華潤萬象生活有限公司
China Resources Mixc Lifestyle Services Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1209

Global Offering

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

建银国际 CCB International

CICC 中金公司

citi

Goldman Sachs

(in alphabetical order)

Other Joint Global Coordinator, Joint Bookrunner and Joint Lead Manager

農銀國際 ABC INTERNATIONAL

Other Joint Bookrunners and Joint Lead Managers

BOC INTERNATIONAL

招銀国际 CMB INTERNATIONAL

ICBC 工银国际

(in alphabetical order)

IMPORTANT

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

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GLOBAL OFFERING

Number of Offer Shares under the Global Offering	:	**550,000,000 Shares (subject to the Over-allotment Option)**
Number of Hong Kong Offer Shares	:	**27,500,000 Shares (subject to reallocation)**
Number of International Offer Shares	:	**522,500,000 Shares (including 55,000,000 Reserved Shares under the Preferential Offering) (subject to reallocation and the Over-allotment Option)**
Maximum Offer Price	:	**HK$22.30 per Share plus brokerage of 1.0%, SFC transaction levy of 0.0027% and the Hong Kong Stock Exchange trading fee of 0.005% (payable in full on application, subject to refund)**
Nominal value	:	**US$0.00001 per Share**
Stock code	:	**1209**

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

A copy of this prospectus, having attached thereto the documents specified in "Documents Delivered to the Registrar of Companies in Hong Kong and Available for Inspection" in Appendix VI 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 as to the contents of this prospectus or any other document referred to above.

The Offer Price is expected to be fixed by agreement between the Joint Global Coordinators (on behalf of the Hong Kong Underwriters) and us on the Price Determination Date. The Price Determination Date is expected to be on or around Tuesday, December 1, 2020 (Hong Kong time) and, in any event, not later than Sunday, December 6, 2020 (Hong Kong time). The Offer Price will be not more than HK$22.30 and is currently expected to be not less than HK$18.60 per Offer Share. If, for any reason, the Offer Price is not agreed by Sunday, December 6, 2020 (Hong Kong time) between the Joint Global Coordinators (on behalf of the Hong Kong Underwriters) and us, the Global Offering will not proceed and will lapse.

The Joint Global Coordinators, on behalf of the Hong Kong Underwriters, and with our consent may, where considered appropriate, reduce the number of Hong Kong Offer Shares and/or the indicative Offer Price range below that is stated in this prospectus (which is HK$18.60 to HK$22.30) at any time 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 Hong Kong 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) as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the day which is the last day for lodging applications under the Hong Kong Public Offering. Such notices will also be available on the website of our Company at www.crmixclifestyle.com.cn and on the website of the Hong Kong Stock Exchange at www.hkexnews.hk. Further details are set forth in "Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares and Reserved Shares" in this prospectus.

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" in this prospectus. The obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement are subject to termination by the Joint Global Coordinators (on behalf of the Hong Kong Underwriters) if certain grounds arise prior to 8:00 a.m. on the Listing Date. For details, see "Underwriting — Underwriting Arrangements and Expenses — Hong Kong Public Offering — Grounds for Termination."

The Offer Shares have not been and will not be registered under the US Securities Act or any state securities law in the United States and may be offered and sold only (a) in the United States to "Qualified Institutional Buyers" in reliance on Rule 144A under the U.S. Securities Act or another exemption from, or in a transaction not subject to, the registration requirements under the US Securities Act and (b) outside the United States in an offshore transaction in accordance with Regulation S under the US Securities Act.

November 25, 2020

Despatch of **BLUE** Application Forms to Qualifying CR Land Shareholders on or before	Wednesday, November 25, 2020
Hong Kong Public Offering and Preferential Offering commence and **WHITE** and **YELLOW** Application Forms available from	9:00 a.m. on Wednesday, November 25, 2020
Latest time for completing electronic applications under the (i) **HK eIPO White Form** service and (ii) **HK eIPO Blue Form** service through one of the below ways[2]:	11:30 a.m. on Tuesday, December 1, 2020
(1) (i) and (ii) in the designated website **www.hkeipo.hk**	
(2) (i) via the **IPO App**, which can be downloaded by searching "**IPO App**" in App Store or Google Play or downloaded at **www.hkeipo.hk/IPOApp** or **www.tricorglobal.com/IPOApp**	
Application lists open[3]	11:45 a.m. on Tuesday, December 1, 2020
Latest time for (a) lodging **WHITE**, **YELLOW** and **BLUE** Application Forms, (b) completing payment for **HK eIPO White Form** applications and **HK eIPO Blue Form** applications by effecting internet banking transfer(s) or PPS payment transfer(s) and (c) giving **electronic application instructions** to HKSCC	12:00 noon on Tuesday, December 1, 2020
Application lists close[3]	12:00 noon on Tuesday, December 1, 2020
Expected Price Determination Date[4]	Tuesday, December 1, 2020
(1) 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 allocations of the Hong Kong Offer Shares and the Reserved Shares under the Hong Kong Public Offering and the Preferential Offering to be published on or before	Tuesday, December 8, 2020
(2) Results of allocations in the Hong Kong Public Offering and the Preferential Offering to be available through a variety of channels as described in the section headed "How to Apply for Hong Kong Offer Shares and Reserved Shares — E. Publication of Results" from	Tuesday, December 8, 2020

(3) Announcement containing (1) and (2) above to be published on the websites of the Company and the Hong Kong Stock Exchange at **www.crmixclifestyle.com.cn** and **www.hkexnews.hk** respectively from	Tuesday, December 8, 2020
Results of allocations in the Hong Kong Public Offering and the Preferential Offering will be available at **www.tricor.com.hk/ipo/result** (alternatively: www.hkeipo.hk/IPOResult) or at "Allotment Result" on the IPO App with a "search by ID" function from	Tuesday, December 8, 2020
Despatch of Share certificates and e-Auto Refund payment instructions/refund cheques on or before[5][6]	Tuesday, December 8, 2020
Dealings in the Shares on the Hong Kong Stock Exchange expected to commence on	Wednesday, December 9, 2020

(1) All dates and times refer to Hong Kong dates and times.

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

(3) If there is a "black" rainstorm warning signal 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 Tuesday, December 1, 2020, the application lists will not open and close on that day. See section headed "How to Apply for Hong Kong Offer Shares and Reserved Shares" in this prospectus.

(4) The Price Determination Date is expected to be on or around Tuesday, December 1, 2020 and in any event, not later than Sunday, December 6, 2020. If for any reason, the Offer Price is not agreed between the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and us by Sunday, December 6, 2020, the Global Offering will not proceed and will lapse.

(5) The Share certificates will only become valid at 8:00 a.m. on the Listing Date, which is expected to be Wednesday, December 9, 2020, provided that the Global Offering has become unconditional in all respects at or before that time. Investors who trade Shares on the basis of publicly available allocation details or prior to the receipt of the Share certificates or prior to the Share certificates becoming valid do so entirely at their own risk.

(6) e-Auto Refund payment instructions/refund cheques will be issued in respect of wholly or partially unsuccessful applications and in respect of successful applications if the Offer Price is less than the price payable on application.

For details of the structure of the Global Offering, including its conditions, and the procedures for applications for the Hong Kong Offer Shares and the Reserved Shares, see sections headed "Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares and Reserved Shares" in this prospectus, respectively.

If the Global Offering does not become unconditional or is terminated in accordance with its terms, the Global Offering will not proceed. In such a case, the Company will make an announcement as soon as practicable thereafter.

The **BLUE** Application Forms have been despatched to all Qualifying CR Land Shareholders. In addition, Qualifying CR Land Shareholders will receive a copy of this prospectus.

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

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

You should rely only on the information contained in this prospectus and the 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 included in this prospectus must not be relied on by you as having been authorized by us, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of our or their respective directors, officers, employees, agents or representatives of any of them, or any other person or party involved in the Global Offering. Information contained on our website, located at www.crmixclifestyle.com.cn, 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 prospectus before you decide to invest in the Offer Shares.

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

OVERVIEW

Who We Are

We are a leading property management and commercial operational service provider in China. We provide property management and value-added services to one of the largest portfolios of residential properties. We also manage and operate a diversified and growing portfolio of commercial properties comprising shopping malls and office buildings. As of June 30, 2020, the GFA of the residential and commercial properties under our property management services was approximately 106.6 million sq.m. and the GFA of the shopping malls under our commercial operational services was approximately 5.6 million sq.m. According to Frost & Sullivan, we ranked:

- fifth in terms of property management service revenue in 2019 among all PRC property management companies;
- second in terms of shopping mall property management service revenue in 2019 among all PRC shopping mall operational service providers;
- first in terms of the number of managed luxury shopping malls in China in 2019 among shopping mall operational service providers in China; and
- second in terms of total revenue from shopping mall operational services market in the first six months of 2020 among all PRC shopping mall operational service providers.

Capitalizing on our leading brand, extensive resources and experience, outstanding technological capabilities, and appealing membership programs, together with CR Group, CR Land and other partners, we are committed to developing a lifestyle service platform that is centered around living, shopping and working. Through our platform, we seek to improve property users' quality of life and vitalize the property operations for asset owners. We consider our business model distinctive because of the following features:

- ***"Multiple property types"***: We provide services to multiple types of properties, such as residential properties, shopping malls and office buildings as well as public facilities.
- ***"All-customers"***: We believe in an "all-customers" approach because we regard all users and owners who live, shop and work in our managed properties as our customers.
- ***"Full spectrum of service offerings"***: Our business has expanded beyond traditional property management services to the offering of comprehensive solutions to satisfy the needs of our customers.

- ***"Integrated ecosystem"***: We have established an integrated ecosystem that provides comprehensive services for properties under our management as well as their users. Properties under our management are the foundation of our ecosystem. We aim to create greater value through integrating the space, business and people in our ecosystem.

- ***We are one of the key contributors to CR Group and CR Land***: CR Group is a key state-owned conglomerate with five main business areas: consumer products; healthcare; urban construction and operation; energy services; technology and finance. CR Land, a strategic business unit of CR Group, is an integrated operator in urban investment, development and operation. We benefit from strong synergies with CR Group and CR Land and share their visions.

Our Value Propositions

With our distinctive business model, we strive to further vitalize the residential and commercial properties under our management to create value for our customers.

Users: Residents, tenants, office workers and other users of our managed properties can enjoy a wide range of community services, effective promotion and marketing services, and comprehensive and convenient management services.

Owners: Owners of our managed properties can benefit from our efficient management services and high-quality maintenance services while enjoying stable growth in asset values and increased returns on assets in the long term.

Our Services

Our business is rooted in the property development and investment business of CR Land, our Controlling Shareholder, when we started to provide property management and commercial operational services for properties developed and owned by CR Land. We have since expanded to provide comprehensive services for multiple types of properties and have developed an integrated lifestyle service platform.

Residential Property Management Services

We provide management services for residential properties and other non-commercial properties, such as stadiums, parks and industrial parks, and bring various services to families and residents in the communities to meet their living needs. Our residential property management services can be categorized as follows:

- Property management services, including security, cleaning and greening, as well as repair and maintenance services to (i) property developers for properties prior to their delivery, and (ii) property owners, property owners' associations or residents for properties sold and delivered;

- Value-added services to property developers, including consultancy, preliminary preparation, and pre-delivery marketing services; and

- Community value-added services, including community living services, brokerage services for second-hand home sales, new unit sales and home leasing, and asset operation and investment services for parking spaces and other properties.

Commercial Operational and Property Management Services

Commercial properties under our management include shopping malls and office buildings.

For shopping malls, we provide:

- Commercial operational services, including pre-opening management and operation management services;

- Property management and other services, principally including security, cleaning and greening, repair and maintenance, as well as other value-added services; and

- Commercial subleasing services, where we lease certain quality shopping malls from their owners and sublease to tenants, such as retail stores and supermarkets.

Historically, we provided commercial operational services to shopping malls in the form of inter-departmental services as part of CR Land's integrated commercial property development and investment business without charging separate fees. From January 2020, we gradually separated the commercial operational services as an independent business segment and began to recognize revenue from this business. During the first half of 2020, substantially all of the shopping malls to which we provided commercial operational services were owned or developed by CR Group and CR Land. The key terms of the commercial operational service contracts between us and property owners mainly include the scope of services, tenor (typically three-year), service fees, rights and obligations of property owners and dispute resolution mechanism. For details, see "Business — Service Contracts — Contracts under Commercial Operational and Property Management Services — Commercial Operational Service Contracts for Shopping Malls — Key Terms of Operation Management Service Contracts" and "Risk Factors — Risks Relating to our Business and Industry — The relatively short track record of our commercial operational services as a standalone business makes it difficult to assess our prospects or forecast our future results."

For office buildings, we provide property management services, including security, cleaning and greening, repair and maintenance, as well as other value-added services. From the second half of 2020, we started to provide commercial operational services to office buildings, such as tenant sourcing, asset management and operational services, and opening preparation services.

OUR STRENGTHS

We believe that the following strengths contribute to our leading market position, ensure our success and distinguish us from our competitors:

- A leading property management and commercial operational service provider in China and a lifestyle service platform;

- A distinctive business model creating a network effect;
- Strong residential property management and commercial operation capabilities;
- Appealing membership programs to enhance customer loyalty and satisfaction;
- Advanced technologies widely adopted to improve operational efficiency and user experience;
- Strong support from CR Group and CR Land; and
- A highly experienced and professional management team.

OUR STRATEGIES

In order to achieve our goals, we have formulated the following strategies:

- Accelerate our expansion and consolidate our leading market position;
- Pursue strategic investments in our ecosystem;
- Further strengthen our membership programs;
- Continue to invest in our technology capabilities;
- Strengthen our synergies with CR Group and CR Land; and
- Enhance our human resources through recruitment, training and motivation.

OUR CUSTOMERS AND SUPPLIERS

Our customers primarily consist of property developers, property owners, property owners' associations, residents and tenants. During the Track Record Period, CR Group and CR Land (together with their respective joint ventures and associates) were our top two customers, revenue generated from such customers collectively represented 31.2%, 32.2%, 32.3% and 36.0% of our total revenue in 2017, 2018, 2019 and the six months ended June 30, 2020, respectively.

Our major suppliers mainly consist of (i) subcontractors providing cleaning, greening, as well as certain repair and maintenance services, (ii) service providers of utilities, (iii) service providers of renovation, advertising and community living services, and (iv) subcontractors providing event planning, marketing and customer relation services. During the Track Record Period, CR Group and CR Land (together with their respective joint ventures and associates) were among our top five suppliers, purchase amounts from which collectively represented 20.8%, 13.3%, 14.9% and 17.8% of our total purchases in 2017, 2018, 2019 and the six months ended June 30, 2020, respectively.

RISK FACTORS

Our business and the Global Offering involve certain risks as set out in "Risk Factors" in this prospectus. You should carefully read that section in its entirety before you decide to invest in our Offer Shares. Some of the major risks we face include:

- The success of our business is dependent on general economic and market conditions.
- The relatively short track record of our commercial operational services as a standalone business makes it difficult to assess our prospects or forecast our future results.
- Failure to sustain our growth and profitability may have a material adverse effect on our business, financial condition and results of operations.
- We may not procure new service contracts as planned or at a desirable pace or price.
- Our ability to maintain or improve our current level of profitability depends on our ability to control operating costs, in particular, staff costs and subcontracting costs.
- Termination or non-renewal of a significant number of our service contracts could have a material adverse effect on our business, financial condition and results of operations.
- A significant portion of our revenue is from services provided in relation to properties developed and/or owned by CR Group and CR Land during the Track Record Period.

OUR CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, CR Land was directly interested in 100% of our issued share capital and CR Holdings was indirectly interested in approximately 59.55% of the issued share capital of CR Land.

Immediately following completion of the Global Offering, CR Land will own approximately 75.0% of the share capital of our Company (assuming the Over-allotment Option is not exercised), or approximately 72.3% of the share capital of our Company (assuming the Over-allotment Option is exercised in full). CR Land and CR Holdings will remain as our Controlling Shareholders after the Listing. For details, see "Relationship with Our Controlling Shareholders."

THE PROPOSED SPIN-OFF AND THE PREFERENTIAL OFFERING

The board of directors of CR Land considers that the proposed Spin-off is in the interests of CR Land and its shareholders, taken as a whole, as the proposed Spin-off will, among other things, (i) provide CR Land and its shareholders an opportunity to realize the value of the investment in the Group under a separate standalone platform for our business, (ii) create a more defined business focus for CR Land and our Group, (iii) allow for a clear separation of operations and management of CR Land and our Group, and (iv) lead to a more direct alignment of our management's responsibilities and accountabilities with our operational and financial performance, and allow our senior management to directly communicate with our Shareholders and investors. For details, see "History, Reorganization and Corporate Structure — Reasons for the Proposed Spin-off."

The Spin-off complies with the requirements of Practice Note 15 of the Listing Rules. The Spin-off will constitute a deemed disposal of the Group by CR Land. Since all applicable percentage ratios of the Spin-off are less than 5%, the Spin-off is exempted from the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules from the perspective of CR Land.

To enable CR Land Shareholders to participate in the Global Offering on a preferential basis as to allocation only, subject to the Hong Kong Stock Exchange granting approval for the listing of, and permission to deal in, the Shares on the Main Board the Hong Kong Stock Exchange and such approval not having been withdrawn and the Global Offering becoming unconditional, Qualifying CR Land Shareholders are being invited to apply for an aggregate of 55,000,000 Reserved Shares in the Preferential Offering, representing approximately 10.5% and 10.0% of the Offer Shares initially available under the International Offering and the Global Offering (assuming that the Over-allotment Option is not exercised), respectively, as an Assured Entitlement. For details, see "Structure of the Global Offering — The Preferential Offering."

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

The following tables present our summary combined financial information for the periods or as of the dates indicated. This summary has been derived from our combined financial information set forth in the Accountant's Report in Appendix I to this prospectus. The summary combined financial data set forth below should be read together with, and is qualified in its entirety by reference to, the combined financial information included in the Accountant's Report in Appendix I to this prospectus, including the accompanying notes, and the information set forth in "Financial Information." Our combined financial information was prepared in accordance with HKFRSs.

Summary Combined Statements of Profit or Loss

	Year ended December 31,			Six months ended June 30,	
	2017	**2018**	**2019**	**2019(1)**	**2020(1)**
	(RMB in thousands)				
Revenue	3,129,425	4,431,727	5,868,103	2,640,607	3,134,000
Cost of sales	(2,722,113)	(3,766,301)	(4,925,797)	(2,165,947)	(2,378,689)
Gross profit	**407,312**	**665,426**	**942,306**	**474,660**	**755,311**
Gain/(loss) on changes in fair value of investment property(2)	343,660	312,922	47,691	19,500	(30,300)
Other income and gains	28,466	55,040	77,150	23,096	62,009
Marketing expenses	(25,572)	(54,019)	(71,325)	(29,051)	(19,569)
Administrative expenses	(204,594)	(334,693)	(432,201)	(188,261)	(264,220)
Other expenses	(4,692)	(4,448)	(2,872)	(2,732)	(1,678)
Finance costs	(28,418)	(68,263)	(64,241)	(32,283)	(33,427)
Profit before taxation	**516,162**	**571,965**	**496,508**	**264,929**	**468,126**
Income tax expenses	(127,819)	(149,047)	(131,580)	(72,711)	(129,561)
Profit for the year or period	**388,343**	**422,918**	**364,928(3)**	**192,218**	**338,565**

(1) Results of operations for the interim periods presented are not necessarily indicative of our operating results for the full year or any future interim periods.
(2) For certain quality shopping malls developed or owned by independent third-party developers, we lease properties from their owners and sublease to tenants as sub-lessors in our commercial subleasing services. We had two shopping mall subleasing projects as of June 30, 2020, namely Luzhou MIXONE (Phase I) and Shenzhen Buji MIXONE. Due to different treatments under HKFRS 16 and HKAS 40, Shenzhen Buji MIXONE was recognized as investment property in our combined statements of financial position, whereas Luzhou MIXONE (Phase I) was not. For details, see "Financial Information — Description of Certain Components of Our Combined Statements of Financial Position — Investment Property." Pursuant to HKFRS 16, the fair value of our investment property, Shenzhen Buji MIXONE, is recognized at the fair value of the right-of-use asset on our combined statements of financial position. Gains or losses arising from changes in the fair value of the investment property are included in the statement of profit or loss in the year or period in which they arise. For details, see note 16 to the Accountant's Report in Appendix I to this prospectus.
(3) The decrease in our profit for the year in 2019 as compared to 2018 was primarily due to our recognition of greater gains on changes in fair value of Shenzhen Buji MIXONE in 2018 than in 2019, as it opened for business in April 2018 after its renovation was completed.

We experienced rapid growth in revenue during the Track Record Period, which was in line with the increases in our GFA under management. Meanwhile, in 2017, 2018, 2019 and the six months ended June 30, 2019 and 2020, our gross profit was RMB407.3 million, RMB665.4 million, RMB942.3 million, RMB474.7 million and RMB755.3 million, respectively. The increases were primarily due to our expanded business scale and improved cost control capabilities. In particular, the growth in our revenue and gross profit in the first half of 2020 was primarily due to the increased revenue and profit generated from our commercial operational and property management services as a result of (i) the monetization of commercial operational services to shopping malls and the additional revenue recognized from such services from January 2020, and (ii) the increased scale of office buildings under our management. During the same periods, our gross profit margin was 13.0%, 15.0%, 16.1%, 18.0% and 24.1%, respectively. The increases in our gross profit margin were primarily driven by increased revenue contribution from our commercial operational and property management services segment, which commands a higher gross profit margin than our residential property management services segment.

Our cost of sales represents costs and expenses directly attributable to the provision of our services, which mainly comprises (i) staff costs, (ii) subcontracting costs, (iii) utilities costs, (iv) common area facility costs, and (v) office and related expenses. The following table sets forth a breakdown of our cost of sales for the periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2017		2018		2019		2019		2020	
	Amount	% of revenue	Amount	% of revenue	Amount	% of revenue	Amount	% of revenue	Amount	% of revenue
	(RMB in thousands, except for percentages)									
Staff costs	1,443,586	46.1	1,910,264	43.1	2,454,333	41.8	1,159,544	43.9	1,281,533	40.9
Subcontracting costs	515,576	16.5	782,423	17.7	1,073,709	18.3	471,334	17.8	521,776	16.6
Utilities costs	282,487	9.0	358,090	8.1	475,846	8.1	201,262	7.6	207,915	6.6
Common area facility costs	235,882	7.5	324,979	7.3	413,699	7.0	137,308	5.2	161,383	5.1
Office and related expenses	104,965	3.4	169,742	3.8	209,831	3.6	87,342	3.3	90,594	2.9
Others[(1)]	139,617	4.5	220,803	5.0	298,379	5.1	109,157	4.2	115,488	3.8
Total	**2,722,113**	**87.0**	**3,766,301**	**85.0**	**4,925,797**	**83.9**	**2,165,947**	**82.0**	**2,378,689**	**75.9**

(1) Others primarily include depreciation and amortization, taxes and surcharges and community activity fees.

Summary Combined Statements of Financial Position

	As of December 31,			As of June 30,
	2017	2018	2019	2020
	(RMB in thousands)			
Total non-current assets	1,915,295	2,381,662	2,478,121	2,466,993
Total current assets	1,965,494	3,359,952	4,623,157	4,788,070
Total current liabilities	2,250,436	3,685,102	4,637,347	4,884,373
Net current liabilities	284,942	325,150	14,190	96,303
Total non-current liabilities	1,315,895	1,389,856	1,432,347	1,435,307
Total equity(1)	314,458	666,656	1,031,584	935,383

(1) Our total equity decreased to RMB935.4 million as of June 30, 2020 from RMB1,031.6 million as of December 31, 2019, primarily attributable to our declaration of dividends, which were partially offset by our profit for the six months ended June 30, 2020.

We had net current liabilities as of December 31, 2017, 2018, 2019 and June 30, 2020 because the general increase in our total current liabilities outpaced the increase in our total current assets during each period of the Track Record Period. The increase in our total current liabilities during the Track Record Period was mainly attributable to (i) continued increases in one-off other payables and accruals due to related parties in connection with the Reorganization, such as dividends payable, and loan and interest payables to related parties, which were fully settled before the Latest Practicable Date, (ii) continued increases in other payables and accruals due to third parties, mainly relating to deposit and security payments payable to renovation service providers as a result of the increase in the number of our delivered projects of shopping malls and office buildings, and repair funds payable to certain SOE Reform projects, and (iii) increases in contract liabilities, most notably in 2018, mainly due to our initiative to incentivize customers' advance payments. In the meantime, the increase in our total current assets was mainly attributable to (i) the increases in our trade receivables that reflected our business growth, and (ii) the substantial increases in prepayments, deposits and other receivables, as a result of our cash pooling arrangement with CR Land under which we deposited certain cash balances with a cash pooling entity of CR Land, which are due on demand. We have ceased to participate in such cash pooling arrangement with CR Land, which fully returned our cash deposits by October 2020.

Our net current liabilities increased significantly to RMB593.4 million as of September 30, 2020 from RMB96.3 million as of June 30, 2020 because we had a one-off increase of RMB544.8 million in other payables and accruals, mainly relating to our payables of consideration for the transfers of Huan Le Song HK and Luzhou CR Land, which were completed after June 30, 2020, as part of the Reorganization. See "History, Reorganization and Corporate Structure — Reorganization." We fully settled these payables before the Latest Practicable Date using a combination of cash (RMB22.0 million) and a short-term loan (RMB522.8 million). We expect to reduce our net current liabilities through (i) funds generated from our business operations as we continue to improve our profitability, (ii) reducing other payables due to related parties, and (iii) net proceeds from the Global Offering, among other things. For details, see "Risk Factors — Risks Relating to Our Business and Industry — We recorded net current liabilities during the Track Record Period and negative net cash flows from operating activities in the six months ended June 30, 2020, and we may be subject to liquidity risks accordingly" and "Financial Information — Net Current Liabilities."

Selected Combined Statements of Cash Flows

	Year ended December 31,			Six months ended June 30,	
	2017	2018	2019	2019	2020
	(RMB in thousands)				
Operating cash flows before movements in working capital	228,401	360,941	547,554	296,475	544,122
Movements in working capital	353,413	865,284	(10,046)	(605,562)	(743,120)
Income tax paid	(52,963)	(84,394)	(82,414)	(51,168)	(57,889)
Net cash flows generated from / (used in) operating activities	528,851	1,141,831	455,094	(360,255)	(256,887)
Net cash flows (used in) / generated from investing activities	(310,799)	(727,330)	(1,084,344)	(468,580)	28,831
Net cash flows (used in) / generated from financing activities	(7,561)	(149,726)	98,502	193,986	(11,041)
Net increase / (decrease) in cash and cash equivalents	**210,491**	**264,775**	**(530,748)**	**(634,849)**	**(239,097)**
Cash and cash equivalents at the beginning of the year or period	660,971	871,462	1,136,237	1,136,237	605,489
Cash and cash equivalents at the end of the year or period	**871,462**	**1,136,237**	**605,489**	**501,388**	**366,392**

We had net operating cash outflows in the six months ended June 30, 2020, primarily attributable to (i) our newly monetized commercial operational services that had increased our trade receivables, (ii) a relatively lower collection rate of property management fees in the first half of a year compared to the full year, and (iii) our payment of salaries payables and amounts collected on behalf of suppliers, resulting in a decrease in our other payables and accruals. After the Global Offering, we intend to finance our future capital requirements through cash generated from our business operations, together with the net proceeds we will receive from the Global Offering. Going forward, we intend to improve our net operating cash outflows position through increasing our efforts to collect trade receivables in a timely manner, especially during the first half of a year, and ensure our working capital sufficiency through (i) funds generated from our business operations as we continue to expand our business scale, enhance our operating efficiency and improve our profitability, and (ii) reducing other payables due to related parties, among other things.

REVENUE BREAKDOWNS

The table below sets forth a breakdown of our total revenue by type of property developer for the periods indicated:

	Year ended December 31,						Six months ended June 30,	
	2017		2018		2019		2020	
	Amount	%	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)							
Residential property management services								
— CR Group and CR Land[1]	2,010,468	64.2	2,490,706	56.2	2,986,755	51.0	1,453,397	46.3
— Independent third-party developers	90,900	2.9	272,655	6.2	484,813	8.2	227,397	7.3
Subtotal	2,101,368	67.1	2,763,361	62.4	3,471,568	59.2	1,680,794	53.6
Commercial operational and property management services								
— CR Group and CR Land[1]	968,128	31.0	1,446,479	32.7	2,074,603	35.3	1,317,556	42.0
— Independent third-party developers	59,929	1.9	221,887	4.9	321,932	5.5	135,650	4.4
Subtotal	1,028,057	32.9	1,668,366	37.6	2,396,535	40.8	1,453,206	46.4
Total	**3,129,425**	**100.0**	**4,431,727**	**100.0**	**5,868,103**	**100.0**	**3,134,000**	**100.0**

(1) In this prospectus, for convenience only, reference to properties developed or owned by CR Group and CR Land means properties developed or owned by CR Group and CR Land and their respective joint ventures and associates, and reference to services provided to CR Group and CR Land means services provided to CR Group and CR Land and their respective joint ventures and associates.

The table below sets forth a breakdown of our total revenue by business line and by type of property developer for the periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2017		2018		2019		2019		2020	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)									
Residential Property Management Services										
Residential and other non-commercial properties										
Property management services	**1,643,644**	**52.5**	**2,105,952**	**47.5**	**2,667,177**	**45.5**	**1,195,175**	**45.3**	**1,317,109**	**42.0**
— CR Group and CR Land	1,564,427	50.0	1,889,259	42.6	2,250,785	38.4	1,023,234	38.7	1,121,981	35.8
— Independent third-party developers	79,217	2.5	216,693	4.9	416,392	7.1	171,941	6.6	195,128	6.2
Value-added services to property developers	**310,231**	**9.9**	**438,711**	**9.9**	**507,234**	**8.6**	**214,203**	**8.1**	**237,205**	**7.6**
— CR Group and CR Land	307,253	9.8	420,960	9.5	486,420	8.3	201,408	7.6	223,696	7.1
— Independent third-party developers	2,978	0.1	17,751	0.4	20,814	0.3	12,795	0.5	13,509	0.5
Community value-added services	**147,493**	**4.7**	**218,698**	**5.0**	**297,157**	**5.1**	**129,114**	**4.9**	**126,480**	**4.0**
— CR Group and CR Land	138,788	4.4	180,487	4.1	249,550	4.3	105,509	4.0	107,720	3.4
— Independent third-party developers	8,705	0.3	38,211	0.9	47,607	0.8	23,605	0.9	18,760	0.6
Subtotal	**2,101,368**	**67.1**	**2,763,361**	**62.4**	**3,471,568**	**59.2**	**1,538,492**	**58.3**	**1,680,794**	**53.6**
Commercial Operational and Property Management Services										
(a) Shopping malls										
Commercial operational services	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**290,449**	**9.3**
— CR Group and CR Land	—	—	—	—	—	—	—	—	288,090	9.2
— Independent third-party developers	—	—	—	—	—	—	—	—	2,359	0.1
Property management and other services	**658,795**	**21.1**	**933,300**	**21.1**	**1,256,535**	**21.4**	**568,562**	**21.5**	**593,879**	**18.9**
— CR Group and CR Land	658,795	21.1	933,300	21.1	1,256,535	21.4	568,562	21.5	593,879	18.9
— Independent third-party developers	—	—	—	—	—	—	—	—	—	—
Commercial subleasing services	**58,536**	**1.8**	**209,852**	**4.7**	**301,772**	**5.2**	**145,312**	**5.5**	**120,691**	**3.9**
— CR Group and CR Land	—	—	—	—	—	—	—	—	—	—
— Independent third-party developers	58,536	1.8	209,852	4.7	301,772	5.2	145,312	5.5	120,691	3.9
(b) Office buildings										
Property management and other services	**310,726**	**10.0**	**525,214**	**11.8**	**838,228**	**14.2**	**388,241**	**14.7**	**448,187**	**14.3**
— CR Group and CR Land	309,333	9.9	513,179	11.6	818,068	13.9	377,625	14.3	435,587	13.9
— Independent third-party developers	1,393	0.1	12,035	0.2	20,160	0.3	10,616	0.4	12,600	0.4
Subtotal	**1,028,057**	**32.9**	**1,668,366**	**37.6**	**2,396,535**	**40.8**	**1,102,115**	**41.7**	**1,453,206**	**46.4**
Total	**3,129,425**	**100.0**	**4,431,727**	**100.0**	**5,868,103**	**100.0**	**2,640,607**	**100.0**	**3,134,000**	**100.0**

The table below sets forth a breakdown of our total revenue by customer type for the periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2017		2018		2019		2019		2020	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)									
Residential property management services	**2,101,368**	**67.1**	**2,763,361**	**62.4**	**3,471,568**	**59.2**	**1,538,492**	**58.3**	**1,680,794**	**53.6**
— CR Group and CR Land	501,127	16.0	663,272	15.0	817,795	13.9	320,200	12.1	329,539	10.5
— Independent Third Parties	1,600,241	51.1	2,100,089	47.4	2,653,773	45.3	1,218,292	46.2	1,351,255	43.1
Commercial operational and property management services	**1,028,057**	**32.9**	**1,668,366**	**37.6**	**2,396,535**	**40.8**	**1,102,115**	**41.7**	**1,453,206**	**46.4**
— CR Group and CR Land	473,675	15.2	762,209	17.2	1,077,310	18.4	502,468	19.0	801,607	25.5
— Independent Third Parties	554,382	17.7	906,157	20.4	1,319,225	22.4	599,647	22.7	651,599	20.9
Total	**3,129,425**	**100.0**	**4,431,727**	**100.0**	**5,868,103**	**100.0**	**2,640,607**	**100.0**	**3,134,000**	**100.0**

The table below sets forth a breakdown of our total revenue by property type and business line for the periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2017		2018		2019		2019		2020	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except percentages)									
Residential and other non-commercial properties										
Property management services	1,643,644	52.5	2,105,952	47.5	2,667,177	45.5	1,195,175	45.3	1,317,109	42.0
Value-added services to property developers	310,231	9.9	438,711	9.9	507,234	8.6	214,203	8.1	237,205	7.6
Community value-added services	147,493	4.7	218,698	5.0	297,157	5.1	129,114	4.9	126,480	4.0
Subtotal	**2,101,368**	**67.1**	**2,763,361**	**62.4**	**3,471,568**	**59.2**	**1,538,492**	**58.3**	**1,680,794**	**53.6**
Shopping malls										
Property management and other services	658,795	21.1	933,300	21.1	1,256,535	21.4	568,562	21.5	593,879	18.9
Commercial operational services	—	—	—	—	—	—	—	—	290,449	9.3
Commercial subleasing services	58,536	1.8	209,852	4.7	301,772	5.2	145,312	5.5	120,691	3.9
Subtotal	**717,331**	**22.9**	**1,143,152**	**25.8**	**1,558,307**	**26.6**	**713,874**	**27.0**	**1,005,019**	**32.1**
Office buildings										
Property management and other services	310,726	10.0	525,214	11.8	838,228	14.2	388,241	14.7	448,187	14.3
Subtotal	**310,726**	**10.0**	**525,214**	**11.8**	**838,228**	**14.2**	**388,241**	**14.7**	**448,187**	**14.3**
Total	**3,129,425**	**100.0**	**4,431,727**	**100.0**	**5,868,103**	**100.0**	**2,640,607**	**100.0**	**3,134,000**	**100.0**

GROSS PROFIT AND GROSS PROFIT MARGIN

Residential and Other Non-commercial Properties

The table below sets forth a breakdown of our gross profit and gross profit margin of property management services to residential and other non-commercial properties by type of property developer for the periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2017		2018		2019		2019		2020	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	(RMB in thousands, except for percentages)									
CR Group and CR Land	126,507	8.1%	165,722	8.8%	207,029	9.2%	87,485	8.6%	142,225	12.7%
Independent third-party developers	7,986	10.1%	(18,459)	(8.5)%	12,221	2.9%	9,694	5.6%	1,370	0.7%
— Residential projects	(341)	(1.5)%	(11,945)	(22.2)%	4,821	5.2%	5,359	11.7%	5,611	9.9%
— SOE Reform projects	8,327	14.8%	(6,514)	(4.0)%	7,400	2.3%	4,335	3.4%	(4,241)	(3.1)%
Total	**134,493**	**8.2%**	**147,263**	**7.0%**	**219,250**	**8.2%**	**97,179**	**8.1%**	**143,595**	**10.9%**

CR Group and CR Land

The gross profit margin of residential and other non-commercial properties developed by CR Group and CR Land in 2019 was higher than that of residential and other non-commercial properties developed by independent third-party developers, mainly because the residential properties developed by CR Group and CR Land under our management are primarily mid- to high-end residential properties with relatively higher fee rates.

Independent third-party developers — Residential projects

As we started to obtain residential projects developed by independent third-party developers in 2017, our negative gross profit margin of these residential projects was due to certain one-off renovation costs incurred in the beginning of our management of the newly obtained projects. Such gross profit margin further decreased to negative 22.2% in 2018, mainly as we obtained a larger number of property management projects which had relatively lower property management fee rates, while incurring a considerable amount of one-off renovation costs. As we continued to enhance the operational efficiency and improve the management of these residential projects, the gross profit margin improved to 5.2% in 2019 and further improved to 9.9% in the six months ended June 30, 2020.

Independent third-party developers — SOE Reform projects

In response to PRC regulations requiring SOEs to separate the management of water, electricity and heat supply and other property management services of their employees' residential properties from their own businesses, we took over certain residential properties and other affiliated properties from several state-owned enterprises to provide property management and other services to them and in the meantime received some subsidies from the relevant state-owned enterprises. For details, see "Business — Residential Property Management Services — Property Management Services — Expansion of Property Portfolio — SOE Reform projects." The table below sets forth the financial results of our managed SOE Reform projects for the periods indicated:

	Year ended December 31,			Six months ended June 30,	
	2017	2018	2019	2019	2020
	(RMB in thousands, except for percentages)				
Gross profit or loss on property management services to SOE Reform projects (before any subsidy)	8,327	(43,062)	(17,176)	4,335	(18,589)
Subsidies received for property management services to SOE Reform projects and accounted for as revenue(1)	—	36,548	24,576	—	14,348
Gross profit or loss on property management services to SOE Reform projects	**8,327**	**(6,514)**	**7,400**	**4,335**	**(4,241)**
Gross profit margin on property management services to SOE Reform projects	14.8%	(4.0)%	2.3%	3.4%	(3.1)%
Gross profit on value-added services to property developers involved in SOE Reform projects	—	610	862	41	—
Gross profit on community value-added services to SOE Reform Projects	—	19,830	27,125	13,409	4,438
Subsidies received for property management services to SOE Reform projects and accounted for as other income and gains(2)	—	21,837	9,864	—	5,725
Gross profit of SOE Reform projects after all subsidies received (including those accounted for as revenue and other income and gains)	**8,327**	**35,763**	**45,251**	**17,785**	**5,922**
Gross profit margin of SOE Reform projects after all subsidies received (including those accounted for as revenue and other income and gains)	14.8%	16.4%	12.0%	11.9%	3.8%

(1) For all SOE Reform projects, subsidies accounted for as revenue were provided by the relevant state-owned enterprises for our provision of property management services only.

(2) This portion of subsidies relates to our SOE Reform projects transferred from Dongfeng Motor Corporation only. Also see "Financial Information — Principal Components of Our Combined Statements of Profit or Loss — Other Income and Gains" and note 6 to the Accountant's Report in Appendix I.

The gross profit margin on property management services to SOE Reform projects in 2017 was significantly higher compared to other periods because we mainly provided property management services to certain factories in 2017 at relatively higher property management fee rates. For certain properties of the SOE Reform projects transferred from Dongfeng Motor Corporation, there are factories and retail shops affiliated with, and in close proximity to, the residential properties which we manage. We provide property management services to such affiliated properties together with the residential communities with a holistic approach.

The negative gross profit margin of SOE Reform projects in 2018 was mainly related to the SOE Reform projects transferred from Dongfeng Motor Corporation that had incurred gross losses of RMB16.1 million in 2018. The decrease in the gross profit margin in the six months ended June 30, 2020 compared to the same period in 2019 was primarily due to the COVID-19 pandemic. Almost all of the factories to which we provided management services were located in Hubei province and were closed amid the COVID-19 pandemic. We decided to waive the management fees for these properties during March and April of 2020 and, as a result, we did not generate any revenue for managing such properties during the same period. We nevertheless incurred labor and other related costs for providing basic services to these factories, such as security, while they remained closed.

