Construction Management Co., Ltd. ("Greentown Chuangxin")	(3)	–	21,668	61,057
浙江綠城時代建設管理有限公司 Zhejiang Greentown Shidai Construction Management Co., Ltd. ("Zhejiang Shidai")	(3)	4,173	16,077	54,316

		Year ended December 31,		
	Notes	2017	2018	2019
		RMB'000	*RMB'000*	*RMB'000*
綠城田園城市建設發展有限公司 Greentown Tianyuan City Construction Development Co., Ltd.. ("Greentown Tianyuan")	*(3)*	–	5,578	36,520
綠城景豐房地產建設管理有限公司 Lvcheng Jingfeng Real Estate Construction Management Co., Ltd. ("Greentown Jinfeng")	*(3)*	23,347	24,853	27,735
綠城正弘(北京)建設管理有限公司 Greentown Zhenghong (Beijing) Construction Management Co., Ltd. ("Greentown Zhenghong")	*(3)*	3,566	5,218	18,730
上海輔秦建設工程管理有限公司 Shanghai Fuqin Construction Project Management Co., Ltd. ("Shanghai Fuqin")	*(3)*	–	9,970	9,913
山東綠城萬合房地產建設管理有限公司 Shandong Greentown Wanhe Real Estate Construction Management Co., Ltd. ("Shandong Wanhe")	*(3)*	–	1,359	2,083
Greentown Changyu Construction Management Co., Ltd. ("Greentown Changyu")	*(3)*	1,321	–	1,987
浙江綠城華贏建設管理有限公司 Zhejiang Greentown Huaying Construction Management Co., Ltd. ("Zhejiang Huaying")	*(3)*	–	2,156	–
Others		(2,372)	11,525	1,067
		42,783	214,675	561,661

(ii) As at the end of the reporting period, the Group had balances with related parties, which are all unsecured and non-interest bearing, as follows:

Group Level

	Notes	As at December 31,		
		2017	**2018**	**2019**
		RMB'000	*RMB'000*	*RMB'000*
Amounts due from related parties				
Trade related				
Greentown Real Estate Group.	*(1)*	2,300	15,817	16,304
Wenzhou Leju Enterprise Management.	*(1)*	–	–	8,632
Wenzhou Leju Project Management	*(1)*	–	–	4,501
Greentown Changyu	*(3)*	–	2,700	3,895
Shandong Bluetown	*(3)*	–	44,619	–
瀋陽全運村建設有限公司 Shenyang Quanyuncun Construction Co., Ltd. ("Shenyang Quanyuncun")	*(5)*	–	14,678	–
Greentown Northern	*(3)*	8,182	13,000	–
濟南海爾綠城置業有限公司 Jinan Haier Greentown Zhiye Co., Ltd. ("Jinan Haier")	*(5)*	–	6,962	–
嘉興綠城塘匯房地產開發有限公司 Jiaxing Greentown Tanghui Real Estate Development Co., Ltd.	*(1)*	–	5,832	–
大連九龍倉綠城置業有限公司 Dalian Wharf Greentown Real Estate Co., Ltd. ("Dalian Wharf")	*(5)*	5,089	5,643	–
安徽綠城玫瑰園房地產開發有限公司 Anhui Greentown Rose Garden Real Estate Development Co., Ltd. ("Anhui Rose Garden")	*(1)*	260	1,658	–
Others		5,154	3,653	21
		20,985	114,562	33,353
Non-trade related				
Greentown Yangliujun	*(1)*	–	125,307	413,369
Zhejiang Shidai	*(3)*	2,232	28,950	41,413
Greentown North	*(3)*	–	–	35,181
Zhejiang Shenye	*(3)*	5,582	21,542	33,982
Greentown Tianyuan	*(3)*	–	26,400	18,264
Greentown Real Estate Group	*(1)*	–	–	10,603
Shanghai Fuqin	*(3)*	–	5,215	10,458
Hangzhou Qianjiang	*(1)*	–	–	8,842
Greentown Chuangxin	*(3)*	–	10,700	8,555
Greentown Zhenghong	*(3)*	–	4,000	7,201
北京雲溪綠城房地產開發有限公司 Beijing Yunxi Greentown Real Estate Development Co., Ltd	*(1)*	–	–	6,893
Greentown Lvming	*(3)*	3,045	8,000	6,452
Shandong Wanhe	*(3)*	–	8,430	6,300
Xinjiang Bluetown	*(3)*	3,500	3,500	6,180
Greentown Fanxing	*(3)*	–	–	5,745
Zhejiang Jiangxin	*(3)*	–	2,400	4,589
浙江綠城聯合建設有限公司 Zhejiang Greentown Union Construction Co., Ltd.	*(1)*	4,282	–	–
Greentown Changyu	*(3)*	2,800	–	–
Others		–	3,465	2,891
		21,441	247,909	626,918
		42,426	362,471	660,271

Except for the amounts due from Greentown Yangliujun, Greentown Real Estate Group and Hangzhou Qianjiang are non-trade in nature which are expected to be settled on or before the listing date, the other non-trade related amounts due from related parties above are mainly related to the performance deposits paid to the related parties and funds paid in advance to the related parties in connection with the project management business which are all expected to be realized within normal operating cycle.

The above amounts due from related parties are presented before accumulative impairment losses of RMB nil, RMB7,069,000 and RMB5,653,000 as at December 31, 2017, 2018 and 2019 respectively.

The following is an aged analysis of gross amounts of trade related amounts due from related parties presented based on the invoice dates.

	As at December 31,		
	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*
Within 180 days	20,265	98,567	20,183
180-365 days	–	15,539	13,149
Over 365 days	720	456	21
	20,985	114,562	33,353

Group Level

	Notes	As at December 31,		
		2017	2018	2019
		RMB'000	*RMB'000*	*RMB'000*
Amounts due to related parties				
Trade related				
Greentown Lvming	*(3)*	–	16,464	32,474
Greentown Fanxing	*(3)*	–	–	26,777
Greentown Jingfeng	*(3)*	10,117	19,738	22,174
Greentown Northern	*(3)*	–	227	17,135
Zhejiang Shenye	*(3)*	–	3,176	12,100
Zhejiang Shidai	*(3)*	–	1,912	11,085
Greentown Tianyuan	*(3)*	–	–	6,280
Greentown Chuangxin	*(3)*	–	858	4,784
Greentown Zhenghong	*(3)*	–	136	2,222
Shandong Wanhe	*(3)*	–	1,441	1,441
Xinjiang Bluetown	*(3)*	–	6,196	–
Others		1,473	530	902
		11,590	50,678	137,374
Non-trade related				
Greentown China	*(4)*	2,403	2,418	546,903
Hangzhou Qianjiang	*(1)*	–	–	37,000
Wenzhou Leju Enterprise Management	*(1)*	–	–	27,140
海南島三亞日出觀光有限公司 Hainan Sanya Richu	*(1)*	20,000	20,000	20,000
Wenzhou Leju Project Management	*(1)*	–	–	17,320
Shandong Bluetown	*(3)*	400	400	6,544
Shandong High Speed	*(5)*	5,000	–	3,000
Greentown Jingfeng	*(3)*	–	–	2,320
Xinjiang Bluetown	*(3)*	2,000	2,000	1,946
杭州方氏織造有限公司 Hangzhou Fangshi Weaving Co., Ltd. ("Hangzhou Fangshi")	*(1)*	–	1,000	1,000
Greentown Real Estate Group	*(1)*	995,010	200,000	–
浙江綠城房地產投資有限公司 Zhejiang Greentown Real Estate Investment Co., Ltd.	*(1)*	–	96,229	–
Others		801	1,653	206
		1,025,614	323,700	663,379
		1,037,204	374,378	800,753

Except for the amounts due to Greentown China, Hangzhou Qianjiang, Wenzhou Leju Enterprise Management and Wenzhou Leju Project Management are non-trade in nature which are expected to be settled on or before the listing date, the other non-trade related amounts due to related parties above are mainly related to the earnest money and deposits received from related parties which are all expected to be settled in its normal operating cycle.

The following is an aged analysis of trade related amounts due to related parties presented based on the invoice dates.

	As at December 31,		
	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	11,590	50,203	101,832
1-2 years	–	475	35,067
2-3 years	–	–	475
	11,590	50,678	137,374

		As at December 31,		
	Notes	2017	2018	2019
		RMB'000	*RMB'000*	*RMB'000*
Contract assets to related parties				
Trade related				
Greentown Real Estate Group	*(1)*	26,084	34,724	27,280
Shandong High Speed	*(5)*	13,394	23,062	27,259
Greentown Northern	*(3)*	483	–	–
		39,961	57,786	54,539

		As at December 31,		
	Notes	2017	2018	2019
		RMB'000	*RMB'000*	*RMB'000*
Contract liabilities to related parties				
Trade related				
Greentown Real Estate Group	*(1)*	1,356	1,774	–
浙江綠城房地產投資有限公司 Zhejiang Greentown Real Estate Investment Co., Ltd.	*(1)*	–	20	–
		1,356	1,794	–

All the above balances with related parties are unsecured, interest free and repayable on demand.

Company Level

		As at December 31,		
	Note	2017	2018	2019
		RMB'000	*RMB'000*	*RMB'000*
Amount due from a subsidiary				
Non-trade related				
Mainwide	*(2)*	1,432,643	1,432,625	2,382,579

The Group does not expect to realize the amounts of RMB1,432,643,000, RMB1,432,625,000 and RMB1,842,579,000 within twelve months after each of the reporting period end as at December 31, 2017, 2018 and 2019 respectively, therefore, such balances are classified as non-current asset. Apart from that, the remaining balances of RMBnil, RMBnil and RMB540,000,000 due from Mainwide are repayable on demand as at December 31, 2017, 2018 and 2019 respectively. The above amount due from a subsidiary balance is unsecured and interest free.

The above amount due from a subsidiary is presented before accumulative impairment losses of RMB nil, RMB10,678,000 and RMB17,645,000 as at December 31, 2017, 2018 and 2019, respectively.

		As at December 31,		
	Note	**2017**	**2018**	**2019**
		RMB'000	*RMB'000*	*RMB'000*
Amount due to a related party				
Non-trade related				
Greentown China	*(4)*	–	–	540,000

The above amount due to a related party balance is unsecured, interest free and repayable on demand.

Notes:

(1) Fellow subsidiaries of the Group.

(2) A subsidiary of the Group.

(3) Associates or joint ventures of the Group.

(4) Parent company.

(5) Associates or joint ventures of the controlling shareholder of the Group.

(iii) Loan to a related party

The loan to a related party presented as the current assets of the Group is from Greentown Construction Management, Greentown Construction Management Group and Greentown Shidai, the 100%-interests subsidiaries of the Company to Greentown Real Estate Group, the 100%-interests subsidiary of Greentown China. It is denominated in RMB and repayable on demand with a fixed interest rate of 1.7% per annum. As at December 31, 2017, 2018 and 2019, the balance of loan to a related party is RMB524,542,000, RMB nil and RMB nil respectively.

The loan to a related party presented as the non-current assets of the Group amounting to RMB99,912,000 as at December 31, 2019 is from the Group to Shenyang Quanyuncun, a joint venture of Greentown China. The principal of the loan is RMB100,000,000 with a term of two years and repayable in full on December 19, 2021 with a fixed interest rate of 16% per annum. The interests of the loan will be repaid with principal on the maturity date. The principal of the loan and the interest receivables of the loan are amounting to RMB100,526,000 collectively, before accumulative impairment losses of RMB614,000 as at December 31, 2019.

In April 2020, the Group signed a termination agreement with Shenyang Quanyuncun to terminate the abovementioned loan arrangement. Shenyang Quanyuncun repaid the principal and interests occurred up to April 30, 2020 amounting to RMB105,419,000 to the Group on April 30, 2020 subsequently.

Details of impairment assessment of loan to a related party for the year ended December 31, 2018 and 2019 are set out in Note 38.