Shopping Malls

During the Track Record Period, all of the shopping malls to which we provided property management services were developed or owned by CR Group and CR Land. During the first half of 2020, substantially all of the shopping malls to which we provided commercial operational services were owned or developed by CR Group and CR Land.

The table below sets forth a breakdown of the gross profit and gross profit margin by sub-segment of our commercial operational and property management services to shopping malls for the periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2017		2018		2019		2019		2020	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	(RMB in thousands, except for percentages)									
Commercial operational services	—	—	—	—	—	—	—	—	162,292	55.9%
Property management and other services	50,110	7.6%	99,809	10.7%	130,639	10.4%	85,506	15.0%	126,994	21.4%
Commercial subleasing services	32,335	55.2%	139,849	66.6%	185,693	61.5%	95,594	65.8%	72,697	60.2%
Total	**82,445**	**11.5%**	**239,658**	**21.0%**	**316,332**	**20.3%**	**181,100**	**25.4%**	**361,983**	**36.0%**

Office Buildings

The table below sets forth a breakdown of our gross profit and gross profit margin of property management and other services to office buildings by type of property developer for the periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2017		2018		2019		2019		2020	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	(RMB in thousands, except for percentages)									
CR Group and CR Land	63,280	20.5%	108,216	21.1%	203,794	24.9%	107,889	28.6%	156,543	35.9%
Independent third-party developers	135	9.7%	1,172	9.7%	1,981	9.8%	2,661	25.1%	1,567	12.4%
Total[(1)]	**63,415**	**20.4%**	**109,388**	**20.8%**	**205,775**	**24.5%**	**110,550**	**28.5%**	**158,110**	**35.3%**

(1) We began to provide commercial operational services to office building from the second half of 2020 and therefore did not generate any revenue or profit from such services during the Track Record Period.

The gross profit margin of property management and other services to office buildings developed by CR Group and CR Land generally increased during the Track Record Period, and was higher than that of office buildings developed by independent third-party developers, mainly because the office buildings developed by CR Group and CR Land under our management are largely located in first and second tier cities with relatively higher fee rates. The relatively higher gross profit margin of office buildings developed by independent third-party developers in the six months ended June 30, 2019 was primarily due to a decrease in our costs associated with the termination of an office building project.

PROPERTY MANAGEMENT FEE RATES AND MONTHLY COST

The following table sets forth the weighted average property management fee rates of residential properties, shopping malls and office buildings under our management by type of property developer for the periods indicated:

	Year ended December 31,			Six months ended June 30,
	2017	2018	2019	2020
	(RMB per sq.m. per month)			
Residential properties				
CR Group and CR Land	2.29	2.42	2.44	2.45
Independent third-party developers[1]	2.56	1.94	2.19	1.85
— Residential projects	3.10	2.36	2.37	2.40
— SOE Reform projects	2.39	1.83	2.14	1.72
Shopping malls				
CR Group and CR Land	15.06	15.34	16.26	14.96
Independent third-party developers	—	—	—	—
Office buildings				
CR Group and CR Land	12.21	12.53	14.51	14.11
Independent third-party developers	12.74	11.40	10.10	7.71

(1) For purposes of aligning with the presentation of average monthly costs per sq.m., these rates take into account certain revenue that is not directly related to the provision of residential property management services, for example, property management services provided to retail shops and other types of properties in proximity to the residential communities, which we manage together with the residential communities with a holistic approach. Therefore, such rates are different from those rates calculated solely based on the revenue from our engagement to provide residential property management services.

Residential Properties

During the Track Record Period, the weighted average property management fee rates for residential properties developed by CR Group and CR Land were higher than those developed by independent third-party developers, mainly because the residential properties developed by CR Group and CR Land under our management are primarily mid- to high-end residential properties with relatively higher fee rates.

Our weighted average property management fee rates for residential properties developed by independent third-party developers decreased in 2018 compared to 2017, mainly relating to SOE Reform projects obtained in late 2017, which had relatively lower fee rates, and decreased in the six months ended June 30, 2020 compared to 2019, mainly because certain factories, to which we provided management services together with the residential communities, were closed amid the COVID-19 pandemic, and we waived the management fees for these properties during March and April of 2020.

Shopping Malls

The increases in the weighted average property management fee rates for shopping malls in 2018 and 2019 were primarily due to an increase in new shopping malls under management with relatively higher property management fee rates, while the decrease in the six months ended June 30, 2020 was primarily due to management fee concessions which we granted to certain shopping malls affected by the COVID-19 pandemic.

Office Buildings

The increase in the weighted average property management fee rates for office buildings developed by CR Group and CR Land in 2019 compared to 2018 was primarily due to a higher fee rate charged for newly delivered high-end office buildings located in Beijing and Shenzhen in 2019, while the decrease in the first half of 2020 compared to 2019 was primarily due to the COVID-19 pandemic.

The weighted average property management fee rates for office buildings developed by independent third-party developers decreased during the Track Record Period primarily because the office buildings under our management in 2017 and 2018 were mainly high-end properties located in first and second tier cities with relatively higher fee rates, whereas projects newly obtained in 2019 were office buildings located in less developed areas with relatively lower fee rates. In addition, in the first half of 2020, the decrease in such fee rates was primarily due to the termination of an office building project that had relatively higher property management fee rates.

The following table sets forth the average monthly cost per sq.m. of property management services of residential properties, shopping malls and office buildings under our management by type of property developer for the periods indicated:

	Year ended December 31,			Six months ended June 30,
	2017	**2018**	**2019**	**2020**
	(RMB per sq.m. per month)			
Residential properties				
CR Group and CR Land	2.11	2.21	2.21	2.11
Independent third-party developers[(1)]	2.30	2.11	2.12	1.85
— *Residential projects*	3.14	2.93	2.25	2.18
— *SOE Reform projects*	2.04	1.91	2.09	1.77
Shopping malls				
CR Group and CR Land	13.84	13.73	14.88	11.77
Independent third-party developers	—	—	—	—
Office buildings				
CR Group and CR Land	9.79	9.72	10.89	9.15
Independent third-party developers	11.86	10.44	8.86	6.83

(1) The average monthly costs per sq.m. take into account the overall costs of managing the residential properties and other types of properties in proximity to such residential properties.

NON-HKFRS MEASURE

To supplement our combined statements of profit or loss which are presented in accordance with HKFRSs, we use core profit for the year or period as a non-HKFRS measure, which is not required by, or presented in accordance with, HKFRSs. We believe that the presentation of such non-HKFRS measure when shown in conjunction with the corresponding HKFRS measure provides useful information to potential investors and management in facilitating a comparison of our operating performance from period to period by eliminating potential impacts of certain items that do not reflect our ongoing operating performance, such as gain or loss on changes in fair value of investment property. The use of the non-HKFRS measure has limitations as an analytical tool, and you should not consider it in isolation from, or as a substitute for or superior to, the analysis of, our results of operations or financial condition as reported under the HKFRSs. In addition, the non-HKFRS measure may be defined differently from similar terms used by other companies.

The following table reconciles our core profit for the year or period to the most directly comparable financial measure in accordance with HKFRSs, our profit for the year or period, for the periods indicated:

	Year ended December 31,			Six months ended June 30,	
	2017	**2018**	**2019**	**2019**	**2020**
	(RMB in thousands)				
Profit for the year or period	**388,343**	**422,918**	**364,928**	**192,218**	**338,565**
Less: Gain/(loss) on changes in fair value of investment property	343,660	312,922	47,691	19,500	(30,300)
Add: Deferred tax credited/(charged) to profit or loss associated with gain/(loss) on changes in fair value of investment property[1]	85,915	78,231	11,922	4,875	(7,575)
Core profit for the year or period	**130,598**	**188,227**	**329,159**	**177,593**	**361,290**

(1) Deferred tax credited/(charged) to profit or loss associated with gain/(loss) on changes in fair value of investment property is 25% of gain/(loss) on changes in fair value of investment property.

The non-HKFRS measure, core profit for the year or period, used by us has been adjusted for (i) gain or loss on changes in fair value of investment property, and (ii) deferred tax credited or charged to profit or loss associated with gain or loss on changes in fair value of investment property, which may be considered recurring in nature but are neither considered by us as related to our ordinary course of business as a service provider nor indicative of our ongoing core operating performance. Therefore, we believe that these items should be adjusted for when calculating our core profit for the year or period in order to provide potential investors with a complete and fair understanding of our core operating results and financial performance, so that potential investors can assess our underlying core performance undistorted by items unrelated to our ordinary course of business operations, especially in assessing, and making period-to-period comparisons of our operating and financial performance.

KEY FINANCIAL RATIOS

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

	As of or for the year ended December 31,			As of or for the six months ended June 30,
	2017	2018	2019	2020
Return on assets[1]	15.1%	8.8%	5.7%	9.4%[2]
Return on equity[1]	121.2%	86.2%	43.0%	68.9%[2]
Current ratio[1]	0.87	0.91	1.00	0.98
Net gearing ratio[1][3]	N/A	N/A	N/A	N/A

(1) For details of its definition, see "Financial Information — Key Financial Ratios."

(2) This ratio has been annualized by multiplying by two. Accordingly, this ratio may not be indicative of that for the full year ending December 31, 2020. Investors are cautioned not to place any undue reliance on such data.

(3) Net gearing ratio is calculated as our total interest-bearing borrowings minus cash divided by total equity as of the end of the relevant year or period and multiplied by 100%. Net gearing ratio is not applicable to us as we had net cash position as of December 31, 2017, 2018 and 2019 and June 30, 2020.

Our return on assets decreased from 15.1% in 2017 to 8.8% in 2018, and further to 5.7% in 2019, mainly attributable to increases in our total assets. Our return on equity decreased from 121.2% in 2017 to 86.2% in 2018, and further to 43.0% in 2019, mainly due to our relatively low equity base in 2017, and increases in our equity base resulting from accumulation of retained earnings in 2018 and 2019.

Our current ratio remained relatively stable at 0.87 and 0.91 as of December 31, 2017 and 2018, respectively. Our current ratio increased to 1.00 as of December 31, 2019 compared to December 31, 2018, primarily due to increases in other receivables, as a result of our increased balance of cash transferred to the cash pool of CR Land. Our current ratio remained stable at 1.00 and 0.98 as of December 31, 2019 and June 30, 2020, respectively.

DIVIDEND POLICY

In June 2020, our Company declared a dividend of RMB434.8 million to our Controlling Shareholder, CR Land, which was paid in October 2020 with our available cash and deposits withdrawn from our cash pooling arrangement with CR Land. Our dividend distribution record in the past may not be used as a reference or basis to determine the level of dividends that may be declared or paid by us in the future. Any proposed distribution of dividends shall be formulated by our Board and will be subject to approval by our Shareholders' meetings. A decision to declare or to pay any dividends in the future, and the amount of any such dividends, will depend on a number of factors, including our results of operations, cash flows, financial condition, payments by our subsidiaries of cash dividends to us, business prospects, statutory, regulatory and contractual restrictions on our declaration and payment of dividends and other factors that our Board may consider important. No dividend will be declared or payable except out of our profits and reserves lawfully available for distribution.

We intend to adopt an annual dividend payout ratio of no less than 35% of our annual core profit available for distribution generated in each financial year beginning from the year ending

December 31, 2020. For details, see "— Non-HKFRS Measure" and "Financial Information — Non-HKFRS Measure." There can be no assurance that dividends of any amount will be declared or distributed in any year.

USE OF PROCEEDS

Assuming that the Over-allotment Option is not exercised, after deducting the underwriting commissions and other estimated offering expenses payable by us in connection with the Global Offering, and assuming an Offer Price of HK$20.45 per Share (being the mid-point of the indicative Offer Price range of HK$18.60 and HK$22.30), we estimate that we will receive net proceeds of approximately HK$11,004.7 million from the Global Offering. We intend to use the proceeds from the Global Offering for the purposes and in the amounts set forth below:

- approximately 60% of the net proceeds, or HK$6,602.8 million, for making strategic investments and acquisitions to expand our property management and commercial operational businesses. We believe strategic investments and acquisitions can help us diversify our service offerings, enhance our geographic distribution, market shares and property portfolio, and realize economies of scale;

- approximately 15% of the net proceeds, or HK$1,650.7 million, for pursuing strategic investment in providers of value-added services and across the upstream and downstream supply chain of our industry;

- approximately 15% of the net proceeds, or HK$1,650.7 million, for investing in information technology systems and smart communities; and

- approximately 10% of the net proceeds, or HK$1,100.5 million, as working capital and for general corporate uses.

For details, see "Future Plans and Use of Proceeds."

RECENT DEVELOPMENTS

Since June 30, 2020, as many of the restrictions on travel and gathering within China in relation to the COVID-19 pandemic have been relaxed, retail sales of the shopping malls under our management have gradually rebounded from those seen during the period of lockdown. Suspended construction and renovation of shopping malls in our project pipeline have gradually resumed. Our value-added services such as pre-delivery marketing services to property developers and clubhouse services to property owners and residents have also gradually recovered. The table below sets forth our new engagements obtained after June 30, 2020 and up to the Latest Practicable Date, and our total contracted projects and GFA as of the Latest Practicable Date:

Property type	Services	New engagements	Contracted projects and GFA as of the Latest Practicable Date
Residential and other non-commercial properties . .	property management services	48 projects with contracted GFA of 9.7 million sq.m. (including 26 projects with contracted GFA of 4.7 million sq.m. developed by CR Group and CR Land)	835 projects with contracted GFA of 141.5 million sq.m.
Shopping malls	commercial operational services	48 projects with contracted GFA of 4.5 million sq.m. (including 44 projects with contracted GFA of 4.2 million sq.m. developed by CR Group and CR Land)	99 projects with contracted GFA of 10.1 million sq.m.
	property management and other services	32 projects with contracted GFA of 2.6 million sq.m., all developed by CR Group and CR Land	63 projects with contracted GFA of 6.5 million sq.m.
Office buildings	commercial operational services	29 projects with contracted GFA of 1.8 million sq.m. (including 28 projects with contracted GFA of 1.7 million sq.m. developed by CR Group and CR Land)	29 projects with contracted GFA of 1.8 million sq.m.
	property management and other services	four projects with contracted GFA of 0.3 million sq.m. (including three projects with contracted GFA of 0.3 million sq.m. developed by CR Group and CR Land)	90 projects with contracted GFA of 6.9 million sq.m.

Meanwhile, starting from the second half of 2020, we have changed from a lump sum basis revenue model to a commission basis revenue model for our property management services to shopping malls. The change in the revenue model was intended to streamline the relationships among property owners, tenants and us, and enhance our profitability. In addition, we have also started to provide commercial operational services to office buildings, such as tenant sourcing, asset management and operational services, and opening preparation services in the second half of 2020.

We expect our net profit for the year ending December 31, 2020 to increase compared to that in 2019, mainly due to: (i) an increase in our GFA under management for our property management services, which is expected to contribute to our revenue growth; (ii) the monetization of our commercial operational services to shopping malls commencing from January 2020, which has a relatively higher gross profit margin; (iii) our continued cost control efforts in optimizing the management of existing projects, which is expected to further improve our profitability; and (iv) commencement of our commercial operational services provided to office buildings since the second half of 2020, which have a relatively higher gross profit margin.

Except as disclosed above, our Directors confirm that there have been no material adverse changes in our financial, operational or trading positions or prospects since June 30, 2020, being the latest audited date of our combined financial statements as set out in the Accountant's Report in Appendix I to this prospectus, and up to the date of this prospectus.

COVID-19 IMPACTS

We operate our residential property management services and commercial operational and property management services in China. Accordingly, the responses and measures taken by the PRC government and society as a whole in response to the COVID-19 pandemic impacted our business and results of operations. Measures to contain the spread of COVID-19 such as lockdown and mandatory or voluntary social distancing have led to lower levels of consumption and business activities in China, particularly offline consumption and travel. General concerns and uncertainty about the pandemic and the economy, as well as the general reduction in household income, also weighed on consumption. In early 2020, the PRC government issued implementation opinions on the promotion of consumption. In addition, various local governments have implemented relief measures such as granting relief of social security payments and subsidies for employment support to enterprises to different extents. The foregoing factors affected our results of operations in the six months ended June 30, 2020 in the following ways:

- Restrictions on travel and lower levels of consumption have led to (i) suspension of certain value-added services, such as pre-delivery marketing services and clubhouse services, and (ii) periods of voluntary closure of shopping malls and decreased sales volume of tenants, thereby adversely affecting our revenue. In particular, in the six months ended June 30, 2020, 27 shopping mall projects under our property management and commercial operational services were closed for an average of 18 days due to the COVID-19 pandemic. Meanwhile, we did not suspend our property management services for residential properties amid the COVID-19 outbreaks.

- We have reduced or waived property management fees in relation to our commercial operational and property management services and/or rental payments of tenants of our commercial subleasing projects for certain periods as a measure to ease the financial pressure on tenants. In the six months ended June 30, 2020, the aggregate property management fees reduced or waived by us in relation to shopping malls were RMB6.1 million, and the aggregate rental payments reduced or waived by us in relation to our commercial subleasing projects were RMB25.7 million.

- From January to May 2020, to our knowledge, there were 287 tenants who closed stores and terminated leases in the shopping malls under our management mainly due to deteriorating operating and financial conditions during the COVID-19 pandemic period. Since June 2020, business operations of our managed shopping malls have gradually recovered. The closures of retail stores and early terminations of leases are not expected to have a material adverse effect on our business, results of operations, financial condition and prospects. We are able to accommodate new tenants, update our tenant brand bank and optimize tenant mix to keep our managed shopping malls competitive and vibrant. As of the Latest Practicable Date, new leases had been signed for around 60% of the vacancies arising from the termination of leases of the 287 tenants.

- We received government relief of social security payments for employment support relating to the COVID-19 pandemic, which amounted to RMB87.9 million in the six months ended June 30, 2020, thereby reducing our staff costs.

- We decided to reduce promotion and advertising activities at shopping malls, which contributed to a decrease in our marketing expenses in the six months ended June 30, 2020 compared to the same period of 2019.

Assuming the worst-case scenario of the COVID-19 outbreaks, in which we:

- cease all operations except for property management services for residential properties (as the demand for such services is necessary to meet basic living needs) from January 2021 onwards, which assumes that (i) since the beginning of 2021, there will be no increase in our GFA under management for residential properties or property management fee rates, and (ii) we will not earn or incur any revenue, income, costs or expenses in relation to our commercial operational and property management services to shopping malls and office buildings, other than staff costs and fixed costs such as lease payments and rents, among other things;

- retain all of our employees and make all salary payments;

- incur basic or necessary operating and administrative expenses;

- settle our outstanding trade receivables of property management fees for residential properties by the end of 2020 and at each month end in 2021, taking into account the historical settlement pattern;

- settle our outstanding trade payables by the end of 2020 and make timely settlement of trade payables in 2021, taking into account the historical settlement pattern;

- use 10% of the net proceeds from the Global Offering as our working capital;

- make the cash payment of a dividend of RMB434.8 million prior to the Listing;

- make repayment of our loans of RMB451.7 million prior to the Listing; and

- no further dividend will be declared and paid, we would have sufficient cashflow for our business to remain financially viable for at least 12 months from January 1, 2021, to cover, among other things, employees' salaries, payments to subcontractors, costs relating to our property management services for residential properties, repayments of loans, lease payments, and tax payments.

OFFERING STATISTICS

All statistics in the following table are based on the assumptions that (i) the Global Offering has been completed and 550,000,000 Shares are issued pursuant to the Global Offering, (ii) 2,200,000,000 Shares are issued and outstanding following the completion of the Global Offering, and (iii) the Over-allotment Option is not exercised.

	Based on an Offer Price of HK$18.60	**Based on an Offer Price of HK$22.30**
Market capitalization of our Shares(1)	HK$40,920,000,000	HK$49,060,000,000
Unaudited pro forma adjusted net tangible assets per Share(2)	HK$5.05 (RMB4.30)	HK$5.96 (RMB5.08)

(1) The calculation of market capitalization is based on 2,200,000,000 Shares expected to be in issue immediately upon completion of the Global Offering.

(2) The unaudited pro forma adjusted net tangible assets per Share as of June 30, 2020 is calculated after making the adjustments referred to in Appendix II to this prospectus and on the basis that 2,200,000,000 Shares are expected to be in issue immediately upon completion of the Global Offering.

LISTING EXPENSES

Listing expenses represent professional fees, underwriting commissions and other fees (such as the discretionary incentive fee) incurred in connection with the Global Offering. We estimate that our listing expenses will be approximately RMB206.8 million (or HK$242.8 million, representing 2.2% of the gross proceeds from the Global Offering) (assuming an Offer Price of HK$20.45 per Offer Share (being the mid-point of the indicative Offer Price range) and no exercise of the Over-allotment Option), of which (i) approximately RMB173.7 million, directly attributable to the issue of our Offer Shares, will be subsequently charged to equity upon completion of the proposed Listing, (ii) approximately RMB9.9 million has been expensed in our combined statements of profit or loss for the six months ended June 30, 2020, and (iii) approximately RMB23.2 million is expected to be expensed in our combined statements of profit or loss after June 30, 2020. Our Directors do not expect such expenses to materially impact our results of operations for the year ending December 31, 2020.

In this prospectus, unless the context otherwise requires, the following terms and expressions have the meanings set forth below.

"affiliate(s)"	means 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 **BLUE** Application Form(s) in relation to the Preferential Offering
"Articles" or "Articles of Association"	the articles of association conditionally adopted by our Company on November 19, 2020 which shall become effective upon Listing, a summary of which is set out in Appendix IV to this prospectus
"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Assured Entitlement"	the entitlement of the Qualifying CR Land Shareholders to apply for the Reserved Shares on an assured basis under the Preferential Offering determined on the basis of their respective shareholdings in CR Land at 4:30 p.m. on the Record Date
"Beneficial CR Land Shareholders"	any beneficial owner of CR Land Shares whose CR Land Shares are registered, as shown in the register of members of CR Land, in the name of a registered CR Land Shareholder on the Record Date
"**BLUE** Application Form"	the application form(s) to be sent to Qualifying CR Land Shareholders to subscribe for the Reserved Shares pursuant to the Preferential Offering
"Business Day"	a day on which banks in Hong Kong are generally open for normal banking business to the public and which is not a Saturday, Sunday or public holiday in Hong Kong
"CAGR"	compound annual growth rate
"Cayman Companies Law" or "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

"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"CCASS Clearing Participant"	a person admitted to participate in CCASS as a direct clearing participant or general clearing participant
"CCASS Custodian Participant"	a person admitted to participate in CCASS as a custodian participant
"CCASS Investor Participant"	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
"CCASS Participant"	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant
"China Resources Shenzhen"	China Resources (Shenzhen) Co., Ltd. (華潤(深圳)有限公司), a limited liability company incorporated in the PRC on November 13, 2000 and an indirectly wholly-owned subsidiary of CR Land
"ChinaClear"	China Securities Depository and Clearing Corporation Limited (中國證券登記結算有限責任公司)
"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
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
"Company" or "our Company"	China Resources Mixc Lifestyle Services Limited (華潤萬象生活有限公司), an exempted company incorporated with limited liability in Cayman Islands on May 18, 2017
"Controlling Shareholder(s)"	has the meaning ascribed to it under the Listing Rules and as the context requires, CR Group and/or CR Land
"CR Holdings"	China Resources (Holdings) Company Limited (華潤(集團)有限公司), a company incorporated in Hong Kong with limited liability on July 8, 1983, which is an indirect

	wholly-owned subsidiary of China Resources Company Limited and our indirect Controlling Shareholder
"CR Group"	CR Holdings, its holding companies, and their respective subsidiaries, unless specifically defined otherwise
"CR Land"	China Resources Land Limited (華潤置地有限公司), a company incorporated in the Cayman Islands with limited liability whose issued shares are listed on the Main Board of the Hong Kong Stock Exchange (stock code: 1109) and our Controlling Shareholder, and its subsidiaries (or China Resources Land Limited, as the context may require), unless specifically defined otherwise
"CR Land Share(s)"	the ordinary shares of par value of HK$0.10 each in the share capital of CR Land which are listed on the Hong Kong Stock Exchange
"CR Land Shareholder(s)"	holder(s) of CR Land Shares
"CR Mixc Shenzhen"	China Resources Mixc Commercial (Shenzhen) Co. Ltd. (華潤萬象商業（深圳）有限公司), a limited liability company incorporated in the PRC on November 8, 2019 and a wholly-owned subsidiary of our Company
"Directors"	the directors of our Company, including all executive, non-executive and independent non-executive directors
"EIT"	the enterprise income tax of the PRC
"EIT Law"	the PRC Enterprise Income Tax Law (中華人民共和國企業所得稅法) issued on March 16, 2007 and its implementation rules issued on December 6, 2007, both effective from January 1, 2008
"Eligible Director or Employee"	a director (an "Eligible Director") or an employee (an "Eligible Employee") of the Group selected by the Company, who is also willing to participate in the Employee Preferential Offering and satisfies the following criteria: (a) remains to be a director and/or an employee as of the date of this prospectus; (b) is not a core connected person of the Company (other than by nature of being a director of the Company or any of its subsidiaries where applicable) or an existing shareholder of the Company or

	its close associates; (c) is not any person whose acquisition of securities will be financed directly or indirectly by a core connected person (other than by himself/herself where he/she is a director of the Company or any of its subsidiaries); (d) is not any person who is accustomed to take instructions from a core connected person (other than from himself/herself where he/she is a director of the Company or any of its subsidiaries) in relation to the acquisition, disposal, voting or other disposition of securities of the Company registered in his/her name or otherwise held by him/her; and (e) is outside the U.S. and not a U.S. person (as defined in Rule 902 of Regulation S)
"Employee Preferential Offering"	the preferential offering of the Employee Reserved Shares to the Eligible Directors and Employees for subscription at the Offer Price on a preferential basis, as further described in "Structure of the Global Offering" in this prospectus
"Employee Reserved Shares"	no more than 52,250,000 International Offer Shares being offered to the Eligible Directors and Employees pursuant to the Employee Preferential Offering
"Extreme Conditions"	any extreme conditions or events, the occurrence of which will cause interruption to the ordinary course of business operations in Hong Kong and/or that may affect the Listing Date
"Frost & Sullivan"	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., an independent market research and consulting company
"Frost & Sullivan Report"	an independent market research report commissioned by us and prepared by Frost & Sullivan for the purpose of this prospectus
"GDP"	gross domestic product
"Global Offering"	the Hong Kong Public Offering and the International Offering (including the Preferential Offering)
"**GREEN** Application Form(s)"	the application form(s) to be completed by the **HK eIPO White Form** Service Provider designated by our Company

"Group," "we" or "us"	our Company and its subsidiaries (or our Company and any one or more of its subsidiaries, as the context may require)
"**HK eIPO Blue Form**"	the application for the Reserved Shares to be issued in a Qualifying CR Land Shareholder's own name by submitting applications online through the designated website of the **HK eIPO Blue Form** at **www.hkeipo.hk**
"**HK eIPO Blue Form** Service Provider"	the **HK eIPO Blue Form** service provider designated by our Company as specified on the designated website at **www.hkeipo.hk**
"HK eIPO White Form"	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.hkeipo.hk**
"**HK eIPO White Form** Service Provider"	the **HK eIPO White Form** service provider designated by our Company, as specified on the designated website **www.hkeipo.hk**
"HKFRS"	the Hong Kong Financial Reporting Standards
"HKSCC"	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
"HKSCC Nominees"	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong dollar" or "HK$"	Hong Kong dollar, the lawful currency of Hong Kong
"Hong Kong Offer Shares"	the 27,500,000 new Shares being initially offered by our Company for subscription at the Offer Price pursuant to the Hong Kong Public Offering (subject to reallocation)
"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 reallocation) for cash at the Offer Price (plus brokerage of 1%, SFC transaction levy of 0.0027% and Hong Kong

	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 Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Hong Kong Underwriters"	the underwriters of the Hong Kong Public Offering whose names are set out in "Underwriting — Hong Kong Underwriters"
"Hong Kong Underwriting Agreement"	the underwriting agreement dated November 24, 2020 relating to the Hong Kong Public Offering and entered into among, inter alia, the Joint Global Coordinators, the Joint Sponsors, the Hong Kong Underwriters and our Company, as further described in "Underwriting"
"Huan Le Song HK"	China Resources Huan Le Song (Hong Kong) Limited (華潤歡樂頌（香港）有限公司), a company incorporated in Hong Kong with limited liability on February 10, 2017 and a wholly-owned subsidiary of the Company upon completion of the Reorganization
"Independent Third Party(ies)"	an individual or a company who or which is not a director, chief executive or substantial shareholder of our Company or any of our subsidiaries, or an associate of any of such director, chief executive or substantial shareholder
"International Offer Shares"	the 522,500,000 new Shares (subject to reallocation and the Over-allotment Option) initially being offered by our Company for subscription pursuant to the International Offering (including 55,000,000 Reserved Shares for the Preferential Offering)
"International Offering"	the offering of the International Offer Shares at the Offer Price outside the United States in accordance with Regulation S, and in the United States only to QIBs in reliance on Rule 144A or another available exemption from registration requirement of the US Securities Act, as further described in "Structure of the Global Offering"
"International Underwriters"	the group of international underwriters expected to enter into the International Underwriting Agreement to underwrite the International Offering

"International Underwriting Agreement"	the underwriting agreement expected to be entered into on or around December 1, 2020 by, among others, our Company and the International Underwriters in respect of the International Offering, as further described in "Underwriting"
"IPO App"	the mobile application for **HK eIPO White Form** service which can be downloaded by searching "**IPO App**" in App Store or Google Play or downloaded at **www.hkeipo.hk/IPOApp** or **www.tricorglobal.com/IPOApp**
"Joint Bookrunners"	the joint bookrunners as named in the section headed "Directors and Parties Involved in the Global Offering" of this prospectus
"Joint Global Coordinators"	the joint global coordinators as named in the section headed "Directors and Parties Involved in the Global Offering" of this prospectus
"Joint Lead Managers"	the joint lead manager as named in the section headed "Directors and Parties Involved in the Global Offering" of this prospectus
"Joint Sponsors"	the joint sponsors of the Listing, being CCB International Capital Limited, China International Capital Corporation Hong Kong Securities Limited, Citigroup Global Markets Asia Limited and Goldman Sachs (Asia) L.L.C. *(in alphabetical order)*
"Latest Practicable Date"	November 16, 2020, being the latest practicable date for the purpose of ascertaining certain information contained in this prospectus prior to its publication
"Listing"	the listing of the Shares on the Main Board of the Hong Kong Stock Exchange
"Listing Date"	the date, expected to be on or around December 9, 2020 from which the Shares are listed and dealings in the Shares are first permitted to take place on the Hong Kong Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended or supplemented or otherwise modified from time to time

"Luzhou CR Land"	Luzhou CR Land Commercial Management Co. Ltd. (瀘州華潤置地商業管理有限公司), a limited liability company established in the PRC on December 22, 2014 and a wholly-owned subsidiary of our Company
"Memorandum of Association" or "Memorandum"	the memorandum of association conditionally adopted by our Company on November 19, 2020 which shall become effective upon Listing, a summary of which is set out in Appendix IV to this prospectus
"MOF"	the Ministry of Finance of the PRC (中華人民共和國財政部)
"MOFCOM"	the Ministry of Commerce of the PRC (中華人民共和國商務部)
"MOHURD"	the Ministry of Housing and Urban-Rural Development of the PRC (中華人民共和國住房和城鄉建設部)
"NDRC"	the National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)
"Non-Qualifying CR Land Shareholders"	CR Land Shareholders whose names appeared in the register of members of CR Land on the Record Date and whose addresses as shown in such register are in any of the Specified Territories and any CR Land Shareholders or Beneficial CR Land Shareholders at that time who are otherwise known by CR Land to be resident in any of the Specified Territories
"Offer Price"	the final Hong Kong dollar price per Offer Share (exclusive of brokerage of 1%, the SFC transaction levy of 0.0027% and the Hong Kong Stock Exchange trading fee of 0.005%) at which the Hong Kong Offer Shares are to be subscribed 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 further described in "Structure of the Global Offering — Pricing and Allocation"
"Offer Share(s)"	the Hong Kong Offer Shares and the International Offer Shares (including the Reserved Shares), together with, where relevant, any additional Shares which may be issued by our Company pursuant to the exercise of the Over-allotment Option

"Over-allotment Option"	the option expected to be granted by our Company to the International Underwriters, exercisable by the Joint Global Coordinators (on behalf of the International Underwriters) pursuant to the International Underwriting Agreement, pursuant to which our Company may be required to allot and issue up to an aggregate of 82,500,000 additional Shares at the Offer Price to, among other things, cover over-allocations in the International Offering, if any, further details of which are described in the section headed "Structure of the Global Offering"
"PBOC"	People's Bank of China, the central bank of the PRC
"PRC" or "China"	The People's Republic of China, but for the purpose of this prospectus and for geographical reference only and except where the context requires, references in this prospectus to "China" and the "PRC" do not apply to Hong Kong, Macau Special Administrative Region and Taiwan
"PRC Company Law"	the Company Law of the PRC (中華人民共和國公司法), as amended
"PRC government"	central government of the PRC, including all governmental subdivisions (including provincial, municipal and other regional or local government entities)
"Preferential Offering"	the preferential offering to the Qualifying CR Land Shareholders of 55,000,000 Reserved Shares (representing approximately 10% of the Offer Shares initially being offered under the Global Offering) in the form of Assured Entitlement out of the Shares being offered under the International Offering, as further described in the section entitled "Structure of the Global Offering" and subject to the terms and conditions stated in this prospectus and in the **BLUE** Application Form
"Price Determination Date"	the date, expected to be on or around December 1, 2020 (Hong Kong time) on which the Offer Price is determined, or such later time as the Joint Global Coordinators (on behalf of the Underwriters) and our Company may agree, but in any event no later than December 6, 2020
"prospectus"	this prospectus in connection with the Hong Kong Public Offering

"province"	each being a province or, where the context requires, a provincial level autonomous region or municipality under the direct supervision of the central government of the PRC
"QIB" or "Qualified Institutional Buyer"	a qualified institutional buyer as defined in Rule 144A
"Qualifying CR Land Shareholders"	CR Land Shareholders whose names appeared in the register of members of CR Land on the Record Date, other than Non-Qualifying CR Land Shareholders
"Record Date"	November 18, 2020, being the record date for determining the Assured Entitlement of the Qualifying CR Land Shareholders to the Reserved Shares
"Regulation S"	Regulation S under the US Securities Act
"Reorganization"	the restructuring and reorganization undergone by our Group in preparation of the Listing. For details, see "History, Reorganization and Corporate Structure — Reorganization"
"Reserved Shares"	the 55,000,000 Offer Shares being offered by our Company to Qualifying CR Land Shareholders pursuant to the Preferential Offering as Assured Entitlement, which are to be allocated out of the Shares being offered under the International Offering
"RMB"	Renminbi, the lawful currency of the PRC
"Rule 144A"	Rule 144A under the US Securities Act
"Run Lian"	Hubei Run Lian Property Management Co. Ltd. (湖北潤聯物業管理有限公司), a limited liability company established in the PRC on October 16, 2017 and a wholly-owned subsidiary of our Company upon completion of Reorganization
"SAFE"	the State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局), the PRC government authority responsible for matters relating to foreign exchange administration

"SAIC"	the State Administration for Industry and Commerce of the PRC (中國國家工商行政管理總局), including, as the context may require, its local counterparts, which was merged into the State Administration for Market Regulation of the PRC (中國國家市場監督管理總局)
"SASAC"	the State-Owned Assets Supervision and Administration Commission of the State Council (國務院國有資產監督管理委員會)
"SAT"	the State Taxation Administration of the PRC (中國國家稅務總局)
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
"Share Registrar"	Tricor Investor Services Limited
"Shareholders"	holders of our Shares
"Shares"	ordinary shares of a par value of US$0.00001 each in the capital of our Company
"SOE"	state-owned enterprises
"Specified Territories"	the PRC (except for any CR Land Shareholders with an address in the PRC who is a qualified domestic institutional investor who satisfies the relevant PRC regulatory requirements to the satisfaction of CR Land) and such territory or territories which the Company and its directors consider it necessary or expedient to exclude from the Preferential Offering on account of the legal restrictions under the laws of the relevant jurisdiction or the requirements of the relevant regulatory body or stock exchange in that jurisdiction
"Spin-off"	the separate listing of our Shares on the Main Board of the Hong Kong Stock Exchange, which is expected to be effected by way of the Global Offering
"Stabilizing Manager"	Goldman Sachs (Asia) L.L.C.

"State Council"	the State Council of the PRC (中華人民共和國國務院)
"Stock Borrowing Agreement"	the stock borrowing agreement expected to be entered into on or around December 1, 2020 between CR Land and the Stabilizing Manager (or its affiliates) pursuant to which the Stabilizing Manager may borrow up to 82,500,000 Shares from CR Land to facilitate the settlement of over-allocations in the International Offering
"Super Honour"	Super Honour Development Limited (創潤發展有限公司), a company incorporated in Hong Kong with limited liability on May 18, 2017 and a wholly-owned subsidiary of the Company
"Track Record Period"	the three years ended December 31, 2017, 2018 and 2019 and the six months ended June 30, 2020
"Trademark Office"	Trademark Office of the SAIC
"Underwriters"	the Hong Kong Underwriters and the International Underwriters
"Underwriting Agreements"	the Hong Kong Underwriting Agreement and the International Underwriting Agreement
"US" or "United States"	United States of America, its territories and possessions, any State of the United States and the District of Columbia
"US Securities Act"	United States Securities Act of 1933, as amended
"US$" or "US dollars"	United States dollars, the lawful currency of the United States
"**WHITE** Application Form(s)"	the application form(s) for use by the public who require(s) such Hong Kong Offer Shares to be issued in the applicant's own name
"**YELLOW** Application Form(s)"	the application form(s) for use by the public who require(s) such Hong Kong Offer Shares to be deposited directly into CCASS
"Zhuhai CR Bank"	China Resources Bank of Zhuhai Co., Ltd. (珠海華潤銀行股份有限公司), a municipal bank headquartered in Zhuhai,

	the PRC, in which China Resources Company Limited indirectly holds 70.28% equity interest as of the Latest Practicable Date
"%"	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.

For ease of reference, the names of the PRC established companies or entities, laws or regulations have been included in this prospectus in both the Chinese and English languages and in the event of any inconsistency, the Chinese versions shall prevail.

This glossary of technical terms contains explanations of certain technical terms used in this prospectus. As such, these terms and their meanings may not correspond to standard industry meanings or usage of these terms.

"Central China Region"	a geographical region of China, consisting of Anhui province, Hubei province, Hunan province and Jiangxi province for purposes of this prospectus
"collection rate"	a percentage of the property management fees cumulatively collected by the end of the relevant period of the corresponding total property management fees receivable for the same period
"commission basis"	a revenue-generating model whereby property management companies collect service fees in the proportion or amount as agreed from the property management income in advance, the rest of which shall be exclusively used on items as stipulated in the property management service contracts, and property owners shall enjoy or assume the surplus or deficit
"contracted GFA"	GFA managed or to be managed by our Group for which we have entered into relevant residential property management service, commercial operational service and commercial property management service contracts, respectively
"East China Region"	a geographical region of China, consisting of Jiangsu province, Shanghai and Zhejiang province for purposes of this prospectus
"ECL"	expected credit loss
"first tier cities"	Beijing, Shanghai, Guangzhou and Shenzhen according to the National Bureau of Statistics of the PRC
"GFA"	gross floor area
"GFA under management"	GFA of properties for which we are collecting property management and other service fees in relation to contractual obligations to provide our services
"Greater Bay Area"	for purposes of this document only, the mainland portion of the Guangdong-Hong Kong-Macau Greater Bay Area, a

	geographical region of China, including Guangzhou, Shenzhen, Zhuhai, Foshan, Huizhou, Dongguan, Zhongshan, Jiangmen and Zhaoqing, unless indicated otherwise
"IoT"	Internet of Things, the network of physical devices with information-sensing capabilities to realize intelligent identification, positioning, tracking, monitoring and management
"lump sum basis"	a revenue-generating model whereby property owners are required to pay fixed property management fees and allowing property management companies to enjoy or assume the surplus or deficit
"North China Region"	a geographical region of China, consisting of Beijing, Hebei province, Henan province, Shandong province, Shanxi province and Tianjin for purposes of this prospectus
"Northeast China Region"	a geographical region of China, consisting of Heilongjiang province, Jilin province and Liaoning province and Inner Mongolia autonomous region for purposes of this prospectus
"occupancy rate"	GFA leased to tenants divided by the total leasable GFA of a commercial property, which is the contracted GFA less certain public areas and facilities, as of the end of each relevant period based on our internal record
"retention rate"	the aggregate number of properties under management during the period minus the number of properties we ceased to manage during the same period, then divided by the aggregate number of properties under management during the period
"second tier cities"	31 major cities according to the National Bureau of Statistics of the PRC, namely Tianjin, Shijiazhuang, Taiyuan, Hohhot, Shenyang, Dalian, Changchun, Harbin, Nanjing, Hangzhou, Ningbo, Hefei, Fuzhou, Xiamen, Nanchang, Jinan, Qingdao, Zhengzhou, Wuhan, Changsha, Nanning, Haikou, Chongqing, Chengdu, Guiyang, Kunming, Xi'an, Lanzhou, Xining, Yinchuan and Urumqi

"SOE Reform projects"	a series of property projects managed in accordance with the Notice from the SASAC on Implementation of Guiding Opinions of the Party Central Committee and the State Council on Deepening the Reform of State-owned Enterprises (國資委發布關於貫徹落實《中共中央國務院關於深化國有企業改革的指導意見》的通知 (國資發研究[2015]112號)) in 2015 and Guiding Opinions on Separation and Transfer of Three Supplies and Property Management of State-owned Enterprise Employees' Residential Properties (《關於國有企業職工家屬區"三供一業"分離移交工作的指導意見》(國辦發[2016]45號)) promulgated by the SASAC and the MOF in 2016, which required state-owned enterprises to separate the management of water, electricity and heat supply and other property management services of their employees' residential properties from their own businesses and transfer them to specialized property management service providers for management
"South China Region"	a geographical region of China, consisting of Fujian province, Guangdong province, Guangxi autonomous region and Hainan province for purposes of this prospectus
"sq.m."	square meter
"weighted average property management fee rate"	weighted average property management fee charged calculated on the basis of GFA of each property for the period in which we are engaged to provide property management service
"West China Region"	a geographical region of China, consisting of Gansu province, Guizhou province, Ningxia autonomous region, Shaanxi province, Sichuan province, Yunnan province and Chongqing for purposes of this prospectus
"Yangtze River Delta"	a geographical region of China, including Shanghai, Zhejiang province and Jiangsu province for purposes of this prospectus

This prospectus includes forward-looking statements. All statements other than statements of historical facts contained in this prospectus, including, without limitation, those regarding our future financial position, our strategy, plans, objectives, goals, targets and future developments in the markets where we participate or are seeking to participate, and any statements preceded by, followed by or that include the words "believe," "expect," "estimate," "predict," "aim," "intend," "will," "may," "plan," "consider," "anticipate," "seek," "should," "could," "would," "continue," or similar expressions or the negative thereof, are forward-looking statements. These forward-looking statements involve known and unknown risks, uncertainties and other factors, some of which are beyond our control, which may cause our actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. These forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. Important factors that could cause our actual performance or achievements to differ materially from those in the forward-looking statements include, among other things, the following:

- general political and economic conditions, including those related to the PRC;
- our ability to successfully implement our business plans and strategies;
- future developments, trends and conditions in the industry and markets in which we operate or into which we intend to expand;
- our business operations and prospects;
- our capital expenditure plans;
- the actions and developments of our competitors;
- our financial condition and performance;
- capital market developments;
- our dividend policy;
- any changes in the laws, rules and regulations of the central and local governments in the PRC and other relevant jurisdictions and the rules, regulations and policies of the relevant governmental authorities relating to all aspects of our business and our business plans; and
- various business opportunities that we may pursue.

Additional factors that could cause actual performance or achievements to differ materially include, but are not limited to, those discussed in "Risk Factors" and elsewhere in this prospectus. We caution you not to place undue reliance on these forward-looking statements, which reflect our management's view only as of the date of this prospectus. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this prospectus might not occur. All forward-looking statements contained in this prospectus are qualified by reference to the cautionary statements set out in this section.

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

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

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

We operate in the property management and commercial operational service markets in China, the growth of which is affected by general economic and market conditions, including, but not limited to:

- changes in international, national, regional and local economic conditions such as the impact caused by trade tensions between China and the United States;
- impact on tenants and demand for retail space from the growth of e-commerce and duty-free shops;
- local real estate conditions, such as an oversupply of, or reduction in demand for, residential properties, retail or office space, decreases in rental rates, and the availability and creditworthiness of tenants;
- levels of and fluctuations in consumer spending and changes in consumer confidence; and
- changes in applicable laws and regulations, including those related to tax, environment, safety and land use rights.

Economic weakness or recession, rising interest rates, fiscal or political uncertainty, market volatility, declining demand for residential or commercial real estate, falling real estate values, disruption to the global capital or credit markets or the public perception that any of these events may occur may also negatively affect the PRC property management and commercial operational service markets which could, in turn, have a material adverse effect on us.

The relatively short track record of our commercial operational services as a standalone business makes it difficult to assess our prospects or forecast our future results.

From January 2020, we started to monetize our commercial operational services provided to shopping malls, and to recognize revenue from such services. Before then, we did not record any revenue for such services because they were provided to customers as inter-departmental services within CR Land. In the six months ended June 30, 2020, revenue from our newly monetized services was RMB290.4 million, representing 9.3% of our total revenue for the same period, and the gross profit of these services accounted for 21.4% of our total gross profit for the same period. As a result, our revenue and gross profit growth in the six months ended June 30, 2020 was fueled by our monetization of commercial operational services to shopping malls. In addition, we started to provide commercial operational services to office buildings in the second half of 2020.

The relatively short track record of our commercial operational services as a standalone business makes it difficult to assess our prospects or forecast our future results with respect to such business, which may be subject to many factors beyond our control. This may subject our certain line items in our financial statements to a greater level of fluctuations within a year and render our results of operations for a certain period of a given year not indicative of our results of operations for that year or another full year. Accordingly, investors should not unduly rely on our historical results of operations to predict our future financial performance.

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

We have been expanding our businesses and services and achieved continual growth in our revenue, GFA under management, contracted GFA and the number of projects that we manage in recent years. As of June 30, 2020, the GFA of the residential and commercial properties under our property management services was approximately 106.6 million sq.m., and the GFA of the shopping malls under our commercial operational services was approximately 5.6 million sq.m. We expect to expand our business through (i) organic growth of our business scale and service scope, (ii) strategic acquisitions and alliances, and (iii) integrating resources from CR Group and CR Land, among other things. For details, see "Business — Our Strategies."

In particular, we seek to continue to expand through increasing the total contracted GFA and the number of properties we manage in the existing and new markets, including properties developed by CR Land and CR Group or third-party property developers. However, our expansion plans are based upon our assessment of market prospects. There can be no assurance that our assessment will turn out to be correct at all times or we can grow our business as planned, and our related costs incurred may not be recovered. Our growth strategy may be affected by a number of factors beyond our control. Such factors include changes to the PRC economic condition in general and the PRC operational and property management services market, in particular, government regulations or policies, changes in supply and demand for our services as well as the competitive landscape. As a result, there can be no assurance that our future growth will materialize and that we will be able to manage our future growth effectively or sustain our profitability. Failure to do so would have a material adverse effect on our business, prospects, financial condition and results of operations.

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

During the Track Record Period, we generally procured new property management service contracts through a tender and bidding process. The selection of a property management company depends on a number of factors, including, but not limited to, the quality of services provided, the level of pricing, brand recognition, market share and the operating history of the property management company. Meanwhile, during the Track Record Period, we procured new commercial operational service contracts primarily through contracting with property developers. The selection of a commercial operational service provider by property developers depends on a number of factors, including, but not limited to, the quality of services, the level of pricing, brand recognition, market share and the operating history of the commercial operational service provider.

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

Our ability to maintain or improve our current level of profitability depends on our ability to control operating costs, in particular, staff costs and subcontracting costs.

In 2017, 2018, 2019 and the six months ended June 30, 2020, our staff costs included in the cost of sales represented 46.1%, 43.1%, 41.8% and 40.9%, respectively, and our subcontracting costs included in the cost of sales represented 16.5%, 17.7%, 18.3% and 16.6%, respectively, of our total revenue. In addition, during the same periods, our staff costs included in the administrative expenses represented 5.0%, 5.6%, 5.7% and 6.8% of the total revenue, respectively, and staff costs included in the marketing expenses represented 0.2%, 0.2%, 0.2% and 0.2% of the total revenue, respectively. To maintain and improve our profitability, it is critical for us to control and reduce our staff costs, subcontracting costs as well as other operating costs. We face pressure from rising staff and subcontracting costs due to various contributing factors, including, but not limited to:

- *Increases in average wages.* The average wages have increased substantially in recent years, directly affecting our staff costs as well as the fees we pay to our third-party subcontractors.

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

Our ability to maintain and improve our current profitability levels largely depends upon whether we can control and reduce staff costs, subcontracting costs as well as other operating costs as our business expands and we replicate the same cost model across different properties under management. There can be no assurance that we will be able to control or reduce our operating costs, improve our cost efficiency or successfully pass the cost impact to the property management fees charged by us so as to maintain our profitability. If we cannot achieve this, our business, financial condition and results of operations may be materially and adversely affected.

In particular, our ability to control costs is crucial to maintain and improve our profitability of property management services for which we charged fees on a lump sum basis. During the Track Record Period, our revenue from property management services for residential and other non-commercial properties, shopping malls and office buildings were all on a lump sum basis. On a lump sum basis, we charge property management fees at a pre-determined fixed lump sum price per sq.m. of GFA generally on a monthly basis over the contract term, representing fees for the property management services provided. These management fees are fixed regardless of the actual amount of property management costs we incur. Accordingly, we recognize as revenue the full amount of property management fees we charge to customers, and recognize as our cost of sales the actual costs we incur in connection with rendering our services. For details, see "Business — Residential Property Management Services — Revenue Model and Pricing Policies — Property Management Services." If the amount of property management fees that we charge is insufficient to cover all the costs for property management services we incur, we are not entitled to collect the shortfall from the relevant property owners or property developers. As a result, we may suffer losses. In 2017, 2018, 2019 and the six months ended June 30, 2020, we had 96, 113, 95 and 99 projects of residential and other non-commercial properties (excluding certain SOE Reform projects, for which we received subsidies that compensated for our losses during the Track Record Period), respectively, managed on a lump sum basis, which incurred losses of RMB80.1 million, RMB75.7 million, RMB78.6 million and RMB57.3 million, respectively. During the same periods, we had two, five, seven and two projects of shopping malls, respectively, managed on a lump sum basis, which incurred losses of RMB23.5 million, RMB26.5 million, RMB24.9 million and RMB4.9 million, respectively, and five, eleven, eight and five projects of office buildings, respectively, managed on a lump sum basis, which incurred losses of RMB9.9 million, RMB5.6 million, RMB7.4 million and RMB11.0 million, respectively.

We have continued to manage residential and other non-commercial properties as well as office buildings on a lump sum basis, while we switched from a lump sum basis revenue model to a commission basis revenue model for property management services to shopping malls from the second half 2020. For residential and other non-commercial properties as well as office buildings, if we are unable to raise property management fee rates and there is a shortfall after deducting the property management costs, our gross profit margins would be adversely affected. In such events, we may seek different measures to cut costs with a view to reducing the shortfall. However, our mitigating measures through cost-saving initiatives may not be successful, and our cost-saving efforts may adversely affect the quality of our property management services, which, in turn, would further reduce customers' willingness to pay us higher property management fees and adversely affect our reputation, business operations and financial condition.

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

For our property management service contracts for residential properties, the majority of our preliminary property management service contracts (amounting to 419 as of June 30, 2020, with contracted GFA of 78.7 million sq.m.) do not have fixed terms. Such contracts can be terminated when the property owners select another property management company through the property owners' general meeting and a replacement property management service contract entered into by the property owners' association takes effect. The property management service contracts we entered into with property owners' associations generally have fixed terms, which will need to be renewed upon expiry. Meanwhile, our service contracts for shopping malls and office buildings typically have fixed terms, and need to be renewed upon expiry. For details, see "Business — Service Contracts."

There can be no assurance that our services can be provided at a satisfactory level for us to be selected by the relevant property owners to enter into subsequent service contracts or the relevant subsequent service contracts can be renewed when their terms expire. Termination or non-renewal of a significant number of our service contracts could have a material and adverse effect on our results of operations and could potentially be detrimental to our reputation and diminish our competitiveness within the market.

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

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

During the Track Record Period, a significant portion of our property management and commercial operational services was provided in relation to properties developed and/or owned by CR Group and CR Land. For example, in 2017, 2018, 2019 and the six months ended June 30, 2020, revenue generated from our provision of property management services to residential and other non-commercial properties developed by CR Group and CR Land represented 95.2%, 89.7%, 84.4% and 85.2% of our total revenue generated from property management services for residential and other non-commercial properties.

CR Group and CR Land were our top two customers during the Track Record Period. In 2017, 2018, 2019 and the six months ended June 30, 2020, revenue generated from CR Group and CR Land collectively represented 31.2%, 32.2%, 32.3% and 36.0% of our total revenue, respectively. As we do not have control over the business strategies of CR Group and CR Land, nor the macroeconomic or other factors that may affect their business operations, any adverse development in the operations of CR Group and CR Land or their ability to develop new properties may affect our ability to procure new service contracts. We may enjoy priority when CR Group and CR Land consider candidates to engage with for providing property management and commercial operational services to properties developed and/or owned by them. However, there can be no assurance that we will be able to procure all service contracts in the tender and bidding process or selection process initiated by CR Group and CR Land for new properties developed by them. In addition, CR Group and CR Land (together with their respective joint ventures and associates) were also among our top five suppliers by purchase amount during the Track Record Period. For details, see "Business — Our Customers" and "Business — Our Suppliers." There can be no assurance that all of our service contracts with CR Group and CR Land will be renewed successfully upon their expiration. We may not be successful in procuring replacement from alternative sources to make up for the shortfall in a timely manner or on commercially reasonable terms if we fail to renew such contracts, which may materially and adversely affect our business, financial condition and results of operations.

Furthermore, our trade receivables due from CR Group and CR Land and their respective joint ventures and associates constituted a major component of our total trade receivables during the Track Record Period. We generally granted longer credit periods to such related parties than to third parties as we believe the risk of default of our related parties was relatively low, and we intend to continue to grant longer credit periods to them than to third parties going forward. Long credit periods may increase our potential credit risk exposures. In response, we have been increasing our efforts to settle related party receivables in a timely manner during the Track Record Period, and intend to continue such efforts going forward. However, there can be no assurance that all such trade receivables due from related parties will be settled on time, the failure of which may adversely affect our liquidity position and results of operations.

In addition, we intend to strategically expand our business through collaboration with Independent Third Parties. However, there can be no assurance that we will maintain our current revenue levels and profitability if we so diversify and take on more projects from, or sign more service contracts with, independent third-party developers in the future. For example, during the Track Record Period, residential properties developed by CR Group and CR Land under our management are primarily mid- to high-end residential properties with relatively higher property management fee rates. If the residential properties developed by independent third-party developers managed by us cannot match the quality of those developed by CR Group and CR Land, we will likely get lower property management fee rates, which may adversely affect our revenue and profitability.

Brands are our key assets and affect how we are perceived in the market. Any inappropriate use of any of "華潤" (China Resources), "萬象城" (MIXC), "萬象匯" (MIXONE) or related trade names or trademarks and deterioration in the "華潤" (China Resources), "萬象城" (MIXC) or "萬象匯" (MIXONE) brand image could adversely affect our business.

Brands are our key assets. We provide property management services under the trade name of "華潤" (China Resources). We provide commercial operational and subleasing services mainly under brands of "萬象城" (MIXC) and "萬象匯" (MIXONE). Our ability to attract and retain customers is highly dependent upon the external perceptions of our level of service, trustworthiness, business practices, management, workplace culture, financial condition, our response to unexpected events and other subjective qualities. The success of our business depends substantially upon our continued ability to increase brand recognition and further grow brand equity.

As certain trade names such as "華潤" (China Resources) are shared by us and members of the CR Group, if we or these entities or our or their respective directors, management personnel or other employees take action that damages such brand names or corporate image, or if any material negative publicity is associated with any of them, for example, as a result of regulatory investigations into, or other proceedings involving, wrongdoing or corrupt practices engaged in by any such entity or person, our brand image and reputation as well as our market value may be adversely affected.

Meanwhile, unauthorized use of our brand names or related trademarks could diminish the value of our brands, market reputation and competitive advantages. Negative perceptions or publicity regarding these matters, even if related to seemingly isolated incidents and whether or not factually correct, could erode trust and confidence and damage our reputation among existing and potential clients, which could make it difficult for us to attract new customers and maintain existing ones.

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

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

Since early 2020, a growing number of countries and regions around the world, including the PRC, have encountered outbreaks of COVID-19, a highly contagious disease known to cause respiratory illness. On March 11, 2020, the World Health Organization made the assessment that COVID-19 can be characterized as a pandemic. COVID-19 has subsequently spread to over 100 countries and territories globally and the death toll and number of infected cases are continuing to rise. The outbreaks have had an adverse impact on the livelihood of people in, and the economy of, the PRC. In response to the COVID-19 outbreak, various measures have been implemented, including restrictions on travel and public transport, prolonged closures of workplaces and public places, social-distancing measures and mandatory quarantines, which have led to a noticeable reduction in regional and national economic activities during the affected periods.

The outbreaks could cause disruption to our suppliers, subcontractors and customers such as property developers and tenants. The operations of such suppliers, subcontractors and customers could be disrupted by worker absenteeism, quarantines, or other travel or health-related restrictions as a result of COVID-19 outbreak or concern over COVID-19. If any of these suppliers, subcontractors and customers are so affected, they may experience difficulties in maintaining their financial strength and performing their obligations under their agreements with us, such as provision of services or payment obligations, the failure of which may adversely affect our business and results of operations. In response, we have increased our collection efforts of receivables and adopted online payment methods in the first half of 2020. We also enhanced our supplier and subcontractor management, and paid particular attention to their performance of contract obligations during the pandemic when evaluating future engagement. However, there can be no assurance that such response measures will be effective.

In the six months ended June 30, 2020, we have reduced or waived property management fees in relation to our commercial operational and property management services of RMB6.1 million and/or rental payments of tenants of our commercial subleasing projects for certain periods in response to the COVID-19 pandemic as a measure to ease the financial pressure of tenants. For details, see "Summary — COVID-19 Impacts." While there has been improvement in the COVID-19 situation in the PRC where we operate, there remains uncertainty with regard to the continued development of the COVID-19 pandemic and its implications, which could materially and adversely affect our business and results of operations. Any of these factors and other factors beyond our control could have an adverse effect on the overall business environment, cause uncertainties in the regions where we conduct business, cause our business to suffer in ways that we cannot predict and materially and adversely affect our business, financial condition and results of operations.

We may not be able to fully collect property management fees, value-added service fees, operational service fees and/or rents, which could lead to impairment of our trade receivables.

We are subject to credit risk in relation to our collection of trade receivables in the course of our business. For our residential property management services segment, we may encounter difficulties in collecting property management fees from property owners and residents and value-added service fees from property developers and residents. Meanwhile, for our commercial operational and property management services segment, we may encounter difficulties when collecting property management fees and operational service fees from property owners and tenants, and property management fees and/or rents from tenants in the case of commercial subleasing business where a tenant has experienced decreases in consumer traffic in its storefront or any difficulties in continuing operations for any other factors. If our business relationship with the foregoing parties are terminated or scaled back, or if they alter the cooperative arrangements with us, or if they experience financial difficulties in paying us, our corresponding trade receivables may be adversely affected in terms of recoverability, which may adversely affect our financial position and liquidity. In particular, our trade receivables due from CR Group and CR Land and their respective joint ventures and associates constituted a major component of our total trade receivables during the Track Record Period. For related risks, see "— A significant portion of our revenue is from services provided in relation to properties developed and/or owned by CR Group and CR Land during the Track Record Period." We seek to collect overdue fees and rents through a number of collection measures, such as collecting advance payments and security deposits. However, there can be no assurance that these measures will be effective.

As of December 31, 2017, 2018 and 2019 and June 30, 2020, our loss allowance for impairment of trade receivables was RMB3.7 million, RMB4.5 million, RMB5.2 million and RMB7.7 million, respectively. We made such provisions for impairment based on expected credit losses. There can be no assurance that we will not have bad debts in the future. In the event that actual recoverability is lower than expected, we may need to provide for an allowance for impairment of trade receivables, which could, in turn, adversely affect our business, financial condition and results of operations.

We rely on third-party subcontractors and service providers to perform certain property management and other services and may be held responsible for their substandard services to our customers and cost overruns.

We delegate certain specialized property management services, such as cleaning and greening, to third-party subcontractors. In 2017, 2018, 2019 and the six months ended June 30, 2020, our subcontracting costs accounted for 18.9%, 20.8%, 21.8% and 21.9% of our total cost of sales, respectively. Meanwhile, we engage other service providers in providing certain value-added services. We may not be able to monitor the service quality of our subcontractors and service providers as directly and effectively as with that of our own employees. They may take actions contrary to our instructions or requests, or be unable or unwilling to fulfill their obligations. As a result, we may have disputes with our subcontractors or service providers, or may be held responsible for their actions, either of which could lead to damage to our reputation, additional expenses and business disruptions, and potentially expose us to litigation and damage claims. We may be able to recover from a subcontractor or service provider the amounts we are required to pay to customers due to the subcontractor's or service provider's failure to perform, pursuant to the agreements that we enter into with such party, but there can be no assurance that we will be able to recover any amount, or at all. Upon the expiration of our agreements with our current subcontractors and service providers, there can be no assurance that we will be able to find suitable replacements in a timely manner on terms acceptable to us, or at all. In addition, if our subcontractors or service providers fail to maintain a stable team of, or have easy access to a stable supply of, qualified labor, the work process may be interrupted. Any interruption to the subcontractors' or service providers' work process may potentially result in a breach of the contract that we entered into with our customers. Any of such events could materially and adversely affect our service quality and reputation, as well as business, financial condition and results of operations.

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

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

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

We also undertake some major engagements where a portion of our compensation is tied to the results of our services. Accordingly, if these engagements do not result in demonstrable benefits to our clients, our profitability on these engagements will suffer.

We may not be able to assist property owners in our commercial operational services in renting out all newly developed properties and renewing existing leases, and accurately positioning the shopping malls.

For commercial operational services, we provide tenant sourcing services with respect to units located within shopping malls. However, we may not be able to assist property owners in leasing all of their new properties to an appropriate mix of tenants. In addition, when leases for existing properties under our management expire, we may not be able to assist property owners in renewing such leases on terms commercially favorable to them, if at all. Even if we manage to help them renew the leases, the rent as agreed may decrease due to other factors such as unfavorable market conditions. As we receive a pre-agreed percentage of the operating revenue or similar financial indicators of shopping malls pursuant to our arrangements with the relevant property owners, if we are unable to help property owners rent out such properties to tenants at the rent level we expect, or at all, and the commercial properties under our management fail to achieve the expected occupancy rate upon opening or maintain a high occupancy rate during their life cycle as agreed, our revenue may decrease, and as a result, our results of operations and financial condition may be adversely affected.

Meanwhile, we also help property owners to position their shopping malls. We endeavor to improve our ability to accurately position shopping malls and assess the market demand and competitive landscape. However, these efforts may not be successful, which would adversely affect our results of operations and financial condition.

We may fail to recover payments on behalf of property owners of the properties managed on a commission basis.

We have adopted a commission basis revenue model for property management services of shopping malls since the second half of 2020. When we are contracted to manage properties on a commission basis, we essentially act as an agent of the property owners. As of the end of a reporting period, if the working capital of a shopping mall management company accumulated in our treasury function is insufficient to cover the expenses incurred and paid through our treasury function to arrange for property management services at the relevant property, the shortfall is recognized as other receivables subject to impairment. Management estimation is required to determine whether the shopping mall has the ability to settle the payments on behalf of the property owners. We take into consideration a number of indicators to determine whether there is objective evidence of credit loss on payments on behalf of property owners. The financial performance of the relevant shopping malls may affect the recoverability of some of the payments on behalf of property owners. For the balances that our management believes may not be recovered within a reasonable time, we write such balances off as an impairment of other receivables.

Although our management makes estimates regarding the recoverability of payments based on assumptions according to information available to us, such estimates or assumptions may need to be adjusted if new information comes up. If the actual recoverability is lower than expected, or our past allowance on bad debt becomes insufficient in light of new information, we may need to provide for additional allowance for bad debt, which in turn may materially and adversely affect our business, financial condition and results of operations.

Our future acquisitions or investment in other companies may not be successful and we may face difficulties in integrating acquired operations with our existing business.

We plan to continually evaluate opportunities to acquire and invest in other companies and businesses that are supplementary to our existing business and integrate their operations into ours.

However, there can be no assurance that we will be able to identify suitable opportunities. Acquisitions involve uncertainties and risks, such as potential ongoing financial obligations and unforeseen or hidden liabilities, failure to achieve the intended objectives, benefits or revenue-enhancing opportunities, and diversion of resources and management's attention. Even if we manage to identify suitable opportunities, we may not be able to complete the acquisitions on terms favorable or acceptable to us, in a timely manner, or at all, which may materially and adversely affect our competitiveness and growth prospects.

Furthermore, we may face difficulties in integrating acquired operations with our existing business, particularly when integrating the existing workforce of regional property management businesses with companies we may acquire. Such difficulties could disrupt our ongoing business, distract our management and employees or increase our expenses, any of which could materially and adversely affect our business, financial condition and results of operations.

Some anchor stores or other major tenants could affect our ability to attract consumers to shopping malls under our management.

Shopping malls under our management are typically anchored by several large and widely recognized tenants. The operations of these shopping malls could be adversely affected if these anchor stores or other major tenants fail to comply with their contractual obligations or cease their operations.

Some anchor stores and major tenants may experience decreases in consumer traffic in their storefronts due to uncertainty as a result of pandemic events (such as the COVID-19 outbreak) and less-than-desirable levels of consumer confidence, increased competition from alternative retail options such as those accessible via the Internet and other forms of pressure on their business models. Accordingly, the ability of these tenants to maintain their stores and meet their obligations both to property owners and us and to their external lenders may be impaired. As a result, they may close their stores or seek lease modifications with the property owners. These could in turn result in decreases in our operational service fees.

If any of the anchor or major tenants closes its stores at the shopping malls under our management, we may have difficulty and experience delay in sourcing new tenants, as well as in leasing spaces adjacent to such vacant anchor store or major tenants, at attractive or comparable rates, or at all. Additionally, anchor store or major tenant closures may result in decreased consumer traffic, which could lead to decreased sales at other stores. If the business of stores operating in the shopping malls under our management declines significantly due to the closing of anchor stores or major tenants, adverse economic conditions or other reasons, tenants may be unable to pay their rents, service fees or other expenses. In the event of any default by a tenant, we may not be able to fully recover and/or may experience delays and costs in enforcing our rights as a service provider to recover amounts due to us under the terms of our agreements with such parties.

We may not be able to successfully recover costs incurred in managing shopping malls under the commercial subleasing services.

For our commercial subleasing services, we typically incur leasing costs for the duration of the lease agreement with the property owner, and we may also incur substantial renovation or decoration costs to meet the requirements for operation and subsequent subleases. We generate revenue by charging rents and management fees from tenants to whom we sublease. If we fail to generate sufficient revenue from shopping malls under the subleasing model to recover costs under such model, our results of operations and financial condition may be materially and adversely affected.

The development of mobile apps we operate may not proceed as planned, and we may be exposed to liabilities from disputes involving products and services marketed on such mobile apps.

We utilize mobile apps as the gateway for users to access our services both online and offline with a view to enhancing customer experience and loyalty, as well as our brand recognition. For details, see "Business — Digitization and Information Technology." The future development of such mobile apps depends on our ability to enhance the functionality of such mobile apps, as well as our ability to stay abreast of emerging lifestyle and consumer preferences to attract and appeal to users. There can be no assurance that our users will be able to have access to their desired services through such mobile apps, or our users may lose interest in our mobile apps and thus may use such mobile apps less frequently, if at all, which, in turn, may adversely affect our business, results of operations and financial condition.

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

Rapid growth of e-commerce business and duty-free shops in China may have an adverse impact on the operation of shopping malls which may, in turn, affect the profitability of our commercial operational and commercial subleasing services.

As the e-commerce business in China has experienced rapid growth, the purchasing habits of the consumers may undergo significant changes. People may tend to shop online instead of visiting shopping malls which may result in a decrease of consumer traffic at shopping malls under our management. Meanwhile, the growth of duty-free shops in the PRC may also intensify the competition for consumer traffic in the retail market. Any of the foregoing may adversely impact the business and financial condition of our tenants. If the business and financial condition of these tenants are affected by the change in purchasing habits or preferences of the consumers, they may reduce their rental area or even cease to rent the storefronts. As a result, our commercial operational and commercial subleasing services may be affected, and we may not be able to maintain our historical growth rates of revenue and profit, or remain profitable, if such adverse changes occur.

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

Our operations are subject to the regulatory environment and measures affecting the PRC property management industry. In particular, the fees that property management companies may charge in connection with property management services are subject to regulation and supervision by relevant regulatory authorities. For example, for our operations in the PRC, the relevant price administration department and construction administration department of the State Council are jointly responsible for the supervision and administration of fees charged in relation to property management services for preliminary property management service contracts, and such fees may need to follow PRC government guidance prices. Pursuant to the Circular of the National Development and Reform Commission on Relaxing Price Controls in Certain Services (《國家發展改革委關於放開部分服務價格意見的通知》(發改價格[2014]2755號)), which became effective on December 17, 2014, the relevant provincial authorities are required to abolish all price control policies in relation to residential properties. Although government-imposed price controls on property management fees may continue to relax over time, our property management fees would continue to be subject to applicable price controls until local regulations implementing this circular are passed. In addition, if the relevant projects for which we provide property management services fail to make the required registration for property management fees or if such fees exceed the relevant government guidance prices, we may be subject to applicable administrative penalties. For details, see "Business — Residential Property Management Services — Revenue Model and Pricing Policies — Pricing Policies." Government-imposed limits and other regulatory requirement on property management fees, coupled with rising labor and other operating costs, could have a negative impact on our earnings. We may, as a result, experience a decrease in profit margin, particularly for properties that are managed on a lump sum basis. There can be no assurance that the government regulations on property management fees and other matters concerning the property management industry will not have a material adverse effect on our business, financial condition and results of operations.

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

Furthermore, we may also be affected by the PRC government regulations on the real estate industry. The PRC government has continued to introduce various restrictive measures to discourage speculation in the real estate market and has exerted considerable direct and indirect influence on the development of the PRC real estate industry by imposing industry policies and other economic measures, such as control over the supply of land for property development, control over the borrowing level and control of foreign exchange, property financing and taxation. Through these policies and measures, the PRC government may restrict or reduce property development activities, place limitations on the ability of commercial banks to make loans to property purchasers, impose additional taxes and levies on property sales and affect the delivery schedule and occupancy rates of the properties we service. Any such governmental regulations and measures may affect the PRC real estate industry, thus limiting our business growth and resulting in a material adverse effect on our business, financial condition and results of operations. Meanwhile, any economic slowdown, recession or other developments in the social, political, economic or legal environment of the PRC could result in fewer new property development projects, or a decline in the purchasing power of residents or tenants living in the properties we manage, resulting in lower demand for our services and lower revenue for us. As a result, our business, financial condition and results of operations could be materially and adversely affected.

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

We are required to obtain and maintain certain licenses, permits, certificates and approvals for our business operations. There can be no assurance that we will be able to adapt to new rules and regulations that may come into effect from time to time with respect to our services or that we will not encounter material delays or difficulties in fulfilling the necessary conditions to obtain and/or renew all necessary certificates or permits for our operations in a timely manner, or at all, in the future. Therefore, in the event that we fail to obtain or renew, or encounter significant delays in obtaining or renewing, the necessary government approvals for any of our operations, we will not be able to continue with our relevant business development plans, and our business, financial condition and results of operations may be adversely affected.

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

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

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

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

We had a small portion of our preliminary property management service contracts as of June 30, 2020 from residential property developers which did not conduct the tender and bidding process under PRC laws and regulations and the compulsory requirement of relevant local authorities. Less than 2.0% of our total GFA under management as of June 30, 2020 were included in, and less than 0.4% of our total revenue in the six months ended June 30, 2020 were generated from these preliminary property management agreements. For details, see "Business — Service Contracts — Contracts under Residential Property Management Services — The Tender Process." However, such preliminary property management service contracts may be determined to be invalid by the local authorities depending on the circumstances of the case. If this occurs, the relevant residential property developer may need to organize a tender and bidding process to select a property management company for its developed projects. If we do not win the tender and bidding, we may not continue our property management services for the relevant projects and, as a result, our revenue and business may be adversely affected.

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

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

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

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

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

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

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

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

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

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

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

As a property management service provider, we may be viewed as responsible for restoring the common areas and assisting any investigative efforts. If there is any shortfall in the special funds necessary to cover all the costs involved, we may have to compensate for the difference with our own resources first and collect the amount of the shortfall from the property owners or developers later. However, we may face difficulties in collecting such fees from them. To the extent that our attempts are unsuccessful, we may experience material adverse effects on our business, financial position and results of operations. As we intend to continue growing our business, the likelihood of such occurrences may rise in proportion to any increases in the number of our managed properties. Although none of our assets, business, results of operations and financial condition were materially affected by any natural disasters, intentional or unintentional actions or other events during the Track Record Period and up the Latest Practicable Date, we continue to be exposed to such risks and failure to manage such risks may have a material adverse effect on our business, financial condition and results of operations.

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

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

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

Certain of our subsidiaries in the PRC are located in western cities such as Chengdu, Chongqing, Xi'an, Nanning and Kunming, and are subject to a preferential income tax rate of 15% in certain years, as opposed to the statutory corporate income tax rate in the PRC of 25%. For details, see "Financial Information — Principal Components of Our Combined Statements of Profit or Loss — Income Tax" and note 11 to the Accountant's Report in Appendix I to this prospectus. Meanwhile, we enjoy financial support received from local governments relating to business operations as an incentive for business development. Our government grants were RMB16.3 million, RMB15.3 million, RMB41.4 million and RMB34.4 million, respectively, in 2017, 2018, 2019 and the six months ended June 30, 2020, representing 4.2%, 3.6%, 11.3% and 10.2% of our profit for the year or period, respectively. In the first half of 2020, we also received relief of social security payments relating to the COVID-19 pandemic.

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

We recorded net current liabilities during the Track Record Period and negative net cash flows from operating activities in the six months ended June 30, 2020, and we may be subject to liquidity risks accordingly.

We had net current liabilities of RMB284.9 million, RMB325.2 million, RMB14.2 million, RMB96.3 million and RMB593.4 million, respectively, as of December 31, 2017, 2018 and 2019, June 30, 2020 and September 30, 2020. We also had negative net cash flows from operating activities of RMB256.9 million in the six months ended June 30, 2020. For details, see "Financial Information — Net Current Liabilities" and "Financial Information — Liquidity and Capital Resources — Cash Flows." Going forward, there can be no assurance that we will not continue to have net current liabilities or negative net cash flows from operating activities that would expose us to liquidity risk. Our future liquidity and ability to make additional capital investments necessary for our operations and business expansion will depend primarily on our ability to maintain sufficient cash generated from operating activities and to obtain external financing. If we continue to have net current liabilities or negative net cash flows from operating activities, our working capital for business operations may be constrained. If we do not generate sufficient positive operating cash flows or obtain additional financing to meet our working capital needs, our business, financial condition and results of operations may be materially and adversely affected.

We may require additional funding to finance our operations and future acquisitions, which may not be available on terms acceptable to us or at all, and if we are unable to raise funds, the value of your investment in us may be negatively impacted.

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

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

As of December 31, 2017, 2018 and 2019 and June 30, 2020, our deferred tax assets amounted to RMB12.8 million, RMB10.1 million, RMB4.9 million and RMB6.4 million, respectively. In the application of our accounting policies, our management is required to make judgments, estimates and assumptions about the carrying amounts of certain assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Therefore, actual results may differ from these accounting estimates.

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

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

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

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

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

We may be subject to claims from competitors or third parties alleging intellectual property infringement in our ordinary course of business from time to time. Any claims or legal proceedings brought against us in relation to such issues, with or without merit, could result in substantial costs and divert capital resources and management's attention. In the event of an adverse determination, we may be compelled to pay substantial damages or to seek licenses from third parties and pay ongoing royalties on terms unfavorable to us. In addition, regardless of whether we prevail, intellectual property disputes may damage our brand value and reputation in the eyes of current and potential customers and within our industry. As a result, our business, financial condition and results of operations could be materially and adversely affected.

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

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

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

Our customers may file complaints or claims against us regarding our services. For our residential property management services, our customers are largely individual property owners and residents, and our business is to provide property management and other value-added services to them, which include addressing the daily needs of their homes and families. These property owners and residents, even though living in the same property under our management, come from various backgrounds and may have different expectations on how their properties and neighborhoods should be managed. Meanwhile, for our commercial operational and property management services, tenants and consumers of shopping malls that we manage and operate may also make complaints against us regarding our service quality. Accordingly, as a matter of our ordinary course of business, we need to balance among these varying expectations among different groups of property owners, residents, tenants and consumers.

Although we have established procedures to monitor the quality of our services and maintained communication channels through which customers may provide feedbacks and complaints, there can be no assurance that all property owners', residents', tenants' and consumers' expectations and demands can be addressed in a timely and effective manner. There can be no assurance that certain property owners, residents, tenants and consumers and/or their respective groups of a property under our management will not have specific demands or expectations which are beyond what we can provide within our normal course of operations. Furthermore, there can be no assurance that, in order to compel us to meet these demands, such property owners, residents, tenants and consumers will not attempt to exert pressure on us by means beyond our control, such as by way of lodging or making frivolous or vexatious complaints directly to us or through various media sources. Any of such events or any negative publicity thereof, regardless of veracity, may distract our management's attention and may have an adverse effect on our business and reputation.

During the Track Record Period and up to the Latest Practicable Date, we did not receive any complaints from our customers that may have a material adverse impact on our operations and financial condition. Nevertheless, there can be no assurance that we will not receive customer complaints in the future which may materially affect our business and reputation even if the complaints are frivolous or vexatious.

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

Negative publicity about us, our Controlling Shareholders and affiliates, our brand, management, business partners and products and services offerings on the mobile apps that we operate may arise from time to time. Negative comments on the properties managed by us, products and services offered on such mobile apps, our business operations and management may appear in Internet postings and other media sources from time to time and there can be no assurance that other types of negative publicity will not arise in the future. For example, disputes with tenants or consumers of the shopping malls to which we provide property management and commercial operational services may lead to negative publicity that could adversely affect our reputation. In addition, our business partners, such as third-party service providers, on the mobile apps that we operate may also be subject to negative publicity for various reasons, such as customers' complaints about the quality of their products and services or other public relation incidents with respect to such business partners, which may adversely affect the provision of such products or services on the mobile apps that we operate and indirectly affect our reputation. Moreover, negative publicity about other mobile apps for property management service providers in China may arise from time to time and cause customers to lose confidence in the products and services offered through the mobile apps that we operate. Any such negative publicity, regardless of veracity, may have a material adverse effect on our business and reputation.

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

We are exposed to fraud or other misconduct 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. Our information systems and internal control procedures are designed to monitor our operations and overall compliance. However, they may be unable to identify noncompliance and/or suspicious transactions in a timely manner, or at all. Furthermore, it is not always possible to detect and prevent fraud and other misconduct, and the precautions we take to prevent and detect such activities may not be effective, and our business, financial condition, results of operations and reputation may suffer as a result.

Failure to protect the personal data of our customers or to comply with data privacy and protection laws and regulations could harm our reputation and deter customers from using our services, which could materially affect our results of operations.

During the ordinary course of our business, we collect, store and process personal and other sensitive data of our customers, such as addresses and phone numbers. Our security measures may be breached due to employee error, malfeasance, system errors or vulnerabilities, or otherwise. External parties may also attempt to fraudulently induce employees to disclose sensitive information in order to gain access to our data or our customers' data. While we have taken steps to protect the confidential information that we have access to, our security measures could be breached. Because techniques used to sabotage or obtain unauthorized access to systems change frequently and generally are not recognized until they are launched against a target, we may be unable to identify these techniques or to implement adequate preventative measures. Any accidental or willful security breaches or other unauthorized access to our platforms could cause confidential customer information to be stolen and used for unlawful purposes. Security breaches or unauthorized access to confidential information could also expose us to liability related to the loss of the information, time-consuming and expensive litigation and negative publicity.

The PRC laws and regulations in relation to cyber security are relatively new and evolving, and their interpretation and enforcement involve uncertainties, and the PRC government authorities may promulgate new laws and regulations regulating this area in the future, which could be costly to comply with. In addition, any public concerns about our practices with regard to the collection, use or disclosure of personal information or other privacy-related matters, even if unfounded, could damage our reputation, which may, in turn, have a material and adverse effect on our business, financial condition and results of operations.