(iv) Compensation of key management personnel

The remuneration of the directors of the Company and other members of key management of the Group during the year ended December 31, 2017, 2018 and 2019 were as follows:

	Year ended December 31,		
	2017	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*
Salaries and other benefits	21,711	21,583	10,558
Performance-based bonus	12,539	21,878	16,307
Retirement benefits scheme contributions	765	800	594
	35,015	44,261	27,459

The remuneration of key management is determined with reference to the performance of the individuals and market trends.

42. RESERVES MOVEMENT OF THE COMPANY

The movement of the reserves of the Company is as follows:

	Share premium	**Accumulated losses**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
At January 1, 2017	–	–	–
Losses for the year	–	(4)	(4)
Capital contribution from shareholder	1,432,660	–	1,432,660
At December 31, 2017	1,432,660	(4)	1,432,656
Adjustment on adoption of IFRS 9	–	(10,233)	(10,233)
At January 1, 2018 (restate)	1,432,660	(10,237)	1,422,423
Losses for the year	–	(458)	(458)
Capitalization issue allocated from share premium	(11,587)	–	(11,587)
At December 31, 2018	1,421,073	(10,695)	1,410,378
Losses for the year	–	(7,002)	(7,002)
Capital contribution from shareholder	410,000	–	410,000
At December 31, 2019	1,831,073	(17,697)	1,813,376

43. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Borrowings	Lease liabilities	Dividend payable	Amounts due to related parties
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2017	5,000	19,544	–	–
Financing cash flows	4,497	(7,162)	–	–
New finance leases	–	22,847	–	–
Interest expenses	503	1,123	–	–
Early termination of lease	–	(398)	–	–
Deemed distribution to shareholders for acquisition of subsidiaries under common control	–	–	–	995,010
At December 31, 2017	10,000	35,954	–	995,010
Financing cash flows	(524)	(15,350)	(9,651)	(795,010)
New finance leases	–	17,780	–	–
Interest expenses	524	2,112	–	–
Dividends to non-controlling interests	–	–	9,651	–
At December 31, 2018	10,000	40,496	–	200,000
Financing cash flows	(10,402)	(8,886)	(5,200)	340,000
New finance leases	–	5,641	–	–
Interest expenses	402	1,766	–	–
Acquisition of a subsidiary	–	996	–	–
Disposal of subsidiaries	–	(16,674)	–	–
Early termination of lease	–	(7,799)	–	–
Dividends to non-controlling interests	–	–	5,200	–
At December 31, 2019	–	15,540	–	540,000

44. MAJOR NON-CASH TRANSACTIONS

During the year ended December 31, 2017, the Company capitalized an amount due to a related party, Greentown China amounting to RMB1,432,660,000 by way of the allotment and issue two shares to Greentown China at the consideration valued at the amount of the amount due to a related party. Details of which are set out in Note 34.

During the year ended December 31, 2017 and 2019, the Company acquired investment properties from the Group's project owners with considerations amounting to RMB24,525,000 and RMB19,810,000 respectively. The considerations were settled by the trade receivables from the project owners respectively.

45. SUBSEQUENT EVENTS

The outbreak of Novel Coronavirus ("COVID-19") after it was first detected in Wuhan, China in December 2019 has impact on the business and operations of the Group as the Group's operation is located in China. Since the outbreak of COVID-19, the local governments of various provinces and cities in which the Group operates have introduced a series of measures in order to prevent or control the epidemic, including but not limited to temporary suspension of on-site works, restrictions on enterprises from resuming work and stringent control over hygiene measures. The Group has officially resumed work since February 17, 2020. A majority of the project management projects of the Group under construction had received permits from the local governments to resume the onsite work gradually by March 2020, and had already resumed onsite work as at the reporting date. For those limited project management projects that have not received the permits to resume their on-site work, the Group are actively assisting the relevant project owners and contractors to apply for such permit.

The outbreak of COVID-19 has caused (i) temporary suspension, and shortage of labor and raw materials, of the project management projects under construction or to be constructed; (ii) delays in construction, sales and delivery of the projects; (iii) increasing pressure on costs and operational expenses as well as cash flow positions of certain projects; and (iv) potential adverse impact on the PRC real estate industry and accordingly, business operations and financial results of the Group for the first half of 2020. The outbreak of COVID-19 is expected to result in delays in the timetable for the projects based on the current information and the management of the Group considers that the outbreak of COVID-19 in the PRC will not be prolonged significantly.

The Group will continue to closely monitor the development of the COVID-19 epidemic, assess and actively respond to its impact on the financial condition, operating results and other aspects of the Group. The actual impacts may differ from these estimates as situation continues to evolve and further information may become available.

On February 24, 2020, the Company and Greentown China entered into a license agreement in respect of certain "綠城" ("Greentown") or related trademarks for a term commencing from its effective date on February 24, 2020 for an initial term of ten years after the listing date. Pursuant to the license agreement, there are licensing fees charged by Greentown China to the Company upon listing date in the following manner: (i) for the first year: RMB30,000,000; (ii) for the second year: RMB40,000,000; (iii) for the third year: RMB50,000,000; (iv) for each of the fourth to tenth year: RMB60,000,000; and (v) for each of the eleventh to twentieth year: RMB60,000,000 if applicable, calculated on a pro-rated basis for less than an entire calendar year. The licensing fee for the first to tenth year shall also be subject to a lower amount that may be agreed by Greentown China and the Company, and the licensing fee for the eleventh to twentieth year may also be adjusted as agreed by Greentown China and the Company.

46. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of the Group, the Company or any of its a subsidiary have been prepared in respect of any period subsequent to December 31, 2019.

*The information set forth in this Appendix does not form part of the accountants' report on the historical financial information of the Group for the Track Record Period (the "**Accountants' Report**") prepared by Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, the reporting accountants of the Company, as set out in Appendix I to this prospectus, and is included herein for information only. The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" in this prospectus and the consolidated financial statements set out in Appendix I to this prospectus.*

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP

The following unaudited pro forma statement of adjusted consolidated net tangible assets of the Group 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 Global Offering on the consolidated net tangible assets of the Group as at December 31, 2019 as if the Global Offering had taken place on such date.

This unaudited pro forma statement of adjusted consolidated net tangible assets of the Group has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group as at December 31, 2019 following the Global Offering or as at any subsequent dates. It is prepared based on the unaudited consolidated net tangible assets of the Group as at December 31, 2019 as derived from the Historical Financial Information set out in Appendix I of this prospectus and adjusted as described below.

	Consolidated net tangible assets of the Group attributable to owners of the Company as at December 31, 2019	**Estimated net proceeds from the Global Offering**	**Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at December 31, 2019**	**Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at December 31, 2019 per Share**	
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*HK$'000*
	(Note 1)	*(Note 2)*		*(Note 3)*	*(Note 4)*
Based on an Offer Price of HK$2.20 per Offer Share	825,518	893,728	1,719,246	0.90	0.98
Based on an Offer Price of HK$3.00 per Offer Share	825,518	1,232,773	2,058,291	1.08	1.18

Notes:

(1) The consolidated net tangible assets of the Group attributable to owners of the Company as at December 31, 2019 amounting to approximately RMB825,518,000 is based on the consolidated net assets of the Group attributable to owners of the Company of RMB1,594,759,000 as at December 31, 2019 less goodwill of the Group attributable to owners of the Company of RMB769,241,000 as at December 31, 2019 as derived from Appendix I to this prospectus.

(2) The estimated net proceeds from the Global Offering are based on 477,560,000 Offer Shares at the indicative Offer Price of HK$2.20 (equivalent to RMB2.01) and HK$3.00 (equivalent to RMB2.74) per Offer Share, respectively, after deduction of underwriting fees and commissions and other listing related expenses paid/payable by the Company (excluding approximately RMB15.6 million listing expenses which has been charged to profit or loss up to December 31, 2019), and without taking into account of any shares (i) which may be allotted and issued upon the exercise of the Over-allotment Option or (ii) which may be allotted and issued or repurchased by our Company under the general mandates for the allotment and issue or repurchase of shares granted to the directors of the Company. For the purpose of the estimated net proceeds from the Global Offering, the amount denominated in Hong Kong dollars has been converted into Renminbi at the rate of HK$1 to RMB0.91496, which was the exchange rate prevailing on June 19, 2020 with reference to the rate published by the People's Bank of China. No representation is made that the HK$ amounts have been, could have been or may be converted to RMB, or vice versa, at that rate or any other rates or at all.

(3) The unaudited pro forma adjusted consolidated net tangible assets of the Group per Share is arrived at on the basis that 1,910,220,000 Shares were in issue assuming that the Global Offering had been completed on December 31, 2019 and without taking into account of any shares (i) which may be allotted and issued upon the exercise of the Over-allotment Option or (ii) which may be allotted and issued or repurchased by our Company under the general mandates for the allotment and issue or repurchase of shares granted to the directors of the Company.

(4) For the purpose of unaudited pro forma adjusted consolidated net tangible assets of the Group per Share, the amount stated in RMB is converted into Hong Kong dollar at the rate of HK$1 to RMB0.91496, which was the exchange rate prevailing on June 19, 2020 with reference to the rate published by the People's Bank of China. No representation is made that the RMB amounts have been, could have been or may be converted to Hong Kong dollars, or vice versa, at that rate or at all.

(5) No adjustment has been made to the unaudited pro forma adjusted consolidated net tangible assets of the Group as at December 31, 2019 to reflect any trading result or other transaction of the Group entered into subsequent to December 31, 2019.

B. ASSURANCE REPORT FROM THE REPORTING ACCOUNTANTS ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of the independent reporting accountants' assurance report receiving from Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, the reporting accountants of our Company, in respect of the Group's unaudited pro forma financial information prepared for the purpose of incorporation in this prospectus.

Deloitte. 德勤

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

To the Directors of Greentown Management Holdings Company Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Greentown Management Holdings Company Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted consolidated net tangible assets as at December 31, 2019 and related notes as set out on pages II-1 to II-2 of Appendix II to the prospectus issued by the Company dated June 29, 2020 (the "Prospectus"). 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 of Appendix II to the Prospectus.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the proposed Global Offering (as defined in the Prospectus) on the Group's financial position as at December 31, 2019 as if the proposed Global Offering had taken place at December 31, 2019. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's historical financial information for each of the three years ended December 31, 2019, on which an accountants' report set out in Appendix I to the Prospectus has been published.

Directors' Responsibilities 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 (the "HKICPA").

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the "Code of Ethics for Professional Accountants" issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 "Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements" issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the 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.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the 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 an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at December 31, 2019 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 accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, 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 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.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong, June 29, 2020

This appendix contains a summary of the Memorandum and Articles of Association of the Company. As the information set out below is in summary form, it does not contain all the information that may be important to potential investors.

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 Companies Law.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on December 12, 2016 under the Cayman Companies Law. The Company's constitutional documents consist of the Memorandum and the Articles.

SUMMARY OF THE CONSTITUTION OF THE COMPANY

1. Memorandum of Association

The Memorandum of Association of the Company was conditionally adopted on June 23, 2020 and states, inter alia, that the liability of the members of the Company is limited, that the objects for which the Company is established are unrestricted and the Company shall have full power and authority to carry out any object not prohibited by the Cayman Companies Law or any other law of the Cayman Islands.

The Memorandum of Association is available for inspection at the address specified in Appendix V in the section headed "Documents available for inspection".

2. Articles of Association

The Articles of Association of the Company were conditionally adopted on June 23, 2020 and include provisions to the following effect:

2.1 Classes of Shares

The share capital of the Company consists of ordinary shares. The capital of the Company at the date of adoption of the Articles is HK$1,000,000,000 divided into 100,000,000,000 shares of HK$0.01 each.

2.2 *Directors*

(a) Power to allot and issue Shares

Subject to the provisions of the Cayman Companies Law and the Memorandum and Articles of Association, the unissued shares in the Company (whether forming part of its original or any increased capital) shall be at the disposal of the Directors, who may offer, allot, grant options over or otherwise dispose of them to such persons, at such times and for such consideration, and upon such terms, as the Directors shall determine.