The determination of the fair value changes of our investment property requires the use of estimates that are based on unobservable inputs and therefore inherently involves a certain degree of uncertainty, which could affect our business, results of operations and financial condition.

In 2017, 2018, 2019, we recognized gain on changes in fair value of investment property of RMB343.7 million, RMB312.9 million and RMB47.7 million, respectively, and in the six months ended June 30, 2020, we recognized loss on changes in fair value of investment property of RMB30.3 million. We use significant unobservable inputs, such as capitalization rate and prevailing market rents, in valuing our investment property. The fair value change of investment property may affect our financial position and results of operations. Accordingly, such determination requires us to make significant estimates, which may be subject to material changes, and therefore inherently involves a certain degree of uncertainty. Factors beyond our control can significantly influence and cause adverse changes to the estimates we use and thereby affect the fair value of our investment property. These factors include, but are not limited to, general economic condition, changes in market interest rates and stability of the capital markets. Any of these factors, as well as others, could cause our estimates to vary from actual results, which could affect our results of operations and financial condition.

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

Our business could be materially and adversely affected by natural disasters, such as snowstorms, earthquakes, fires or floods, the outbreak of a widespread health epidemic or pandemic, including COVID-19, SARS, H5N1 or H7N9 flu, H1N1 flu, swine influenza, avian influenza and MERS, or other events, such as wars, acts of terrorism, environmental accidents, power shortage or communication interruptions. For details, see "— Our business operations and financial performance have been and may continue to be affected by the outbreaks of COVID-19." The occurrence of such a disaster or prolonged outbreak of an epidemic illness or other adverse public health developments in the PRC or elsewhere may severely restrict the level of economic activity in affected areas, and could materially disrupt our business and operations. Such events could also significantly affect our industry and cause a temporary closure of the facilities we or our business partners use for our operations, which would severely disrupt our operations and have a material adverse effect on our business, financial condition and results of operations. Our operations could be disrupted if any of our employees or employees of our business partners were suspected of having any of the epidemic illnesses, since this could require us or our business partners to quarantine some or all of such employees or disinfect the facilities used for our operations. In addition, our revenue and profitability could be materially reduced to the extent that a natural disaster, health epidemic or other outbreak harms the global or PRC economy in general.

Our operations could also be severely disrupted if our customers were affected by such natural disasters, health epidemics or other outbreaks.

RISKS RELATING TO CONDUCTING BUSINESS IN THE PRC

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

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

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

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

The PRC government imposes, in certain cases, controls on the convertibility of Renminbi into foreign currencies and the remittance of currency into or out of China. All of our revenue is denominated in Renminbi during the Track Record Period. Under our current structure, we derive our income primarily from dividend payments made by our PRC subsidiaries. Shortages in the availability of foreign currency may restrict the ability of our PRC subsidiaries to pay dividends or make other payments to us, or otherwise satisfy their foreign currency denominated obligations, if any. If the foreign exchange or cross-border remittance control system prevents us from obtaining sufficient offshore currency to satisfy our currency demands, we may not be able to pay dividends in foreign currencies to our shareholders.

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

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

The value of the Renminbi against the US dollar, the Hong Kong dollar and other currencies may be affected by changes in the PRC's policies and international economic and political developments. As a result of these and any future changes in currency policy, the exchange rate may fluctuate, and the Renminbi may be revalued further, which may result in an appreciation or a depreciation in the value of the Renminbi against the US dollar, the Hong Kong dollar or other currencies. Fluctuations in exchange rates may adversely affect the value, translated or converted into US dollars or Hong Kong dollars (which are pegged to the US dollar), of our cash flows, revenues, earnings and financial condition, and the value of any dividends payable to us by our PRC subsidiaries. It is difficult to predict how market forces and the PRC government's policies will continue to impact the Renminbi exchange rates going forward. In light of the trend towards Renminbi internationalization, the PRC government may announce further changes to the exchange rate system, and there can be no assurance that the Renminbi will not appreciate or depreciate significantly in value against the US dollar, the Hong Kong dollar or other foreign currencies.

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

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

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

Under the EIT Law and its implementation rules, subject to any applicable tax treaty or similar arrangement between the PRC and your jurisdiction of residence that provides for a different income tax arrangement, PRC withholding tax at the rate of 10% is normally applicable to dividends from PRC sources payable 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 an establishment or place of business if the relevant income is not effectively connected with the establishment or place of business. Any gains realized on the transfer of shares by such investors are subject to a 10% PRC income tax rate if such gains are regarded as income from sources within the PRC, unless a treaty or similar arrangement provides otherwise. Under the PRC Individual Income Tax Law (《中華人民共和國個人所得稅法》) and its implementation rules, dividends from sources within the PRC paid to foreign individual investors who are not PRC residents 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 a 20% PRC income tax rate, in each case, subject to any reduction or exemption set forth in applicable tax treaties and PRC laws.

Although we conduct all of our business operations in the PRC, it is unclear whether dividends we pay with respect to our Shares, or the gain realized from the transfer of our Shares, would be treated as income from sources within the PRC and as a result be subject to PRC income tax if we are considered a PRC resident enterprise. If PRC income tax is imposed on gains realized from the transfer of our Shares or on dividends paid to our non-PRC 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 the PRC may not qualify for benefits under such tax treaties or arrangements.

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

The legal system in the PRC has inherent uncertainties that could limit the legal protection available to our Shareholders. As we conduct all of our business operations in the PRC, we are principally governed by PRC laws, rules and regulations. The PRC legal system is based on the civil law system. Unlike the common law system, the civil law system is established on the written statutes and their interpretation by the Supreme People's Court (最高人民法院), while prior legal decisions and judgments have limited significance as precedent. Additionally, such PRC written statutes are often principle-oriented and required detailed interpretations by the enforcement bodies for further application and enforcement.

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

It may be difficult to effect service of process on, or enforce foreign judgments against, us, our Directors or senior management residing in the PRC.

Our Company is incorporated in the Cayman Islands. Substantially all of our assets are located in the PRC and most of our Directors and senior management reside in the PRC. Therefore, it may be difficult for investors to effect service of process upon those persons inside the PRC or to enforce against us or them in the PRC any judgments obtained from non-PRC courts. Moreover, the PRC has not entered into treaties for the reciprocal recognition and enforcement of court judgments with the United States, the United Kingdom, Japan and many other countries. As a result, recognition and enforcement in the PRC of a court judgment obtained in other jurisdictions may be difficult or even impossible.

PRC laws and regulations establish more complex procedures for some acquisitions of PRC companies by foreign investors, which could make it difficult for us to pursue growth through acquisitions in China.

A number of PRC laws and regulations, including the M&A Rules, the Anti-Monopoly Law (《反壟斷法》), and the Rules of MOFCOM on Implementation of Security Review System of Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (《商務部實施外國投資者併購境內企業安全審查制度的規定》) promulgated by MOFCOM on August 25, 2011 and effective from September 1, 2011, or the Security Review Rules, have established procedures and requirements that are expected to make the review of certain merger and acquisition activities by foreign investors in the PRC more time-consuming and complex. These include requirements in some instances to notify MOFCOM in advance of any transaction in which foreign investors take control of a PRC domestic enterprise, or to obtain approval from MOFCOM before overseas companies established or controlled by PRC enterprises or residents acquire affiliated domestic companies. PRC laws and regulations also require certain merger and acquisition transactions to be subject to merger control or security review.

The Security Review Rules prohibit foreign investors from bypassing the security review requirement by structuring transactions through proxies, trusts, indirect investments, leases, loans, control through contractual arrangements or offshore transactions. If we are found to be in violation of the Security Review Rules and other PRC laws and regulations with respect to merger and acquisition activities in China, or fail to obtain any of the required approvals, the relevant regulatory authorities would have broad discretion in dealing with such violations, including levying fines, revoking business and operating licenses, confiscating our income and requiring us to restructure or unwind our reorganization activities. Any of these actions could cause significant disruption to our business operations and may materially and adversely affect our business, financial condition and results of operations. Furthermore, if the business of any target company we plan to acquire falls into the ambit of security review, we may not be able to successfully acquire such company either by equity or asset acquisition, capital contribution or any contractual arrangement. We may grow our business in part by acquiring other companies operating in our industry. Complying with the requirements of the relevant regulations to complete such transactions could be time-consuming, and any required approval processes, including approval from MOFCOM, may delay or inhibit our ability to complete such transactions, thus affecting our ability to expand our business or maintain our market share.

PRC regulations 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 subsidiaries.

As an offshore holding company of our PRC subsidiary, we may make loans to our PRC subsidiary, or we may make additional capital contributions to our PRC subsidiary. Any loans to our

PRC subsidiary are subject to the PRC laws, regulations and foreign exchange loan registrations. For example, our loans to our PRC subsidiary to finance its activities cannot exceed statutory limits and must be registered with the SAFE, its local counterpart or the competent bank. We may also decide to finance our PRC subsidiary by means of capital contributions. These capital contributions must be registered at the SAIC or its local counterpart and filed at the Ministry of Commerce of the PRC or its local counterpart. There can be no assurance that we can complete these government registrations or the filing on a timely basis, if at all, with respect to future loans or capital contributions by us to finance our PRC subsidiary. If we fail to complete the filings or receive relevant registrations, approvals or filings, our ability to use the proceeds of the Global Offering and to capitalize our PRC operations may be adversely affected, which may materially and adversely affect our liquidity and ability to expand our business.

RISKS RELATING TO THE SPIN-OFF AND THE GLOBAL OFFERING

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

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

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

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

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

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

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

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

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

Prior to and immediately following the completion of the Global Offering, our Controlling Shareholders will have, and will continue to have, substantial influence over their interests in the issued share capital of our Company. For details, see "Relationship with Our Controlling Shareholders." The interests of our Controlling Shareholders may differ from the interests of our other Shareholders. Our Controlling Shareholders will have significant influence on the outcome of any corporate transaction or other matters submitted to our Shareholders for approval, including mergers, consolidations, sales of all or substantially all of our assets, election of Directors and other significant corporate actions. This concentration of ownership may discourage, delay or prevent changes in control of the Company that would otherwise benefit our other Shareholders. To the extent that the interests of our Controlling Shareholders conflict with those of our other Shareholders, our other Shareholders may be deprived of opportunities to advance or protect their interests.

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

In June 2020, our Company declared a dividend of RMB434.8 million to our Controlling Shareholder, CR Land, which was paid in October 2020. The amount of dividends actually distributed to our Shareholders after the Listing will depend upon our earnings and financial condition, operating requirements, capital requirements and any other conditions that our Directors may deem relevant and will be subject to the approval of our Shareholders. For details, see "Financial Information — Dividend Policy." There can be no assurance that dividends of any amount will be declared or distributed in any year in the future. Our historical dividend policy should not be taken as indicative of our dividend policy in the future.

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

This prospectus, particularly the sections headed "Business" and "Industry Overview," contains information and statistics relating to the property management and commercial operational markets.

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

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

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

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

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

Investors may experience difficulties in enforcing their Shareholder rights under Cayman Islands law as the protection afforded to minority shareholders under Cayman Islands law may be different from that under the laws of Hong Kong or other jurisdictions.

The Company is incorporated in the Cayman Islands and its affairs are governed by its Memorandum and Articles, the Cayman Companies Law and the common law of the Cayman Islands. The rights of our Shareholders to take action against our Directors, the rights of minority shareholders to instigate actions and the fiduciary responsibilities of our Directors to us under Cayman Islands law are, to a large extent, governed by the common law of the Cayman Islands. The laws of the Cayman Islands relating to the protection of the interest of minority shareholders may differ from those of Hong Kong or those of other jurisdictions where investors may be located. As a result, minority Shareholders may not enjoy the same rights as those afforded under the laws of Hong Kong or in other jurisdictions. For details, see "Appendix IV — Summary of the Constitution of Our Company and the Cayman Islands Companies Law — Summary of Cayman Islands Company Law and Taxation."

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

The Listing of our Shares will be determined on the Price Determination Date, which is expected to be on or around December 1, 2020, but in any event not later than December 6, 2020. However, our Shares will not commence trading on the Hong Kong Stock Exchange until the Listing Date, which is expected to be December 9, 2020. Accordingly, investors may not be able to sell or otherwise deal in our Shares during the period between the Price Determination Date and the Listing Date. Our Shareholders are subject to the risk that the price of our Shares could fall before trading begins, as a result of adverse market conditions or other adverse developments that could occur between the Price Determination Date and the Listing Date.

In preparation for the Listing, we have applied to the Hong Kong Stock Exchange for the following waivers from strict compliance with the relevant provisions of the Listing Rules.

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

We have entered into and are expected to continue with certain transactions after the Listing which will constitute non-exempt continuing connected transactions under Chapter 14A of Listing Rules. We have applied for, and the Hong Kong Stock Exchange has granted us, waivers from strict compliance with (i) the announcement requirements under Chapter 14A of the Listing Rules in respect of the continuing connected transaction as disclosed in the section headed "Connected Transactions— Non-Exempt Continuing Connected Transactions (subject to reporting, annual review and announcement requirements)"; and (ii) the announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules in respect of the continuing connected transactions as disclosed in the section headed "Connected Transactions — Non-Exempt Continuing Connected Transactions (subject to reporting, annual review, announcement and independent Shareholders' approval requirements)."

Apart from certain requirements for which waivers are sought and have been granted as discussed above, the Company will comply with the relevant requirements under Chapter 14A of the Listing Rules after the Listing.

For details, see "Connected Transactions."

MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rule 8.12 of the Listing Rules, our Company must have sufficient management presence in Hong Kong, which normally means that at least two of our executive Directors must ordinarily reside in Hong Kong. Given that (i) our business operations are principally located, managed and conducted in the PRC and will continue to be principally based in the PRC; (ii) most of our Group's executive Directors and senior management team principally reside in the PRC and will continue to reside in the PRC; and (iii) the management and operation of our Group have mainly been under supervision of the executive Directors of our Company, who are principally responsible for the overall management, corporate strategy, planning, business development and control of our Group's business, we do not have, and do not contemplate in the foreseeable future that we will have sufficient management presence in Hong Kong for the purpose of satisfying the requirement under Rule 8.12 of the Listing Rules.

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

1. Authorized Representatives: We have appointed Mr. LI Xin and Mr. YU Linkang as our authorized representatives ("**Authorized Representatives**") for the purpose of Rule 3.05 of the Listing Rules. The Authorized Representatives will act as our principal channel of communication with the Hong Kong Stock Exchange and would be readily contactable by the Hong Kong Stock Exchange, and if required, will be able to meet with the Hong Kong Stock Exchange to discuss any matters in relation to our Company within a reasonable period of time.

2. Directors: When the Hong Kong Stock Exchange wishes to contact our Directors on any matter, each of the Authorized Representatives will have all necessary means to contact all of our Directors (including our independent non-executive Directors) promptly at all times. To enhance communication between the Hong Kong Stock Exchange, our Authorized Representatives and our Directors, we have implemented the following measures: (a) each Director will provide his/her mobile telephone number, office phone number, e-mail address and facsimile number (to the extent applicable) to the Authorized Representative; (b) in the event that a Director expects to travel or is otherwise out of office, he or she will provide the telephone number of the place of his or her accommodation to the Authorized Representatives; and (c) we have provided the telephone number, e-mail address and facsimile number of each Director to the Hong Kong Stock Exchange.

Each of our other Directors who does not ordinarily reside in Hong Kong possesses or can apply for valid travel documents to visit and will be able to meet with the Hong Kong Stock Exchange within a reasonable period of time.

3. Compliance Advisor: We have appointed UOB Kay Hian (Hong Kong) Limited as our compliance advisor ("**Compliance Advisor**") pursuant to Rule 3A.19 of the Listing Rules, who will provide us with professional advice on continuing obligations under the Listing Rules and act as our additional channel of communication with the Hong Kong Stock Exchange during the period from the Listing Date to the date on which we comply with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year immediately after the Listing. The Compliance Advisor will be available to answer inquiries from the Hong Kong Stock Exchange.

4. Company Secretary: We have appointed Mr. LO Chi Lik Peter, who ordinarily resides in Hong Kong, as our company secretary. Mr. LO Chi Lik Peter will maintain constant contact with our Directors and senior management team members through various means.

PUBLIC FLOAT REQUIREMENTS

Rule 8.08(1)(a) of the Listing Rules requires that at least 25% of the issuer's total issued share capital must at all times be held by public. The Hong Kong Stock Exchange has discretion under Rule 8.08(1)(d) of the Listing Rules to accept a lower minimum public float.

We have applied to the Hong Kong Stock Exchange, and the Hong Kong Stock Exchange has granted us a waiver from strict compliance with the requirements of Rule 8.08(1)(a) of the Listing Rules to accept a lower minimum public float. Therefore, the minimum public float of the Company shall be the higher of (1) approximately 23.37% of our total issued share capital, and (2) such percentage of Shares to be held by the public immediately after the completion of the Global Offering and the exercise of the Over-allotment Option.

In order to support the application of this waiver, we have confirmed to the Hong Kong Stock Exchange that:

(a) we will have an expected market capitalization at the time of Listing of over HK$10 billion;

(b) the quantity and scale of the Shares would enable the market to operate properly with a lower percentage of public float;

(c) we will make appropriate disclosure of the lower prescribed percentage of public float in this prospectus;

(d) we will confirm sufficiency of public float in our successive annual reports after the Listing;

(e) we will implement appropriate measures and mechanisms to ensure continual maintenance of the minimum public float after the Listing; and

(f) in the event that the public float percentage falls below the minimum percentage prescribed by the Hong Kong Stock Exchange, our Directors will take appropriate steps, which may include a further issue of Shares to independent third parties, to ensure the minimum percentage of public float prescribed by the Hong Kong Stock Exchange will be complied with.

CLAWBACK MECHANISM

Under Paragraph 4.2 of Practice Note 18 to the Listing Rules, where an initial public offering includes both a placing tranche and a public subscription tranche, the minimum allocation of shares to the public subscription tranche shall be an initial allocation of 10% of the shares offered in the initial public offering and subject to a clawback mechanism that increases the number of shares available in the public subscription tranche depending on the demand for those shares.

We have applied for, and the Hong Kong Stock Exchange has granted us, a waiver from strict compliance with Paragraph 4.2 of Practice Note 18 of the Listing Rules such that, in the event of over-subscription in the Hong Kong Public Offering, the Joint Sponsors and Joint Global Coordinators will apply an alternative clawback mechanism following the closing of the application lists. For further information, please refer to the section headed "Structure of the Global Offering — The Hong Kong Public Offering — Reallocation and Clawback" in this prospectus.

ALLOCATIONS TO DIRECTORS UNDER THE EMPLOYEE PREFERENTIAL OFFERING

Paragraph 5(2) of Appendix 6 to the Listing Rules restricts share allocations to the Directors or their close associates (whether in their own names or through nominee) in the absence of a prior written consent from the Hong Kong Stock Exchange, unless conditions set out in Rule 10.03 of the Listing Rules are fulfilled.

Rule 10.03 of the Listing Rules requires that the Directors and their close associates may only subscribe for or purchase securities for which listing is sought which are being marketed by or on behalf of the Company if (a) no securities are offered to them on a preferential basis and no preferential treatment is given to them in the allocation of the securities and (b) the minimum prescribed percentage of the public shareholders required by Rule 8.08(1) of the Listing Rules is achieved.

We have applied to the Hong Kong Stock Exchange, and have been granted a waiver from strict compliance with the requirements of Rule 10.03 of the Listing Rules and a consent under Paragraph 5(2) of Appendix 6 to the Listing Rules in relation to the subscription of the Employee Reserved Shares by the Eligible Directors and Employees under the Employee Preferential Offering on the basis that (i) Eligible Directors are eligible for the Employee Preferential Offering by virtue of their capacity as employees and not core connected persons of the Company; (ii) no preferential treatment to Eligible Directors compared to Eligible Employees in relation to the Employee Preferential Offering; (iii) maximum number of Shares that any Eligible Director or Employee may apply for will be limited to 1% of the Shares available for subscription under the Employee Preferential Offering (i.e. 522,500 Shares); (iv) the Eligible Directors have no influence over the allocation of Employee Reserved Shares; and (v) taking into account the size of the Global Offering and the waiver from strict compliance with the requirements of Rule 8.08(1)(a) of the Hong Kong Listing Rules as set out above, the Company expects to be able to satisfy the public float requirement notwithstanding subscription by the Eligible Directors under the Employee Preferential Offering.

For further information, see the section headed "Structure of the Global Offering — Employee Preferential Offering" in this prospectus.

PLACING TO A CONNECTED CLIENT FOR THE EMPLOYEE PREFERENTIAL OFFERING

China International Capital Corporation Hong Kong Securities Limited ("**CICC**") has been appointed by the Company as one of the Joint Global Coordinators and Joint Bookrunners of the Global Offering. CICC Financial Trading Limited ("**CICC FT**") is a member of the same group of CICC, therefore CICC FT is a connected client of CICC.

We have applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange has granted, its consent under paragraph 5(1) of Appendix 6 to the Listing Rules to permit CICC FT to act as a placee in the Global Offering to facilitate Eligible Directors and Employees to participate in the Employee Preferential Offering subject to the following conditions:

1. any Employee Reserved Shares to be allocated to CICC FT will be held for, and on behalf of, Eligible Directors and Employees;

2. CICC FT has not received, and will not receive any preferential treatment in the IPO allocation as a placee by virtue of its relationship with CICC, other than the allocation to the Eligible Directors and Employees on a preferential basis under the Employee Preferential Offering following the principles set out in Rule 10.01 of the Listing Rules;

3. each of the Company, the Joint Sponsors, the Joint Bookrunners, CICC and CICC FT has provided the Hong Kong Stock Exchange a written confirmation in accordance with Guidance Letter HKEX-GL85-16; and

4. the total number of the Employee Reserved Shares subscribed by the Eligible Directors and Employees will be disclosed in the allotment results announcement of the Company.

PROPOSED SHARE SUBSCRIPTION BY CHINA STRUCTURAL REFORM FUND THROUGH ICBC CS

Paragraph 5(1) of Appendix 6 to the Listing Rules provides that, unless with the prior written consent of the Hong Kong Stock Exchange, no allocations will be permitted to "connected clients" of the lead broker or of any distributors.

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

For the purpose of the cornerstone investment, China Structural Reform Fund Corporation Limited ("**China Structural Reform Fund**") has engaged ICBC Credit Suisse Asset Management Co., Ltd. ("**ICBC CS**"), an asset manager that is a qualified domestic institutional investor as approved by the relevant PRC authority, to subscribe for and hold such Offer Shares on a discretionary basis on behalf of China Structural Reform Fund.

ICBC CS is in the same group as ICBC International Capital Limited ("**ICBC Capital**") and ICBC International Securities Limited ("**ICBC Securities**"). Accordingly, ICBC CS is a connected client of ICBC Capital and ICBC Securities, which are a Joint Bookrunner and a Joint Lead Manager of the Global Offering, respectively.

We have applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange has granted to us, its consent under paragraph 5(1) of Appendix 6 to the Listing Rules to permit China Structural Reform Fund to participate in the Global Offering through ICBC CS as a cornerstone investor subject to the following conditions:

1. any Shares to be allocated to ICBC CS will be held for, and on behalf of, China Structural Reform Fund, an Independent Third Party;

2. the cornerstone investment agreement in relation to ICBC CS does not contain any material terms which are more favorable to ICBC CS than those in other cornerstone investment agreements;

3. ICBC Capital and ICBC Securities has not participated, and will not participate, in the decision-making process or relevant discussion among the Company, the Joint Bookrunners and the Underwriters as to whether China Structural Reform Fund (through ICBC CS) will be selected as a cornerstone investor;

4. no preferential treatment has been, nor will be, given to ICBC CS by virtue of its relationship with ICBC Capital and ICBC Securities other than the preferential treatment of assured entitlement under a cornerstone investment following principles set out in HKEX-GL51-13;

5. each of the Joint Sponsors, the Company, the Joint Bookrunners, ICBC CS, ICBC Capital and ICBC Securities has provided the Hong Kong Stock Exchange a written confirmation in accordance with HKEX-GL85-16; and

6. details of the allocation has been/will be disclosed in the prospectus and the allotment results announcement.

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

THE HONG KONG PUBLIC OFFERING, UNDERWRITING AND THIS PROSPECTUS

This prospectus is published solely in connection with the Hong Kong Public Offering and the Preferential Offering, which forms part of the Global Offering. The Global Offering comprises the Hong Kong Public Offering of initially 27,500,000 Offer Shares and the International Offering of initially 522,500,000 Offer Shares including the Reserved Shares, and subject to reallocation and the Over-allotment Option as set out in "Structure of the Global Offering." For applicants under the Hong Kong Public Offering, this prospectus and the Application Forms set out the terms and conditions of the Hong Kong Public Offering.

The Hong Kong Offer Shares and the Reserved 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 any information or representation not contained herein must not be relied upon as having been authorized by our Company, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, any of the Underwriters, any of their respective directors, officers, agents, employees, advisors or representatives or any other party involved in the Global Offering.

Neither the delivery of this prospectus nor any offering, sale or delivery made in connection with the Shares should, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in our affairs since the date of this prospectus or imply that the information contained in this prospectus is correct as of any date subsequent to the date of this prospectus.

OFFER SHARES FULLY UNDERWRITTEN

The Listing of the Shares on the Hong Kong Stock Exchange is sponsored by the Joint Sponsors and the Global Offering is managed by the Joint Global Coordinators. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement and is subject to us and the Joint Global Coordinators (for themselves and on behalf of the

Underwriters) agreeing on the Offer Price on or before the Price Determination Date. An International Underwriting Agreement relating to the International Offering is expected to be entered into on or around the Price Determination Date, subject to the Offer Price being agreed.

If, for any reason, the Offer Price is not agreed among us and the Joint Global Coordinators (for themselves and on behalf of the Underwriters) on or before the Price Determination Date, the Global Offering will not proceed and will lapse. For further information about the Underwriters and the underwriting arrangements, see the section headed "Underwriting" in this prospectus.

PROCEDURES FOR APPLICATION FOR HONG KONG OFFER SHARES AND RESERVED SHARES

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

STRUCTURE OF THE GLOBAL OFFERING

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

OVER-ALLOTMENT OPTION AND STABILIZATION

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

RESTRICTIONS ON OFFER AND SALE OF SHARES

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

No action has been taken to permit a public offering of the Offer Shares in any jurisdiction other than Hong Kong, or the distribution of this prospectus and/or the related Application Forms in any jurisdiction other than Hong Kong. Accordingly, this prospectus and/or the related Application Forms 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/or the related Application Forms and the offering and sales of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom. In particular, the Offer Shares have not been publicly offered or sold, directly or indirectly, in the PRC or the US.

APPLICATION FOR LISTING ON THE HONG KONG STOCK EXCHANGE

We have applied to the Listing Committee of the Hong Kong Stock Exchange for the granting of listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Global Offering (including any additional Shares which may be issued pursuant to the exercise of the Over-allotment Option). Except for our pending application to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Shares, no part of our share or loan capital is listed on or dealt in on the Hong Kong Stock Exchange or any other stock exchange and no such listing or permission to list is being or proposed to be sought in the near future.

COMMENCEMENT OF DEALINGS IN THE SHARES

Dealings in the Shares on the Main Board of the Hong Kong Stock Exchange are expected to commence at 9:00 a.m. on Wednesday, December 9, 2020. The Shares will be traded in board lots of 200 Shares each. The stock code of the Shares will be 1209.

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the granting of listing of, and permission to deal in, the Shares on the Hong Kong Stock Exchange and our 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 any other date as determined by HKSCC. Settlement of transactions between Hong Kong Stock 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 arrangements as such arrangements may affect their rights and interests. All necessary arrangements have been made enabling the Shares to be admitted into CCASS.

SHARE REGISTER AND STAMP DUTY

Our principal register of members will be maintained by the Share Registrar, Tricor 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.

DIVIDENDS PAYABLE TO HOLDERS OF SHARES

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

PROFESSIONAL TAX ADVICE RECOMMENDED

Potential investors in the Global Offering are recommended to consult their professional advisors if there is any doubt as to the taxation implications of subscribing for, purchasing, holding or disposal of, and/or dealing in the Shares or exercising rights attached to them. None of us, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of their respective directors, officers, employees, agents, advisors or representatives or any other person or party involved in the Global Offering accepts responsibility for any tax effects on, or liabilities of, any person resulting from the subscription, purchase, holding, disposing of, dealing in, or the exercise of any rights in relation to, the Shares.

EXCHANGE RATE CONVERSION

Solely for your convenience, and unless indicated otherwise, this prospectus contains translations of Renminbi amounts into Hong Kong dollars, and vice versa, at the rate of RMB0.85187 to HK$1.00 (being the prevailing exchange rate on the Latest Practicable Date set by the PBOC) and US dollars into Hong Kong dollars, and vice versa, at the rate of HK$7.7532 to US$1.00 (being the exchange rate in effect on November 13, 2020 as set forth in the H.10 weekly statistical release of the Federal Reserve Board).

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

LANGUAGE

If there is any inconsistency between this prospectus and the Chinese translation of this prospectus, this prospectus shall prevail. Translated English names of Chinese laws and regulations, governmental authorities, departments, entities (including certain of our subsidiaries), institutions, natural persons, facilities, certificates, titles and the like included in this prospectus and for which no official English translation exists are unofficial translations for identification purposes only. In the event of any inconsistency, the Chinese name prevails.

ROUNDING

In this prospectus, where information is presented in hundreds, thousands, ten thousands, millions or hundred millions, certain amounts of less than one hundred, one thousand, ten thousand, one million or hundred million, as the case may be, have been rounded to the nearest hundred, thousand, ten thousand, million or hundred million, respectively. Amounts presented as percentages have, in certain cases, been rounded to the nearest tenth or hundredth of a percent. Any discrepancies in any table or chart between totals and sums of amounts listed therein are due to rounding.

For further information on our Directors, see "Directors and Senior Management" in this prospectus.

DIRECTORS

Name	Address	Nationality
Executive Directors		
Mr. YU Linkang (喻霖康先生)	Flat 06, 27/F, Yu Yan House (Blk B), Yu Chui Court 6 Ngau Pei Sha Street Sha Tin, New Territories Hong Kong	Chinese
Mr. WANG Haimin (王海民先生)	12C, Building 5, Dachong City Garden, Nanshan District, Shenzhen, PRC	Chinese
Ms. WEI Xiaohua (魏小華女士)	Room 2003, Block C, Building 9, Nanhu South Road Chaoyang District, Beijing, PRC	Chinese
Ms. YANG Hongxia (陽紅霞女士)	10D, Building 2, Phase 5, Garden City, No. 32 Yanshan Road, Nanshan District, Shenzhen, Guangdong, PRC	Chinese
Non-executive Directors		
Mr. LI Xin (李欣先生)	Room 3501, Block C, Causeway Centre, No. 28 Harbour Road, Wanchai, Hong Kong	Chinese
Mr. GUO Shiqing (郭世清先生)	204, Building 4, Ningshui Garden, Luohu District, Shenzhen, PRC	Chinese

Name	Address	Nationality
Independent non-executive Directors		
Mr. LAU Ping Cheung Kaizer (劉炳章先生)	Flat B, 19/F, Block 3, 33 Perkins Road, Cavendish Heights, Jardine's Lookout, Hong Kong	Chinese
Mr. CHEUNG Kwok Ching (張國正先生)	Flat A, 66/F, Moon Tower (Tower 2A), The Arch, 1 Austin Road West, Kowloon, Hong Kong	Chinese
Mr. CHAN Chung Yee Alan (陳宗彝先生)	Flat A, 11/F, Diamond Sky Mansion, Cullinan West, 28 Sham Mong Road, Sham Shui Po, Kowloon, Hong Kong	Chinese
Ms. QIN Hong (秦虹女士)	1601, Block D, No. 88 Zizhuyuan Road, Haidian District, Beijing, PRC	Chinese

PARTIES INVOLVED IN THE GLOBAL OFFERING

Joint Sponsors, Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers
(in alphabetical order)

CCB International Capital Limited
12/F, CCB Tower
3 Connaught Road Central
Central
Hong Kong

China International Capital Corporation Hong Kong Securities Limited
29th Floor, One International Finance Center
1 Harbor View Street
Central
Hong Kong

Citigroup Global Markets Asia Limited
(Joint Sponsor, Joint Global Coordinator, and Joint Bookrunner and Joint Lead Manager in relation to the Hong Kong Public Offering only)
50/F, Champion Tower
3 Garden Road
Central
Hong Kong

	Citigroup Global Markets Limited *(Joint Bookrunner and Joint Lead Manager in relation to the International Offering only)* 33 Canada Square Canary Wharf London E14 5LB United Kingdom
	Goldman Sachs (Asia) L.L.C. 68/F, Cheung Kong Center 2 Queen's Road Central Hong Kong
Other Joint Global Coordinator, Joint Bookrunner and Joint Lead Manager	**ABCI Capital Limited** *(Joint Global Coordinator and Joint Bookrunner only)* 11/F, Agricultural Bank of China Tower 50 Connaught Road Central Hong Kong
	ABCI Securities Company Limited *(Joint Lead Manager only)* 10/F, Agricultural Bank of China Tower 50 Connaught Road Central Hong Kong
Other Joint Bookrunners and Joint Lead Managers *(in alphabetical order)*	**BOCI Asia Limited** 26th Floor, Bank of China Tower 1 Garden Road Central Hong Kong
	CMB International Capital Limited 45/F Champion Tower 3 Garden Road Central Hong Kong
	ICBC International Capital Limited *(Joint Bookrunner only)* 37/F ICBC Tower 3 Garden Road Hong Kong

	ICBC International Securities Limited *(Joint Lead Manager only)* 37/F ICBC Tower 3 Garden Road Hong Kong
Reporting Accountant and Independent Auditor	**Ernst & Young** *Certified Public Accountants* 22nd Floor, CITIC Tower 1 Tim Mei Avenue Central Hong Kong
Legal Advisors to the Company	*As to Hong Kong and US laws:* **Clifford Chance** 27th Floor Jardine House One Connaught Place Central Hong Kong
	As to Cayman Islands law: **Maples and Calder (Hong Kong) LLP** 26th Floor Central Plaza 18 Harbour Road Wanchai Hong Kong
	As to PRC law: **Jingtian & Gongcheng** 34/F, Tower 3, China Central Place 77 Jianguo Road Chaoyang District Beijing 100025 PRC
Legal Advisors to the Joint Sponsors and the Underwriters	*As to Hong Kong and US laws:* **Freshfields Bruckhaus Deringer** 55th Floor, One Island East Taikoo Place Quarry Bay Hong Kong

	As to PRC law: **DeHeng Law Offices** 11/F, Tower B Anlian Plaza 4018 Jintian Road Shenzhen PRC
	Han Kun Law Offices 9/F, Office Tower C1 Oriental Plaza 1 East Chang An Avenue Beijing PRC
Industry Consultant	**Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.** Room 1018, Tower B Greenland Hui Center 500 Yunjin Road Xuhui District 200232 Shanghai PRC
Property Valuer	**Colliers International (Hong Kong) Limited** Suite 5701, Central Plaza 18 Harbor Road Wan Chai Hong Kong
Receiving Banks	**Bank of China (Hong Kong) Limited** 1 Garden Road Hong Kong
	China Construction Bank (Asia) Corporation Limited 28/F, CCB Tower 3 Connaught Road Central Central Hong Kong

Registered Office	PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands
Headquarters and Principal Place of Business in the PRC	Block E, China Resources Land Building 18 Dachong 1st Road, Nanshan District Shenzhen PRC
Principal Place of Business in Hong Kong	37/F, China Resources Building 26 Harbour Road Wanchai Hong Kong
Company's Website	www.crmixclifestyle.com.cn *(The information on the website does not form part of this prospectus)*
Company Secretary	Mr. LO Chi Lik Peter
Authorized Representatives	Mr. LI Xin (李欣先生) Mr. YU Linkang (喻霖康先生)
Audit Committee	Mr. CHAN Chung Yee Alan （陳宗彝先生） (Chairman) Mr. CHEUNG Kwok Ching (張國正先生) Ms. QIN Hong （秦虹女士） Mr. GUO Shiqing (郭世清先生)
Nomination Committee	Mr. LI Xin (李欣先生) (Chairman) Mr. LAU Ping Cheung Kaizer （劉炳章先生） Ms. QIN Hong （秦虹女士）
Remuneration Committee	Mr. LAU Ping Cheung Kaizer （劉炳章先生） (Chairman) Mr. CHEUNG Kwok Ching (張國正先生) Mr. CHAN Chung Yee Alan （陳宗彝先生） Mr. LI Xin (李欣先生)
Compliance Advisor	**UOB Kay Hian (Hong Kong) Limited** 6/F Harcourt House 39 Gloucester Road Hong Kong

Share Registrar	**Tricor Investor Services Limited** Level 54, Hopewell Centre 183 Queen's Road East Hong Kong
Principal Bankers	**China Resources Bank of Zhuhai Co., Ltd.** CRBC Building 1346 East Jiuzhou Road Jida District, Zhuhai PRC
	China Merchants Bank Co., Ltd. China Merchants Bank Tower 7088 Shennan Boulevard Shenzhen PRC

The information and statistics set forth in this section and elsewhere in this prospectus have been derived from an industry report commissioned by us and independently prepared by Frost & Sullivan in connection with the Global Offering. Unless otherwise noted, Frost & Sullivan has advised us that the statistical and graphical information contained herein is drawn from its database and other sources. We believe that the sources of such information and statistics are appropriate, and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information and statistics are false or misleading in any material respect or that any fact has been omitted that would render such information false or misleading in any material respect. However, neither we nor any other party (excluding Frost & Sullivan) involved in the Global Offering have independently verified such information and statistics, and neither we nor any other party involved in the Global Offering makes any representation as to the accuracy or completeness of such information and statistics. Investors are cautioned not to place any undue reliance on the information, including statistics and estimates, set forth in this section or similar information included elsewhere in this prospectus. For a discussion of risks relating to our industry, see "Risk Factors — Risks Relating to Our Business and Industry" in this prospectus.

SOURCE OF INFORMATION

We engaged Frost & Sullivan, an independent market research consultant, to conduct an analysis of, and to prepare a report on, the PRC property management and operational services market for use in this prospectus. Founded in 1961, Frost & Sullivan provides market research on a variety of industries, among other things. The information from Frost & Sullivan disclosed in the prospectus is extracted from the Frost & Sullivan Report, a report commissioned by us for a fee of RMB590,000, and is disclosed with the consent of Frost & Sullivan.

We have included certain information from the Frost & Sullivan Report in this prospectus because our Directors believe that such information facilitates an understanding of the relevant markets for potential investors. The market research process for the Frost & Sullivan Report has been undertaken through detailed primary research which involves discussing the status of the property management and operational services market with leading industry participants and industry experts. Secondary research involved reviewing company reports, independent research reports, public data from governmental authorities and other databases and data based on Frost & Sullivan's own research database.

Analysis and forecasts contained in the Frost & Sullivan Report are based on the following major assumptions at the time of compiling such report: (i) China's economy is likely to maintain steady growth in the next decade; (ii) China's social, economic, and political environment is likely to remain stable in the forecast period; (iii) COVID-19 will affect market stability in the short term; and (iv) market drivers such as continuous development of real estate industry, extensive implication of technologies, involvement in capital market and others will drive the development of the property management and operational services market. Our Directors confirm that after taking reasonable care, there has been no material adverse change in the overall market information since the date of the Frost & Sullivan Report that would materially qualify, contradict or have an impact on such information.

INTEGRATED PROPERTY MANAGEMENT AND COMMERCIAL OPERATIONAL SERVICES MARKET IN CHINA

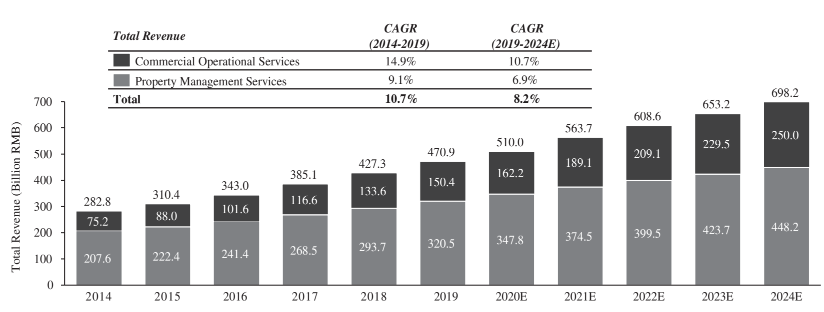
Overview

The integrated property management and commercial operational services market mainly includes property management and value-added services for all types of property, as well as operational services for shopping malls and office buildings. At present, while most market players focus on servicing residential properties or small-scale non-residential properties, some leading property management companies have started to expand their managed portfolios to all property types. Meanwhile, service platforms such as China Resources Mixc Lifestyle Services Limited have emerged, integrating operational services and property management services into an asset-light business model. Market players that realize synergies across different property types and regions have competitive advantages in this market. The adoption of the integrated business model enables market players to diversify revenue sources, enhance brand awareness, leverage the synergies of managing diversified property types and integrate resources across the value chain.