Subject to the provisions of the Articles of Association and to any direction that may be given by the Company in general meeting and without prejudice to any special rights conferred on the holders of any existing shares or attaching to any class of shares, any share may be issued with or have attached thereto such preferred, deferred, qualified or other special rights or restrictions, whether in regard to dividend, voting, return of capital or otherwise, and to such persons at such times and for such consideration as the Directors may determine. Subject to the Cayman Companies Law and to any special rights conferred on any shareholders or attaching to any class of shares, any share may, with the sanction of a special resolution, be issued on terms that it is, or at the option of the Company or the holder thereof, liable to be redeemed.

(b) Power to dispose of the assets of the Company or any subsidiary

The management of the business of the Company shall be vested in the Directors who, in addition to the powers and authorities by the Articles expressly conferred upon them, may exercise all such powers and do all such acts and things as may be exercised or done or approved by the Company and are not by the Articles or the Cayman Companies Law expressly directed or required to be exercised or done by the Company in general meeting, but subject nevertheless to the provisions of the Cayman Companies Law and of the Articles and to any regulation from time to time made by the Company in general meeting not being inconsistent with such provisions or the Articles, provided that no regulation so made shall invalidate any prior act of the Directors which would have been valid if such regulation had not been made.

(c) Compensation or payment for loss of office

Payment 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 first be approved by the Company in general meeting.

(d) Loans to Directors

There are provisions in the Articles prohibiting the making of loans to Directors or their respective close associates which are equivalent to the restrictions imposed by the Companies Ordinance.

(e) Financial assistance to purchase Shares

Subject to all applicable laws, the Company may give financial assistance to Directors and employees of the Company, its subsidiaries or any holding company or any subsidiary of such holding company in order that they may buy shares in the Company or any such subsidiary or holding company. Further, subject to all applicable laws, the Company may give financial assistance to a trustee for the acquisition of shares in the Company or shares in any such subsidiary or holding company to be held for the benefit of employees of the Company, its subsidiaries, any holding company of the Company or any subsidiary of any such holding company (including salaried Directors).

(f) Disclosure of interest in contracts with the Company or any of its subsidiaries

No Director or proposed Director shall be disqualified by his office from contracting with the Company either as vendor, purchaser or otherwise nor shall any such contract or any contract or arrangement entered into by or on behalf of the Company with any person, company or partnership of or in which any Director shall be a member or otherwise interested be capable on that account of being avoided, nor shall any Director so contracting or being any member or so interested be liable to account to the Company for any profit so realized by any such contract or arrangement by reason only of such Director holding that office or the fiduciary relationship thereby established, provided that such Director shall, if his interest in such contract or arrangement is material, declare the nature of his interest at the earliest meeting of the board of Directors at which it is practicable for him to do so, either specifically or by way of a general notice stating that, by reason of the facts specified in the notice, he is to be regarded as interested in any contracts of a specified description which may be made by the Company.

A Director shall not be entitled to vote on (nor shall be counted in the quorum in relation to) any resolution of the Directors in respect of any contract or arrangement or any other proposal in which the Director or any of his close associates (or, if required by the Listing Rules, his other associates) has any material interest, and if he shall do so his vote shall not be counted (nor is he to be counted in the quorum for the resolution), but this prohibition shall not apply to any of the following matters, namely:

(i) the giving to such Director or any of his close associates of any security or indemnity in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries;

(ii) 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 any of his close associates has himself/themselves assumed responsibility in whole or in part and whether alone or jointly under a guarantee or indemnity or by the giving of security;

(iii) any proposal concerning an offer of shares, 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 any of his close associates is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;

(iv) any proposal or arrangement concerning the benefit of employees of the Company or any of its subsidiaries including:

(A) the adoption, modification or operation of any employees' share scheme or any share incentive scheme or share option scheme under which the Director or any of his close associates may benefit; or

(B) the adoption, modification or operation of a pension or provident fund or retirement, death or disability benefits scheme which relates both to Directors, their close associates and employees of the Company or any of its subsidiaries and does not provide in respect of any Director or any of his close associates, as such any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; and

(v) any contract or arrangement in which the Director or any of his close associates 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.

(g) Remuneration

The Directors shall be entitled to receive by way of remuneration for their services such sum as shall from time to time be determined by the Directors, or the Company in general meeting, as the case may be, such sum (unless otherwise directed by the resolution by which it is determined) to be divided amongst the Directors in such proportions and in such manner as they may agree, or failing agreement, equally, except that in such event any Director holding office for less than the whole of the relevant period in respect of which the remuneration is paid shall only rank in such division in proportion to the time during such period for which he has held office. Such remuneration shall be in addition to any other remuneration to which a Director who holds any salaried employment or office in the Company may be entitled by reason of such employment or office.

The Directors shall also be entitled to be paid all expenses, including travel expenses, reasonably incurred by them in or in connection with the performance of their duties as Directors including their expenses of traveling to and from board meetings, committee meetings or general meetings or otherwise incurred whilst engaged on the business of the Company or in the discharge of their duties as Directors.

The Directors may grant special remuneration to any Director who shall perform any special or extra services at the request of the Company. Such special remuneration may be made payable to such Director in addition to or in substitution for his ordinary remuneration as a Director, and may be made payable by way of salary, commission or participation in profits or otherwise as may be agreed.

The remuneration of an executive Director or a Director appointed to any other office in the management of the Company shall from time to time be fixed by the Directors and may be by way of salary, commission or participation in profits or otherwise or by all or any of those modes and with such other benefits (including share option and/or pension and/or gratuity and/or other benefits on retirement) and allowances as the Directors may from time to time decide. Such remuneration shall be in addition to such remuneration as the recipient may be entitled to receive as a Director.

(h) Retirement, appointment and removal

The Directors shall have power at any time and from time to time to appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors. Any Director so appointed shall hold office only until the next general meeting of the Company and shall then be eligible for re-election at that meeting, but shall not be taken into account in determining the number of Directors and which Directors are to retire by rotation at such meeting.

The Company may by ordinary resolution remove any Director (including a Managing Director or other executive Director) before the expiration of his period of office notwithstanding anything in the Articles or in any agreement between the Company and such Director (but without prejudice to any claim for compensation or damages payable to him in respect of the termination of his appointment as Director or of any other appointment of office as a result of the termination of this appointment as Director). The Company may by ordinary resolution appoint another person in his place. Any Director so appointed shall hold office during such time only as the Director in whose place he is appointed would have held the same if he had not been removed. The Company may also by ordinary resolution elect any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors. No person shall, unless recommended by the Directors, be eligible for election to the office of Director at any general meeting unless, during the period, which shall be at least seven days, commencing no earlier than the day after the dispatch of the notice of the meeting appointed for such election and ending no later than seven days prior to the date of such meeting, there has been given to the Secretary of the Company notice in writing by a member of the Company (not being the person to be proposed) entitled to attend and vote at the meeting for which such notice is given of his intention to propose such person for election and also notice in writing signed by the person to be proposed of his willingness to be elected.

There is no shareholding qualification for Directors nor is there any specified age limit for Directors.

The office of a Director shall be vacated:

(i) if he resigns his office by notice in writing to the Company at its registered office or its principal office in Hong Kong;

(ii) if an order is made by any competent court or official on the grounds that he is or may be suffering from mental disorder or is otherwise incapable of managing his affairs and the Directors resolve that his office be vacated;

(iii) if, without leave, he is absent from meetings of the Directors (unless an alternate Director appointed by him attends) for 12 consecutive months, and the Directors resolve that his office be vacated;

(iv) if he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors generally;

(v) if he ceases to be or is prohibited from being a Director by law or by virtue of any provision in the Articles;

(vi) if he is removed from office by notice in writing served upon him signed by not less than three-fourths in number (or, if that is not a round number, the nearest lower round number) of the Directors (including himself) for the time being then in office; or

(vii) if he shall be removed from office by an ordinary resolution of the members of the Company under the Articles.

At every annual general meeting of the Company one-third of the Directors for the time being, or, if their number is not three or 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 by rotation at least once every three years. A retiring Director shall retain office until the close of the meeting at which he retires and shall be eligible for re-election thereat. The Company at any annual general meeting at which any Directors retire may fill the vacated office by electing a like number of persons to be Directors.

(i) Borrowing powers

The Directors may from time to time at their discretion exercise all the powers of the Company to raise or borrow or to secure the payment of any sum or sums of money for the purposes of the Company and to mortgage or charge its undertaking, property and assets (present and future) and uncalled capital or any part thereof.

(j) Proceedings of the Board

The Directors may meet together for the dispatch of business, adjourn and otherwise regulate their meetings and proceedings as they think fit in any part of the world. 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 a second or casting vote.

2.3 Alteration to constitutional documents

No alteration or amendment to the Memorandum or the Articles may be made except by special resolution.

2.4 Variation of rights of existing shares or classes of shares

If at any time the share capital of the Company is divided into different classes of shares, all or any of the rights attached to any class of shares for the time being issued (unless otherwise provided for in the terms of issue of the shares of that class) may, subject to the provisions of the Cayman Companies Law, be varied 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 meeting of the holders of the shares of that class. To every such separate meeting all the provisions of the Articles relating to general meetings shall *mutatis mutandis* apply, but so that the quorum for the purposes of any such separate meeting and of any adjournment thereof shall be a person or persons together holding (or representing by proxy or duly authorized representative) at the date of the relevant meeting not less than one-third in nominal value of the issued shares of that class.

The special rights conferred upon the holders of shares of any class shall not, unless otherwise expressly provided in the rights attaching to or the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

2.5 Alteration of capital

The Company may, from time to time, whether or not all the shares for the time being authorized shall have been issued and whether or not all the shares for the time being issued shall have been fully paid up, by ordinary resolution, increase its share capital by the creation of new shares, such new capital to be of such amount and to be divided into shares of such respective amounts as the resolution shall prescribe.

The Company may from time to time by ordinary resolution:

(i) consolidate and divide all or any of its share capital into shares of a larger amount than its existing shares. On any consolidation of fully paid shares and division into shares of larger amount, the Directors may settle any difficulty which may arise as they think expedient and in particular (but without prejudice to the generality of the foregoing) may as between the holders of shares to be consolidated determine which particular shares are to be consolidated into each consolidated share, and if it shall happen that any person shall become entitled to fractions of a consolidated share or shares, such fractions may be sold by some person appointed by the Directors for that purpose and the person so appointed may transfer the shares so sold to the purchaser thereof and the validity of such transfer shall not be questioned, and so that the net proceeds of such sale (after deduction of the expenses of such sale) may either be distributed among the persons who would otherwise be entitled to a fraction or fractions of a consolidated share or shares rateably in accordance with their rights and interests or may be paid to the Company for the Company's benefit;

(ii) cancel any shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person, and diminish the amount of its share capital by the amount of the shares so canceled subject to the provisions of the Cayman Companies Law; and

(iii) sub-divide its shares or any of them into shares of smaller amount than is fixed by the Memorandum of Association, subject nevertheless to the provisions of the Cayman Companies Law, and so that the resolution whereby any share is sub-divided may determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may have any such preferred or other special rights, over, or may have such deferred rights or be subject to any such restrictions as compared with the others as the Company has power to attach to unissued or new shares.

The Company may by special resolution reduce its share capital or any capital redemption reserve in any manner authorized and subject to any conditions prescribed by the Cayman Companies Law.

2.6 Special resolution – majority required

A "special resolution" is defined in the Articles to have the meaning ascribed thereto in the Cayman Companies Law, for which purpose, the requisite majority shall be not less than three-fourths 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 authorized representatives or, where proxies are allowed, by proxy at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given and includes a special resolution approved in writing by all of the members of the Company entitled to vote at a general meeting of the Company in one or more instruments each signed by one or more of such members, and the effective date of the special resolution so adopted shall be the date on which the instrument or the last of such instruments (if more than one) is executed.

In contrast, 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 authorized representatives or, where proxies are allowed, by proxy at a general meeting held in accordance with the Articles and includes an ordinary resolution approved in writing by all the members of the Company aforesaid.

2.7 Voting rights

Subject to any special rights, privileges or restrictions as to voting for the time being attached to any class or classes of shares, at any general meeting on a poll every member present in person (or, in the case of a member being a corporation, by its duly authorized representative) or by proxy shall have one vote for each share registered in his name in the register of members of the Company.

Where any member is, under the Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.

In the case of joint registered holders of any share, any one of such persons may vote at any meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto; but if more than one of such joint holders be present at any meeting personally or by proxy, that one of the said persons so present being the most or, as the case may be, the more senior shall alone be entitled to vote in respect of the relevant joint holding and, for this purpose, seniority shall be determined by reference to the order in which the names of the joint holders stand on the register in respect of the relevant joint holding.

A member of the Company in respect of whom an order has been made by any competent court or official on the grounds that he is or may be suffering from mental disorder or is otherwise incapable of managing his affairs may vote by any person authorized in such circumstances to do so and such person may vote by proxy.

Save as expressly provided in the Articles or as otherwise determined by the Directors, no person other than a member of the Company duly registered and who shall have paid all sums for the time being due from him payable to the Company in respect of his shares shall be entitled to be present or to vote (save as proxy for another member of the Company), or to be reckoned in a quorum, either personally or by proxy at any general meeting.

At any general meeting a resolution put to the vote of the meeting shall be decided by way of a poll save that the chairman of the meeting may allow a resolution which relates purely to a procedural or administrative matter as prescribed under the Listing Rules to be voted on by a show of hands.

If a recognized clearing house (or its nominee(s)) is a member of the Company it may authorize such person or persons as it thinks fit to act as its proxy(ies) or representative(s) at any general meeting of the Company or at any general meeting of any class of members of the Company provided that, if more than one person is so authorized, the authorization shall specify the number and class of shares in respect of which each such person is so authorized. A person authorized pursuant to this provision shall be entitled to exercise the same rights and powers on behalf of the recognized clearing house (or its nominee(s)) which he represents as that recognized clearing house (or its nominee(s)) could exercise as if it were an individual member of the Company holding the number and class of shares specified in such authorization, including, where a show of hands is allowed, the right to vote individually on a show of hands.

2.8 Annual general meetings and extraordinary general meetings

The Company shall hold a general meeting as its annual general meeting each year, within a period of not more than 15 months after the holding of the last preceding annual general meeting (or such longer period as the Stock Exchange may authorize). The annual general meeting shall be specified as such in the notices calling it.

The board of Directors may, whenever it thinks fit, convene an extraordinary general meeting. General meetings shall also be convened on the written requisition of any one or more members holding together, as at the date of deposit of the requisition, shares representing not less than one-tenth of the paid up capital of the Company which carry the right of voting at general meetings of the Company. The written requisition shall be deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office of the Company, specifying the objects of the meeting and signed by the requisitionist(s). If the Directors do not within 21 days from the date of deposit of the requisition proceed duly to convene the meeting to be held within a further 21 days, the requisitionist(s) themselves or any of them representing more than one-half of the total voting rights of all of them, may convene the general meeting in the same manner, as nearly as possible, as that in which meetings may be convened by the Directors provided that any meeting so convened shall not be held after the expiration of three months from the date of deposit of the requisition, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Directors shall be reimbursed to them by the Company.

2.9 Accounts and audit

The Directors shall cause to be kept such books of account as are necessary to give a true and fair view of the state of the Company's affairs and to show and explain its transactions and otherwise in accordance with the Cayman Companies Law.

The Directors shall from time to time determine whether, and to what extent, and at what times and places and under what conditions or regulations, the accounts and books of the Company, or any of them, shall be open to the inspection by members of the Company (other than officers of the Company) and no such member shall have any right of inspecting any accounts or books or documents of the Company except as conferred by the Cayman Companies Law or any other relevant law or regulation or as authorized by the Directors or by the Company in general meeting.

The Directors shall, commencing with the first annual general meeting, cause to be prepared and to be laid before the members of the Company at every annual general meeting a profit and loss account for the period, in the case of the first account, since the incorporation of the Company and, in any other case, since the preceding account, together with a balance sheet as at the date to which the profit and loss account is made up and a Director's report with respect to the profit or loss of the Company for the period covered by the profit and loss account and the state of the Company's affairs as at the end of such period, an auditor's report on such accounts and such other reports and accounts as may be required by law. Copies of those documents to be laid before the members of the Company at an annual general meeting shall not be less than 21 days before the date of the meeting, be sent in the manner in which notices may be served by the Company as provided in the Articles to every member of the Company and every holder of debentures of the Company provided that the Company shall not be required to send copies of those documents to any person of whose address the Company is not aware or to more than one of the joint holders of any shares or debentures.

2.10 Auditors

The Company shall at every annual general meeting appoint an auditor or auditors of the Company who shall hold office until the next annual general meeting. The removal of an auditor before the expiration of his period of office shall require the approval of an ordinary resolution of the members in general meeting. The remuneration of the auditors shall be fixed by the Company at the annual general meeting at which they are appointed provided that in respect of any particular year the Company in general meeting may delegate the fixing of such remuneration to the Directors.

2.11 Notice of meetings and business to be conducted thereat

An annual general meeting shall be called by not less than 21 days' notice in writing and any extraordinary general meeting shall be called by not less than 14 days' notice in writing. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and shall specify the time, place and agenda of the meeting, particulars of the resolutions and the general nature of the business to be considered at the meeting. The notice convening an annual general meeting shall specify the meeting as such, and the notice convening a meeting to pass a special resolution shall specify the intention to propose the resolution as a special resolution. Notice of every general meeting shall be given to the auditors and all members of the Company (other than those who, under the provisions of the Articles or the terms of issue of the shares they hold, are not entitled to receive such notice from the Company).

Notwithstanding that a meeting of the Company is called by shorter notice than that mentioned above, it shall be deemed to have been duly called if it is so agreed:

(i) in the case of a meeting called as an annual general meeting, by all members of the Company entitled to attend and vote thereat or their proxies; and

(ii) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting, being a majority together holding not less than 95% in nominal value of the shares giving that right.

If, after the notice of a general meeting has been sent but before the meeting is held, or after the adjournment of a general meeting but before the adjourned meeting is held (whether or not notice of the adjourned meeting is required), the Directors, in their absolute discretion, consider that it is impractical or unreasonable for any reason to hold a general meeting on the date or at the time and place specified in the notice calling such meeting, it may change or postpone the meeting to another date, time and place.

The Directors also have the power to provide in every notice calling a general meeting that in the event of a gale warning or a black rainstorm warning is in force at any time on the day of the general meeting (unless such warning is canceled at least a minimum period of time prior to the general meeting as the Directors may specify in the relevant notice), the meeting shall be postponed without further notice to be reconvened on a later date. Where a general meeting is so postponed, the Company shall endeavour to cause a notice of such postponement to be placed on the Company's website and published on the Stock Exchange's website as soon as practicable, but failure to place or publish such notice shall not affect the automatic postponement of such meeting.

Where a general meeting is postponed:

(a) the Directors shall fix the date, time and place for the reconvened meeting and at least seven clear days' notice shall be given for the reconvened meeting; and such notice shall specify the date, time and place at which the postponed meeting will be reconvened and the date and time by which proxies shall be submitted in order to be valid at such reconvened meeting (provided that any proxy submitted for the original meeting shall continue to be valid for the reconvened meeting unless revoked or replaced by a new proxy); and

(b) notice of the business to be transacted at the reconvened meeting shall not be required, nor shall any accompanying documents be required to be recirculated, provided that the business to be transacted at the reconvened meeting is the same as that set out in the notice of the original meeting circulated to the members of the Company.

2.12 Transfer of shares

Transfers of shares may be effected by an instrument of transfer in the usual common form or in such other form as the Directors may approve which is consistent with the standard form of transfer as prescribed by the Stock Exchange.

The instrument of transfer shall be executed by or on behalf of the transferor and, unless the Directors otherwise determine, the transferee, and 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 of the Company in respect thereof. All instruments of transfer shall be retained by the Company.

The Directors may refuse to register any transfer of any share which is not fully paid up or on which the Company has a lien. The Directors may also decline to register any transfer of any shares unless:

(i) the instrument of transfer is lodged with the Company accompanied by the certificate for the shares to which it relates (which shall upon the registration of the transfer be canceled) and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer;

(ii) the instrument of transfer is in respect of only one class of shares;

(iii) the instrument of transfer is properly stamped (in circumstances where stamping is required);

(iv) in the case of a transfer to joint holders, the number of joint holders to whom the share is to be transferred does not exceed four;

(v) the shares concerned are free of any lien in favor of the Company; and

(vi) a fee of such amount not exceeding the maximum amount as the Stock Exchange may from time to time determine to be payable (or such lesser sum as the Directors may from time to time require) is paid to the Company in respect thereof.

If the Directors refuse to register a transfer of any share they shall, within two months after the date on which the transfer was lodged with the Company, send to each of the transferor and the transferee notice of such refusal.

The registration of transfers may, on 10 business days' notice (or on 6 business days' notice in the case of a rights issue) being given by advertisement published on the Stock Exchange's website, or, subject to the Listing Rules, by electronic communication in the manner in which notices may be served by the Company by electronic means as provided in the Articles or by advertisement published in the newspapers, be suspended and the register of members of the Company closed at such times for such periods as the Directors may from time to time determine, provided that the registration of transfers shall not be suspended or the register closed for more than 30 days in any year (or such longer period as the members of the Company may by ordinary resolution determine provided that such period shall not be extended beyond 60 days in any year).

2.13 Power of the Company to purchase its own shares

The Company is empowered by the Cayman Companies Law and the Articles to purchase its own shares subject to certain restrictions and the Directors may only exercise this power on behalf of the Company subject to the authority of its members in general meeting as to the manner in which they do so and to any applicable requirements imposed from time to time by the Stock Exchange and the Securities and Futures Commission of Hong Kong. Shares which have been repurchased will be treated as canceled upon the repurchase.

2.14 Power of any subsidiary of the Company to own shares

There are no provisions in the Articles relating to the ownership of shares by a subsidiary.

2.15 Dividends and other methods of distribution

Subject to the Cayman Companies Law and the Articles, the Company in general meeting may declare dividends in any currency but no dividends shall exceed the amount recommended by the Directors. No dividend may be declared or paid other than out of profits and reserves of the Company lawfully available for distribution, including share premium.

Unless and to the extent that the rights attached to any shares or the terms of issue thereof otherwise provide, all dividends shall (as regards any shares not fully paid throughout the period in respect of which the dividend is paid) be apportioned and paid pro rata according to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. For these purposes no amount paid up on a share in advance of calls shall be treated as paid up on the share.

The Directors may from time to time pay to the members of the Company such interim dividends as appear to the Directors to be justified by the profits of the Company. The Directors may also pay half-yearly or at other intervals to be selected by them any dividend which may be payable at a fixed rate if they are of the opinion that the profits available for distribution justify the payment.

The Directors may retain any dividends or other monies payable on or in respect of a share upon which the Company has a lien, and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists. The Directors may also deduct from any dividend or other monies payable to any member of the Company all sums of money (if any) presently payable by him to the Company on account of calls, installments or otherwise.

No dividend shall carry interest against the Company.