Property management services to shopping malls can be charged on a lump sum basis, and it is also in line with industry practice in China to charge such services on a commission basis. The property management services to residential properties and office buildings are largely charged on a lump sum basis.

Market Size

The total revenue of the integrated property management and commercial operational services market in China increased from RMB282.8 billion in 2014 to RMB470.9 billion in 2019, at a CAGR of 10.7% and, with the further development of the commercial operational services market, is expected to reach RMB698.2 billion in 2024, at a CAGR of 8.2% from 2019 to 2024, according to Frost & Sullivan. The decrease in the forecast CAGR compared to the historical CAGR of the PRC integrated property management and commercial operational services market is primarily due to projections of reduced growth rates of the total GFA of transacted residential properties, the number of shopping malls, new supply of space in office buildings, as driven by the continued slowdown of the PRC economic growth rate and the maturity of the PRC real estate industry. The following diagram sets forth the historical and forecast market size of the PRC integrated property management and commercial operational services market by revenue from 2014 to 2024:



Source: Frost & Sullivan

Competitive Landscape

Only a few participants in the integrated property management and commercial operational services market in China successfully expanded their business into all property types. In 2019, we ranked seventh in terms of revenue from PRC integrated property management and commercial operational services market, which includes property management services and other services to all property types, including residential properties, shopping malls, office buildings, public, industrial and other properties and commercial operational services to shopping malls and office buildings.

Most participants in this market only focus on providing property management services, while only a few service providers successfully integrated property management services, shopping mall and office building operational services and achieved a balanced and large-scale development in each segment. Property management services are further divided into traditional property management services and other services. Traditional property management services typically include security, repair and maintenance, cleaning and sanitation, and greening. Other services include value-added services to property developers and community value-added services. In 2019, we ranked fifth in terms of property management service revenue and seventh in terms of traditional property management service revenue from residential properties among all PRC property management companies, and ranked second in terms of shopping mall property management service revenue among all PRC shopping mall operational service providers and fourth in terms of office building property management service revenue among all PRC property management companies.

Furthermore, among those service providers, only a small number of enterprises can successfully manage and operate a large number of mid to high-end commercial complexes, which consist of residential properties, shopping malls and office buildings, and realize synergies across different property types. In 2019, we ranked third in terms of the revenue of traditional property management services to residential properties in first and second tier cities among all PRC property management companies and first in terms of the number of managed luxury shopping malls in China among all the shopping mall operational service providers in China.

According to Frost & Sullivan, the top ten companies in the PRC integrated property management and commercial operational services market contributed approximately 15.3% of total market revenue in 2019, among which we ranked seventh with a market share of 1.2%. The following table sets forth some details of the top ten companies of the PRC integrated property management and commercial operational services market by revenue in 2019:

Ranking	Company Name	Market Share (%)
1	Company A	3.0
2	Company B	2.0
3	Company C	1.8
4	Company D	1.6
5	Company E	1.3
6	Company F	1.3
7	**Our Group**	**1.2**
8	Company G	1.1
9	Company H	1.1
10	Company I	0.9
Total		**15.3**

Source: Annual reports of the relevant companies; Frost & Sullivan

The PRC property management services market, a sub-market of the PRC integrated property management and commercial operational services market, reached RMB320.5 billion in 2019 in terms of total revenue, according to Frost & Sullivan. This market is fragmented, with over 110,000 property management companies in 2019, among which the top ten companies contributed approximately 20.3% of total market share, of which we ranked fifth with a market share of 1.8%. The following table sets forth some details of the top ten companies of the PRC property management services market by revenue in 2019:

Ranking	Company Name	Market Share (%)
1	Company A	3.8
2	Company B	2.9
3	Company C	2.4
4	Company D	2.2
5	**Our Group**	**1.8**
6	Company F	1.7
7	Company H	1.5
8	Company E	1.4
9	Company G	1.4
10	Company I	1.2
Total		**20.3**

Source: Annual reports of the relevant companies; Frost & Sullivan

In addition, according to Frost & Sullivan, it is common in the PRC property management services market that property management companies affiliated with property developers have close business relationships with their respective affiliated property developers. Since property developers have strong preference for engaging property management companies with which they have ownership or close business relationships to provide services to properties they develop, almost all property management companies affiliated with property developers in the PRC derive revenue and source GFA from their parent or affiliated property developers.

Future Opportunities and Challenges

Accelerating Industry Concentration: The degree of concentration in this market has been increasing in recent years, driven by a supportive policy environment, especially the move towards catering for "people's aspiration for a better life", increasing market competition and advancement in information technology. The PRC government has introduced a series of policies to regulate industry standards and encourage the development of leading market players. Meanwhile, leading market players are expected to use advanced information technologies, such as the IoT and mobile Internet technologies, to improve their management standards and service quality. Moreover, market players are making alliances and consolidating to achieve economies of scale, which is expected to further increase the market concentration.

Expanding Service Scope and Provision of Value-added Services: This market has seen a trend of extended service and customer types in recent years, from traditional property management services to shopping malls, offices buildings, industrial parks, public properties and other property types. Market players have also been integrating diversified life services, such as education, medical, healthcare and others, into their service offerings. Provision of value-added services, such as consultancy, community living and brokerage services, generally command a higher profit margin than that of traditional property management services, and can enhance customer loyalty, strengthen brand recognition and improve profitability.

Growing Awareness of Service Quality: Property owners and users pay more attention to service quality in selecting their service providers. In light of the growing per capita disposable income, they pursue better living conditions and community environments, and are more willing to pay a premium for high quality residential property management services. Meanwhile, consumption upgrade has raised the standard for shopping malls. In the future, market players are expected to improve service quality and operation capabilities through the application of information technologies.

Rising Labor Costs: The PRC integrated property management and commercial operational services market, especially the property management sector, requires a large workforce, therefore making the staff cost one of the largest components of the operating cost, especially for property management services. The increases in staff cost were mainly associated with the general trend of wage increases in China. According to Frost & Sullivan, the monthly average wages of workers in the PRC property management services market have increased from RMB3,606 in 2014 to RMB5,327 in 2019, while those of workers in the PRC shopping mall operational services market increased from RMB3,914 in 2014 to RMB6,127 in 2019. Failure to alleviate rising labor costs could materially and adversely affect the business operations and financial condition of companies operating in this market.

High Entry Barriers: Only a few market players have built up a strong reputation among retailers and gained the capability to source high-profile tenants, especially for shopping mall operational services, which require higher management capabilities.

Lack of Synergies among Different Property Types: In recent years, many leading service providers have expanded their property management and operational services to diversified property types to achieve large-scale operations. Besides, these companies leverage the synergies across property types to share customer bases and increase brand awareness. However, for many small- and medium-sized service providers, such synergies may not be realized due to weak interactions among their properties under management.

Proposed Regulations on Three Red Line Standards: The proposed regulations on the "Three Red Line" standards are expected to speed up real estate companies' deleveraging process and promote the healthy development of the PRC real estate industry, which is expected to be favorable to large real estate companies and state-owned enterprises as they have advantages in capital sufficiency. This may in turn positively affect the property management service providers affiliated to those large real estate companies and state-owned enterprises, since most of their projects are sourced from related parties. In contrast, the proposed regulations may pose challenges to small- and medium-sized companies and private enterprises as they may not be able to take advantage of high financial leverage to achieve rapid expansion or even survive.

According to the symposium jointly held by the MOHURD and the PBOC in August 2020, the MOHURD and the PBOC proposed restrictive rules that limits the growth of real estate companies' interest-bearing debt and financing activities. The rules lay out three red line standards, which include:

- Red line I: the debt-to-asset ratio, excluding advances from customers, not higher than 70%;

- Red line II: the net gearing ratio not higher than 100%; and

- Red line III: the cash to short-term debt ratio not lower than 1.0 time.

In accordance with the above standards, real estate companies would be categorized into four tiers by color, on which restrictions would be applied to different extents:

- Red tier: companies whose financial ratios exceed all three red lines are not allowed to increase their interest-bearing debt;

- Orange tier: companies whose financial ratios exceed two red lines are allowed to expand their interest-bearing debt at a maximum annual rate of 5%;

- Yellow tier: companies whose financial ratios exceed one red line are allowed to expand their interest-bearing debt at a maximum annual rate of 10%; and

- Green tier: companies whose financial ratios do not exceed any of the three red lines are allowed to expand their interest-bearing debt at a maximum annual rate of 15%.

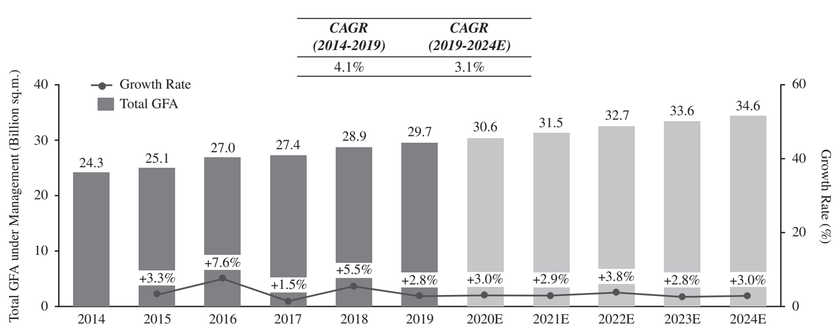
RESIDENTIAL PROPERTY MANAGEMENT SERVICES MARKET IN CHINA

Overview

The PRC residential property management services market is a sub-market of the PRC property management services market, where residential property management companies generally offer (i) traditional property management services, and (ii) other services including value-added services to property developers and community value-added services. Traditional property management services typically include security, repair and maintenance, cleaning and sanitation, and greening. Value-added services to property developers mainly include pre-delivery services and consultancy services. Community value-added services mainly include community living, smart home, brokerage and asset management, engineering and parking space management services.

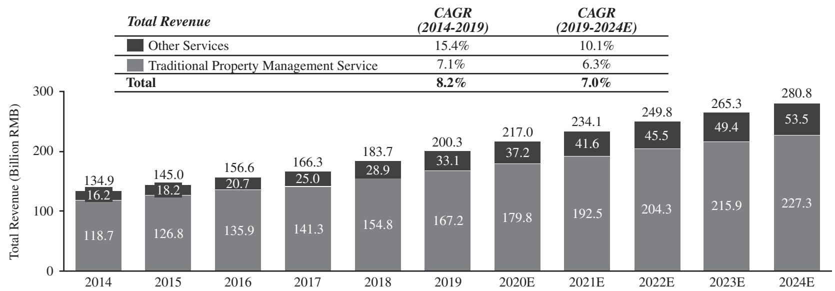
Market Size

In recent years, PRC residents' purchasing power and demand for property management services increased continually. According to Frost & Sullivan, the total GFA of residential properties under management by property management companies in China increased from 24.3 billion sq.m. in 2014 to 29.7 billion sq.m. in 2019, at a CAGR of 4.1%, and is expected to reach 34.6 billion sq.m. in 2024, at a CAGR of 3.1% from 2019 to 2024. The following diagram sets forth the historical and forecast GFA of residential properties under management by property management companies in China from 2014 to 2024:



Source: Frost & Sullivan

According to Frost & Sullivan, the total revenue of residential property management services market increased from RMB134.9 billion in 2014 to RMB200.3 billion in 2019, at a CAGR of 8.2%, and is expected to reach RMB280.8 billion in 2024, at a CAGR of 7.0% from 2019 to 2024. The decrease in the forecast CAGR compared to the historical CAGR of the PRC residential property management services market is primarily due to projections of reduced growth rates of the total GFA under management of residential properties in China, as driven by slower growth in the total GFA of transacted residential properties in light of local authorities' policies that restrict purchases of residential properties for investment purposes. The following diagram sets forth the historical and forecast market size of the PRC residential property management services market by revenue and type of services from 2014 to 2024:



Source: Frost & Sullivan

Competitive Landscape

According to Frost & Sullivan, the top ten companies in the PRC residential property management services market accounted for approximately 19.5% of the total revenue of traditional property management services, among which we ranked seventh with a market share of 1.5%. Meanwhile, according to the same source, the top five companies accounted for approximately 10.0% of the total revenue of traditional property management services to residential properties in first and second tier cities in 2019, among which we ranked third with a market share of 1.8%. The following table sets forth some details of the top five PRC property management companies by revenue of traditional property management services to residential properties in first and second tier cities in 2019:

Ranking	Company Name	Market Share (%)
1	Company A	2.7
2	Company C	2.3
3	**Our Group**	**1.8**
4	Company B	1.6
5	Company I	1.6
Total		**10.0**

Source: Frost & Sullivan

In 2017, 2018, 2019 and the six months ended June 30, 2020, the average property management fee rates (per sq.m. per month) for residential properties in first and second tier cities charged by our major industry peers who manage residential properties with similar locations, scales and attributes such as property positioning, service scope, service quality and local labor costs ranged from RMB2.13 to RMB2.78, from RMB1.97 to RMB2.81, from RMB2.16 to RMB2.70, and from RMB2.25 to RMB2.75, respectively. The table below sets forth a comparison of average property management fee rates charged by the Group and its major peers for residential properties in first and second tier cities for the periods indicated:

	Years ended December 31,			Six months ended June 30,
	2017	2018	2019	2020
	(RMB per sq.m. per month)			
Company C	2.78	2.81	2.70	2.75
Our Group[(1)]	***2.29***	***2.42***	***2.44***	***2.45***
Company F	2.22	2.31	2.36	2.40
Company I	2.13	2.27	2.27	2.29
Company B	2.18	1.97	2.16	2.25

Source: Frost & Sullivan

(1) The rates of our Group refer to those charged to properties developed by CR Group and CR Land.

Market Drivers

Favorable Policies: A series of favorable policies supporting the development of the residential property management services market have come into effect, such as the Opinions on Relaxing Fees Controls in Several Services Issued by the National Development and Reform Commission (《國家發展改革委關於放開部分服務價格意見的通知》), which requires the provincial-level price administration authorities to abolish any price control or guidance policies on services provided to residential properties except for certain properties subsidized by the government such as affordable houses, and the Guiding Opinions of the General Office of the State Council on Accelerating the Development of the Resident Services Industry to Promote the Upgrading of Consumption Structure (《國務院辦公廳關於加快發展生活性服務業促進消費結構升級的指導意見》), which aims to promote the standardization of the provision of property management services.

Increasing Per Capita Disposable Income: Per capita annual disposable income of urban households increased from RMB28,844 in 2014 to RMB42,359 in 2019, at a CAGR of 8.0%. Property owners pursue better living conditions and community environment, and are more willing to pay a premium for high quality property management services and value-added services.

Rapid Urbanization: The urbanization rate in China increased from 54.8% in 2014 to 60.6% in 2019. The rapid urbanization has promoted rapid growth of the real estate industry, which further stimulates the demand for residential property management services.

Acceleration of Smart Communities: The development of smart residential communities is highly encouraged by the PRC government to enhance the quality of residents' life. The acceleration of smart community development establishes higher standards for residential property management services. Certain leading residential property management service providers are able to seize the opportunity and actively participate in the development of smart residential communities.

SHOPPING MALL OPERATIONAL SERVICES MARKET IN CHINA

Overview

Shopping mall operational services refer to a full range of services provided to shopping mall developers or owners, tenants and consumers before and after the opening of shopping malls, to determine their appropriate positioning and design, optimize the tenant and brand mix for property developers or owners, assist tenants to improve the operation of stores, and provide specialized property management services.

In particular, during the preparation stage before the opening of shopping malls, operational services provided typically include: (i) consultancy services on market research, market positioning and design of shopping malls; (ii) tenant sourcing services, which involve identifying and soliciting tenants for shopping malls and coordinating the signing of tenancy agreements; and (iii) preparation services for the opening of shopping malls, such as formulating pre-opening promotion strategies and arranging opening ceremony and promotional campaigns. During the operation stage of shopping malls, services provided typically include: (i) operation management services such as tenant coaching services, marketing and promotion, and consumer management services; (ii) shopping mall property management services, such as security, cleaning and greening, repair and maintenance, and other value-added services such as parking lots, advertising space and common area management services; and (iii) property leasing services of units located within shopping malls.

Shopping mall operational service providers with wide brand recognition, strong operation and management capabilities and an excellent track record are likely to maintain the leading position in the PRC shopping mall operational services market.

Asset-light Models

Under asset-light models, shopping mall operational service providers do not need to invest in the land acquisition and the development of shopping malls, and primarily take charge of operation and management of shopping malls. These models are intended to reduce the financial burdens of shopping mall operational service providers in holding assets, improve their operational efficiency, and optimize resource allocation, which may bring higher profit margins to such service providers. The following table sets forth a comparison of different asset-light models:

Comparison of Different Asset-light Models

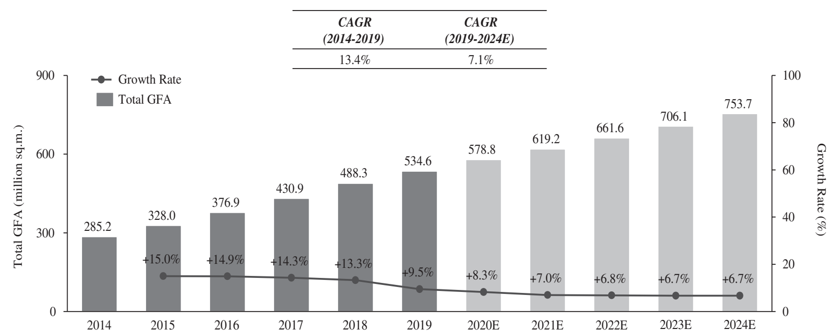
	Revenue	Costs
Subleasing	• Rent shopping malls from the developers or owners and sublet to tenants • Mainly include rental income and property management fees	• Bear rental paid to to property developers or owners and labor and operating costs
Entrusted Management	• Dispatch management team and operation personnel • Mainly charge operation and management fees	• Mainly human resources and operation costs
Management Outsourcing	• Dispatch core management team • Mainly charge operation and management fees	• Mainly human resources and operation costs
Brand licensing	• Charge brand licensing fees	• Assess operational situation to maintain brand reputation

Source: Frost & Sullivan

In recent years, with the continual development of the retail commercial real estate industry, a growing number of developers have started to participate in the development of shopping malls, and therefore the demand for shopping mall operational services has increased. However, most of the developers, especially small- and medium-sized ones, are not experienced in this regard, and the few sizable shopping mall operational service providers are better positioned to seize the development opportunities available in this market. Asset-light models are expected to gain popularity in the future along with the development of the PRC shopping mall operational services market.

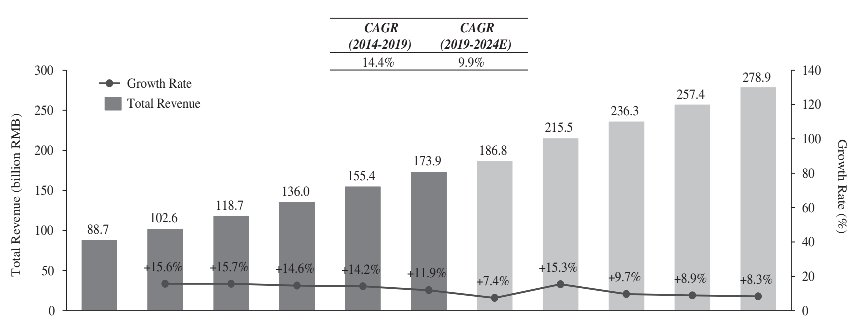
Market Size

GFA under management refers to the aggregate of gross floor area of shopping malls managed and operated by shopping mall operational service providers. According to Frost & Sullivan, the total GFA under management in the PRC shopping mall operational services market increased from 285.2 million sq.m. in 2014 to 534.6 million sq.m. in 2019, at a CAGR of 13.4%, and is expected to reach 753.7 million sq.m. in 2024, at a CAGR of 7.1% from 2019 to 2024. The following diagram sets forth the historical and forecast market size of the PRC shopping mall operational services by GFA under management from 2014 to 2024:



Source: Frost & Sullivan

According to Frost & Sullivan, the total revenue of shopping mall operational service providers in China increased from RMB88.7 billion in 2014 to RMB173.9 billion in 2019, at a CAGR of 14.4%. With the further implementation of favorable government policies in promoting retail consumption, this market is expected to reach RMB278.9 billion in 2024, at a CAGR of 9.9% from 2019 to 2024. The decrease in the forecast CAGR compared to the historical CAGR of the PRC shopping mall operational services market is primarily due to projections of reduced growth rates of the number of shopping malls, as driven by the slowdown of the PRC economic growth rate and the saturation of this market in first tier cities as a result of improved commercial facilities and increased land acquisition costs. The following diagram sets forth the historical and forecast market size of the PRC shopping mall operational services by revenue from 2014 to 2024:



Source: Frost & Sullivan
Note: The total revenue includes the rental income charged from tenants under the subleasing model.

Competitive Landscape

According to Frost & Sullivan, in the first half of 2020, the total revenue of shopping mall operational service providers reached approximately RMB83.2 billion. In terms of revenue from shopping mall operational services market, the top five shopping mall operational service providers contributed approximately 7.3%, among which we ranked second with a market share of 1.2%.

According to Frost & Sullivan, in terms of revenue from shopping mall property management services, the top five shopping mall operational service providers contributed approximately 23.4% of total revenue in 2019, among which we ranked second with a market share of 4.3%. The following table sets forth some details of the top five PRC shopping mall operational service companies by revenue from shopping mall property management services in China in 2019:

Ranking	Company	Market Share (%)
1	Company J	13.1
2	**Our Group**	**4.3**
3	Company K	2.4
4	Company L	1.9
5	Company M	1.7
Total		**23.4**

Source: Annual reports of the relevant companies; Frost & Sullivan

Among the major competitors in the shopping mall operational services market in China, in terms of weighted average rental of shopping malls under management in 2019, we ranked first, with a weighted average rental of RMB291.4 per sq.m. per month, according to Frost & Sullivan. High levels of weighted average rental for shopping malls under management represent the leading market positioning and strong capabilities of shopping mall operational services. The following table sets forth some details of the major competitors in the shopping mall operational services market by weighted average rental of shopping malls under management in China in 2019:

Ranking	Company	Weighted Average Rental of Shopping Malls under Management (RMB/sq.m./month)
1	**Our Group**	**291.4**
2	Company K	197.2
3	Company L	181.6
4	Company M	135.8
5	Company J	111.3

Source: Annual reports of the relevant companies; Frost & Sullivan
Note: Main competitors refer to the top five shopping mall operational services companies by revenue of shopping mall property management services.

Luxury shopping malls refer to the shopping malls located in city centers and have multiple international luxury brands. Luxury brands refer to brands of unique and rare goods or services that have the highest level in quality and price and normally stand for a high quality of life. According to Frost & Sullivan, in 2019, in terms of number of luxury shopping malls under management, we ranked first in China, with seven luxury shopping malls under management. The following table sets forth some details of the top five shopping mall operational service providers in China by number of luxury shopping malls under management in 2019:

Ranking	Company	Number of Luxury Shopping Malls under Management
1	**Our Group**	**7**
2	Company N	6
3	Company O	5
4	Company P	4
5	Company Q	3

Source: Frost & Sullivan

Market Drivers

- **Government Support for Consumption and Service Industries:** In early 2020, the PRC government issued policies which aim to promote consumption expansion and improvement in six aspects, namely market supply, consumption upgrading, consumption network, consumption ecology, consumption capacity and consumption environment. Shopping mall operational service providers may benefit from such government support.

- **Continual Growth of Investment in Shopping Malls:** Investment in shopping malls in China has experienced a stable increase, and the total floor area of shopping malls both under construction and completed has maintained a steady growth in recent years, bringing a continual increase in the total number of shopping malls. According to Frost & Sullivan, the total number of shopping malls increased from approximately 2,650 in 2014 to approximately 5,080 in 2019 in China, at a CAGR of 13.9%, and is expected to reach approximately 7,450 in 2024, at a CAGR of 8.0% from 2019 to 2024.

- **Growing Demand for Asset-light Operational Services:** As residential property developers pay more attention to the construction of ancillary commercial properties, a growing number of real estate developers are expected to scale up the development of shopping malls. Leading shopping mall operational service providers with strong capabilities and experience are preferred by shopping mall owners and are expected to benefit from such growing demand.

- **Consumption Upgrades Demand Advanced Operation Capabilities of Shopping Malls:** The increasing demand of consumption upgrades have led to higher requirements for branded tenants. Meanwhile, the shopping mall operational service providers in China are dedicated to providing consumers with more personalized experiences through innovation, such as the establishment of membership programs and the application of new technologies to provide diversified services and improve shopping experiences for consumers. Renowned asset-light shopping mall operational service providers are preferred by shopping mall owners to improve their operational conditions.

OFFICE BUILDING OPERATIONAL SERVICES MARKET IN CHINA

Overview

Office building operational services refer to a full range of services provided to developers, owners, tenants and users before and after the opening of office buildings for purposes of creating quality office environments and realizing value appreciation of office buildings.

In particular, the services provided by office building operational service providers primarily include office building operational services and property management services. Office building operational services primarily comprise: (i) leasing management services; (ii) asset management and operational services; (iii) preparation services for the opening of office buildings; and (iv) office building block trading services. Office building property management services primarily comprise: (i) traditional property management services; and (ii) value-added services to property developers, property owners and tenants.

Office building developers or owners usually hold office buildings for long-term use and investment purposes, and therefore they focus on capabilities to maximize the value of office buildings when selecting office building operational service providers. In recent years, high-end office buildings, serving as city landmarks, have had great development prospects in the commercial real estate industry. Meanwhile, an increasing number of office buildings are constructed in third or lower tier cities and the demand for office building operational services is growing rapidly.

Leading PRC property management companies have accumulated sufficient experience in providing office building property management services. In 2019, by revenue from office building property management services, the top five market players accounted for a total market share of 14.7%. Meanwhile, the major market participants providing office building operational services, especially for high-end office buildings, are international real estate companies. In terms of the revenue of office building operational services in 2019, the top five market players in China were mainly international real estate services enterprises, with a total market share of approximately 42.6%. In 2017, 2018, 2019 and the six months ended June 30, 2020, the average property management fee rates (per sq.m. per month) for office buildings in first and second tier cities charged by our major industry peers who manage office buildings with similar locations, scales and attributes such as property positioning, service scope, service quality and local labor costs ranged from RMB11.62 to RMB14.10, from RMB12.18 to RMB15.06, from RMB13.40 to RMB16.74, and from RMB13.52 to RMB16.93, respectively. The table below sets forth a comparison of average property management fee rates charged by the Group and its major peers for office buildings in first and second tier cities for the periods indicated:

	Years ended December 31,			Six months ended June 30,
	2017	**2018**	**2019**	**2020**
	(RMB per sq.m. per month)			
Company I	14.10	15.06	16.74	16.93
Company A	13.48	13.96	15.03	15.11
Our Group (1)	***12.21***	***12.53***	***14.51***	***14.11***
Company E	11.62	12.18	13.40	13.52

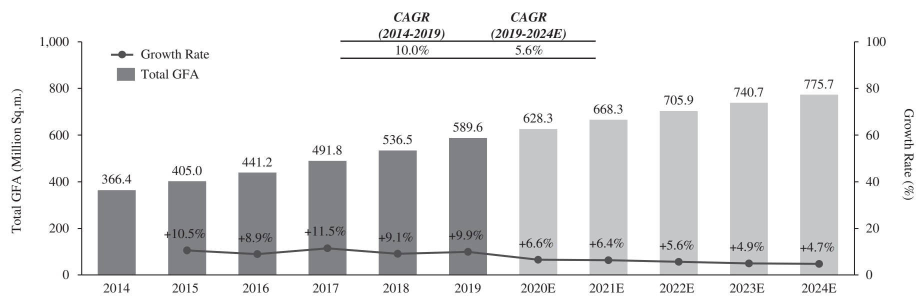
Source: Frost & Sullivan

(1) The rates of our Group refer to those charged to properties developed by CR Group and CR Land.

More property management companies in China are expected to extend their service scope to office building operational services. Leading services providers are likely to be recognized by more office building developers or owners and hence, to be better positioned to further enhance their market expansion capabilities, and accordingly increase their competitiveness and market shares.

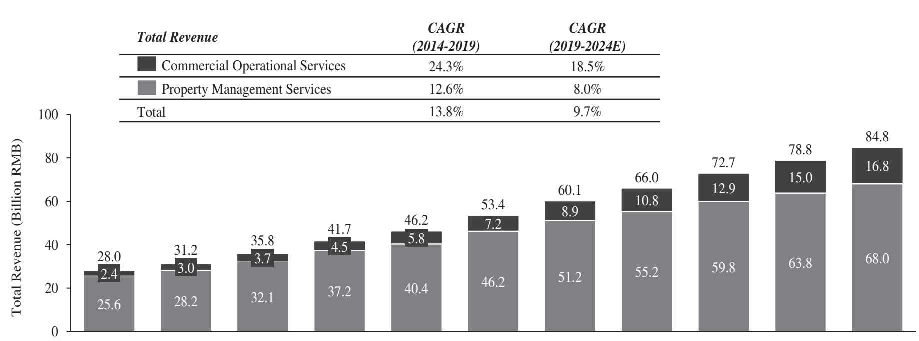
Market Size

According to Frost & Sullivan, the total GFA under management in the PRC office building operational services market increased from 366.4 million sq.m. in 2014 to 589.6 million sq.m. in 2019, at a CAGR of 10.0%, and is expected to reach 775.7 million sq.m. in 2024, at a CAGR of 5.6% from 2019 to 2024. The following diagram sets forth the historical and forecast market size of the PRC office building operational services by GFA under management from 2014 to 2024:



Source: Frost & Sullivan

The PRC office building operational services has market maintained rapid growth in recent years. According to Frost & Sullivan, the total revenue of the PRC office building operational services market increased from RMB28.0 billion in 2014 to RMB53.4 billion in 2019, at a CAGR of 13.8%, and is expected to reach RMB84.8 billion in 2024, at a CAGR of 9.7% from 2019 to 2024. The decrease in the forecast CAGR compared to the historical CAGR of the PRC office building operational services market is primarily due to projections of reduced growth rates of new supply of space in office buildings, as a result of reduced investment by property developers in office buildings given the decline in demand for office space amid the continued slowdown of the PRC economic growth rate and the PRC services industry. The following diagram sets forth the historical and forecast market size of the PRC office building operational services market by revenue and type of services from 2014 to 2024:



Source: Frost & Sullivan

Market Drivers

Stable Development of Office Buildings: Along with the extensive layout of commercial properties due to accelerated urbanization, an increasing number of office buildings have stimulated the demand for office building operational services. Meanwhile, in light of further development of second and third tier cities, more business centers and industrial clusters have been planned, which has created room for growth of the PRC office building operational services market.

Labor Concentration in Urban Areas: Currently, the labor force is mainly concentrated in city clusters with rapid economic development such as the Jingjinji Metropolitan Region, the Yangtze River Delta, the Pearl River Delta, Central China, and the Sichuan-Chongqing Region. Such concentration is expected to promote the development of enterprises in such regions, thereby stimulating the demand for office building operational services.

Extensive Application of Technologies: Office building operational service providers in China have been devoted to expanding their service offerings through providing innovative services supported by application of new technologies. In particular, improved information technology and data digitization have enabled service providers to improve service quality and reduce costs effectively.

ENTRY BARRIERS OF THE INTEGRATED PROPERTY MANAGEMENT AND COMMERCIAL OPERATIONAL SERVICES MARKET IN CHINA

Customer Relationships: The area of customer relationships is one of the determining factors affecting the business of service providers in the PRC integrated property management and commercial operational services market. With close and sustainable customer relationships, service providers can achieve better customer satisfaction, renewal and fee collection rates. In addition, the collaborations with some customers, such as hospitals and government institutions, which have higher demand for high-quality property management services, require long-term customer relationships.

Operation and Management Capabilities: Market players are making efforts to cut costs, and the ability to operate more efficiently is a challenge for new market players. For the non-residential operational and property management services market, the entry barriers are relatively high as most existing participants are large-scale companies with strong operation and management capabilities for office buildings and shopping malls.

Sufficient Tenant Resources: In order to optimize tenant mix based on market positioning and the requirements of shopping mall developers or owners, shopping mall operational service providers are normally required to possess sufficient tenant resources with renowned brands. Meanwhile, leading shopping mall operational service providers are able to attract quality tenants and have stronger bargaining power than others. Branded tenants tend to establish long-term cooperation with leading shopping mall operational service providers with a national network of shopping malls, and achieve mutual benefit, which can help realize network effects. Meanwhile, having quality tenant resources is beneficial for shopping mall operational service providers to reduce costs and efforts for tenant sourcing.

Consumer Awareness: Due to increasing competition in the PRC shopping mall operational services market, consumers prefer renowned and experienced service providers. Meanwhile, leading shopping mall operational service providers have established their own consumer systems, which will significantly improve customer loyalty and satisfaction. Thus, new entrants are expected to face great challenges to attract consumers and establish their own consumer bases.

Technology: Most service providers in the market have core operation and management capabilities, particularly for their information systems. Efficient information systems are conducive to integration of resources, improving management efficiency and service standards and cost reduction. Key players establish their information systems by customizing for their own business characteristics, creating technological advantages that create a barrier for new entrants.

Human Resources: Major operational and property management companies have formed their own talent pools, training programs and incentive schemes. There is a gap between new entrants and key players in the recruitment and cultivation of talents and the promotion of corporate values and culture. Talents typically prefer established companies over rival entrants.

THE IMPACT OF COVID-19 OUTBREAKS ON THE PRC INTEGRATED PROPERTY MANAGEMENT AND COMMERCIAL OPERATIONAL SERVICES MARKET

According to Frost & Sullivan, the ongoing COVID-19 outbreaks have increased short-term operational costs to companies in managing and operating properties, since they have had to purchase hygienic or protective supplies to ensure health and safety among their staff. Besides, as the staff are required to work during the outbreaks, service providers in this market have to compensate their staff and subcontractors with additional on-duty allowances. The impact on revenue derived from non-residential properties, especially shopping malls and office buildings, is more adverse than residential properties, as the tenants of shopping malls and office buildings may have experienced continued financial loss and might terminate their lease agreement in response.

The COVID-19 outbreaks may increase the demand for value-added services and stimulate revenue growth. During the outbreaks, more and more people have been swapping dining out for takeaway delivery and the demand for food delivery services has expanded. The outbreaks have also stimulated the development of speedy and fresh home delivery services and many leading operational and property management companies have seized this opportunity to expand their service scope accordingly.

This section sets out a summary of the most significant PRC laws and regulations that affect our business and the industry in which we operate.

LEGAL SUPERVISION OVER FOREIGN INVESTMENT

The Interim Provisions on Investment Made by Foreign-Invested Enterprises in PRC (《關於外商投資企業境內投資的暫行規定》) which was promulgated on July 25, 2000, came into effect on September 1, 2000, and was amended on October 28, 2015, stipulates that the domestic investment of foreign-invested enterprises shall comply with the requirements set out in the (i) Interim Provisions on Guiding the Direction of Foreign Investment (《指導外商投資方向暫行規定》) that was promulgated on June 20, 1995, came into effect on the same day and was replaced by the Provisions on Guiding the Direction of Foreign Investment (《指導外商投資方向規定》), which was promulgated on February 11, 2002 and came into effect on April 1, 2002, and (ii) the Catalog for the Guidance of Foreign Investment Industries (《外商投資產業指導目錄》) (the "Guidance Catalog") promulgated in 1995 and amended or restated from time to time.

Pursuant to the Guidance Catalog which was most recently amended on June 28, 2017 and came into effect on July 28, 2017, the industries invested by foreign investors are classified into two categories: encouraged industries and the industries included in special administrative measures for the access of foreign investment (including restricted industries and prohibited industries). The Special Administrative Measures for the Access of Foreign Investment (Negative List) (《外商投資准入特別管理措施(負面清單)》) (the "Negative List") which was promulgated on June 2, 2018, restated on June 30, 2019 and June 23, 2020, and came into effect on July 23, 2020, replaced the portion of special administrative measures for the access of foreign investment in the Guidance Catalog. The Catalog of Industries for Encouraging Foreign Investment (《鼓勵外商投資產業目錄》) (the "Encouraged Catalog") which was promulgated on June 30, 2019 and came into effect on July 30, 2019, replaced the encouraged industries in the Guidance Catalog. Foreign investors shall not invest in the fields for which foreign investment is prohibited in the Negative List. Investment in restricted fields of investment in the Negative List shall obtain foreign investment access permit. Unless otherwise prescribed by the PRC laws, any industries not falling into any of the encouraged, restricted or prohibited industries set out in the Encouraged Catalog and the Negative List are generally deemed as permitted for foreign investment. Accordingly, property management service industry is a permitted foreign investment industry.

On March 15, 2019, the Foreign Investment Law of the PRC (《中華人民共和國外商投資法》) was adopted at the Second Session of the 13th National People's Congress and came into effect on January 1, 2020. The Foreign Investment Law of the PRC has replaced the Law on Chinese-Foreign Equity Joint Ventures of the PRC (《中華人民共和國中外合資經營企業法》), the Law on Chinese-Foreign Cooperative Joint Ventures of the PRC (《中華人民共和國中外合作經營企業法》) and the Law on Wholly Foreign-Owned Enterprises of the PRC (《中華人民共和國外資企業法》) to become the legal foundation for foreign investment in the PRC. According to the Foreign Investment Law of the PRC, foreign investment refers to any investment activity directly or indirectly carried out by foreign natural persons, enterprises or other organizations (hereinafter "Foreign Investors"). The State adopts the management system of pre-establishment national treatment and negative list for foreign investment. The negative list refers to special administrative measures for access of foreign investment in specific fields as stipulated by the State. The State will give national treatment to foreign investments outside the negative list.

The Measures on Reporting of Foreign Investment Information (《外商投資信息報告辦法》) was issued by MOFCOM and State Administration for Market Regulation on December 30, 2019, which came into effect on January 1, 2020 and replaced the Interim Administrative Measures for the Record-filling of the Establishment and Modification of Foreign-invested Enterprises (《外商投資企業設立及變更備案管理暫行辦法》). Since January 1, 2020, for foreign investors carrying out investment activities directly or indirectly in China, the foreign investors or foreign-invested enterprises shall submit investment information to the commerce authorities pursuant to such measures.

LEGAL SUPERVISION OVER PROPERTY MANAGEMENT SERVICES

Qualification of Property Management Enterprises

According to the Regulations on Property Management (《物業管理條例》) which was promulgated on June 8, 2003, came into effect since September 1, 2003, and was amended on August 26, 2007, February 6, 2016 and March 19, 2018, respectively, a qualification system for enterprises engaging in property management activities has been adopted.

According to the Decision of the State Council on Canceling the Third Batch of Administrative Licensing Items Designated by the Central Government for Implementation by Local governments (《國務院關於第三批取消中央指定地方實施行政許可事項的決定》) (Guo Fa [2017] No. 7), which was promulgated and came into effect on January 12, 2017, province and city level second class or below property management enterprise qualifications acknowledged by provincial and municipal government departments of Housing and Urban-Rural were canceled.

According to the Decision of the State Council on Canceling a Group of Administrative Licensing Items (《國務院關於取消一批行政許可事項的決定》) (Guo Fa [2017] No. 46), which was promulgated and came into effect on September 22, 2017, qualification accreditation for property management enterprises of first class was canceled.

According to the Notice of the General Office of Ministry of Housing and Urban-Rural Development on Effectively Implementing the Work of Canceling the Qualification Accreditation for Property Management Enterprises (《住房城鄉建設部辦公廳關於做好取消物業服務企業資質核定相關工作的通知》) (Jian Ban Fang [2017] No. 75), which was promulgated and came into effect on December 15, 2017, application, change, renewal or re-application of the qualifications of property management enterprises shall not be accepted, and the qualifications obtained already shall not be a requirement for property management enterprises to undertake new property management services.

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

Appointment of the Property Management Enterprises

According to the Property Law of the PRC (《中華人民共和國物權法》), which was promulgated on March 16, 2007 and came into effect on October 1, 2007, the property owners can either manage the buildings and the ancillary facilities by themselves, or engage a property service enterprise or other custodians. Property owners are entitled, according to the laws, to replace the property service enterprise or other custodians engaged by the developer. Property service enterprises or other custodians shall manage the buildings and the ancillary facilities within the district of the building as entrusted by the owners, and shall be subject to the supervision by the owners.