Whenever the Directors or the Company in general meeting have resolved that a dividend be paid or declared on the share capital of the Company, the Directors may further resolve: (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up on the basis that the shares so allotted are to be of the same class as the class already held by the allottee, provided that the members of the Company entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment; or (b) that the members of the Company 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 Directors may think fit on the basis that the shares so allotted are to be of the same class as the class already held by the allottee. The Company may upon the recommendation of the Directors by ordinary resolution resolve in respect of any one particular dividend of the Company that notwithstanding the foregoing a dividend may be satisfied wholly in the form of an allotment of shares credited as fully paid without offering any right to members of the Company to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, interest or other sum payable in cash to a holder of shares may be paid by check or warrant sent through the post addressed to the registered address of the member of the Company entitled, or in the case of joint holders, to the registered address of the person whose name stands first in the register of members of the Company in respect of the joint holding or to such person and to such address as the holder or joint holders may in writing direct. Every check or warrant so sent shall 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 of members of the Company in respect of such shares, and shall be sent at his or their risk and the payment of any such check or warrant by the bank on which it is drawn shall operate as a good discharge to the Company in respect of the dividend and/or bonus represented thereby, notwithstanding that it may subsequently appear that the same has been stolen or that any endorsement thereon has been forged. The Company may cease sending such checks for dividend entitlements or dividend warrants by post if such checks or warrants have been left uncashed on two consecutive occasions. However, the Company may exercise its power to cease sending checks for dividend entitlements or dividend warrants after the first occasion on which such a check or warrant is returned undelivered. Any one of two or more joint holders may give effectual receipts for any dividends or other monies payable or property distributable in respect of the shares held by such joint holders.

Any dividend unclaimed for six years from the date of declaration of such dividend may be forfeited by the Directors and shall revert to the Company.

The Directors may, with the sanction of the members of the Company in general meeting, direct that any dividend be satisfied wholly or in part by the distribution of specific assets of any kind, and in particular of paid up shares, debentures or warrants to subscribe securities of any other company, and where any difficulty arises in regard to such distribution the Directors may settle it as they think expedient, and in particular may disregard fractional entitlements, round the same up or down or provide that the same shall accrue to the benefit of the Company, and may fix the value for distribution of such specific assets and may determine that cash payments shall be made to any members of the Company upon the footing of the value so fixed in order to adjust the rights of all parties, and may vest any such specific assets in trustees as may seem expedient to the Directors.

2.16 Proxies

Any member of the Company entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person who must be an individual as his proxy to attend and vote instead of him and a proxy so appointed shall have the same right as the member to speak at the meeting. A proxy need not be a member of the Company.

Instruments of proxy shall be in common form or in such other form as the Directors may from time to time approve provided that it shall enable a member to instruct his proxy to vote in favor of or against (or in default of instructions or in the event of conflicting instructions, to exercise his discretion in respect of) each resolution to be proposed at the meeting to which the form of proxy relates. The instrument of proxy shall be deemed to confer authority to vote on any amendment of a resolution put to the meeting for which it is given as the proxy thinks fit. The instrument of proxy shall, unless the contrary is stated therein, be valid as well for any adjournment of the meeting as for the meeting to which it relates provided that the meeting was originally held within 12 months from such date.

The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney authorized in writing or if the appointor is a corporation either under its seal or under the hand of an officer, attorney or other person authorized to sign the same.

The instrument appointing a proxy and (if required by the Directors) the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, shall be delivered at the registered office of the Company (or at such other place as may be specified in the notice convening the meeting or in any notice of any adjournment or, in either case, in any document sent therewith) not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote or, in the case of a poll taken subsequently to the date of a meeting or adjourned meeting, not less than 48 hours before the time appointed for the taking of the poll and in default the instrument of proxy shall not be treated as valid. No instrument appointing a proxy shall be valid after the expiration of 12 months from the date named in it as the date of its execution. Delivery of any instrument appointing a proxy shall not preclude a member of the Company from attending and voting in person at the meeting or poll concerned and, in such event, the instrument appointing a proxy shall be deemed to be revoked.

2.17 Calls on shares and forfeiture of shares

The Directors may from time to time make calls upon the members of the Company in respect of any monies unpaid on their shares (whether on account of the nominal amount of the shares or by way of premium or otherwise) and not by the conditions of allotment thereof made payable at fixed times and each member of the Company shall (subject to the Company serving upon him at least 14 days' notice specifying the time and place of payment and to whom such payment shall be made) pay to the person at the time and place so specified the amount called on his shares. A call may be revoked or postponed as the Directors may determine. A person upon whom a call is made shall remain liable on such call notwithstanding the subsequent transfer of the shares in respect of which the call was made.

A call may be made payable either in one sum or by installments and shall be deemed to have been made at the time when the resolution of the Directors authorizing the call was passed. The joint holders of a share shall be jointly and severally liable to pay all calls and installments due in respect of such share or other monies due in respect thereof.

If a sum called in respect of a share shall not be paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest on the sum from the day appointed for payment thereof to the time of actual payment at such rate, not exceeding 15% per annum, as the Directors may determine, but the Directors shall be at liberty to waive payment of such interest wholly or in part.

If any call or installment of a call remains unpaid on any share after the day appointed for payment thereof, the Directors may at any time during such time as any part thereof remains unpaid serve a notice on the holder of such shares requiring payment of so much of the call or installment as is unpaid together with any interest which may be accrued and which may still accrue up to the date of actual payment.

The notice shall name a further day (not being less than 14 days from the date of service of the notice) on or before which, and the place where, the payment required by the notice is to be made, and shall state that in the event of non-payment at or before the time and at the place appointed, the shares in respect of which such call was made or installment is unpaid will be liable to be forfeited.

If the requirements of such notice are not complied with, any share in respect of which such notice has been given may at any time thereafter, before payment of all calls or installments and interest due in respect thereof has been made, be forfeited by a resolution of the Directors to that effect. Such forfeiture shall include all dividends and bonuses declared in respect of the forfeited shares and not actually paid before the forfeiture. A forfeited share shall be deemed to be the property of the Company and may be re-allotted, sold or otherwise disposed of.

A person whose shares have been forfeited shall cease to be a member of the Company in respect of the forfeited shares but shall, notwithstanding the forfeiture, remain liable to pay to the Company all monies which at the date of forfeiture were payable by him to the Company in respect of the shares, together with (if the Directors shall in their discretion so require) interest thereon at such rate not exceeding 15% per annum as the Directors may prescribe from the date of forfeiture until payment, and the Directors may enforce payment thereof without being under any obligation to make any allowance for the value of the shares forfeited, at the date of forfeiture.

2.18 Inspection of register of members

The register of members of the Company shall be kept in such manner as to show at all times the members of the Company for the time being and the shares respectively held by them. The register may, on 10 business days' notice (or on 6 business days' notice in the case of a rights issue) being given by advertisement published on the Stock Exchange's website, or, subject to the Listing Rules, by electronic communication in the manner in which notices may be served by the Company by electronic means as provided in the Articles or by advertisement published in the newspapers, be closed at such times and for such periods as the Directors may from time to time determine either generally or in respect of any class of shares, provided that the register shall not be closed for more than 30 days in any year (or such longer period as the members of the Company may by ordinary resolution determine provided that such period shall not be extended beyond 60 days in any year).

Any register of members kept in Hong Kong shall during normal business hours (subject to such reasonable restrictions as the Directors may impose) be open to inspection by any member of the Company without charge and by any other person on payment of a fee of such amount not exceeding the maximum amount as may from time to time be permitted under the Listing Rules as the Directors may determine for each inspection.

2.19 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, choice or election of a chairman which shall not be treated as part of the business of the meeting.

Two members of the Company present in person or by proxy shall be a quorum provided always that if the Company has only one member of record the quorum shall be that one member present in person or by proxy.

A corporation being a member of the Company shall be deemed for the purpose of the Articles to be present in person if represented by its duly authorized representative being the person appointed by resolution of the directors or other governing body of such corporation or by power of attorney to act as its representative at the relevant general meeting of the Company or at any relevant general meeting of any class of members of the Company.

The quorum for a separate general meeting of the holders of a separate class of shares of the Company is described in paragraph 2.4 above.

2.20 Rights of minorities in relation to fraud or oppression

There are no provisions in the Articles concerning the rights of minority shareholders in relation to fraud or oppression.

2.21 Procedure on liquidation

If the Company shall be wound up, and the assets available for distribution amongst the members of the Company 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 of the Company 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 in a winding up 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 amongst the members of the Company in proportion to the capital paid up at the commencement of the winding up on the shares held by them respectively. The foregoing is without prejudice to the rights of the holders of shares issued upon special terms and conditions.

If the Company shall be wound up, the liquidator may with the sanction of a special resolution of the Company and any other sanction required by the Cayman Companies Law, divide amongst the members of the Company in specie or kind the whole or any part of the assets of the Company (whether they shall consist of property of the same kind or not) and may, for such purpose, set such value as he deems fair upon any 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 of the Company. The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the members of the Company as the liquidator, with the like sanction and subject to the Cayman Companies Law, shall think fit, but so that no member of the Company shall be compelled to accept any assets, shares or other securities in respect of which there is a liability.

2.22 Untraceable members

The Company shall be entitled to sell any shares of a member of the Company or the shares to which a person is entitled by virtue of transmission on death or bankruptcy or operation of law if: (a) all checks or warrants, not being less than three in number, for any sums payable in cash to the holder of such shares have remained uncashed for a period of 12 years; (b) the Company has not during that time or before the expiry of the three month period referred to in (d) below received any indication of the whereabouts or existence of the member; (c) during the 12 year period, at least three dividends in respect of the shares in question have become payable and no dividend during that period has been claimed by the member; and (d) upon expiry of the 12 year period, the Company has caused an advertisement to be published in the newspapers or subject to the Listing Rules, by electronic communication in the manner in which notices may be served by the Company by electronic means as provided in the Articles, giving notice of its intention to sell such shares and a period of three months has elapsed since such advertisement and the Stock Exchange has been notified of such intention. The net proceeds of any such sale shall belong to the Company and upon receipt by the Company of such net proceeds it shall become indebted to the former member for an amount equal to such net proceeds.

SUMMARY OF CAYMAN ISLANDS COMPANY LAW AND TAXATION

1. Introduction

The Cayman Companies Law is derived, to a large extent, from the older Companies Acts of England, although there are significant differences between the Cayman Companies Law and the current Companies Act of England. Set out below is a summary of certain provisions of the Cayman Companies Law, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of corporate law and taxation which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar.

2. Incorporation

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on December 12, 2016 under the Cayman Companies Law. As such, its 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 size of its authorized share capital.

3. Share Capital

The Cayman Companies Law permits a company to issue ordinary shares, preference shares, redeemable shares or any combination thereof.

The Cayman 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 premia on those shares shall be transferred to an account called the "share premium account". At the option of a company, these provisions may not apply to premia on shares of that company allotted pursuant to any arrangement in consideration of the acquisition or cancelation of shares in any other company and issued at a premium. The Cayman Companies Law provides that the share premium account may be applied by a company, subject to the provisions, if any, of its memorandum and articles of association, in such manner as the company may from time to time determine including, but without limitation:

(i) paying distributions or dividends to members;

(ii) paying up unissued shares of the company to be issued to members as fully paid bonus shares;

(iii) in the redemption and repurchase of shares (subject to the provisions of section 37 of the Cayman Companies Law);

(iv) writing-off the preliminary expenses of the company;

(v) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company; and

(vi) providing for the premium payable on redemption or purchase of any 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 Cayman Companies Law provides that, subject to confirmation by the Grand Court of the Cayman Islands, a company limited by shares or a company limited by guarantee and having a share capital may, if so authorized by its articles of association, by special resolution reduce its share capital in any way.

Subject to the detailed provisions of the Cayman Companies Law, a company limited by shares or a company limited by guarantee and having a share capital may, if so authorized 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. In addition, such a company may, if authorized to do so by its articles of association, purchase its own shares, including any redeemable shares. The manner of such a purchase must be authorized either by the articles of association or by an ordinary resolution of the company. The articles of association may provide that the manner of purchase may be determined by the directors 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 member of the company holding 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.

There is no statutory restriction in the Cayman Islands on the provision of financial assistance by a company 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 to act 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.

4. Dividends and Distributions

With the exception of section 34 of the Cayman Companies Law, there are no statutory provisions relating to the payment of dividends. Based upon English case law which is likely to be persuasive in the Cayman Islands in this area, dividends may be paid only out of profits. In addition, section 34 of the Cayman 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 (see paragraph 3 above for details).

5. Shareholders' Suits

The Cayman Islands courts can be expected to follow English case law precedents. The rule in Foss v. Harbottle (and the exceptions thereto which permit a minority shareholder to commence a class 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 where the wrongdoers are themselves in control of the company, and (c) an action which requires a resolution with a qualified (or special) majority which has not been obtained) has been applied and followed by the courts in the Cayman Islands.

6. Protection of Minorities

In the case of a company (not being a bank) having a share capital divided into shares, the Grand Court of the Cayman Islands 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 Grand Court shall direct.

Any shareholder of a company may petition the Grand Court of the Cayman Islands 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.

Claims against a company by its shareholders must, as a general rule, 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.

The English common law rule that the majority will not be permitted to commit a fraud on the minority has been applied and followed by the courts of the Cayman Islands.

7. Disposal of Assets

The Cayman Companies Law contains no specific restrictions on the powers of directors to dispose of assets of a company. As a matter of general law, in the exercise of those powers, the directors must discharge their duties of care and to act in good faith, for a proper purpose and in the interests of the company.

8. Accounting and Auditing Requirements

The Cayman Companies Law requires that a company shall cause to be kept proper books of account 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.

9. Register of Members

An exempted company may, subject to the provisions of its articles of association, maintain its principal register of members and any branch registers at such locations, whether within or without the Cayman Islands, as its directors may from time to time think fit. There is no requirement under the Cayman 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.

10. Inspection of Books and Records

Members of a company will have no general right under the Cayman 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 of association.

11. Special Resolutions

The Cayman Companies Law provides that a resolution is a special resolution when it has been passed by a majority of at least two-thirds of such members as, being entitled to do so, vote in person or, where proxies are allowed, by proxy at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given, except that a company may in its articles of association specify that the required majority shall be a number greater than two-thirds, and may additionally so provide that such majority (being not less than two-thirds) may differ as between matters required to be approved by a special resolution. Written resolutions signed by all the members entitled to vote for the time being of the company may take effect as special resolutions if this is authorized by the articles of association of the company.

12. Subsidiary Owning Shares in Parent

The Cayman Companies Law does not prohibit a Cayman Islands company acquiring and holding shares in its parent company provided its objects so permit. The directors of any subsidiary making such acquisition must discharge their duties of care and to act in good faith, for a proper purpose and in the interests of the subsidiary.

13. Mergers and Consolidations

The Cayman Companies Law permits mergers and consolidations between Cayman Islands companies and between Cayman Islands companies and non-Cayman Islands companies. For these purposes, (a) "merger" means the merging of two or more constituent companies and the vesting of their undertaking, property and liabilities in one of such companies as the surviving company, and (b) "consolidation" means the combination of two or more constituent companies into a consolidated company and the vesting of the undertaking, property and liabilities of such companies to the consolidated company. In order to effect such a merger or consolidation, the directors of each constituent company must approve a written plan of merger or consolidation, which must then be authorized by (a) a special resolution of each constituent company and (b) such other authorization, if any, as may be specified in such constituent company's articles of association. The written plan of merger or consolidation must be filed with the Registrar of Companies of the Cayman Islands together with a declaration as to the solvency of the consolidated or surviving company, a list of the assets and liabilities of each constituent company and an undertaking that a copy of the certificate of merger or consolidation will be given to the members and creditors of each constituent company and that notification of the merger or consolidation will be published in the Cayman Islands Gazette. Dissenting shareholders have the right to be paid the fair value of their shares (which, if not agreed between the parties, will be determined by the Cayman Islands court) if they follow the required procedures, subject to certain exceptions. Court approval is not required for a merger or consolidation which is effected in compliance with these statutory procedures.

14. Reconstructions

There are statutory provisions which facilitate reconstructions and amalgamations approved by a majority in number representing 75% in value of shareholders or creditors, depending on the circumstances, as are present at a meeting called for such purpose and thereafter sanctioned by the Grand Court of the Cayman Islands. Whilst a dissenting shareholder would have the right to express to the Grand Court his view that the transaction for which approval is sought would not provide the shareholders with a fair value for their shares, the Grand 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 and if the transaction were approved and consummated the dissenting shareholder would have no rights comparable to the appraisal rights (i.e. the right to receive payment in cash for the judicially determined value of his shares) ordinarily available, for example, to dissenting shareholders of United States corporations.

15. Take-overs

Where an offer is made by a company for the shares of another company and, within four months of the offer, the holders of not less than 90% of the shares which are the subject of the offer accept, the offeror may at any time within two months after the expiration of the said four months, by notice require the dissenting shareholders to transfer their shares on the terms of the offer. A dissenting shareholder may apply to the Grand Court of the Cayman Islands within one month of the notice objecting to the transfer. The burden is on the dissenting shareholder to show that the Grand 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.

16. 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 Cayman Islands courts to be contrary to public policy (e.g. for purporting to provide indemnification against the consequences of committing a crime).

17. Liquidation

A company may be placed in liquidation compulsorily by an order of the court, or voluntarily (a) by a special resolution of its members if the company is solvent, or (b) by an ordinary resolution of its members if the company is insolvent. The liquidator's duties are to collect the assets of the company (including the amount (if any) due from the contributories (shareholders)), settle the list of creditors and discharge the company's liability to them, rateably if insufficient assets exist to discharge the liabilities in full, and to settle the list of contributories and divide the surplus assets (if any) amongst them in accordance with the rights attaching to the shares.

18. 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.

19. Taxation

Pursuant to section 6 of the Tax Concessions Law (2018 Revision) of the Cayman Islands, the Company has obtained an undertaking from the Financial Secretary of the Cayman Islands:

(i) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciations shall apply to the Company or its operations; and

(ii) in addition, that no tax to be levied on profits, income, gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable:

(a) on or in respect of the shares, debentures or other obligations of the Company; or

(b) by way of the withholding in whole or in part of any relevant payment as defined in section 6(3) of the Tax Concessions Law (2018 Revision).

The undertaking is for a period of twenty years from January 10, 2017.

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 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 not party to any double tax treaties that are applicable to any payments made by or to the Company.

20. Exchange Control

There are no exchange control regulations or currency restrictions in the Cayman Islands.

21. General

Maples and Calder (Hong Kong) LLP, the Company's legal advisors on Cayman Islands law, have sent to the Company a letter of advice summarizing aspects of Cayman Islands company law. This letter, together with a copy of the Cayman Companies Law, is available for inspection as referred to in the section headed "Documents Delivered to the Registrar of Companies in Hong Kong and Available for Inspection" in Appendix V. 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/she is more familiar is recommended to seek independent legal advice.

A. FURTHER INFORMATION ABOUT OUR COMPANY AND OUR SUBSIDIARIES

1. Incorporation

Our Company was incorporated in the Cayman Islands on December 12, 2016 as an exempted company with limited liability under the Cayman Companies Law. Our Company has established a principal place of business in Hong Kong at Room 1004, 10/F, New World Tower 1, 16-18 Queen's Road Central, Central, Hong Kong and was registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) on March 19, 2020. Mr. Yu Cheeric James has been appointed as the authorized representative of our Company for acceptance of service of process in Hong Kong. The address for acceptance of service of process in Hong Kong of Mr. Yu Cheeric James is Room 1004, 10/F, New World Tower 1, 16-18 Queen's Road Central, Central, Hong Kong.

As our Company was incorporated in the Cayman Islands, it operates subject to Cayman Islands laws and its constitutive documents comprising the Memorandum of Association and the Articles of Association. A summary of certain parts of our constitution and relevant aspects of the Cayman Companies Law is set out in Appendix III to this prospectus.

2. Changes in Share Capital of the Company

As of the date of the incorporation of the Company, the authorized share capital of the Company was HK$380,000 divided into 38,000,000 Shares of a par value of HK$0.01 each. The following alterations in the authorized and issued share capital of our Company have taken place since its date of incorporation up to the date of this prospectus:

(a) upon incorporation, one Share was allotted and issued to the initial subscriber, and on the same day, the said one Share was transferred to Greentown China;

(b) on June 27, 2017, one Share was allotted and issued to Greentown China, credited as fully paid, to capitalize certain indebtedness owed by the Company to Greentown China arising from the consideration paid for the acquisition of Greentown Construction Management, and one addition Share was allotted and issued to Greentown China, credited as fully paid, in consideration of Greentown China's undertaking to invest in the Company an amount equivalent to any shortfall between the indebtedness and RMB1,432,660,000;

(c) on February 13, 2018, the authorized share capital of the Company was increased from HK$380,000 to HK$1,000,000,000, divided into 100,000,000,000 Shares of a par value of HK$0.01 each; and

(d) the Company allotted and issued 1,432,659,997 Shares, credited as fully paid at par, to Greentown China by way of capitalization of the sum of HK$14,326,599.97 out of the share premium account of the Company.

Save as disclosed above, there has been no alteration in the share capital of our Company during the two years immediately preceding the date of this prospectus.

3. Resolutions of the Shareholder of our Company

Pursuant to the resolutions of our Shareholder passed on June 23, 2020 which, among other things:

(a) our Company approved and adopted the Memorandum and the Articles conditional upon and with effect from the Listing; and

(b) conditional upon all the conditions set out in "Structure of the Global Offering – Conditions of the Global Offering" of this prospectus being fulfilled:

(i) the Listing and the Global Offering (including the Over-allotment Option) be approved, and any Director or the Company Secretary be and authorized and directed to (i) allot and issue, and to approve the transfer of, such number of Shares pursuant to the Global Offering, with such modifications, amendments, variations or otherwise as appropriate; and (ii) to take all actions necessary, including approving and the entering into of any agreement or document, in order to give effect to the Listing and the Global Offering (including the Over-allotment Option);

(ii) a general unconditional mandate was given to our Directors to exercise all the powers of our Company to allot, issue and deal with (including the power to make an offer or agreement, or grant securities that would or might require Shares to be allotted and issued), otherwise than by way of rights issue, scrip dividend schemes or similar arrangements providing for allotment of Shares in lieu of the whole or in part of any dividend in accordance with the Articles of Association, or under the Global Offering, or pursuant to the exercise of the Over-allotment Option, Shares with an aggregate nominal amount not exceeding the sum of (i) 20% of the aggregate nominal value of Shares in issue immediately following completion of the Global Offering (excluding any Shares which may be issued under the Over-allotment Option) and (ii) the aggregate nominal value of Shares repurchased by our Company under the authority referred to in sub-paragraph (iii) below; and

(iii) the Repurchase Mandate was given to our Directors to exercise all powers of our Company to repurchase Shares on the Stock Exchange, or on any other stock exchange on which the securities of our Company may be listed and which is recognized by the SFC and the Stock Exchange for this purpose, with a total nominal value up to 10% of the aggregate nominal value of the share capital of our Company in issue immediately following the completion of the Global Offering (excluding any Shares which may be issued under the Over-allotment Option).

Each of the general mandates referred to in sub-paragraphs (ii) and (iii) above will expire at the earliest of:

- the conclusion of the next annual general meeting of our Company (unless renewed by an ordinary resolution of our Shareholders in a general meeting, either unconditionally or subject to conditions); or

- the expiration of the period within which our Company's next annual general meeting is required by the Articles of Association or any other applicable laws to be held; or

- the date when it is varied or revoked by an ordinary resolution of our Shareholders in general meeting.

4. Changes In Share Capital Of Our Subsidiaries

A summary of the corporate information and the particulars of our subsidiaries are set out in the Accountants' Report as set out in Appendix I to this prospectus.

Save for the alterations described in paragraph below and the section headed "History and Reorganization" in this prospectus, there is no alteration in the share capital of our subsidiaries which took place within the two years immediately preceding the date of this prospectus.

(a) Sanya Zhujiu

Sanya Zhujiu was incorporated on January 28, 2019. The registered share capital was RMB5 million.

(b) Lishui Greentown Leju

Lishui Greentown Leju was incorporated on November 26, 2018. The registered share capital was RMB1 million.