According to the Regulations on Property Management (《物業管理條例》), a general meeting of the property owners can engage or dismiss the property management enterprise with affirmative votes of owners who exclusively own more than half of the total construction area of the building(s) and who account for more than half of the total number of the property owners. The property owners' association may enter into a property management service contract on behalf of owners with the property management enterprise engaged in the owners' general meeting. Before the engagement of a property management enterprise by property owners and a general meeting of the property owners, a written preliminary property management service contract should be entered into between the developer and the selected and engaged property management enterprise. The preliminary property management service contract may stipulate the contract term. However, if the property management service contract entered into by and between the property owners association and the property management enterprise comes into force within the term of the preliminary property management service, the preliminary property management service contract shall be terminated automatically.

According to the Regulations on Property Management and the Interim Measures for Tender and Bidding Management of Preliminary Property Management (《前期物業管理招標投標管理暫行辦法》) (Jian Zhu Fang [2003] No. 130) which was promulgated on June 26, 2003 and came into effect on September 1, 2003, developer of residential buildings and non-residential buildings in the same property management area shall engage qualified property management enterprises by inviting bid or publish announcement on public media. In case where there are less than three bidders or for small-scale properties, the developer can hire qualified property management enterprises by signing an agreement with the approval of the real estate administrative department of the local government in the district or county level where the property is located. Where the developer fails to hire the property management enterprise through a tender and bidding process or hire the property management enterprise by signing agreement without the approval of relevant government authority, the competent real estate administrative department of the local government at the county level or above shall order it to make correction within a prescribed time limit, issue a warning and impose with the penalty of no more than RMB100,000.

According to Interpretation of the Supreme People's Court on Several Issues concerning the Specific Application of Law in Hearing Cases of Property Management Service Disputes (《最高人民法院關於審理物業服務糾紛案件具體應用法律若干問題的解釋》) (Fa Shi [2009] No. 8), which was promulgated on May 15, 2009 and came into effect on October 1, 2009, the preliminary property management service contract entered into by a developer and a property management enterprise pursuant to relevant laws and regulations and the property management service contract entered into by the owners' association and the property management enterprise hired by the owners' general meeting pursuant to relevant laws and regulations shall be binding on the property owner. Where any property owner pleads against such contract as he/she is not the contract party thereto, it shall not be supported by the people's court. The court shall support a claim if property owners' association or property owners appealed for the court to confirm the clause of property management service contracts which exempt the responsibility of property management enterprise, or which aggravate the responsibility or exclude the rights of property owners' association or property owners are invalid.

Property Management Service Charges

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

According to Administrative Measures on Property Management Service Charges (《物業服務收費管理辦法》) (Fa Gai Jia Ge [2003] No. 1864), which was promulgated on November 13, 2003 and came into effect on January 1, 2004, property management service charges shall be priced under the government's guidance and market regulation respectively based on the nature and characteristics of different properties. In what way the charges are priced shall be determined by the competent administrative departments of price under the people's governments of all provinces, autonomous regions and municipalities, in concert with the competent departments of real estate.

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

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

Property management enterprises shall mark expressly the prices according to the regulations of competent price department of the people's government, revealing the service information, standards, charging items and standards to the public at prominent positions within the property management region.

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

According to the Measures for Property Management Service Pricing Costs Supervision and Examination (Trial) (《物業服務定價成本監審辦法(試行)》) (Fa Gai Jia Ge [2007] No.2285), which was jointly issued by the NDRC and the Ministry of Construction on September 10, 2007 and came into effect on October 1, 2007, the competent pricing departments of people's government formulate and regulate the property management service charging standard where the government guidance price shall be implemented and conduct pricing cost supervision and examination on relevant property management service enterprises. Property management service pricing cost is determined according to the social average cost of property management services verified by the competent pricing department of people's government. With the assistance of competent real estate administrative departments, competent pricing departments are responsible to organize the supervision and examination of the property management service pricing cost. Property management service pricing cost shall include staff costs, expenses for daily operation and maintenance on public facilities and equipment located at public places, green conservation costs, sanitation fee, order maintenance cost, insurance premiums for public facilities and equipment located at public places of the property and for public liability, office expenses, shared administration fee, fixed assets depreciation and other fees approved by property owners.

According to the Circular of NDRC on the Opinions for Decontrolling the Prices of Some Services (《國家發展和改革委員會關於放開部分服務價格意見的通知》) (Fa Gai Jia Ge [2014] No. 2755), which was promulgated and came into effect on December 17, 2014, the price control on property management service fee of non-government-supported houses was canceled. The competent price administration departments at provincial level and the administrative departments of housing and urban-rural development have the authority to decide whether to implement government guidance prices for charges of property management fees for government-supported houses, housing-reform properties and properties in old residential areas and service fees under preliminary property management based on actual situation.

Parking Service Fees

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

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

According to the Circular of NDRC on the Opinions for Decontrolling the Prices of Some Services (《國家發展和改革委員會關於放開部分服務價格意見的通知》), price control on parking services in residence communities was also canceled.

Property Management Service Outsourcing

According to the Regulations on Property Management (《物業管理條例》), a property management enterprise may entrust a special service business within the property management area to a professional service enterprise, but it shall not entrust all the property management businesses within such area to third parties.

Separation of the Management of Water, Electricity, Heat Supply and Other Property Management Services of SOE Employees' Residential Properties

According to the Notice transmitted by the General Office of the State Council on Guiding Opinions on Separation and Transfer of Three Supplies and Property Management of State-owned Enterprise Employees' Residential Properties promulgated by the SASAC and the MOF (Guo Ban Fa [2016] No.45) (《國務院辦公廳轉發國務院國資委、財政部關於國有企業職工家屬區"三供一業"分離移交工作指導意見的通知》(國辦發[2016]45號)) issued on June 11, 2016, the separation and transfer of water, electricity, heat (gas) supply and other property management services of SOE employees' residential properties (the "Three Supplies and Property Management") is crucial to stripping the social functions of SOEs, which would help SOEs lighten their burden and concentrate on their main business, and help upgrade infrastructure and improve employees' living environment. The SASAC and the MOF have launched pilot projects of the separation and transfer of the Three Supplies and Property Management in Heilongjiang, Henan, Hunan, Chongqing, Liaoning, Jilin, Guangdong, Hainan, Sichuan and Guizhou provinces since 2012. It is required by the Notice that, from 2016, the separation and transfer of the Three Supplies and Property Management services of the employees' residential properties of the SOE (including central and locally-administered SOE) shall be fully carried forward nationwide, and the relevant equipment and facilities shall be repaired and reformed in order to reach the average condition of urban infrastructure. Such separation and transfer shall be substantially completed by the end of 2018, and from 2019, SOEs shall not bear expenditures relating to the Three Supplies and Property Management services of their employees' residential properties in any manner. According to the Notice, the property management of the SOE employees' residential properties can be taken over either by property management enterprises, or by relevant entities designated by local governments. Strong and reputable state-owned property management enterprises are encouraged to take over the property management function from the transferring enterprises trans-regionally. For employees' residential properties that have already been renovated, the property owners' associations can also engage property management companies in line with market practice under the guidance of local governments, or the property owners may choose to manage the properties themselves.

LEGAL SUPERVISION OVER THE INTERNET INFORMATION SERVICES

Supervision on Internet Information Services

According to the Administrative Measures on Internet Information Services (《互聯網信息服務管理辦法》) Order No. 292 of the State Council [2000], which was issued by the State Council on September 25, 2000, came into effect on the same day and revised on January 8, 2011, Internet information service refers to the provision of the information through internet to web users, and includes two categories: commercial and non-commercial. Commercial internet information service refers to the service activities of compensated provision to online subscribers through the internet of information or website production. Non-commercial internet service refers to the provision free of charge of public, commonly shared information through the internet to web users.

Entities engaged in providing commercial internet information service shall apply for a license for valued-added telecommunication services of internet information services. As for the operation of non-commercial internet information services, only record-filing is required. Internet information service provider shall provide services within the scope of their license or filing. Non-commercial internet information service providers shall not provide services with the charge of payment.

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

Supervision on Mobile Internet Application Information Services

According to the provisions on administration of Mobile Internet Application Information Services (《移動互聯網應用程序信息服務管理規定》) (issued by the Cyberspace Administration of China on June 28, 2016 and came into effect on August 1, 2016), entities providing information services through mobile internet applications shall obtain relevant qualifications. Mobile internet application providers shall not use mobile internet application program to carry out activities prohibited by laws and regulations, such as endangering national security, disturbing public orders, and infringing other's legal rights and interests, or using mobile internet applications to produce, copy, publish and spread illegal information prohibited by laws and regulations.

LEGAL SUPERVISION OVER ADVERTISING BUSINESS

According to the Advertising Law of the PRC (《中華人民共和國廣告法》) (Order No.16 of the President) (issued by the SCNPC on October 27, 1994, came into effect on February 1, 1995 and revised on April 24, 2015 and October 26, 2018), advertisement shall be expressed in a true, legal, healthy manner, in line with requirements of construction of socialist spiritual civilization and development of Chinese national fine cultural tradition, and shall not contain false or misleading content and defraud or mislead consumers. Advertisers, advertising agents and advertisement publishers shall abide by the laws, regulations and the principles of justice, the requirements of honesty, credibility and fair competition in carrying out advertising activities. Local market supervision administration department at and above the county level shall take charge of the supervision and administration on advertising within their respective administrative jurisdictions. Other relevant departments of the local people's governments at and above the county level shall take charge of the advertising management related work within their respective scope of duties.

LEGAL SUPERVISION OVER LABOR AND SOCIAL INSURANCE

According to the Labor Law of the PRC (《中華人民共和國勞動法》), which was promulgated on July 5, 1994, came into effect on January 1, 1995, and was amended on August 27, 2009 and December 29, 2018, enterprises and institutions shall establish and improve their system of work place safety and sanitation, strictly abide by State rules and standards on work place safety, educate employee in labor safety and sanitation in the PRC. Labor safety and sanitation facilities shall comply with national standards. The enterprises and institutions shall provide employees with workplace safety and sanitation conditions which are in compliance with State stipulations and relevant articles of labor protection.

According to the Labor Contract Law of the PRC (《中華人民共和國勞動合同法》), which was promulgated on June 29, 2007, came into effect on January 1, 2008, and was amended on December 28, 2012, employment contracts shall be concluded in writing if employment relationships are to be or have been established between enterprises or institutions and the employees. Enterprises and institutions are forbidden to force the employees to work beyond the statutory time limit and employers shall pay employees for overtime work in accordance with national regulations. In addition, the wages shall not be lower than local standards on minimum wages and shall be paid to the employees timely. And the Implementation Regulation on Labor Contract Law of the PRC (《中華人民共和國勞動合同法實施條例》) (Order No. 535 of the State Council) which was issued by the State Council on September 18, 2008 and came into effect on the same day, regulates both parties through a labor contract, namely the employers and the employees, and contains specific articles involving the terms of the labor contract. Meanwhile, it is stipulated that labor contracts must be concluded in written forms, upon reaching an agreement after due negotiation, an employer and an employee may enter into a fixed-term labor contract, a non-fixed-term labor contract or a labor contract that concludes upon the completion of certain work assignments. After reaching an agreement upon due negotiation with employees or by fulfilling other circumstances in line with legal conditions, an employer may legally terminate a labor contract and dismiss its employees. Labor contracts concluded before the enactment of Labor Contract Law and existing during its effective term shall continue to be honored. With respect to circumstances where an employment relationship has already been established without the conclusion of a written labor contract, the written labor contract shall be concluded within one month from the date when the employee commences work.

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

According to the Measures of the Ministry of Labor on Examination and Approval for the Flexible Working Hour System and the Working Hour System of Comprehensive Calculation Adopted by Enterprise (《勞動部關於企業實行不定時工作制和綜合計算工時工作制的審批辦法》) (Lao Bu Fa [1994] No. 503), which was promulgated on December 14, 1994, and came into effect on January 1, 1995, enterprises that practice the irregular working hour system due to the nature of their operation may adopt the working hour system of comprehensive-calculated working hours and other methods of work and rest.

According to the Social Insurance Law of the PRC (《中華人民共和國社會保險法》), which was promulgated on October 28, 2010 and came into effect on July 1, 2011 and was amended on December 29, 2018, the Interim Regulations on Collection and Payment of Social Insurance Premiums (《社會保險費徵繳暫行條例》), which was promulgated and came into effect on January 22, 1999, and was amended on March 24, 2019, the Regulations on Work-Related Injury Insurance (《工傷保險條例》), which was promulgated on April 27, 2003, came into effect on January 1, 2004 and was amended on December 20, 2010, the Regulations on Unemployment Insurance (《失業保險條例》) (Order No. 258 [1999] of the State Council), which was promulgated and came into effect on January 22, 1999, and the Trial Measures on Employee Maternity Insurance of Enterprises (《企業職工生育保險試行辦法》) (Lao Bu Fa [1994] No. 504), which was promulgated on December 14, 1994 and came into effect on January 1, 1995, the enterprises in the PRC shall provide their employees with benefit programs including basic pension insurance, unemployment insurance, maternity insurance, work injury insurance and basic medical insurance. Employers must carry out social insurance registration at the local social insurance agency, provide social insurance and pay or withhold the relevant social insurance premiums for or on behalf of employees. For employers failing to conduct social insurance registration, the administrative department of social insurance shall order them to make corrections within a prescribed time limit; if they fail to do so within the time limit, employers shall have to pay a penalty over one time but no more than three times of the amount of the social insurance premium payable by them, and their executive staffs and other directly responsible persons shall be fined RMB500 to RMB3,000. Where an employer fails to pay social insurance premiums in full or on time, the social insurance premium collection agency shall order it to pay or make up the balance within a prescribed time limit, and shall impose a daily late fee at the rate of 0.05% of the outstanding amount from the due date; if still failing to pay within the time limit prescribed, a fine of one time to three times the amount in default will be imposed on them by the relevant administrative department.

Pursuant to the Regulation on the Administration of Housing Provident Fund (《住房公積金管理條例》) (Order No. 262 of the State Council), which was promulgated on April 3, 1999, became effective on the same day, and was amended on March 24, 2002 and March 24, 2019, respectively, the housing provident fund contributions made by an individual employee and housing provident fund contributions made by his or her employer shall be owned by the individual employee. Employers shall timely pay the housing provident fund in full and overdue or insufficient payment shall be prohibited. Employers shall process the housing fund deposit registrations with the housing provident fund administrative center. For enterprises who violate the above laws and regulations and fail to apply for housing provident fund deposit registration or open housing provident fund accounts for their employees, the housing provident fund administrative center shall order the relevant enterprises to make corrections within a designated period. Those enterprises failing to process the deposit registration provident fund accounts for their employees within the designated period shall be subject to a fine ranging from RMB10,000 to RMB50,000. When enterprises violate those provisions and fail to pay the housing provident fund in full amount as due, the housing provident fund administrative center may order such enterprises to pay up the amount within a prescribed period; if those enterprises still fails to comply with the regulations upon the expiration of the above-mentioned time limit, further application may be made to the People's Court for mandatory enforcement.

According to the Reform Plan of the State Tax and Local Tax Collection Administration System (《國税地税徵管體制改革方案》), which was issued by the General Office of the Communist Party of China (中共中央辦公廳) and the General Office of the State Council (國務院辦公廳) of the PRC on July 20, 2018, from January 1, 2019, all the social insurance premiums including the premiums of the basic pension insurance, unemployment insurance, maternity insurance, work injury insurance and basic medical insurance will be collected by the tax authorities. Furthermore, according to the Notice by the General Office of the State Administration of Taxation on Conducting the Relevant Work Concerning the Administration of Collection of Social Insurance Premiums in a Steady, Orderly and Effective Manner (《國家税務總局辦公廳關於穩妥有序做好社會保險徵管有關工作的通知》) ([2018] No.142 of the General Office of the SAT) issued on September 13, 2018 and the Urgent Notice of the General Office of the Ministry of Human Resources and Social Security on Implementing the Spirit of the Executive Meeting of the State Council in Stabilizing the Collection of Social Security Contributions (《人力資源和社會保障部關於貫徹落實國務院常務會議精神切實做好穩定社保費徵收工作的緊急通知》) (Ren She Ting Notice [2019] No.142) issued on September 21, 2018, the local authorities still responsible for the collection of social insurance are strictly forbidden to conduct self-collection of historical unpaid social insurance contributions from enterprises. Notice of the State Administration of Taxation on Implementing Measures to Further Support and Serve the Development of Private Economy (《國家税務總局關於實施進一步支援和服務民營經濟發展若干措施的通知》) (Shui Zong Fa [2018] No.174) issued on November 16, 2018 repeats that tax authorities at all levels may not organize self-collection of arrears of taxpayers including private enterprises in the previous years.

LEGAL SUPERVISION OVER INTELLECTUAL PROPERTY RIGHTS

Patent Law

According to the Patent Law of the PRC (《中華人民共和國專利法》) (Order No. 11 of the President of the PRC) which was promulgated by the Standing Committee of the National People's Congress on March 12, 1984, came into effect on April 1, 1985, revised on September 4, 1992, August 25, 2000 and December 27, 2008, the State Intellectual Property Office is responsible for managing patent work of the whole nation. The patent management departments of the people's governments of each province, autonomous region and municipality directly under the central government are responsible for the patent management in their respective administrative regions. Chinese patent system adopts the principle of "prior application," i.e. where two or more applicants file applications for patent for the identical invention or creation respectively, the patent right shall be granted to the applicant whose application was filed first. If one wishes to file application for patent for invention or utility models, the following three standards must be met: novelty, creativity and practicability. The validity period of a patent for invention is 20 years, while the validity period of utility models and design is 10 years. Others may use the patent after obtaining the permit or proper authorization of the patent holder, otherwise such behavior will constitute an infringing act of the patent right.

Trademark Law

Trademarks are protected by the Trademark Law of the PRC (《中華人民共和國商標法》) (Order No. 29 of the President of the PRC) which was issued by the Standing Committee of the National People's Congress on August 23, 1982, came into effect on March 1, 1983 with latest amended on April 23, 2019, and became effective on November 1, 2019 and the PRC Trademark Law Implementing Regulations (《中華人民共和國商標法實施條例》) (Order No. 651 of the State Council), which was issued by the State Council on August 3, 2002, came into effect on September 15, 2002, amended on April 29, 2014 and came into effect on May 1, 2014. The trademark bureaus under the State Administration for Market Regulation are responsible for trademark registration and authorizing registered trademarks for a validity period of 10 years. Trademarks may be renewable every ten years where a registered trademark needs to be used after the expiration of its validity period. Trademark registrants may license, authorize others to use their registered trademark by signing up a trademark license contract. The trademark license agreements shall be submitted to the trademark office for recording. For trademarks, trademark law adopts the principle of "prior application" with respect to trademark registration. Where a trademark under registration application is identical with or similar to another trademark that has, in respect of the same or similar commodities or services, been registered or, after preliminary examination and approval, this application for such trademark registration may be rejected. Anyone applying for trademark registration shall not prejudice the existing right first obtained by anyone else, or forestall others in registering a trademark which others have already begun to use and which has "sufficient degree of reputation."

Copyright law

The Copyright Law of the PRC (《中華人民共和國著作權法》) (Order No. 31 of the President of the PRC) which was issued by the Standing Committee of the National People's Congress on September 7, 1990, came into effect on June 1, 1991 and revised on October 27, 2001 and February 26, 2010, provides that works of PRC citizens, legal persons or other organizations, which include, works of literature, art, natural sciences, social sciences, engineering technologies and computer software created in writing or oral or other forms, whether published or not, enjoy copyright in their works. Copyright holders may enjoy multiple rights, which include the right of publication, the right of authorship and the right of reproduction.

The Computer Software Copyright Registration Measures (《計算機軟件著作權登記辦法》) (Order No. 1 of the National Copyright Administration) which was promulgated by the National Copyright

Administration on February 20, 2002, and came into effect on the same day, regulates the registration of software copyright, the exclusive licensing contracts and transfer contracts of software copyright. The National Copyright Administration of PRC shall be competent authority for the registration and management of national software copyright and the Copyright Protection Center of China is the software registration organization authority. The Copyright Protection Center of China shall grant registration certificates to the computer software copyright applicants which conforms to the regulations of both the Computer Software Copyright Registration Measures and the Regulations on Protection of Computers Software (《計算機軟件保護條例》) (No. 84 Order of the State Council) which was issued by the State Council on June 4, 1991, came into effect on October 1, 1991 and revised on December 20, 2001, January 8, 2011 and January 30, 2013.

Domain Names

According to the Administrative Measures for Internet Domain Names (《互聯網域名管理辦法》) (Order No. 43 of the Ministry of Industry and Information Technology), which was issued on August 24, 2017 and came into effect on November 1, 2017, the Ministry of Industry and Information Technology shall be responsible for managing Internet network domain names in the PRC. The principle of "first-to-file" is adopted for domain name services. The applicant of domain name registration shall provide the agency of domain name registration with the true, accurate and complete information relating to the domain name to be applied for, and sign the registration agreements as well. Upon the completion of the registration process, the applicant will become the holder of the relevant domain name.

LEGAL SUPERVISION OVER THE TAX IN THE PRC

EIT

In accordance with the PRC EIT Law (《中華人民共和國企業所得税法》) (the "EIT Law"') ([2007] Order No. 63 of the President of the PRC) which was promulgated on March 16, 2007 and became effective from January 1, 2008 and amended on February 24, 2017 and December 29, 2018 and the Regulation on the Implementation of EIT Law of the PRC (《中華人民共和國企業所得税法實施條例》) ([2007] Order No. 512 of the State Council) which was promulgated on December 6, 2007 and became effective from January 1, 2008, and amended on April 23, 2019, enterprises are classified as either "resident enterprises" or "non-resident enterprises." Enterprises that are set up in the PRC under the PRC laws, or that are set up in accordance with the law of the foreign country (region) whose actual administration institution is in PRC, shall be considered as "resident enterprises." Enterprises established under the law of the foreign country (region) with "de facto management bodies" outside the PRC, but have set up institutions or establishments in the PRC or, without institutions or establishments set up in the PRC, have income originating from the PRC, shall be considered as "non-resident enterprises." A resident enterprise shall pay EIT on its income originating from both inside and outside the PRC at an EIT rate of 25%. A non-resident enterprise that has establishments or places of business in the PRC shall pay EIT on its income originating from the PRC obtained by such establishments or places of business, and on its income which deriving outside the PRC but has actual connection with such establishments or places of business, at the EIT rate of 25%. A non-resident enterprise that does not have an establishment or place of business in the PRC, or it has an establishment or place of business in the PRC but the income has no actual connection with such establishment or place of business, shall pay EIT on its income derived from the PRC at a reduced EIT rate of 10%.

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

The PRC and the government of Hong Kong entered into the Arrangement between the Mainland of the PRC and Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (《內地和香港特別行政區關於對所得稅避免雙重徵稅和防止偷漏稅的安排》) (the "Arrangement") on August 21, 2006 and came into effect on December 8, 2006. According to the Arrangement, if a company incorporated in Hong Kong holds 25% equity interests or more in a PRC company, its dividend obtained from the company incorporated in the PRC may be taxed with a lower tax rate of 5% as the withholding tax.

Pursuant to the Circular of the State Administration of Taxation on Relevant Issues relating to the Implementation of Dividend Clauses in Tax Agreements (《國家稅務總局關於執行稅收協定股息條款有關問題的通知》) (Guo Shui Han [2009] No. 81) which was promulgated by the SAT and became effective on February 20, 2009, all of the following requirements shall be satisfied before a fiscal resident of the other party to a tax agreement can be entitled to such tax agreement treatment as being taxed at a tax rate specified in the tax agreement for the dividends paid to it by a PRC resident company: (i) such a fiscal resident who obtains dividends should be a company as provided in the tax agreement; (ii) the equity interests and voting shares of the PRC resident company directly owned by such a fiscal resident reaches a specified percentage; and (iii) the equity interests of the PRC resident company directly owned by such a fiscal resident, at any time during the twelve months prior to receipt of the dividends, reach a percentage specified in the tax agreement.

According to the Announcement on Several Issues concerning the EIT on Income from the Indirect Transfer of Assets 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》) (SAT Public Notice [2015] No. 7) which was promulgated by SAT on February 3, 2015 and came into effect on the same day), where a non-resident enterprise indirectly transfers equities and other assets of a PRC resident enterprise to avoid the EIT payment obligation by making an arrangement with no reasonable business purpose, such indirect transfer shall be redefined and recognized as a direct transfer in accordance with the provisions of the EIT Law. Where the EIT on the income from the indirect transfer of real estate or equities shall be paid in accordance with the provisions of this Announcement, the entity or individual that directly assumes the obligation to make relevant payments to the transfer or according to the provisions of the relevant laws or as agreed upon in the contract shall be the withholding agent.

Value-added Tax

According to Provisional Regulations on Value-added Tax of the PRC (《中華人民共和國增值稅暫行條例》) (Order No. 134 of the State Council) which was promulgated by the State Council on December 13, 1993 with the latest amended version effective from November 19, 2017, and Implementing Rules to Provisional Regulations on Value-added Tax of the PRC (《中華人民共和國增值稅暫行條例實施細則》) promulgated by Ministry of Finance on December 25, 1993 and revised on December 15, 2008 and October 28, 2011, respectively, tax payers engaging in sale of goods or processing, repair and assembly services (hereinafter referred to as ‘‘labor services’’), sale of services, intangible assets, immovables and importation of goods in the PRC shall be taxpayers of Value-added Tax (‘‘VAT’’). Unless otherwise stipulated, the tax rate for taxpayers selling goods, labor services, or tangible movable property leasing services or importing goods shall be 17%, and for taxpayers engaging in sale of services or intangible assets shall be 6%. In addition, the tax rate for taxpayers selling real estate leasing services, or real estate, or transferring land use right shall be 11%.

Furthermore, according to the Trial Scheme for the Conversion of Business Tax to Value-added Tax (Cai Shui [2011] No. 110) (《關於印發<營業稅改徵增值稅試點方案>的通知》) which was promulgated by the Ministry of Finance and the SAT, the State began to launch taxation reforms in a gradual manner with effect from January 1, 2012, whereby the collection of VAT in lieu of business tax items was implemented on a trial basis in regions showing significant radiating effects in economic development and providing outstanding reform examples, beginning with production service industries such as transportation and certain modern service industries.

In accordance with Circular on Comprehensively Promoting the Pilot Program of the Collection of Value-added Tax in Lieu of Business Tax (Cai Shui [2016] No. 36) (《關於全面推開營業稅改徵增值稅試點的通知》), which was promulgated on March 23, 2016 and came into effect on May 1, 2016, upon approval of the State Council, the pilot program of the collection of VAT in lieu of business tax shall be promoted nationwide in a comprehensive manner starting from May 1, 2016, and all business tax payers engaged in the building industry, the real estate industry, the financial industry and the life service industry shall be included in the scope of the pilot program with regard to payment of value-added tax instead of business tax.

According to the Notice on the Adjustment to VAT Rates (《關於調整增值稅稅率的通知》), which was promulgated by Ministry of Finance and the SAT on April 4, 2018 and became effective on May 1, 2018, adjusted the applicative rate of VAT, and the taxpayer who is previously subject to 17% and 11% respectively on VAT-taxable sales activities or imported goods shall have the applicable tax rates adjusted to 16% and 10% respectively.

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

Foreign Exchange Regulations

According to the Foreign Currency Administration Rules of the PRC (《中華人民共和國外匯管理條例》) (Order No. 193 of the State Council), which was promulgated by the State Council on January 29, 1996, came into effect on April 1, 1996 and amended on January 14, 1997 and August 5, 2008, and various regulations issued by the State Administration of Foreign Exchange and other relevant PRC government authorities, foreign currency earnings of domestic entities or individuals can be transferred back to the PRC or deposited overseas and RMB is convertible into other currencies. The conditions and time limit of transferring back to the PRC or deposited overseas shall be specified by the State Administration of Foreign Exchange according to the international receipts and payments status and requirements of Administration of Foreign Exchange, such as the conversion of RMB into other currencies and remittance of the converted foreign currency outside the PRC for the purpose of capital account items, like direct equity investments, loans, requires the prior approval from the State Administration of Foreign Exchange or its local office. Foreign exchange receipts for current account transactions may be retained or sold to financial institutions engaged in the settlement or sale of foreign exchange according to the relevant provisions of the State. Domestic entities or individuals who directly make overseas investment or involve in distribution or trade of foreign securities or derivative products, shall go through the formalities for registration in accordance with the provisions of the foreign exchange administration department of the State Council. If the above entities or individuals shall be subjected to the approved of or record-filing with the competent department in advance as required by the state, they should submit related documents for inspection, approval and record-filing before foreign exchange registration. The exchange rate for RMB follows a managed floating exchange rate system based on market demand and supply.

According to the Regulations on Administration of Settlement, Sale and Payment of Foreign Exchange (《結匯、售匯及付匯管理規定》) (Yin Fa [1996] No. 210), which was promulgated by the People's Bank of China on June 20, 1996 and became effective on July 1, 1996, foreign exchange receipts under the current account of foreign-invested enterprises may be retained within the fullest extent approved by the Administration of Foreign Exchange and the exceeding part of such amount shall be sold to a designated foreign exchange bank or through a foreign exchange swap center.

According to the Circular of the State Administration of Foreign Exchange on Further Simplifying and Improving the Direct Investment-related Foreign Exchange Administration Policies (《關於進一步簡化和改進直接投資外匯管理政策的通知》) (Hui Fa [2015] No.13), which was promulgated on February 13, 2015, came into effect on June 1, 2015 and revised on December 30, 2019, the initial foreign exchange registration for establishing or taking control of an SPV by domestic residents can be conducted with a qualified bank, instead of the local foreign exchange bureau.

According to the Circular of the SAFE on Reforming the Administration Measures on Conversion of Foreign Exchange Registered Capital of Foreign-invested Enterprises (《國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知》) (Hui Fa [2015] No. 19) (''SAFE Circular 19''), which was promulgated on March 30, 2015 and became effective on June 1, 2015, a foreign-invested enterprise may, in response to its actual business needs, settle with a bank the portion of the foreign exchange capital in its capital account for which the relevant foreign exchange bureau has confirmed monetary contribution rights and interests (or for which the bank has registered the account crediting of monetary contribution). And foreign-invested enterprises are allowed tentatively to settle such portion at 100% of their foreign exchange capital on a discretionary basis. Furthermore, SAFE Circular 19 stipulates that the use of capital by foreign-invested enterprises shall follow the principles of authenticity and self-use within the business scope of enterprises.

According to the Notice of the State Administration of Foreign Exchange on Reforming and Regulating Policies on the Control over Foreign Exchange Settlement of Capital Accounts (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》) (Hui Fa [2016] No. 16) (the "Notice No.16"), which was issued by the State Administration of Foreign Exchange on June 9, 2016 and came into effect on the same day, the settlement of foreign exchange receipts under the capital account (including but not limited to foreign currency capital and foreign debts) may convert from foreign currency into RMB on self-discretionary basis. The RMB funds obtained by a domestic entity from its discretionary settlement of foreign exchange receipts under the capital account shall be included in the account pending for foreign exchange settlement and payment. The Notice No. 16 reiterates the principle that RMB converted from foreign currency capital may not directly or indirectly used for purpose beyond its business scope and investments in securities with the exception of bank financial products that guarantee the relevant PRC regulations. The ratio of the discretionary exchange rate of foreign exchange receipts under domestic capital account is tentatively set at 100%. The State Administration of Foreign Exchange may adjust the above ratio in due time according to the balance of payment status.

FUTURE LEGAL SUPERVISION MATERIAL TO OUR BUSINESS AND THE INDUSTRY IN WHICH WE OPERATE

Civil Code of the People's Republic of China (《中華人民共和國民法典》) (the "Civil Code," which was promulgated on May 28, 2020, and shall come into force from January 1, 2021, shall govern personal relationships and property relationships between natural persons, legal persons and unincorporated associations as subjects with equal status. The Civil Code is the codification of the Marriage Law of the People's Republic of China, the Law of Succession of the People's Republic of China, the General Principles of the Civil Law of the People's Republic of China, the Adoption Law of the People's Republic of China, the Guaranty Law of the People's Republic of China, the Contract Law of the People's Republic of China, the Property Law of the People's Republic of China, the Tort Law of the People's Republic of China and the General Rules of the Civil Law of the People's Republic of China shall be simultaneously repealed when the Civil Code come into force.

According to the Civil Code, the preliminary property service contract entered into between a developer and a property service provider pursuant to the law, and the property service contract entered into between the owners' committee and the property service provider selected at the owners' meeting pursuant to the law shall be legally binding upon the owners; and where a property service contract entered into between the owners' committee or owners and the new property service provider takes effect before the expiration of the service period agreed in the preliminary property service contract entered into between the developer and the property service provider pursuant to the law, the preliminary property service contract shall be terminated. In accordance with the owners' entrustment, the property management enterprises shall provide management of the building and affiliated facilities thereof within the building area according to the provisions on property service contract in chapter III of the Civil Code, accept the owners' supervision and timely respond to the owners' inquiries about the property management service; the income generated by the construction entity, property service enterprise or other managers of a building from the common areas of the owners, after deducting reasonable costs, shall belong to the owners.

HISTORY AND DEVELOPMENT

Overview

Our Group's history can be traced back to 1994 when CR Group invested into Beijing Huayuan Real Estate Company Limited (北京市華遠房地產股份有限公司), being CR Land's predecessor, and started its property development, investment and management businesses, which was subsequently reorganized into CR Land. We, as part of CR Land, have since been providing supplementary and complementary property management services to properties developed and/or owned by CR Land, a leading large-scale residential and commercial real estate developer in the PRC and a listed company in Hong Kong.

Our Group initially focused on the provision of residential property management services to supplement and complement CR Land's property development and investment business. The scale of our Group's business has grown significantly alongside CR Land's property development and investment business. Benefiting from the mutually beneficial and complementary relationship between our Controlling Shareholders and us, we have become a leading property management and commercial operational services provider and expanded our geographic coverage quickly to major regions in the PRC.

To date, our service offering includes residential property management services and commercial operational and property management services. According to Frost & Sullivan, we ranked fifth in terms of property management service revenue in 2019 among all PRC property management companies and second in terms of shopping mall property management service revenue in 2019 among all PRC shopping mall operational service providers.

Milestones of Development

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

Year	Event
1994	• CR Group invested into the predecessor of CR Land, and started its property management business which focused on residential property management services
2000	• Shenzhen MIXC, first "MIXC" shopping mall, commenced development and construction
	• the "MIXC" brand was developed for commercial operational services
2004	• Shenzhen MIXC, the first "MIXC" shopping mall, commenced operation
	• the "MIXC" brand was launched for commercial operational services
2005	• CR Land acquired certain properties from CR Group, including Beijing China Resources Building, Shanghai China Resources Time Square and Shenzhen China Resources Building, enabling our Group to commence our property management services for office buildings

Year	Event
2009	• CR Land launched the "High-quality" brand strategy, which included our property management services business
2014	• The 10th anniversary of Shenzhen MIXC. CR Land established its positioning to become "China's Commercial Property Leader" and solidified our Group's strategy to focus on services for commercial properties
2017	• Incorporation of our Company
2019	• The GFA of the residential and commercial properties under our management exceeded 100 million sq. m.

MAJOR SHAREHOLDING CHANGE OF OUR COMPANY

Incorporation of our Company and Reorganization

Our Company was incorporated as an exempted company with limited liability in the Cayman Islands on May 18, 2017 with an authorized share capital of US$50,000 divided into 50,000 shares with a par value of US$1 each.

Upon incorporation, our Company issued one Share to Vistra (Cayman) Limited, which was transferred to CR Land on June 30, 2017. On June 30, 2017, our Company issued 12,999 Shares to CR Land, at par value. Immediately after this allotment, our Company was owned as to 100% by CR Land.

On July 18, 2020 and as part of the Reorganization, our Company issued one Share to CR Land, at par value.

Share Subdivision and Capitalization Issue

On October 19, 2020, our sole Shareholder resolved, among other things, that each issued and unissued ordinary share then of US$1 par value be subdivided into 100,000 Shares of US$0.00001 par value each ("**Share Subdivision**"), so that CR Land holds 1,300,100,000 Shares of US$0.00001 par value each.

On November 19, 2020, our sole Shareholder also resolved that, subject to the share premium account of our Company being credited as a result of the issue of Offer Shares pursuant to the Global Offering, our Directors are authorized to allot and issue a total of 349,900,000 Shares credited as fully paid at par on Listing Date to CR Land, as the sole Shareholder on the register of members of our Company at the close of business on the business day preceding the Listing Date (the "**Capitalization Issue**").

As a consequence of the Share Subdivision and the Capitalization Issue, and immediately before the completion of the Global Offering, the authorized share capital of the Company shall be US$50,000 divided into 5,000,000,000 ordinary shares of par value US$0.00001 each, of which 1,650,000,000 are issued and fully paid-up.

REORGANIZATION

The restructuring and reorganization in anticipation of the proposed Spin-off (the "**Reorganization**") aims to align the various entities containing the business groups into the Group to create a unified shareholding and management structure. Our Group's business mainly consist of (1) residential property management services, and (2) commercial operational and property management services. The Reorganization took the below steps to align the various entities into our Group.

1. Indirect transfer of CR Mixc Shenzhen

CR Mixc Shenzhen is a company incorporated in the PRC which consolidates and holds the business that provides commercial operational services.

Prior to the Reorganization, CR Mixc Shenzhen was indirectly held as to 100% by Golden Key Resources Limited (a limited company incorporated in the British Virgin Islands), which was in turn 100% held by Day Champion Holdings Limited (a limited company incorporated in the Cayman Islands and a direct wholly-owned subsidiary of CR Land). As part of the Reorganization, CR Land has first acquired all shares of Golden Key Resources Limited from Day Champion Holdings Limited, CR Land subsequently entered into a share transfer agreement with our Company on July 17, 2020 to transfer the entire issued share capital of Golden Key Resources Limited to us. Our Company in turn issued and allotted one Share to CR Land as consideration for the transfer of Golden Key Resources Limited, which was completed on July 18, 2020.

2. The transfer of Huan Le Song HK

Huan Le Song HK is a limited company incorporated in Hong Kong indirectly held by CR Holdings through Ting Cao (C.I.) Holding Corp. Huan Le Song HK in turn holds 100% of CR Run Xin Commercial Management (Shenzhen) Co., Ltd., a company incorporated in the PRC which manages and provides commercial subleasing services for Shenzhen Buji MIXONE. As part of the Reorganization, Super Honour, a wholly owned subsidiary of our Company incorporated in Hong Kong, entered into a sale and purchase agreement on June 22, 2020 with Ting Cao (C.I.) Holding Corp. (a company incorporated in the Cayman Islands and an indirect wholly-owned subsidiary of CR Holdings) pursuant to which Super Honour has agreed to acquire the entire issued share capital of Huan Le Song HK for a consideration of approximately RMB523 million, which was determined after arm's length negotiations between Super Honour and Ting Cao (C.I.) Holding Corp. with reference to a valuation prepared by an independent valuer. The transfer of Huan Le Song HK was completed on September 15, 2020.

3. The transfer of Luzhou CR Land

Luzhou CR Land is a company incorporated in the PRC which manages and provides commercial subleasing services for Luzhou MIXONE. As part of the Reorganization, CR Mixc Shenzhen has entered into an equity transfer agreement with CR Land (Chengdu) Co., Ltd. (a company incorporated in the PRC and a wholly owned subsidiary of CR Land) on July 24, 2020, pursuant to which CR Mixc Shenzhen has agreed to acquire from CR Land (Chengdu) Co., Ltd. all its equity interest in Luzhou CR Land for a consideration of approximately RMB22 million, which was determined after arm's length negotiations between the parties. The transfer of Luzhou CR Land was completed on August 12, 2020.

4. The transfer of Run Lian

Run Lian is a company incorporated in the PRC with various property management projects mainly in the Hubei Province. As part of the Reorganization, CR Land (Wuhan) Property Management Co. Ltd. (a company incorporated in the PRC and an indirect wholly owned subsidiary of our Company) has entered into an equity transfer agreement with China Resources Company Limited on August 26, 2020, pursuant to which CR Land Wuhan Property Management Co., Ltd. has agreed to acquire from China Resources Company Limited all its equity interest in Run Lian for a consideration of approximately RMB47 million, which was determined after arm's length negotiations between the parties. The transfer of Run Lian was completed on September 22, 2020.