(c) Zhejiang Greentown Jianfu

Zhejiang Greentown Jianfu was incorporated on December 21, 2018. The registered share capital was RMB10 million.

(d) Jiaxing Lvxing Leju

Jiaxing Lvxing Leju was incorporated on May 6, 2019. The registered share capital was RMB1 million.

(e) Zhejiang Greentown Zheqi

Zhejiang Greentown Zheqi was incorporated on May 9, 2019. The registered share capital was RMB10 million.

(f) Lvxing Construction Design

Lvxing Construction Design was incorporated on December 25, 2018. The registered share capital was RMB0.1 million.

(g) Lvxing Real Estate Consulting

Lvxing Real Estate Consulting was incorporated on December 25, 2018. The registered share capital was RMB0.1 million.

(h) Lvxing Asset Service

Lvxing Asset Service was incorporated on December 25, 2018 with a registered share capital of RMB100,000.

(i) Greenstar Education

On November 29, 2018, the registered share capital of Greenstar Education increased from RMB100,000 to RMB10 million.

(j) Greentown Zhijia

Greentown Zhijia was incorporated on December 6, 2019 with a registered capital of RMB10 million.

(k) Lvxin Haihe

Lvxin Haihe was incorporated on December 12, 2019 with a registered capital of RMB1 million.

(l) Lvxin Enterprise

Lvxin Enterprise was incorporated on December 3, 2019 with a registered capital of RMB1 million.

(m) Lvxing Construction

Lvxing Construction was incorporated on December 3, 2019 with a registered capital of RMB1 million.

(n) Suichang Lvxing

Suichang Lvxing was incorporated on May 6, 2020 with a registered capital of RMB1 million.

5. Repurchase of our Own Securities

The following paragraphs include, among others, certain information required by the Stock Exchange to be included in this prospectus concerning the repurchase of our own securities.

(a) Provision 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 most important of which are summarized below:

(i) Shareholders' Approval

The Listing Rules provide that all proposed repurchases of securities (which must be fully paid up in the case of shares) by a company with a primary listing on the Stock Exchange must be approved in advance by an ordinary resolution of the shareholders in general meeting, either by way of general mandate or by specific approval of a particular transaction.

Pursuant to a resolution passed by our Shareholders on June 23, 2020, the Repurchase Mandate was given to our Directors as set out in "– 3. Resolutions of the Shareholder of our Company" in this section.

(ii) Source of Funds

Repurchases must be funded out of funds legally available for such purpose in accordance with the Memorandum and the Articles of Association and the Listing Rules and the applicable laws of the Cayman Islands. 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 Listing Rules. Subject to the foregoing, any repurchases by our Company may be made out of profits of our Company, out of the Company's share premium account or out of a fresh issue of Shares made for the purpose of the repurchase or out of capital, if so authorized by the Articles and subject to the provisions of the Cayman Companies Law and, in the case of any premium payable on the purchase, out of profits of our Company or from sums standing to the credit of the share premium account of our Company or out of capital, if so authorized by the Articles and subject to the provisions of the Cayman Companies Law.

(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 the 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 Shares (whether effected on the Stock Exchange or otherwise) will be automatically canceled upon repurchase and our Company must apply for listing of any further issues of that type of shares in the normal way. Our Company shall ensure that the certificates of the repurchased Shares are canceled and destroyed as soon as reasonably practicable following settlement of any such repurchase. Under the Cayman Companies Law, a company's repurchased shares may be treated as canceled or held as treasury shares and, if so canceled the amount of the company's issued share capital shall be reduced by the aggregate value of the repurchased shares accordingly although the authorized share capital of the company will not be reduced.

(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 has been made publicly available. In particular, during the period of one month immediately preceding the earlier of (a) the date of the board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of a listed company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and (b) the deadline for publication of an announcement of a listed company's results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules), 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 repurchases, where relevant, and the aggregate prices paid.

(vii) Connected Persons

A listed company is prohibited from knowingly repurchasing 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 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 Shares is in the interests of our Company and our Shareholders. Repurchases may, depending on the circumstances, result in an increase in the net asset value and/or earnings per Share. Our Directors sought the grant of a general authority from our Shareholder to give our Company the flexibility to repurchase Shares 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 pertaining and any repurchases will only be made when 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 lawfully available for such purpose in accordance with its Memorandum and Articles of Association, the Listing Rules and the applicable laws of the Cayman Islands. There could be a material adverse impact on the working capital and/or gearing position of our Company (as compared with the position disclosed in this prospectus) in the event that the Repurchase Mandate were to be carried out in full at any time during the share repurchase period.

However, our Directors do not propose to exercise the general mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of our Company or the gearing levels which in the opinion of our Directors are from time to time appropriate for our Company.

(d) General

The exercise in full of the Repurchase Mandate, on the basis of 1,910,220,000 Shares in issue immediately following the completion of the Global Offering, but assuming the Over-allotment Option is not exercised, could accordingly result in up to approximately 191,022,000 Shares being repurchased by our Company during the period prior to the earliest of:

- the conclusion of the next annual general meeting of our Company (unless renewed by an ordinary resolution of our Shareholders in a general meeting, either unconditionally or subject to conditions);
- the expiration of the period within which our Company's next annual general meeting is required by the Articles of Association or any other applicable laws to be held; or
- the date when it is varied or revoked by an ordinary resolution of our Shareholders in general meeting.

None of our Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their associates currently intends to sell any Shares to our Company. Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Listing Rules and the applicable laws in the Cayman Islands.

If, as a result of any repurchase of Shares, a Shareholder's proportionate interest in the voting rights of our Company is increased, such increase will be treated as an acquisition for the purposes of the Hong Kong 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 as aforesaid, 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 the Shares then in issue 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 or she has a 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 OUR BUSINESS

1. Summary of Material Contracts

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by members of our Group within the two years preceding the date of this prospectus and are or may be material:

(a) an equity transfer agreement dated August 7, 2018 entered into between Greentown Construction Management and Greentown Leju Construction Management Co., Ltd. (綠城樂居建設管理有限公司) pursuant to which Greentown Leju Construction Management Co., Ltd. (綠城樂居建設管理有限公司) agreed to acquire equity interest of RMB10 million in value in Yiwu Greentown Investment from Greentown Construction Management for a consideration of RMB10 million;

(b) an equity transfer agreement dated August 7, 2018 entered into between Greentown Construction Management and Greentown Leju Construction Management Co., Ltd. (綠城樂居建設管理有限公司) pursuant to which Greentown Leju Construction Management Co., Ltd. (綠城樂居建設管理有限公司) agreed to acquire equity interest of RMB10 million in value in Yiwu Greentown Construction from Greentown Construction Management for a consideration of RMB10 million;

(c) an equity transfer agreement dated August 24, 2018 entered into between Greentown Construction Management and Greentown Leju Construction Management Co., Ltd. (綠城樂居建設管理有限公司) pursuant to which Greentown Leju Construction Management Co., Ltd. (綠城樂居建設管理有限公司) agreed to acquire a 100% equity interest in Chun'an Qiandao Lake from Greentown Construction Management for a consideration of RMB1 million;

(d) an equity transfer agreement dated February 20, 2019 entered into between Shenzhen Xinsheng Investment Consulting Company Limited (深圳鑫勝投資諮詢有限公司) and Greentown Management pursuant to which Greentown Management agreed to acquire a 11% equity interest in Greentown Shenye from Shenzhen Xinsheng Investment Consulting Company Limited (深圳鑫勝投資諮詢有限公司) for nil consideration;

(e) an equity transfer intention agreement dated September 29, 2019 between Greentown Management, Greentown Landscape Garden and Public City Garden, pursuant to which Greentown Management agreed to sell a 100% equity interest in Public City Garden to Greentown Landscape Garden at a consideration to be agreed between the parties;

(f) an equity transfer intention agreement dated September 30, 2019 between Greentown Management, Changxing Yuanhe Investment Management Partnership Enterprise (Limited Partnership) (長興元合投資管理合夥企業(有限合夥)) and Greentown Landscape Garden, pursuant to which Greentown Management agreed to sell a 2% equity interest in Greentown Landscape Garden to Changxing Yuanhe Investment Management Partnership Enterprise (Limited Partnership) (長興元合投資管理合夥企業(有限合夥)) at a consideration to be agreed between the parties;

(g) an equity transfer agreement dated December 20, 2019 entered into between Greentown Real Estate and Greentown Construction Management pursuant to which Greentown Construction Management agreed to acquire equity interest of RMB25.5 million in value in Qingdao Greentown Construction from Greentown Real Estate for a consideration of RMB25.5 million;

(h) a transfer agreement in relation to 16.5% equity interest in Greentown Kunyi dated January 7, 2020 entered into between Liu Guanghui (劉光輝), Greentown Management and Greentown Kunyi, pursuant to which Greentown Management agreed to acquire a 16.5% equity interest in Greentown Kunyi from Liu Guanghui (劉光輝) for a consideration of RMB954,337.68;

(i) an equity entrustment agreement dated February 24, 2020 entered into between Shanghai Junyu Business Consulting Partnership Enterprise (Limited Partnership) (上海君寓商務諮詢合夥企業(有限合夥)), Greentown Management and Hangzhou Greentown Dingli, pursuant to which Greentown Management was entrusted to hold a 49% equity interest in Hangzhou Greentown Dingli on behalf of Shanghai Junyu Business Consulting Partnership Enterprise (Limited Partnership) (上海君寓商務諮詢合夥企業(有限合夥));

(j) an equity entrustment agreement dated February 24, 2020 entered into between Hangzhou Qixin Investment Management Partnership Enterprise (Limited Partnership) (杭州祺欣投資管理合夥企業(有限合夥)), Greentown Management and Hangzhou Binfeng, pursuant to which Greentown Management was entrusted to hold a 49% equity interest in Hangzhou Binfeng on behalf of Hangzhou Qixin Investment Management Partnership Enterprise (Limited Partnership) (杭州祺欣投資管理合夥企業(有限合夥));

(k) an equity entrustment agreement dated February 24, 2020 entered into between Hangzhou Qixin Investment Management Partnership Enterprise (Limited Partnership) (杭州祺欣投資管理合夥企業(有限合夥)), Greentown Management and Hangzhou Greentown Jiangbin Construction Management Co., Ltd. (杭州綠城江濱建設管理有限公司), pursuant to which Greentown Management was entrusted to hold a 100% equity interest in Hangzhou Greentown Jiangbin Construction Management Co., Ltd. (杭州綠城江濱建設管理有限公司) on behalf of Hangzhou Qixin Investment Management Partnership Enterprise (Limited Partnership) (杭州祺欣投資管理合夥企業(有限合夥));

(l) a cornerstone investment agreement dated June 24, 2020, entered into among the Company, Hangzhou SUPOR Equity Investment Co., Ltd., Credit Suisse (Hong Kong) Limited, Deutsche Securities Asia Limited and Deutsche Bank AG, Hong Kong Branch, pursuant to which Hangzhou SUPOR Equity Investment Co., Ltd. agreed to subscribe for such number of Shares rounded down to the nearest whole board lot which may be purchased with RMB135.2 million (including brokerage and levies) at the Offer Price;

(m) a cornerstone investment agreement dated June 24, 2020, entered into among the Company, Lucky Advent Limited, Lou Gongwang, Credit Suisse (Hong Kong) Limited, Deutsche Securities Asia Limited and Deutsche Bank AG, Hong Kong Branch, pursuant to which Lucky Advent Limited agreed to subscribe for such number of Shares rounded down to the nearest whole board lot which may be purchased with US$8 million (excluding brokerage and levies) at the Offer Price; and

(n) the Hong Kong Underwriting Agreement.

2. Intellectual Property Rights

(a) Trademarks

(i) Registered Trademarks

As of the Latest Practicable Date, we had registered the following trademarks which we consider to be or may be material to our business:

Trademark	Registered Owner	Jurisdiction	Class	Expiration Date	Registration Number
綠鼎	Greentown Management	PRC	36	May 20, 2025	14322759
綠鼎	Greentown Management	PRC	37	May 20, 2025	14322760
綠鼎	Greentown Management	PRC	38	May 20, 2025	14322758
綠鼎	Greentown Management	PRC	42	May 20, 2025	14322757
鼎益	Greentown Management	PRC	38	May 20, 2025	14322755
代建4.0	Greentown Management	PRC	37	February 20, 2028	20196145
代建4.0	Greentown Management	PRC	42	February 20, 2028	20195981
绿城乐居	Greentown Leju	PRC	36	August 13, 2028	25888721
绿城乐居	Greentown Leju	PRC	35	August 20, 2028	25894857
绿城乐居	Greentown Leju	PRC	42	November 13, 2028	25887551
绿城乐居	Greentown Leju	PRC	37	November 6, 2028	25887576
綠星知服	Greentown Construction Management	PRC	37	December 6, 2029	35009903
綠星知服	Greentown Construction Management	PRC	42	December 6, 2029	34998319
綠星知服	Greentown Construction Management	PRC	35	November 27, 2029	34989960
綠星資服	Greentown Construction Management	PRC	37	December 6, 2029	35008707
綠星資服	Greentown Construction Management	PRC	42	December 6, 2029	34992357
綠星資服	Greentown Construction Management	PRC	35	November 27, 2029	34983773
綠星知服	Greentown Construction Management	PRC	41	September 27, 2029	34992196
綠星資服	Greentown Construction Management	PRC	41	October 6, 2029	34995719

Trademark	Registered Owner	Jurisdiction	Class	Expiration Date	Registration Number
綠星	Greentown Construction Management	PRC	41	September 6, 2029	34176268
綠星建服	Greentown Construction Management	PRC	35	September 27, 2029	33475943
綠星建服	Greentown Construction Management	PRC	41	June 13, 2029	33468110
綠星建服	Greentown Construction Management	PRC	42	September 27, 2029	33464214
綠星建服	Greentown Construction Management	PRC	37	December 27, 2029	33475917

(ii) Licensed Trademarks

Pursuant to the trademark license agreement dated February 24, 2020 between our Company and Greentown China, Greentown China agreed to license a series of "綠城" (Greentown) and related trademarks to us. For details, please see the sections headed "Connected Transactions – Continuing Connected Transactions – Trademark License Agreement" in this prospectus. Among these licensed trademarks that we have the right to use under such agreement, the following licensed trademarks were considered by us to be material or might be material to our business as of the Latest Practicable Date:

Trademark	Registered Owner	Jurisdiction	Class	Licensed term	Registration Number
	Greentown China	PRC	36(3604)	Commencing from the effective date of the agreement for an initial licensed term of 10 years from the Listing	859820
	Greentown China	PRC	36(3604)		23224285
绿城	Greentown China	PRC	36(3604)		23224287
绿城	Greentown China	PRC	36(3604)		1197956
	Greentown China	PRC	36(3604)		1354914

(iii) Trademarks Applications Pending

As of the Latest Practicable Date, we had applied for the registration of the following trademarks which we considered to be or may be material to our business:

Trademark	Applicant	Jurisdiction	Class(es)	Date of Application	Application Number
	Greentown Construction Management	PRC	36	May 27, 2019	38478783
綠星	Greentown Construction Management	PRC	36	May 27, 2019	38474578
代建 4.0	Greentown Construction Management	PRC	41	May 27, 2019	38471654
	Greentown Construction Management	PRC	35	May 27, 2019	38467305
	Greentown Construction Management	PRC	42	May 27, 2019	38453535
綠星資服	Greentown Construction Management	PRC	36	November 29, 2018	35001190
綠星光年	Greentown Construction Management	PRC	39	April 22, 2020	45689880
綠星光年	Greentown Construction Management	PRC	37	April 22, 2020	45675333
綠星光年	Greentown Construction Management	PRC	36	April 22, 2020	45672646
綠城M	Greentown Construction Management	PRC	36	April 22, 2020	45669508
綠星光年	Greentown Construction Management	PRC	41	April 22, 2020	45663117

Save as aforesaid, there are no other trademarks, patents, other intellectual or industrial property rights which are material in relation to our Group's business.

(b) Domain names

As of the Latest Practicable Date, we owned the following domain name, which we considered to be or may be material to our business.

Domain Name	Registered owner	Date of registration	Expiration Date
www.lcgljt.com	Greentown Construction Management	December 8, 2015	December 8, 2022

C. FURTHER INFORMATION ABOUT OUR DIRECTORS

1. Directors

(a) Disclosure of Interest

Interests and Short Positions of Our Directors and the Chief Executives of Our Company in the Shares, Underlying Shares and Debentures of Our Company and Its Associated Corporations

Except as disclosed below, so far as our Directors are aware, immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised), none of the Directors and chief executive hold any interest or short position in our Shares, underlying Shares and debentures and any of our associated corporation (within the meaning of Part XV of the SFO) notifiable to us 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) or which are required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which are required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers of the Listing Rules, to be notified to us and the Stock Exchange.

Associated Corporation of our Company

Name of Director	Name of associated corporation of our Company	Interest	% of issued share capital of the associated corporation[3]
Mr. Zhang Yadong	Greentown China	8,270,949[1]	0.332%

Name of Director	Name of associated corporation of our Company	Interest	% of issued share capital of the associated corporation[(3)]
Mr. Liu Wensheng	Greentown China	7,986,129[(2)]	0.320%

Notes:

(1) It represents (i) 7,600,000 share options under the share option scheme; and (ii) 670,949 shares under the share award scheme.

(2) It represents (i) 7,400,000 share options under the share option scheme; and (ii) 586,129 shares under the share award scheme.

(3) Calculated based on the relevant individual's interest in the relevant shares and the total number of issued shares of Greentown China as of the Latest Practicable Date.

(b) Particulars of Service Contracts

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 the statutory compensation.

2. Interest in Material Contract or Arrangement

Save as disclosed in this prospectus, there is no contract or arrangement subsisting at the date of this prospectus in which a Director is materially interested and which is significant in relation to the business of our Group.

D. OTHER INFORMATION

1. Estate Duty

Our Directors have been advised that no material liability for estate duty is likely to fall on our Company or any of our subsidiaries.

2. Litigation

So far as our Directors are aware, no litigation or claim of material importance was pending or threatened against any member of our Group as of the Latest Practicable Date.

3. The Joint Sponsors

The Joint Sponsors have declared their independence pursuant to Rule 3A.07 of the Listing Rules.

The Joint Sponsors has made an application on our behalf to the Listing Committee of the Stock Exchange for a listing of, and permission to deal in, the Shares in issue, the Shares to be issued pursuant to the Global Offering (including any Shares which may fall to be issued pursuant to the exercise of the Over-allotment Option).

The Joint Sponsors is entitled to an aggregate fee of US$1.5 million for acting as the sponsors for the Listing.

4. Preliminary Expenses

The total preliminary expenses of our Company are estimated to be approximately US$5,659 and are payable by our Company.

5. Qualification and Consents of Experts

The qualifications of the experts which have given opinions or advice which are contained in, or referred to in, this prospectus are as follows:

Name	Qualification
Credit Suisse (Hong Kong) Limited	A corporation licensed to conduct type 1 (dealing in securities), type 2 (dealing in futures contracts), type 4 (advising on securities), type 5 (advising on futures contracts) and type 6 (advising on corporate finance) regulated activities under the SFO
Deutsche Securities Asia Limited	A corporation licensed to conduct Type 1 (dealing in securities), Type 2 (dealing in futures contracts) and Type 6 (advising on corporate finance) of the regulated activities as defined under the SFO
Deloitte Touche Tohmatsu	Certified Public Accountants under Professional Accountants Ordinance Registered Public Interest Entity Auditor under Financial Reporting Council Ordinance
China Index Academy	Industry consultant
Maples and Calder (Hong Kong) LLP	Legal advisor as to Cayman Islands law
Zhejiang T&C Law Firm	Legal advisor as to PRC law

Each of the experts above has given and has not withdrawn their respective written consents to the issue of this prospectus with copies of their reports, letters, opinions or summaries of opinions (as the case may be) and the references to their names included herein in the form and context in which they are respectively included.

None of the experts named above has any shareholding interest in our Company or any of our subsidiaries or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in our Company or any of our subsidiaries.

6. Binding Effect

This prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

7. Bilingual Prospectus

The English language and Chinese language versions of this prospectus are being published separately in reliance upon the exemption provided by section 4 of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

8. Miscellaneous

(a) Save as disclosed in this prospectus, within the two years immediately preceding the date of this prospectus:

(i) no share or loan capital or debenture of our Company or any of our subsidiaries has been issued or agreed to be issued or is proposed to be issued for cash or as fully or partly paid other than in cash or otherwise;

(ii) no share or loan capital of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option; and

(iii) no commissions, discounts, brokerages or other special terms have been granted or agreed to be granted in connection with the issue or sale of any share or loan capital of our Company or any of our subsidiaries.

(b) Save as disclosed in this prospectus:

(i) there are no founder, management or deferred shares nor any debentures in our Company or any of our subsidiaries;

(ii) no share or loan capital or debenture of our Company of any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option; and

(iii) no commission was paid within the two years preceding the date of this prospectus, or is payable, by our Company for subscribing or agreeing to subscribe, or procuring or agreeing to procure subscriptions, for any shares in or debentures of our Company or any of our subsidiaries.

(c) Save as disclosed in "– B. Further Information about our Business – 1. Summary of Material Contracts" above, none of our Directors or proposed Directors or experts (as named in this prospectus), have any interest, direct or indirect, in the promotion of our Company, or in any assets which have been, within the two years immediately preceding the date of this prospectus, acquired or disposed of by or leased to, any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group.

(d) Our Company has no promoter for the purpose of the Listing Rules. Within the two years immediately preceding the date of this prospectus, no cash, securities or other benefit has been paid, allotted or given or is proposed to be paid, allotted or given to any promoters of our Company in connection with the Global Offering or the related transactions described in this prospectus.

The English text of this prospectus and the Application Forms shall prevail over their respective Chinese text.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to the copy of this prospectus delivered to the Registrar of Companies in Hong Kong for registration were, among other documents:

(a) copies of **WHITE**, **YELLOW**, **GREEN** and **BLUE** application forms;

(b) the written consents referred to under "D. Other Information – 5. Qualification and Consents of Experts" in Appendix IV to this prospectus; and

(c) copies of the material contracts referred to in "B. Further Information about our Business – 1. Summary of Material Contracts" in Appendix IV to this prospectus.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the offices of Allen & Overy at 9th Floor, Three Exchange Square, Central, Hong Kong during normal business hours up to and including the date which is 14 days from the date of this prospectus:

(a) our Memorandum and the Articles of Association;

(b) the Accountants' Report and the assurance report on the compilation of pro forma financial information of our Group prepared by Deloitte Touche Tohmatsu, the texts of which are set out in Appendix I and Appendix II to this prospectus, respectively;

(c) the audited consolidated financial statements of our Company as of and for the years ended December 31, 2017, 2018 and 2019;

(d) the letter of advice prepared by Maples and Calder (Hong Kong) LLP, our legal advisor on Cayman Islands law, in relation to certain aspects of the Cayman Companies Law referred to in Appendix III to this prospectus;

(e) the PRC legal opinions issued by Zhejiang T&C Law Firm, our legal advisor on PRC law, in respect of certain general corporate matters and property interests of our Group;

(f) the Cayman Companies Law;

(g) the industry report prepared by China Index Academy;

(h) the written consents referred to under the paragraph headed "D. Other Information – 5. Qualification and Consents of Experts" in Appendix IV to this prospectus; and

(i) the material contracts referred to in "B. Further Information about our Business – 1. Summary of Material Contracts" in Appendix IV to this prospectus.

綠城管理控股有限公司
GREENTOWN MANAGEMENT HOLDINGS COMPANY LIMITED