PRC LEGAL COMPLIANCE

Our PRC legal advisor has confirmed that the transfer of Luzhou CR Land as described above has been legally completed and all relevant regulatory approvals necessary to effect transfer have been obtained in accordance with PRC laws and regulations. Our PRC legal advisor has confirmed that the transfer of Run Lian as described above has been legally completed and all relevant regulatory approvals necessary to effect transfer have been obtained in accordance with PRC laws and regulations.

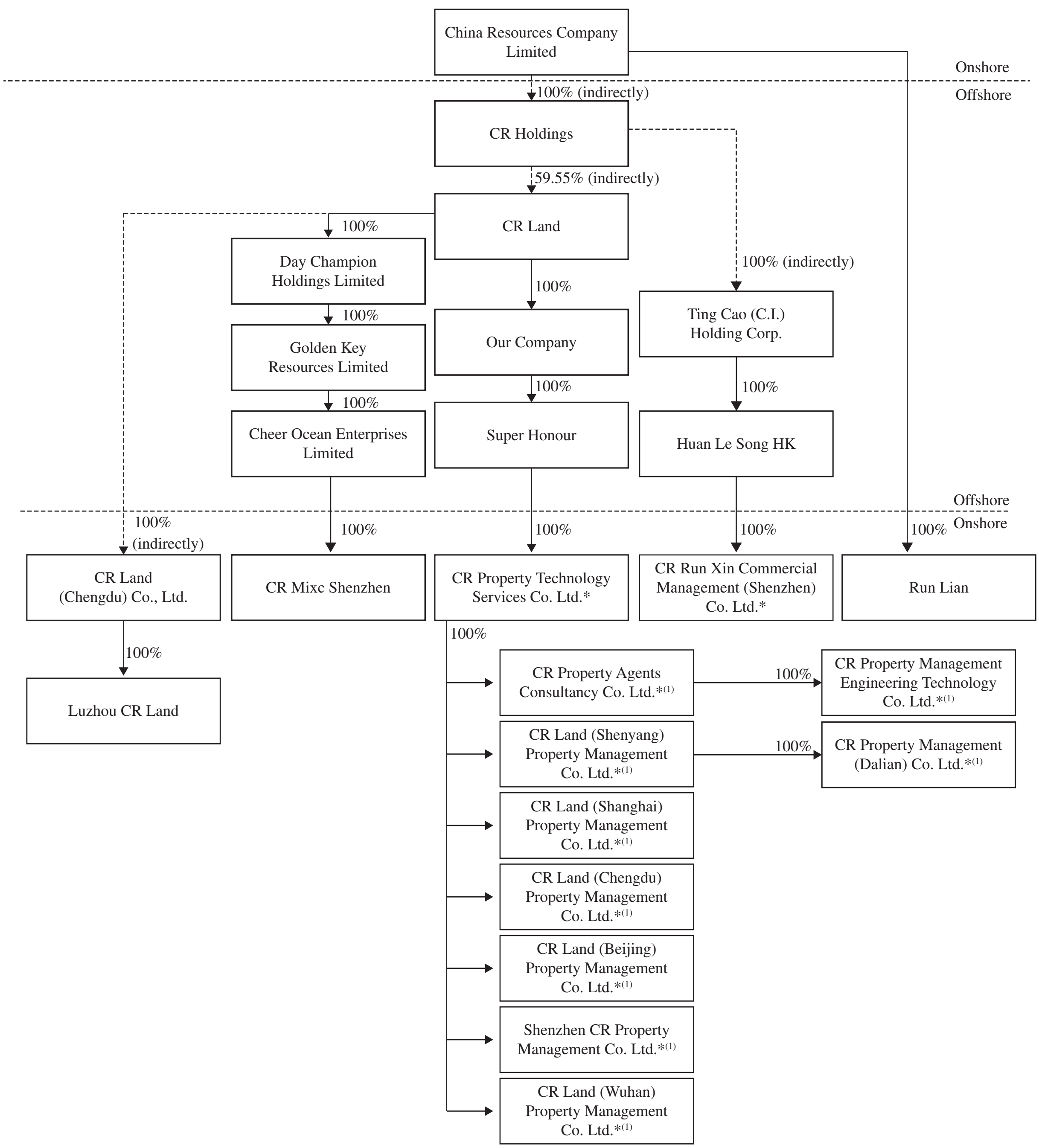
OUR PRINCIPAL SUBSIDIARIES

As of the Latest Practicable Date, we had 3 principal subsidiaries operating our core businesses. The table below sets forth the details of our principal subsidiaries as of the Latest Practicable Date:

No.	Name of the Principal Subsidiaries	Place of Incorporation	Date of Incorporation	Registered Capital	Attributable Interest to our Group	Principal Business
1.	CR Mixc Shenzhen	PRC	November 8, 2019	RMB300,000,000	100%	commercial operational services
2.	CR Property Technology Services Co., Ltd.	PRC	August 15, 2017	RMB600,000,000	100%	property management
3.	CR Run Xin Commercial Management (Shenzhen) Co., Ltd.	PRC	March 9, 2017	RMB10,000,000	100%	commercial sub-leasing services

CORPORATE STRUCTURE

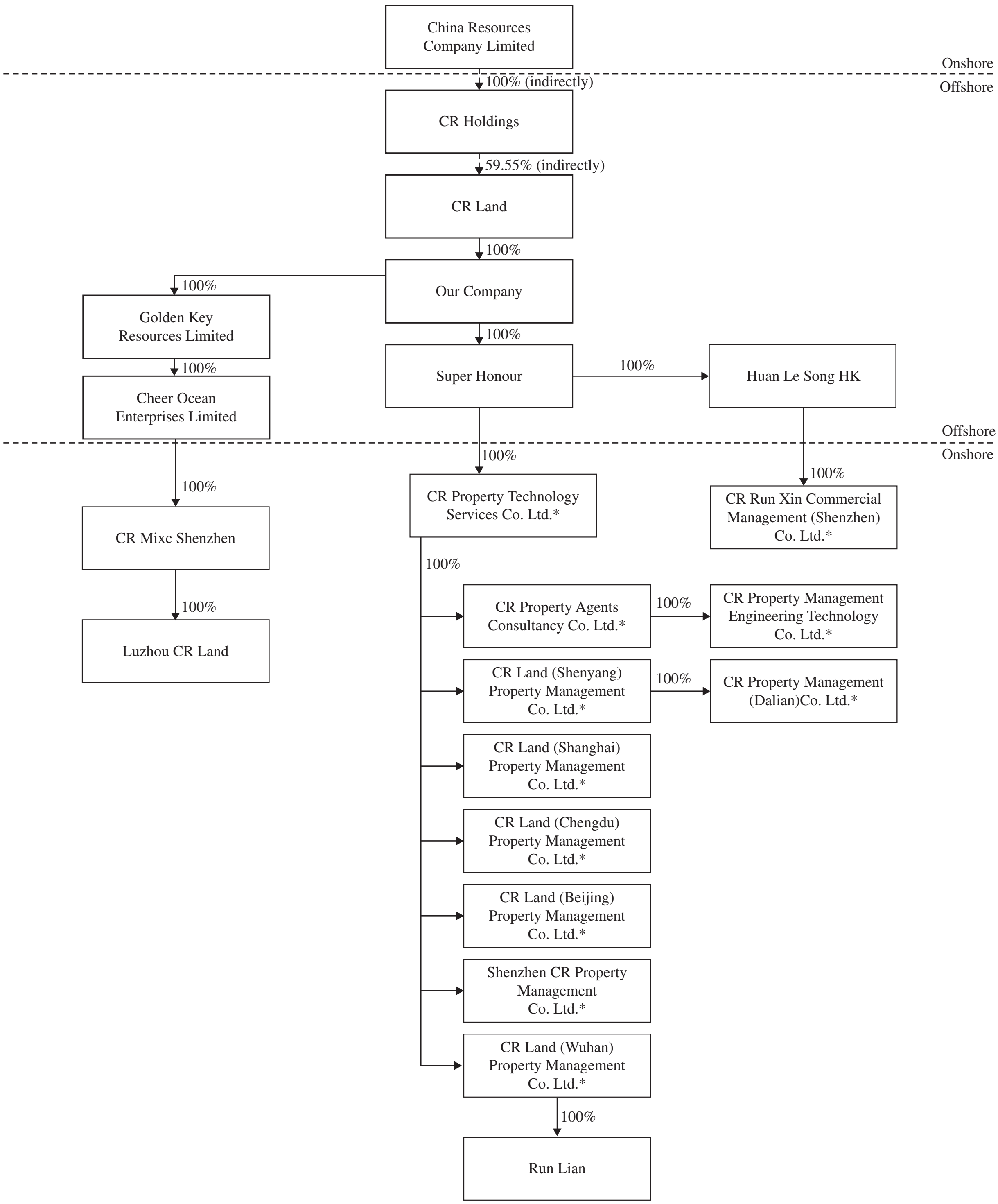
The following diagram sets forth the corporate structure of our Group immediately before the Reorganization:



* The English names for onshore PRC entities are for reference only.

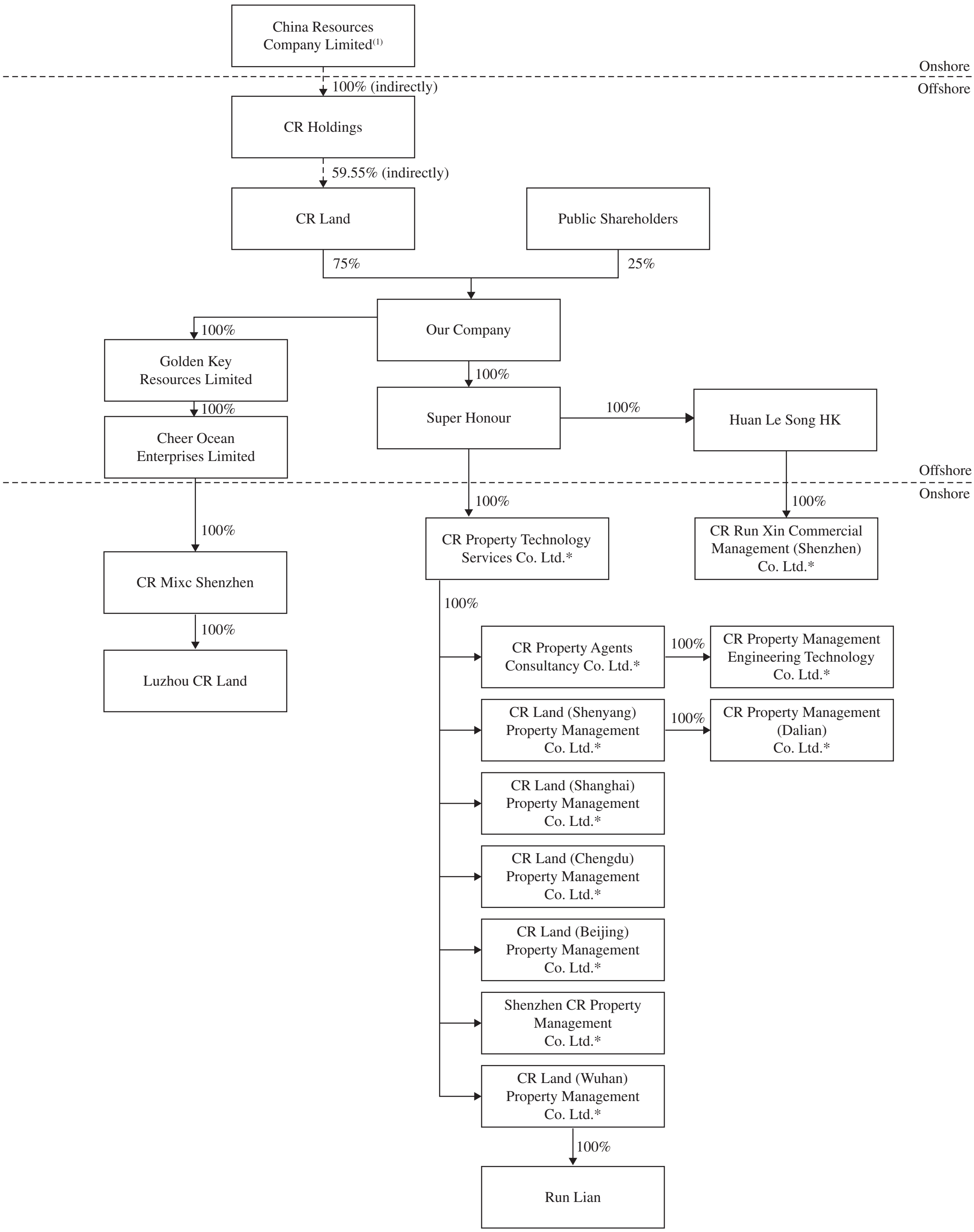
Note (1): These companies were transferred into our Group from CR Land during the Track Record Period where the respective consideration was determined based on the net asset value of the respective company for the last audited year prior to the transfer.

The following diagram sets forth the corporate structure of our Group immediately following the completion of the Reorganization and before the Global Offering:



* The English names for onshore PRC entities are for reference only.

The following diagram sets forth the corporate structure of our Group immediately after the Global Offering (assuming the Over-allotment Option is not exercised):



(1) In addition, CRH (Land) Limited and Commotra Company Limited (being subsidiaries of China Resources Company Limited) are respectively entitled to subscribe up to 32,644,400 and 21,600 Reserved Shares (representing 1.48% and 0.001% of the total issued Shares of the Company after completion of the Global Offering (assuming the Over-allotment Option is not exercised)) as their Assured Entitlement in the Preferential offering.

* The English names for onshore PRC entities are for reference only.

REASONS FOR THE PROPOSED SPIN-OFF

Pursuant to the Listing Rules and in accordance with the corporate structure and ownership of our Company, the listing of our Company will constitute a Spin-off of CR Land.

The board of directors of CR Land considers that the Spin-off is in the interests of CR Land and its shareholders taken as a whole based on the following reasons:

(a) The Spin-off will provide CR Land and its shareholders an opportunity to realize the value of the investment in the Group under a separate standalone platform for our business. The investors will be provided with more details of the operational performance of our business and will be given the opportunity to invest specifically in our business.

(b) The Spin-off will create a more defined business focus for the CR Land and the Group. Given the different growth paths and business strategies between the two groups, the Spin-off will enable the development of separate platforms for the development of the businesses of CR Land and the Group.

(c) The expertise and specialty skills which are required for the businesses of the CR Land and our Group may be different given the different natures of the respective businesses and the Spin-off will allow for a clear separation of operations and management. This will enable a more focused strategy and efficient resource allocation in the businesses of the CR Land and the Group.

(d) The independent listing of our Shares will lead to a more direct alignment of our management's responsibilities and accountabilities with the Company's operational and financial performance and allow the Company's senior management to directly communicate with its Shareholders and investors. This is expected to result in enhanced management focus, which should in turn lead to improved decision-making processes, quicker response to market changes and increased operational efficiency. Our senior management team will be under heightened scrutiny from the investor community more directly and it is possible to measure their performance against the stock market performance of our Company relative to its industry peers listed on the Hong Kong Stock Exchange. It will also be possible to link management incentives to such performance, thereby increasing management motivation and commitment.

(e) The Spin-off will enable the Group to enhance its corporate profile, thereby increasing its ability to attract strategic investors who are seeking investments in the property management and commercial operational services business, which could produce synergy for our Group, for investment in and forming strategic partnerships directly with our Group.

(f) The Spin-off will enable the Group to further build on its reputation and be in a better position to negotiate and solicit more businesses, in particular it allows us to expand to Independent Third Parties.

(g) The Spin-off will allow the Group to position ourselves as an independent listed group with direct access to the debt and equity capital markets to finance our future growths. The Spin-off will provide clarity to the credit profile of the Group to the financial institutions who wish to analyze or lend against the credit rating of a company operating in our business.

The Spin-off complies with the requirements of Practice Note 15 of the Listing Rules. The Spin-off will constitute a deemed disposal of the Group by CR Land. Since all applicable percentage ratios of the Spin-off are less than 5%, the Spin-off is exempted from the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules from the perspective of CR Land.

OVERVIEW

We are a leading property management and commercial operational service provider in China. We provide property management and value-added services to one of the largest portfolios of residential properties. We also manage and operate a diversified and growing portfolio of commercial properties comprising shopping malls and office buildings. As of June 30, 2020, the GFA of the residential and commercial properties under our property management services was approximately 106.6 million sq.m. and the GFA of the shopping malls under our commercial operational services was approximately 5.6 million sq.m. According to Frost & Sullivan, we ranked:

- fifth in terms of property management service revenue in 2019 among all PRC property management companies;

- second in terms of shopping mall property management service revenue in 2019 among all PRC shopping mall operational service providers;

- first in terms of the number of managed luxury shopping malls in China in 2019 among shopping mall operational service providers in China; and

- second in terms of total revenue from shopping mall operational services market in the first six months of 2020 among all PRC shopping mall operational service providers.

Capitalizing on our leading brand, extensive resources and experience, outstanding technological capabilities, and appealing membership programs, together with CR Group, CR Land and other partners, we are committed to developing a lifestyle service platform that is centered around living, shopping and working. Through our platform, we seek to improve property users' quality of life and vitalize the property operations for asset owners. We consider our business model distinctive because of the following features:

- ***"Multiple property types"***: We provide services to multiple types of properties, such as residential properties, shopping malls and office buildings as well as public facilities.

- ***"All-customers"***: We believe in an "all-customers" approach because we regard all users and owners who live, shop and work in our managed properties as our customers.

- ***"Full spectrum of service offerings"***: Our business has expanded beyond traditional property management services to the offering of comprehensive solutions to satisfy the needs of our customers.

- ***"Integrated ecosystem"***: We have established an integrated ecosystem that provides comprehensive services for properties under our management as well as their users. Properties under our management are the foundation of our ecosystem. We aim to create greater value through integrating the space, business and people in our ecosystem.

- ***We are one of the key contributors to CR Group and CR Land***: CR Group is a key state-owned conglomerate with five main business areas: consumer products; healthcare; urban construction and operation; energy services; technology and finance. CR Land, a strategic business unit of CR Group, is an integrated operator in urban investment, development and operation. We benefit from strong synergies with CR Group and CR Land and share their visions.

Our Value Propositions

With our distinctive business model, we strive to further vitalize the residential and commercial properties under our management to create value for our customers.

Users: Residents, tenants, office workers and other users of our managed properties can enjoy a wide range of community services, effective promotion and marketing services, and comprehensive and convenient management services.

Owners: Owners of our managed properties can benefit from our efficient management services and high-quality maintenance services while enjoying stable growth in asset values and increased returns on assets in the long term.

Our Services

Our business is rooted in the property development and investment business of CR Land, our Controlling Shareholder, when we started to provide property management and commercial operational services for properties developed and owned by CR Land. We have since expanded to provide comprehensive services for multiple types of properties and have developed an integrated lifestyle service platform.

The figure below illustrates our services for each major property type:

Residential Property Management Services

We provide management services for residential properties and other non-commercial properties comprising public facilities such as stadiums, parks and industrial parks, and bring various services to families and residents in the communities to meet their living needs. Our residential property management services can be categorized as follows:

- Property management services, including security, cleaning and greening, as well as repair and maintenance services to (i) property developers for properties prior to their delivery, and (ii) property owners, property owners' associations or residents for properties sold and delivered;

- Value-added services to property developers, including consultancy, preliminary preparation, and pre-delivery marketing services; and

- Community value-added services, including community living services, and brokerage and asset services.

Commercial Operational and Property Management Services

Commercial properties under our management include shopping malls and office buildings.

For shopping malls, we provide:

- Commercial operational services, including pre-opening management and operation management services;

- Property management and other services, principally including security, cleaning and greening, repair and maintenance, as well as other value-added services; and

- Commercial subleasing services, where we lease certain quality shopping malls from their owners and sublease to tenants, such as retail stores and supermarkets.

Historically, we provided commercial operational services to shopping malls in the form of inter-departmental services as part of CR Land's integrated commercial property development and investment business without charging separate fees. From January 2020, we gradually separated the commercial operational services as an independent business segment and began to recognize revenue from this business. During the first half of 2020, substantially all of the shopping malls to which we provided commercial operational services were owned or developed by CR Group and CR Land.

For office buildings, we provide property management services, including security, cleaning and greening, repair and maintenance, as well as other value-added services. From the second half of 2020, we started to provide commercial operational services to office buildings, such as tenant sourcing, asset management and operational services, and opening preparation services.

The table below sets forth a breakdown of our total revenue by type of services for the periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2017		2018		2019		2019		2020	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
	(in thousands, except percentages)									
Residential property management services										
Property management services	1,643,644	52.5	2,105,952	47.5	2,667,177	45.5	1,195,175	45.3	1,317,109	42.0
Value-added services to property developers	310,231	9.9	438,711	9.9	507,234	8.6	214,203	8.1	237,205	7.6
Community value-added services	147,493	4.7	218,698	5.0	297,157	5.1	129,114	4.9	126,480	4.0
Subtotal	**2,101,368**	**67.1**	**2,763,361**	**62.4**	**3,471,568**	**59.2**	**1,538,492**	**58.3**	**1,680,794**	**53.6**
Commercial operational and property management services										
Shopping malls	717,331	22.9	1,143,152	25.8	1,558,307	26.6	713,874	27.0	1,005,019	32.1
Office buildings	310,726	10.0	525,214	11.8	838,228	14.2	388,241	14.7	448,187	14.3
Subtotal	**1,028,057**	**32.9**	**1,668,366**	**37.6**	**2,396,535**	**40.8**	**1,102,115**	**41.7**	**1,453,206**	**46.4**
Total	**3,129,425**	**100.0**	**4,431,727**	**100.0**	**5,868,103**	**100.0**	**2,640,607**	**100.0**	**3,134,000**	**100.0**

Our distinctive business model is shaped by our deep understanding of our industry, which has experienced continual changes and evolutions over the past four decades. According to Frost & Sullivan, there have been three major stages in the integrated property management and commercial operational services market in China since its inception in the 1980s:

- ***Early stage***: The scope of services had been generally limited to traditional property management services such as security, cleaning and greening for residential properties, and there was a lack of established commercial operational service providers in China.

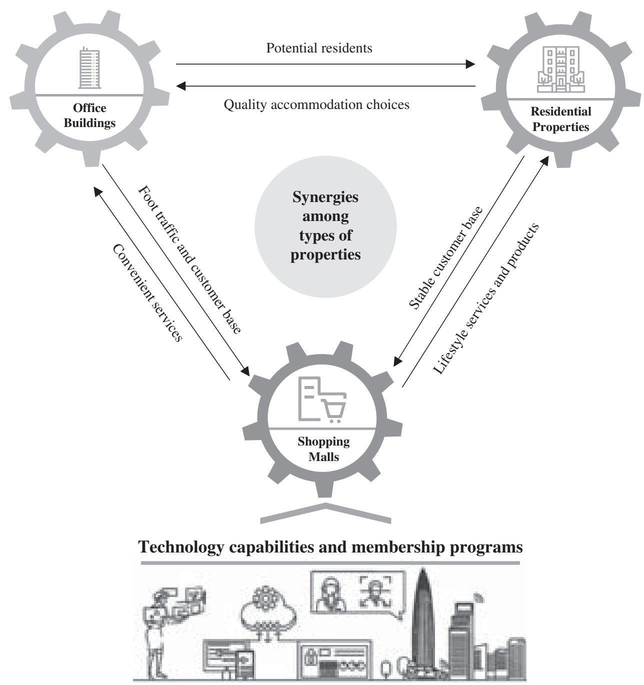
- ***Expansion stage***: The number of projects and GFA under management by property management and commercial operational service providers rapidly increased while the scope of services, especially value-added services, remained limited.

- ***Integration stage***: Property management service providers and commercial operational service providers have expanded their scope of services and started to provide comprehensive services.

We believe we are well-positioned to build a lifestyle service platform and strengthen our market leadership in this integration stage.

Our Ecosystem

Our capability in managing diverse types of properties is derived from our resources and experience in managing a large portfolio of commercial complexes, consisting of various types of properties and spaces including residential properties, shopping malls and office buildings, all within close proximity of each other. Given the inherent physical and business connections between different types of properties within the same complex, we are able to build a lifestyle service platform to provide comprehensive services across living, shopping and working. Our goal is to increase convenience for, and improve on the comfort and satisfaction of property users, increase the recognition of our brand and platform, and create value for our shareholders. The diagram below illustrates the relationship between each major type of property managed by us:



Synergies between shopping malls and residential properties:

- The shopping malls that we efficiently manage and operate offer a wide range of lifestyle services and products, covering shopping, food and beverages, entertainment and education, which increase the overall satisfaction and loyalty of residents in those nearby properties under our management.

- The residential properties we manage provide a stable customer base for our managed shopping malls within the communities, thereby supporting shopping mall tenants' sales.

Synergies between shopping malls and office buildings:

- Office owners are able to attract more high-quality tenants with the offerings of a wide variety of convenient services from the nearby shopping malls managed and operated by us.

- Shopping malls that we manage and operate benefit from the foot traffic and a quality retail customer base with a relatively strong purchasing power from the neighboring office buildings managed by us.

Synergies between residential properties and office buildings:

- Residential properties benefiting from our high-quality property management services offer convenient accommodation for office space users, and therefore enhance the attractiveness of our managed office buildings and help retain office tenants.

- Office buildings under our management attract a large number of quality tenants and office space users who can become potential residents of our managed residential properties.

In addition, we further enhanced the synergies among different types of properties by launching joint marketing campaigns, applying big data analytics to the online platforms operated by us, such as "E-MIXC," "Officeasy" and "JOY LIFE," and providing membership and reward programs for our users.

Synergies with CR Group and CR Land

CR Group, ranked 79th in the Fortune 500 in 2020, has an extensive and industry-leading business presence in retail, healthcare and finance, among other sectors, which match the continuously increasing demand for lifestyle products and services of the property owners and users we serve and therefore can be valuable partner for us. In addition, the "China Resources" brand commands a high degree of recognition and trust among market participants, businesses, customers and government authorities and empowers our operations.

CR Land is dedicated to the development of and investment in commercial complexes, allowing us to serve multiple property types with our comprehensive service offerings.

Capitalizing on the resources and brand recognition of CR Group and CR Land, we believe that we can strengthen our integrated ecosystem to improve property users' quality of life.

OUR COMPETITIVE STRENGTHS

We believe that the following strengths contribute to our leading market position, ensure our success and distinguish us from our competitors:

A leading property management and commercial operational service provider in China and a lifestyle service platform

We are a leading property management and commercial operational service provider in China. According to Frost & Sullivan, we ranked fifth in terms of property management service revenue in 2019 among all PRC property management companies, and second in terms of revenue from shopping mall operational services market in the first six months of 2020 among all PRC shopping mall operational service providers.

- **Large scale**: As of June 30, 2020, the GFA of the residential and commercial properties under our property management services was approximately 106.6 million sq.m., and the

GFA of the shopping malls under our commercial operational services was approximately 5.6 million sq.m.

- **Broad geographic coverage**: Our service network covers a large geographical area and the properties under our management cover 62 cities in 27 administrative regions at provincial level in China, among which 76% of our managed residential properties and 80% of our managed and operated commercial properties are located in first and second tier cities as of June 30, 2020 by number of projects.

- **Prominent brand**: Our brand is well-recognized in China. We were awarded the 2019 Specialized Operational Leading Brand of China Property Service Companies with a brand value of over RMB7 billion by China Index Academy. According to Frost & Sullivan, we ranked first in terms of the number of managed luxury shopping malls in China in 2019 among shopping mall operational service providers in China, and our "MIXC" and "MIXONE" brands are among the most well-known and recognized shopping mall brands in China.

Over our operating history, we have been building a lifestyle service platform that is centered around living, shopping and working to improve quality of life and vitalize property operations through partnership with third-party merchants, including providers of community value-added services and shopping mall tenants.

A distinctive business model creating a network effect

Our distinctive business model features "multiple property types," "all-customers," "full spectrum of service offerings" and "integrated ecosystem" that maximize synergies among different property types under our management. Such business model enables us to stand out from competitors who usually only focus on traditional property management or commercial operational services and do not enjoy strong synergies among different property types and service offerings, and enhance the vitality of the residential and commercial properties under our management, thus creating value for our customers and improving their satisfaction and loyalty.

In our ecosystem, enterprises and merchants can be empowered to grow by transacting on our platform; customers can access better products, services and solutions; and property owners can enjoy appreciation in asset value. The interaction among these participants brings benefits to each other. With the expansion of our business, more participants are attracted to our ecosystem, thereby forming a self-reinforcing cycle and creating more value as a result of this network effect.

Strong residential property management and commercial operation capabilities

We are widely recognized for our leading capabilities in the property management segment:

- Seven of our managed residential properties were awarded national exemplary communities by the Ministry of Housing and Urban-Rural Development in China, which is a testament to our high-quality property management services. In 2019, the revenue from our property management services generated in first and second tier cities ranked third among all property management companies in China, according to Frost & Sullivan.

- With our strong management capabilities, we are able to maintain an industry-leading fee collection level. In 2017, 2018 and 2019, the collection rate for residential property management fees was 90.9%, 91.9% and 92.5%, respectively.

- Our customers' trust allowed us to expand and commercialize our lifestyle service platform and generate a considerable amount of income from our community value-added services. In 2017, 2018, 2019 and the six months ended June 30, 2020, our revenue from these services was RMB147.5 million, RMB218.7 million, RMB297.2 million and RMB126.5 million, respectively.

Our shopping mall brands, "MIXC" and "MIXONE," and our strong commercial operation and management capability are highly recognized in China for the following reasons:

- According to Frost & Sullivan, we ranked first in terms of the number of the managed luxury shopping malls in China in 2019 among shopping mall operational service providers in China, and we ranked second in terms of revenue from shopping mall operational services market in the first half of 2020 among all PRC shopping mall operational services providers. We manage a portfolio of landmark shopping malls, such as Shenzhen MIXC, which is the first modern luxury shopping mall in Shenzhen and one of the exemplary shopping malls in China.

- We boast an end-to-end capability to provide customers with planning, design, tenant sourcing, brand licensing, operation management and other services throughout the full cycle of commercial property development and operations.

- We have a wide range of international and local tenant resources with approximately 5,000 global and PRC retail brands, spanning from luxury goods, fast fashion, food and beverage to education and entertainment. Strong tenant resources and management capabilities have equipped us with a deep knowledge of the retail businesses and market trends. With such knowledge, we are capable of helping shopping mall owners secure anchor tenants at the preliminary stage of commercial property development, optimizing tenant mix and implementing effective leasing and marketing strategies, with the aim to attract more foot traffic and create more consumer spending. Tenant satisfaction and retention rates are thereby enhanced.

Appealing membership programs to enhance customer loyalty and satisfaction

We offer appealing membership programs to serve property owners and users. We operate the "E-MIXC" membership program for shopping malls, the "JOY LIFE" membership program for residential properties, and the "Officeasy" membership program for office buildings to improve customer satisfaction and loyalty.

As of June 30, 2020, "E-MIXC" has over ten million members, "JOY LIFE" has approximately 790,000 members, and "Officeasy" and its related programs have approximately 60,000 tenant members. We believe that these membership programs can bring the following benefits:

- Members are incentivized to spend in any of our managed shopping malls across an extensive nationwide network to earn points and then to redeem those for benefits offered by us and our partners, such as cash coupons, personal merchandize and gifts, and movie tickets, which significantly improves users' experience and competitiveness of the tenants in our managed shopping malls.

- Our membership programs help strengthen the brand awareness and influence of both the "China Resources" and our brands.

- The membership programs and points serve as additional marketing tools for merchants to promote their products and services.

- Our membership programs allow us to build more accurate consumer profiles and better understand customers' needs to facilitate targeted marketing.

Advanced technologies widely adopted to improve operational efficiency and user experience

We believe that technology drives operational efficiency, improves quality of life and accelerates industry progress. Our commitment to the strategy of "Digitization, Informatization, and Intelligence" has enhanced our operational efficiency and customer satisfaction. We fully utilize IoT, artificial intelligence and big data analytics in our managed communities and properties to enable automation, reduce reliance on labor and improve the quality of our services. For example:

- We have installed IoT sensors to closely monitor our key equipment and facilities to enable our management team to have a real-time knowledge of their running conditions;

- By placing distribution robots, disinfection robots and artificial intelligence temperature sensing systems in our managed properties, we have achieved contactless delivery and distribution and site disinfection as well as contactless temperature checking for people entering communities, shopping malls and office buildings, effectively controlling the community disease transmission during the recent COVID-19 outbreak; and

- By installing intelligent access control systems with face recognition functions, we have reduced the number of security guards stationed at our managed properties, which has not only lowered our cost, but also improved customer experience.

We operate a series of mobile apps and WeChat mini programs for customers and users, including the "JOY LIFE" app for residents, the "E-MIXC" app for shopping mall visitors and the "Officeasy" app for office space users. We believe that, by combining internet technology and big data analytics, we can greatly enhance our operational efficiency and gain knowledge of customers' preferences and consumption habits and provide a more personalized services for their living, shopping and working.

Strong support from CR Group and CR Land

CR Group has an extensive and industry-leading business presence in retail, healthcare and finance, among other sectors, which are expected to meet the continuously increasing demand from the property owners and users we serve for lifestyle products and services. For example, CR Group's "Ole" supermarket is an anchor tenant in many of our managed shopping malls, offering a premium lifestyle shopping experience for residents living in our managed communities. At the same time, we have also launched joint marketing campaigns with "Ole" to boost its sales.

CR Land has abundant quality land reserves. As of June 30, 2020, CR Land has an aggregate land bank of 71.1 million sq.m. for developing residential properties, shopping malls and office buildings. CR Land's land reserves fuel the future growth of our property management and commercial operational services.

CR Land's diversified businesses, such as cinemas, ice rinks and bookstores, are our potential anchor tenants and will attract foot traffic to our managed shopping malls, providing consumers with better retail and entertainment experience.

A highly experienced and professional management team

Our directors and senior management, who previously held important positions at our Controlling Shareholders, have on average over 15 years of experience in property management, commercial operations and real estate industries. Their deep industry insight and rich management experience have proven to be valuable to us, allowing us to seize market opportunities and optimize strategic planning. Their backgrounds and prior experience will also help us integrate upstream and downstream resources along the industry value chain.

We have adopted a rigorous and efficient human resources management system, comprising a competitive remuneration program, effective internal evaluation system as well as a sound training and promotion system. At the same time, we also ensure that our employees at all levels enjoy adequate benefits and are incentivized to improve work efficiency. In addition, we also have a talents replenishment plan to identify professional and managerial talents who can meet our business development needs, and to complement our talent echelon in a timely manner. We believe that our human resources system is the foundation of our stable management team and our continuous high-quality services.

OUR STRATEGIES

In order to achieve our goals, we have formulated the following strategies:

Accelerate our expansion and consolidate our leading market position

We seek to actively strengthen our market position through enlarging the business scale of residential properties and commercial properties under management and increasing the number of residents, owners and tenants and other users of properties in our ecosystem. We will also continue to improve the life quality of property users and vitalize the property operations for asset owners.

To achieve these goals, we plan to execute the following measures:

- We plan to selectively acquire, or establish joint ventures with, property management and commercial operational service providers with complementary strengths or with targeted operation scale and profitability. We also intend to identify and selectively acquire the rights to operate high-quality shopping malls, either in operation or under construction. We believe strategic investments and acquisitions can help us diversify our service offerings, enhance our geographic distribution and market shares, and realize economies of scale. We plan to use approximately 60% of the net proceeds from the Global Offering for strategic investments and acquisitions to expand our property management and commercial operational businesses. For details, see "Future Plans and Use of Proceeds." As of the Latest Practicable Date, we have not identified any potential acquisition target or entered into any definitive agreement for investment or acquisition.

- Based on our experience in serving properties and people, we intend to strategically expand our business through collaboration with Independent Third Parties and increasing our marketing efforts. In particular, we are interested in cooperating with small and medium-sized property developers with limited property management capabilities, and local government investment vehicles that are usually not equipped with property management experience.

- We will continue to work with CR Land to win new engagements of property management and commercial operational services for residential properties and commercial properties developed or owned by CR Land for a stable expansion of our business. In addition, we also plan to undertake engagements relating to other types of properties owned by CR Group, such as industrial parks and factories.

Our geographic strategy is to focus on first and second tier cities and major economically-developed third tier cities, where CR Land has also established a strong business presence. In addition, when securing projects from Independent Third Parties, we will take advantage of our business network in cities where we have a strong business presence and the brand advantages of "China Resources" and "MIXC/MIXONE" are prevalent.

In addition, we intend to further promote our brand to facilitate new engagements and expand service offerings.

Pursue strategic investments in our ecosystem

Based on our extensive experience and deep understanding of the industry, we intend to expand our ecosystem by selectively investing in enterprises that can offer products, services and solutions to meet our customers and other users' needs.

We intend to strategically invest in companies that provide value-added services and operate in the upstream and downstream industry chain, typically in first and second tier cities or cities where we or CR Land have already established a business presence. In particular, we plan to make strategic investments in:

- national or regional service providers with specialized businesses that are synergistic with our business, such as brokerage, asset management and new retail, to build an ecosystem of service offerings that promotes customer loyalty. We believe that these investments can strengthen our cooperation and synergy with these enterprises and support their growth and the development of our ecosystem; and

- business partners along our upstream and downstream industry chain, such as companies of home delivery services and smart home technologies, as well as service platforms of vertical markets, to enhance our profitability and expand customer base. We believe that our strategic investments in the upstream and downstream businesses of our supply chain will not only increase our productivity and efficiency but also improve user experience and reduce costs.

We intend to use approximately 15% of the net proceeds from the Global Offering for strategic investments relating to value-added services and the upstream and downstream industry chain. For details, see "Future Plans and Use of Proceeds." As of the Latest Practicable Date, we have not identified any potential acquisition target or entered into any definitive agreement for investment or acquisition.

Further strengthen our membership programs

We intend to further develop our membership system into a core hub that connects all parties on our platform and in our business ecosystem. In particular, we plan to:

- further integrate residential communities, shopping malls and office buildings to create more business opportunities;

- promote the membership system to attract third-party merchants and further develop our platform and ecosystem through creating value and growth opportunities;

- continue to enhance the functionality of our membership programs to capture members' interest in our products and services offered under the membership programs, improve their loyalty and further attract new users to our ecosystem in an efficient manner;

- consolidate our membership programs, which allow us to fully understand the needs of users, optimize the interaction among different property types, enhance joint marketing initiatives and improve customers' cross-platform experience; and

- actively promote our brand, enhance our brand image and customer loyalty through our membership programs.

Continue to invest in our technology capabilities

We will further increase our investment in technology to make our technological innovation our core competitive edge. In particular, we plan to execute the following measures:

- promote our digitization initiatives of "Product+, Customer+, Employee+, Operation+" for real-time online operation and synergies among all property types to enhance operational efficiency;

- continue our research and development of smart technology solutions to support business operational management and improve customer experience, such as IoT equipment and facilities, and to promote the development of smart communities with better safety, comfort and convenience;

- make strategic investment in technology companies relating to commercial operations, property management and urban management, with a geographic focus on first and second tier cities, the Greater Bay Area, the Yangtze River Delta and the Jingjinji Metropolitan Region; and

- continue to upgrade the functionality and capability of our digitized service platforms, such as "E-MIXC," "JOY LIFE" and "Officeasy" apps, to create a unique experience for users. In particular, greater efforts will be made to upgrade our big data analytics that allow us to better understand consumer behavior patterns.

We intend to invest approximately 15% of the net proceeds from the Global Offering for investing in information technology systems and smart communities. For details, see "Future Plans and Use of Proceeds." As of the Latest Practicable Date, we have not identified any potential acquisition target or entered into any definitive agreement for investment or acquisition.

Strengthen our synergies with CR Group and CR Land

We intend to fully capitalize on the support from CR Group and CR Land to expand our business, improve the scope and quality of products, services and solutions provided to customers and strengthen our market leading position, particularly in cities where we, CR Land and CR Group have already established a business presence, or into regions in which CR Land or CR Group intends to expand.

- We will continue to increase our cooperation with CR Group and CR Land and attract their existing and new businesses and enterprises to be anchor tenants of our managed commercial properties.

- We plan to seize new business opportunities from CR Group and CR Land to help us expand into new property segments and strengthen our platform.

- We strive to introduce more of CR Group and CR Land's services and resources to our managed properties, which we believe will bring value to our customers and support the growth of CR Group and CR Land.

We will further strengthen the business synergies with CR Group and CR Land to expand our business and improve our services and form a virtuous cycle within our ecosystem.

Enhance our human resources through recruitment, training and motivation

We will continue to enhance our human resources management, expand our team of talents, establish suitable incentive mechanisms and retain key talents with the following measures:

- attract talents with our competitive remuneration packages and excellent corporate culture and reputation;

- continue to optimize employee training programs by organizing regular training provided by senior employees and external consultants covering various aspects of our business, such as overall management, project execution and technical know-hows;

- continue to refine our remuneration plans and formulate employee incentive mechanism to retain and motivate outstanding employees to align their benefits with our interest; and

- enhance the sense of pride, mission and professionalism of our employees through the promotion of corporate culture. We will encourage our employees to actively engage in our platform and ecosystem and fully understand and embrace our business model. With these efforts, we will be able to enhance service quality and improve employee productivity and cultivate a sense of belonging.

AWARDS AND RECOGNITIONS

During the Track Record Period and up to the Latest Practicable Date, we had received awards and recognitions for the quality of our services. Representative awards and recognitions are set forth below:

Year	Name of award or recognition	Awarding entity
2020	First among China Top 100 Players of The Commercial Real Estate (中國商業地產TOP100)	Guandian Index Academy
2020	Enterprise with Corporate Social Responsibility in the PRC Property Management Service industry (中國物業服務年度社會責任感企業)	China Index Academy

Year	Name of award or recognition	Awarding entity
2020	Potential Unicorn of Property Management Service	China Property Management Research Institution
2020	China Property Quality Service Brand (中國物業優質服務品牌)	CRIC China
2018 -2020	11th among Top 100 Property Management Companies in China	China Index Academy
2018 -2019	First among Best Ten of China Commercial Real Estate Developers Brand Value	China Real Estate Association and E-house China R&D Institute China Real Estate Appraisal Centre
2019	Specialized Operational Leading Brand of China Property Service Companies	China Index Academy
2019	Featured Brand of Property Management Service	China Real Estate Association and E-house China R&D Institute China Real Estate Appraisal Centre
2016 -2018	First among China Top 100 Players of The Commercial Real Estate (中國商業地產 TOP100)	Guandian Index Academy
2018	First among Top Ten Commercial Property Companies in terms of Industry Influence	China Commercial Property Top 100 Research Group
2018	First among Best Ten of Operations of China Commercial Real Estate Developers	China Real Estate Association and E-house China R&D Institute China Real Estate Appraisal Centre
2017	First among Top 100 Commercial Property Companies in China	China Index Academy

RESIDENTIAL PROPERTY MANAGEMENT SERVICES

Overview

We provide property management services to residential and other non-commercial properties, as well as certain value-added services to property developers, property owners and residents.

We achieved steady growth in our residential property management services during the Track Record Period. In 2017, 2018, 2019 and the six months ended June 30, 2019 and 2020, revenue generated from our residential property management services segment was RMB2,101.4 million, RMB2,763.4 million, RMB3,471.6 million, RMB1,538.5 million and RMB1,680.8 million, respectively, representing 67.1%, 62.4%, 59.2%, 58.3% and 53.6% of our total revenue, respectively.

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

	Year ended December 31,						Six months ended June 30,			
	2017		2018		2019		2019		2020	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except percentages)									
Property management services										
Residential properties	1,603,844	76.3	2,050,699	74.2	2,560,033	73.7	1,147,248	74.6	1,269,636	75.5
Other non-commercial properties	39,800	1.9	55,253	2.0	107,144	3.1	47,927	3.1	47,473	2.9
Subtotal	**1,643,644**	**78.2**	**2,105,952**	**76.2**	**2,667,177**	**76.8**	**1,195,175**	**77.7**	**1,317,109**	**78.4**
Value-added services to property developers										
Pre-delivery marketing services	201,731	9.6	252,265	9.1	322,976	9.3	150,301	9.8	160,130	9.5
Preliminary preparation services	86,798	4.1	158,971	5.8	150,394	4.3	51,376	3.3	67,161	4.0
Consultancy services	21,702	1.1	27,475	1.0	33,864	1.0	12,526	0.8	9,914	0.6
Subtotal	**310,231**	**14.8**	**438,711**	**15.9**	**507,234**	**14.6**	**214,203**	**13.9**	**237,205**	**14.1**
Community value-added services										
Community living services	106,949	5.1	106,312	3.8	145,383	4.2	58,384	3.8	52,913	3.1
Brokerage and asset services	40,544	1.9	112,386	4.1	151,774	4.4	70,730	4.6	73,567	4.4
Subtotal	**147,493**	**7.0**	**218,698**	**7.9**	**297,157**	**8.6**	**129,114**	**8.4**	**126,480**	**7.5**
Total	**2,101,368**	**100.0**	**2,763,361**	**100.0**	**3,471,568**	**100.0**	**1,538,492**	**100.0**	**1,680,794**	**100.0**

The table below sets forth a breakdown of our revenue from the residential property management services segment by customer type for the periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2017		2018		2019		2019		2020	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)									
CR Group and CR Land	501,127	23.8	663,272	24.0	817,795	23.6	320,200	20.8	329,539	19.6
Independent Third Parties	1,600,241	76.2	2,100,089	76.0	2,653,773	76.4	1,218,292	79.2	1,351,255	80.4
Total	**2,101,368**	**100.0**	**2,763,361**	**100.0**	**3,471,568**	**100.0**	**1,538,492**	**100.0**	**1,680,794**	**100.0**

The table below sets forth a breakdown of the revenue from our residential property management services segment by geographic region for the periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2017		2018		2019		2019		2020	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)									
North China Region	500,964	23.8	648,103	23.5	830,069	23.9	360,032	23.4	392,092	23.3
South China Region	402,499	19.2	504,661	18.3	648,118	18.7	293,660	19.1	322,047	19.2
West China Region	329,530	15.7	430,296	15.6	576,106	16.6	260,908	17.0	301,145	17.9
East China Region	340,439	16.2	426,111	15.4	496,090	14.3	217,984	14.2	245,342	14.6
Central China Region	261,940	12.5	444,823	16.1	538,292	15.5	237,408	15.4	217,232	12.9
Northeast China Region	265,996	12.6	309,367	11.1	382,893	11.0	168,500	10.9	202,936	12.1
Total	**2,101,368**	**100.0**	**2,763,361**	**100.0**	**3,471,568**	**100.0**	**1,538,492**	**100.0**	**1,680,794**	**100.0**

The table below sets forth a breakdown of the revenue from our residential property management services segment by city tier for the periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2017		2018		2019		2019		2020	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)									
First tier cities	598,148	28.5	764,379	27.7	985,982	28.4	433,571	28.2	476,437	28.3
Second tier cities	1,043,904	49.7	1,352,116	48.9	1,728,167	49.8	760,768	49.4	858,445	51.1
Others	459,316	21.8	646,866	23.4	757,419	21.8	344,153	22.4	345,912	20.6
Total	**2,101,368**	**100.0**	**2,763,361**	**100.0**	**3,471,568**	**100.0**	**1,538,492**	**100.0**	**1,680,794**	**100.0**

Property Management Services

As of June 30, 2020, we managed 502 projects of residential and other non-commercial properties in China with an aggregate GFA under management of 97.5 million sq.m. The table below sets forth details of our contracted GFA and GFA under management of residential and other non-commercial properties as of the dates indicated:

	As of December 31,			As of June 30,
	2017	2018	2019	2020
Contracted GFA *(sq.m. in thousands)*	66,907	97,252	118,089	131,847
Number of projects for contracted GFA	331	600	713	787
GFA under management *(sq.m. in thousands)*	61,161	77,725	92,085	97,498
Number of projects for GFA under management	308	399	470	502

After June 30, 2020 and up to the Latest Practicable Date, we obtained 48 residential and other non-commercial property projects with contracted GFA of 9.7 million sq.m., among which 26 projects with contracted GFA of 4.7 million sq.m. were developed by CR Group and CR Land. As of the Latest Practicable Date, we have 835 residential and other non-commercial property projects for which we have entered into property management service contracts with an aggregate contracted GFA of 141.5 million sq.m.

The table below sets forth a breakdown of certain details of residential and other non-commercial properties which are yet to be delivered as of the Latest Practicable Date by type of property developer:

	As of the Latest Practicable Date	
	Number of projects	**Contracted GFA**
		(sq.m. in thousands)
CR Group and CR Land	136	27,412
Independent third-party developers	170	11,487
Total	**306**	**38,899**

The table below sets forth a breakdown of certain details of residential and other non-commercial properties which are yet to be delivered as of the Latest Practicable Date by expected year of delivery:

Expected delivery year	**Number of projects**	**Contracted GFA**
		(sq.m. in thousands)
2020	31	5,764
2021	56	11,371
2022	48	10,084
2023 or later	171	11,680
Total	**306**	**38,899**

Scope of Services

Our property management services for residential and other non-commercial properties consist of the following:

- *Security*. The security services that we provide primarily include access management, patrolling, electronic access control, manned guard stations, video surveillance, carpark management, visitor management and emergency response. We provide security services primarily through our own employees. For certain projects, we outsource security services to subcontractors.

- *Cleaning and greening*. We provide general cleaning, waste clearance, pest control, greening and gardening services. Our cleaning and greening services are provided mainly through subcontractors.

- *Repair and maintenance*. The scope of our property repair and maintenance services typically covers (i) common area equipment and facilities, such as elevators, escalators and central air conditioning systems, (ii) fire and safety facilities, such as fire extinguishers and fire alarm systems, (iii) utility facilities, such as power supply and distribution systems and water supply and drainage systems, and (iv) other buildings and ancillary facilities and equipment. We also provide renovation and furnishing management services, and fire extinguishing equipment checking and inspection services. We generally provide repair and maintenance services through our own staff. For elevator and fire extinguishing systems and work performed at heights, we outsource to subcontractors.

Type of Properties under Management

Residential properties constitute a predominant portion of our portfolio of properties, while we also provide property management services to certain other non-commercial properties, principally public facilities such as stadiums, parks and industrial parks. The table below sets forth a breakdown of our revenue from residential property management services by type of property for the periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2017		2018		2019		2019		2020	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)									
Residential properties	1,603,844	97.6	2,050,699	97.4	2,560,033	96.0	1,147,248	96.0	1,269,636	96.4
Other non-commercial properties	39,800	2.4	55,253	2.6	107,144	4.0	47,927	4.0	47,473	3.6
Total	**1,643,644**	**100.0**	**2,105,952**	**100.0**	**2,667,177**	**100.0**	**1,195,175**	**100.0**	**1,317,109**	**100.0**

The tables below set forth a breakdown of our GFA under management and number of projects for GFA under management from residential property management services by type of property for the periods indicated:

	As of December 31,								
	2017			2018			2019		
	GFA under management		Number of projects	GFA under management		Number of projects	GFA under management		Number of projects
	(sq.m. in thousands)	*(%)*		*(sq.m. in thousands)*	*(%)*		*(sq.m. in thousands)*	*(%)*	
Residential properties	60,551	99.0	300	75,876	97.6	388	89,415	97.1	453
Other non-commercial properties	610	1.0	8	1,849	2.4	11	2,670	2.9	17
Total	**61,161**	**100.0**	**308**	**77,725**	**100.0**	**399**	**92,085**	**100.0**	**470**

	As of June 30,					
	2019			2020		
	GFA under management		Number of projects	GFA under management		Number of projects
	(sq.m. in thousands)	*(%)*		*(sq.m. in thousands)*	*(%)*	
Residential properties	83,254	97.3	409	94,310	96.7	481
Other non-commercial properties	2,281	2.7	14	3,188	3.3	21
Total	**85,535**	**100.0**	**423**	**97,498**	**100.0**	**502**

Source of Projects

During the Track Record Period, most of the residential and other non-commercial properties under our management were developed by CR Group and CR Land, while we also managed residential and other non-commercial properties developed or owned by Independent Third Parties.

The tables below set forth a breakdown of the number of residential and other non-commercial properties under our management, the aggregate GFA under management as of the dates indicated, and revenue generated from property management services by type of property developer for the periods indicated:

	As of or for the year ended December 31,								
	2017			2018			2019		
	GFA under management	Revenue	Number of projects	GFA under management	Revenue	Number of projects	GFA under management	Revenue	Number of projects
	(sq.m.in thousands)	*(RMB in thousands)*		*(sq.m.in thousands)*	*(RMB in thousands)*		*(sq.m.in thousands)*	*(RMB in thousands)*	
CR Group and CR Land	58,371	1,564,427	288	67,129	1,889,259	333	74,846	2,250,785	379
Independent third-party developers	2,790	79,217	20	10,596	216,693	66	17,239	416,392	91
Total	**61,161**	**1,643,644**	**308**	**77,725**	**2,105,952**	**399**	**92,085**	**2,667,177**	**470**

	As of or for the six months ended June 30,					
	2019			2020		
	GFA under management	Revenue	Number of projects	GFA under management	Revenue	Number of projects
	(sq.m.in thousands)	*(RMB in thousands)*		*(sq.m.in thousands)*	*(RMB in thousands)*	
CR Group and CR Land	69,647	1,023,234	344	79,554	1,121,981	405
Independent third-party developers	15,888	171,941	79	17,944	195,128	97
Total	**85,535**	**1,195,175**	**423**	**97,498**	**1,317,109**	**502**

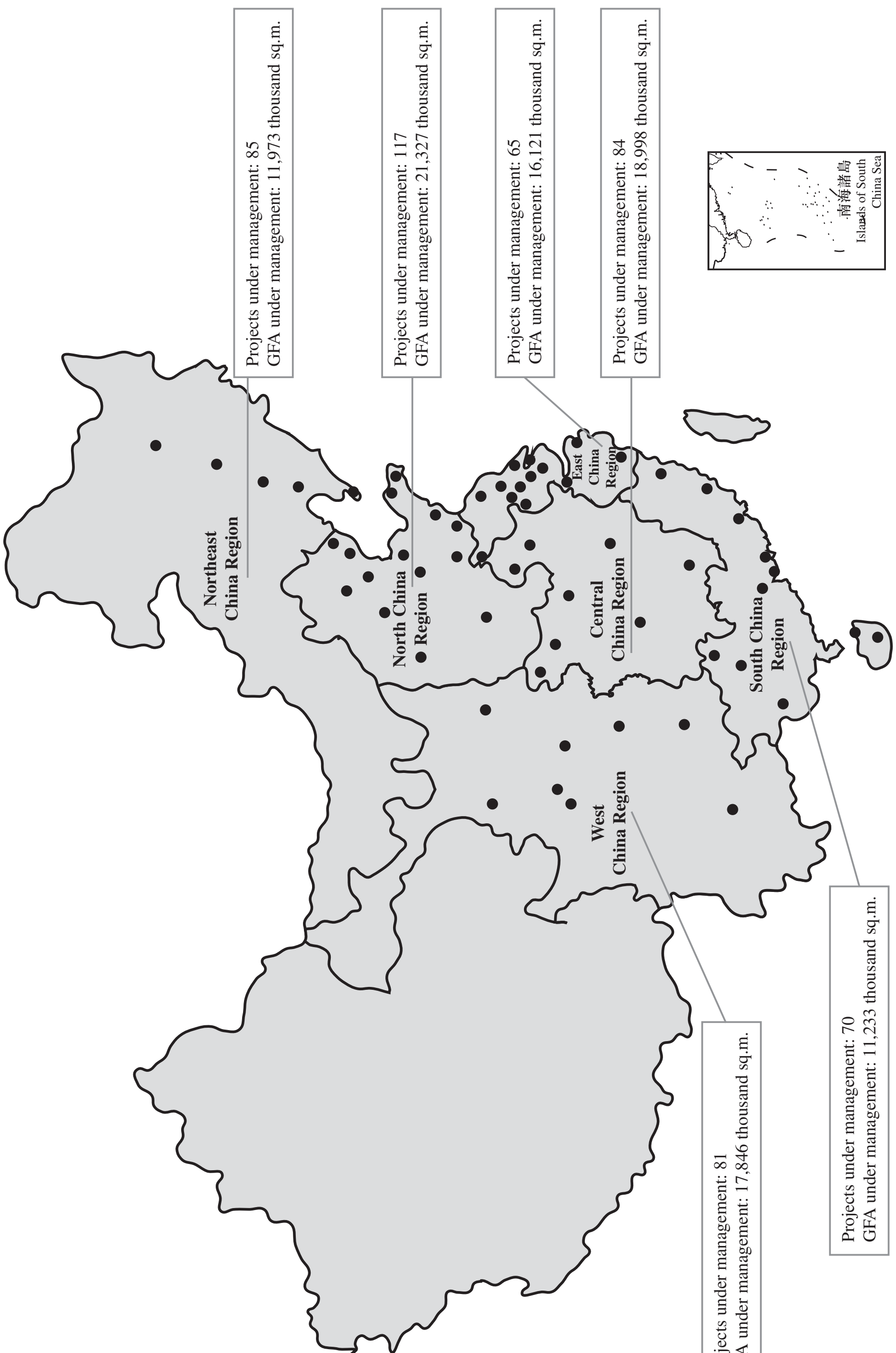
In 2017, 2018, 2019 and the six months ended June 30, 2020, the GFA under management and revenue of our property management services for residential and other non-commercial properties were mainly derived from properties developed by CR Group and CR Land. During the same period, revenue contribution from our property management services to residential and other non-commercial properties developed by independent third-party developers continued to grow, which was mainly due to our development strategy to diversify the source of property management projects.

The table below sets forth a breakdown of our gross profit and gross profit margin of property management services to residential and other non-commercial properties by type of property developer for the periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2017		2018		2019		2019		2020	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	(RMB in thousands, except for percentages)									
CR Group and CR Land	126,507	8.1%	165,722	8.8%	207,029	9.2%	87,485	8.6%	142,225	12.7%
Independent third-party developers	7,986	10.1%	(18,459)	(8.5)%	12,221	2.9%	9,694	5.6%	1,370	0.7%
— Residential projects	(341)	(1.5)%	(11,945)	(22.2)%	4,821	5.2%	5,359	11.7%	5,611	9.9%
— SOE Reform projects	8,327	14.8%	(6,514)	(4.0)%	7,400	2.3%	4,335	3.4%	(4,241)	(3.1)%
Total	**134,493**	**8.2%**	**147,263**	**7.0%**	**219,250**	**8.2%**	**97,179**	**8.1%**	**143,595**	**10.9%**

Geographic Presence

We enjoy a nationwide footprint and expanded our geographic presence to 59 cities across 26 provinces, municipalities and autonomous regions in China as of June 30, 2020. We generally maintain a balanced geographic presence for our property management services. The map below illustrates the regions in which the residential and other non-commercial properties we managed were located as of June 30, 2020:



The table below sets forth a breakdown by geographic region of the total GFA under management and number of projects with respect to our residential property management services as of the dates indicated:

	As of December 31,									As of June 30,					
	2017			2018			2019			2019			2020		
	GFA under management		Number of projects	GFA under management		Number of projects	GFA under management		Number of projects	GFA under management		Number of projects	GFA under management		Number of projects
	(sq.m.in thousands)	*(%)*		*(sq.m.in thousands)*	*(%)*		*(sq.m.in thousands)*	*(%)*		*(sq.m.in thousands)*	*(%)*		*(sq.m.in thousands)*	*(%)*	
North China Region	11,872	19.4	70	16,819	21.6	94	20,640	22.4	111	19,492	22.8	105	21,327	21.9	117
South China Region	7,252	11.9	41	9,502	12.2	58	10,838	11.8	69	9,085	10.6	56	11,233	11.5	70
West China Region	11,491	18.8	54	12,505	16.1	59	16,498	17.9	72	15,006	17.5	64	17,846	18.3	81
Central China Region	10,332	16.9	41	15,820	20.4	66	17,284	18.8	75	17,078	20.0	71	18,998	19.5	84
East China Region	12,865	21.0	48	13,824	17.8	53	15,490	16.8	62	15,021	17.6	56	16,121	16.5	65
Northeast China Region	7,349	12.0	54	9,255	11.9	69	11,335	12.3	81	9,853	11.5	71	11,973	12.3	85
Total	**61,161**	**100.0**	**308**	**77,725**	**100.0**	**399**	**92,085**	**100.0**	**470**	**85,535**	**100.0**	**423**	**97,498**	**100.0**	**502**

The table below sets forth a breakdown by city tier of the total GFA under management and number of projects with respect to our residential property management services as of the dates indicated:

	As of December 31,									As of June 30,					
	2017			2018			2019			2019			2020		
	GFA under management		Number of projects	GFA under management		Number of projects	GFA under management		Number of projects	GFA under management		Number of projects	GFA under management		Number of projects
	(sq.m.in thousands)	*(%)*		*(sq.m.in thousands)*	*(%)*		*(sq.m.in thousands)*	*(%)*		*(sq.m.in thousands)*	*(%)*		*(sq.m.in thousands)*	*(%)*	
First tier cities	8,277	13.5	62	12,870	16.6	91	16,635	18.1	112	15,939	18.6	103	17,092	17.6	116
Second tier cities	35,397	57.9	171	41,082	52.8	206	49,312	53.5	242	45,032	52.7	215	53,746	55.1	267
Others	17,487	28.6	75	23,773	30.6	102	26,138	28.4	116	24,564	28.7	105	26,660	27.3	119
Total	**61,161**	**100.0**	**308**	**77,725**	**100.0**	**399**	**92,085**	**100.0**	**470**	**85,535**	**100.0**	**423**	**97,498**	**100.0**	**502**

Expansion of Property Portfolio

We had been expanding our portfolio of residential and other non-commercial properties during the Track Record Period primarily through obtaining new engagements. The table below sets forth the movement of our (i) contracted GFA, and (ii) GFA under management during the Track Record Period:

	As of December 31,						As of June 30,	
	2017		2018		2019		2020	
	Contracted GFA	GFA under management	Contracted GFA	GFA under management	Contracted GFA	GFA under management	Contracted GFA	GFA under management
	(sq.m.in thousands)							
As of beginning of the year or period	51,682	49,883	66,907	61,161	97,252	77,725	118,089	92,085
New engagements[(1)]	15,434	9,530	15,413	11,577	21,266	13,943	14,411	6,066
— CR Group and CR Land	14,099	8,761	9,108	8,758	17,415	7,732	12,363	4,943
— Independent third-party developers	1,335	769	6,305	2,819	3,851	6,211	2,048	1,123
Acquisitions[(2)]	—	1,957	14,934	4,989	—	673	—	—
Terminations[(3)]	209	209	2	2	429	256	653	653
As of end of the year or period	**66,907**	**61,161**	**97,252**	**77,725**	**118,089**	**92,085**	**131,847**	**97,498**

(1) In relation to residential and other non-commercial properties we manage, new engagements primarily include the service engagements required by property developers to manage new properties and, in a few cases, the service engagements for replacement of previous property management companies for residential and other non-commercial properties.

(2) Acquisitions refer to the SOE Reform projects transferred to us in the relevant periods through transfer of equity interest in Run Lian, which was initially transferred from Dongfeng Motor Corporation to CR Group in 2018 and further transferred to us as part of our Reorganization in 2020. For details, see "History, Reorganization and Corporate Structure — Reorganization — 4. The transfer of Run Lian."

(3) Terminations mainly included certain property management engagements expired without renewal. In 2020, we voluntarily terminated certain property management engagements due to their low profitability, operating loss or failure to meet our standards for environment, health and safety.

We maintained relatively high retention rates during the Track Record Period, capitalizing on our high-quality services and customer loyalty. In 2017, 2018, 2019 and the six months ended June 30, 2019 and 2020, our retention rates (calculated as the aggregate number of properties under management during the period minus the number of properties we ceased to manage during the same period, then divided by the aggregate number of properties under management during the period) for property management service contracts for residential and other non-commercial properties were 99.4%, 99.8%, 98.5%, 99.5% and 99.0%, respectively.

Organic Growth through New Engagements

We actively seek business opportunities in first and second tier cities in China and economic belts such as the Greater Bay Area, Yangtze River Delta and Beijing-Tianjin-Hebei, of new property management engagements for residential and other non-commercial properties.

We estimate project pricing corresponding to the service standards before taking on a new engagement, considering a variety of factors, such as the profile and size of the property, the expected service standards, target customers, estimated costs of managing the property, historical collection rate, estimated profitability, competition in the local market and applicable regulatory requirements.

Under PRC laws, property developers are typically required to select property management service providers and enter into preliminary property management service contracts for residential properties through a tender and bidding process. In circumstances where there are not enough bidders or the size of the managed property is small, property developers are permitted under PRC laws to select property management service providers without conducting any tender and bidding process, subject to approval by the competent PRC property administration authorities. For details, see " — Service Contracts — Contracts under Residential Property Management Services — The Tender Process."

SOE Reform Projects

According to the Notice from SASAC on Implementation of Guiding Opinions of the Party Central Committee and the State Council on Deepening the Reform of State-owned Enterprises (國資委發佈關於貫徹落實《中共中央國務院關於深化國有企業改革的指導意見》的通知 (國資發研究[2015]112號)) in 2015 and Guiding Opinions on Separation and Transfer of Three Supplies and Property Management of State-owned Enterprise Employees' Residential Properties (《關於國有企業職工家屬區"三供一業"分離移交工作的指導意見》 (國辦發[2016]45號)) promulgated by the SASAC and the MOF in 2016, state-owned enterprises were required to separate the management of water, electricity and heat supply and other property management services of their employees' residential properties from their own businesses and transfer them to specialized service providers for management. For details, see "Regulatory Overview — Legal Supervision over Property Management Services — Separation of the Management of Water, Electricity, Heat Supply and Other Property Management Services of SOE Employees' Residential Properties."

SOE Reform projects, commonly known as the Three Supplies and Property Management projects ("三供一業項目") in Chinese, are typically transferred to reputable stated-owned property management companies through the direct designation by the state-owned enterprises or local government, without the need for a public tender and bidding process. From 2017 to 2020, Dongfeng Motor Corporation, China Aerospace Science and Industry Corporation, China Aerospace Science and Technology Corporation, China Electronics Technology Group Corporation, China Xinxing Group Co., Ltd. and Nanjing Changjiang Electronics Group Co., Ltd. transferred an aggregate of 65 SOE Reform projects to us for management. For these SOE Reform projects, we provide property management services to the operating subsidiaries of these state-owned enterprises, property owners' associations of the residential properties, which mainly consist of employees of the relevant state-owned enterprise and their families, and residents of these properties.

The table below sets forth certain information relating to our managed SOE Reform projects and related state-owned enterprises:

Name of state-owned enterprises	Principal business	Year of transfer	Location	Properties transferred	Agreed subsidies
Dongfeng Motor Corporation (東風汽車集團有限公司)(1)	automobile manufacturing	2018	Hubei	36 property projects with GFA of 7.6 million sq.m.	RMB100.9 million(2)
China Aerospace Science and Industry Corporation (中國航天科工集團有限公司), China Aerospace Science and Technology Corporation (中國航天科技集團有限公司)	design and manufacturing of spacecrafts, launch vehicles, missile systems and ground equipment	2018	Beijing	20 property projects with GFA of 3.7 million sq.m.	RMB98.5 million(3)
China Electronics Technology Group Corporation (中國電子科技集團公司)	design, research and manufacturing of security electronic information products	2018, 2019	Shaanxi	5 property projects with GFA of 1.7 million sq.m.	nil
China Aerospace Science and Technology Corporation (中國航天科技集團有限公司)	design and manufacturing of spacecrafts, launch vehicles, missile systems and ground equipment				
China Xinxing Group Co., Ltd. (中國新興集團公司)	infrastructure construction services	2020	Beijing	3 property projects with GFA of 0.5 million sq.m.	nil
Nanjing Changjiang Electronics Group Co., Ltd. (南京長江電子信息產業集團有限公司)	electronic equipment design and manufacturing	2019	Jiangsu	1 property project with GFA of 0.2 million sq.m.	RMB22.1 million(4)

(1) Dongfeng Motor Corporation transferred its SOE Reform projects to CR Group by transferring the entire equity interest of Run Lian in 2018 which is a property management company that manages these projects. As part of our Reorganization, these SOE Reform projects were transferred to us in 2020. The initial transfer of Run Lian from Dongfeng Motor Corporation to CR Group in 2018 was considered as a business combination of entities under common control and therefore the results of Run Lian are combined from the beginning of the Track Record Period which is January 1, 2017.

(2) Dongfeng Motor Corporation agreed to pay us subsidies totaling RMB100.9 million over a six-year period from 2018 to 2023, of which (i) RMB66.3 million is intended to compensate for the losses of Run Lian, (ii) RMB28.1 million is intended to subsidize the salaries and other employee benefits of Run Lian's senior management, and (iii) the remaining RMB6.5 million, which was accounted for as other payables and accruals as of June 30, 2020, was received in the first half of 2020 and is payable to a disposed business of Run Lian. Of the RMB66.3 million of subsidies from Dongfeng Motor Corporation, we received RMB21.8 million, RMB9.9 million and RMB5.7 million in 2018, 2019 and the six months ended June 30, 2020, respectively, and fully recognized these amounts as other income and gains in our combined statements of profit or loss in the periods we received such subsidies. Also see "Financial Information — Principal Components of Our Combined Statements of Profit or Loss — Other Income and Gains." Of the RMB28.1 million of subsidies, we received RMB8.5 million, RMB8.1 million and nil in 2018, 2019 and the six months ended June 30, 2020, respectively, which amounts were recognized as other payables and accruals before being paid to the relevant persons soon upon receipt. The remaining RMB40.4 million of subsidies will be payable by Dongfeng Motor Corporation between November 2020 and June 2023, of which RMB28.9 million is intended to compensate for the losses of Run Lian and RMB11.5 million is intended to subsidize the salaries and other employee benefits of Run Lian's senior management.

(3) China Aerospace Science & Industry Corporation and China Aerospace Science and Technology Corporation agreed to pay us subsidies totaling RMB98.5 million. Of this amount, we received RMB38.2 million in 2018 and the remaining RMB60.3 million in 2019. In 2018, 2019 and the six months ended June 30, 2020, we recognized RMB36.5 million, RMB19.3 million and RMB9.6 million, respectively, of the received subsidies as our revenue because these sums are intended to support our provision of property management services to the transferred projects, such as for repairing and upgrading basic facilities. The remaining RMB33.1 million of subsidies was reflected as contract liabilities on our combined balance sheet as of June 30, 2020 as the underlying property management services are yet to be provided by us. For details of our contract liabilities, see "Financial Information — Description of Certain Components of Our Combined Statements of Financial Position — Contract Liabilities."

(4) Nanjing Changjiang Electronics Group Co., Ltd. agreed to pay us subsidies totaling RMB22.1 million, of which RMB20.3 million was received by us in 2019, and the remaining RMB1.8 million will be payable in the second half of 2020. In 2019 and the six months ended June 30, 2020, we recognized RMB5.3 million and RMB4.7 million, respectively, of the received subsidies as our revenue because such amounts are intended to support our provision of property management services to the transferred projects, such as for repairing and upgrading basic facilities. The remaining RMB10.3 million of subsidies received was reflected as contract liabilities on our combined balance sheet as of June 30, 2020 as the underlying property management services are yet to be provided by us. For details of our contract liabilities, see "Financial Information — Description of Certain Components of Our Combined Statements of Financial Position — Contract Liabilities."

The table below sets forth the financial results of our managed SOE Reform projects for the periods indicated:

	Year ended December 31,			Six months ended June 30,	
	2017	**2018**	**2019**	**2019**	**2020**
	(RMB in thousands, except for percentages)				
Gross profit or loss on property management services to SOE Reform projects (before any subsidy)	8,327	(43,062)	(17,176)	4,335	(18,589)
Subsidies received for property management services to SOE Reform projects and accounted for as revenue[(1)]	—	36,548	24,576	—	14,348
Gross profit or loss on property management services to SOE Reform projects	**8,327**	**(6,514)**	**7,400**	**4,335**	**(4,241)**
Gross profit margin on property management services to SOE Reform projects	14.8%	(4.0)%	2.3%	3.4%	(3.1)%
Gross profit on value-added services to property developers involved in SOE Reform projects	—	610	862	41	—
Gross profit on community value-added services to SOE Reform Projects	—	19,830	27,125	13,409	4,438
Subsidies received for property management services to SOE Reform projects and accounted for as other income and gains[(2)]	—	21,837	9,864	—	5,725
Gross profit of SOE Reform projects after all subsidies received (including those accounted for as revenue and other income and gains)	**8,327**	**35,763**	**45,251**	**17,785**	**5,922**
Gross profit margin of SOE Reform projects after all subsidies received (including those accounted for as revenue and other income and gains)	14.8%	16.4%	12.0%	11.9%	3.8%

(1) For all SOE Reform projects, subsidies accounted for as revenue were provided by the relevant state-owned enterprises for our provision of property management services only.

(2) This portion of subsidies relates to our SOE Reform projects transferred from Dongfeng Motor Corporation only. Also see "Financial Information — Principal Components of Our Combined Statements of Profit or Loss — Other Income and Gains" and note 6 to the Accountant's Report in Appendix I.

After taking into account the subsidies (including those accounted for as revenue and other income and gains) we received from the relevant state-owned enterprises:

- our revenue generated from SOE Reform projects amounted to RMB56.2 million, RMB217.8 million, RMB378.6 million and RMB154.6 million in 2017, 2018, 2019 and the six months ended June 30, 2020, respectively;

- the gross profit attributable to SOE Reform projects amounted to RMB8.3 million, RMB35.8 million, RMB45.3 million and RMB5.9 million in 2017, 2018, 2019 and the six months ended June 30, 2020, respectively;

- the gross profit margin attributable to SOE Reform projects were 14.8%, 16.4%, 12.0% and 3.8% in 2017, 2018, 2019 and the six months ended June 30, 2020, respectively; and

- the weighted average property management fee rates of the residential properties in SOE Reform projects were RMB2.39 per sq.m. per month, RMB1.83 per sq.m. per month, RMB2.14 per sq.m. per month and RMB1.72 per sq.m. per month in 2017, 2018, 2019 and the six months ended June 30, 2020, respectively.

Such relatively lower weighted average property management fee rates were primarily because the residential properties where the employees and their families reside were (i) relatively old and in poor condition with generally insufficient facilities and equipment, which resulted in higher maintenance and labor costs to us, and (ii) scattered across multiple locations that created difficulties in lowering labor costs, which can be typically achieved if the residential properties are in proximity. In addition, most of the residents in these projects are state-owned enterprises' employees and their families, who enjoy state-owned enterprises' employees benefits, and as a result the property management fees for these projects were not raised over the years after our takeover.

To uphold our corporate responsibility under the reform of "Three Supplies and Property Management" properties of state-owned enterprises in China which started in 2016, we intend to continue managing and improving these legacy projects, although the relevant transfer agreements do not prevent us from terminating our property management responsibilities. Nevertheless, we plan to further increase efficiency, control costs and expand income sources to improve the profitability of these properties. As of the Latest Practicable Date, we have not entered into any new transfer agreement to acquire SOE Reform projects, but in the future we may consider undertaking more SOE Reform projects as part of our strategic collaboration with local state-owned enterprises and government investment platforms.

Value-added Services to Property Developers

We offer value-added services to property developers and other non-property owners to address their various needs from the preliminary stages of property development and management, mainly covering (i) consultancy services, (ii) preliminary preparation services, and (iii) pre-delivery marketing services.

During the Track Record Period, we generated a vast majority of our revenue from value-added services to properties developed by CR Group and CR Land. We also provided certain value-added services to independent third-party developers. In the future, we intend to diversify the source of our value-added services by increasing the services provided to independent third-party developers. We plan to leverage our brand name, technology and experienced management capabilities to increase consultancy services provided to other property management companies.

Consultancy Services

We offer consultancy services to property developers to address any needs that arise during the very early stage of their property development. We provide advice on overall property planning and design, such as public facilities and equipment installation, service quality control and provision of IoT smart property management to optimize property design and facilitate daily property management services. We conduct industry research and analysis of services, customers and markets to determine property management service models and future development positioning. We also prepare cost and expense estimates for property developers and provide feasibility reports for their review. As and when required, we assist property developers with selecting and hiring property service companies, going through tender and bidding process, project registration and filing, and obtaining relevant certificates and government approvals.

Preliminary Preparation Services

We participate in the preliminary preparation of the properties before the provision of property management service commences. Before delivery of the property, we set up a property management preparation team and provide a range of preparation services, including organizing construction site supervision, assisting project preparation, and coordinating project handover. We also formulate property management plans and pricing plans, collection standards, and organize staff training.

Pre-delivery Marketing Services

We assist property developers with their sales and marketing activities at property sales venues and display units so as to create a good brand image to potential property buyers. We deploy on-site staff at the property sales venues and display units to provide various services, including visitor reception, cleaning, parking, security, maintenance and other customer services.

Community Value-added Services

As an extension of our property management services business, we provide community value-added services to property owners and residents of our managed residential properties. We establish an ecosystem and provide high-quality services to address property owners and residents' lifestyle and daily needs, enhance customer experience, and help property owners achieve asset appreciation.

Our community value-added services mainly include: (i) community living services; and (ii) brokerage and asset services.

Community Living Services

We provide community living services, mainly including the followings:

- *Common area services.* In accordance with the property management service contract, we are authorized to operate and rent out common areas such as advertising spaces and collect service fees on behalf of property owners with the owners' consent and within the limits stipulated by the PRC law. We also use the common area such as outdoor common venues of our managed communities to organize cultural activities and collect corporate sponsorship fees.

- *Renovation services.* We offer renovation services to property owners and residents, including decoration of and furnishing for new units, furniture delivery, and refurbishment of old units. We generally collaborate with third-party merchants and charge them a fixed service fee or an amount calculated as a percentage of income from such services.

- *Other community services.* We provide other community services, such as retail and home delivery services, via the "JOY LIFE" mobile app and through our membership programs. We also operate community clubs to provide residents with the convenience of social networking, entertainment and sports.

Brokerage and Asset Services

We offer brokerage services for second-hand home sales, new unit sales and home leasing. Our brokerage services primarily include advertising of property listings at our managed communities, housing information advisory services and assistance in the negotiations and documentation of the leases. Upon the closing of a successful home sale or lease transaction, we charge a commission from property owners or buyers on a pre-negotiated fixed percentage of the contracted value or monthly rent. Meanwhile, we provide asset related services such as asset operation and investment to help our clients achieve asset appreciation. Specifically, we assist property developers to source potential buyers and transfer to these buyers ownership of or rights to use properties such as parking spaces, storage rooms and units. We purchase properties, principally parking spaces, provide necessary operation and management services and later resell them to property owners or residents. For vacant home units, entrusted by property owners or property developers, we provide management or sub-let services.

Revenue Model and Pricing Policies

Property Management Services

During the Track Record Period, with references to our experiences as well as the industry practice, we charged property management fees on residential and other non-commercial properties on a lump sum basis.

Under the lump sum basis revenue model, we generally charge a pre-determined property management fee per sq.m. of GFA under management on a monthly basis, which represents fees for all of the property management services provided by us. We are entitled to recognize the full amount of property management fees collected from property developers, property owners and residents as revenue and bear the costs incurred in providing our property management services. According to Frost & Sullivan, the lump sum basis revenue model is the dominant method of collecting property management fees in China, especially in relation to residential properties.

Prior to negotiating and entering into our property management service contracts, we will estimate our cost of sales. Our cost of sales includes expenses associated with, among others, labor and subcontracting costs, purchases of supplies and equipment, repair and maintenance of common areas, management and operation of our office facilities, cleaning and garbage disposal and security. As we bear such expenses ourselves, our profit margins are affected by our ability to reduce our cost of sales. If our cost of sales is greater than anticipated, we would not be able to collect additional amounts from our customers to sustain our profit margins. In 2017, 2018, 2019 and the six months ended June 30, 2020, we had 96, 113, 95 and 99 projects of residential and other non-commercial properties (excluding certain SOE Reform projects, for which we received subsidies that compensated for our losses during the Track Record Period), respectively, managed on a lump sum basis, which incurred losses of RMB80.1 million, RMB75.7 million, RMB78.6 million and RMB57.3 million, respectively, among which 91, 96, 85 and 83 projects, respectively, were sourced from CR Group and CR Land, and 73, 90, 70 and 70 projects, respectively, became profitable as of October 31, 2020. The losses were primarily due to increased costs incurred at the early stage of our management of such properties with respect to staff recruitment and the coordination of subcontractors, while we charged relatively stable property management fees. For details, see "Risk Factors — Risks relating to our Business and Industry — Our ability to maintain or improve our current level of profitability depends on our ability to control operating costs, in particular, staff costs and subcontracting costs." We have continued to manage certain of these loss-making properties, as we have been improving their profitability through various cost-saving measures and expanding value-added services to increase the overall income generated from these projects, and as a result, a large number of projects have began to generate profits during the Track Record Period. As of October 31, 2020, we had 29 remaining loss-making projects, among which 25 projects were sourced from CR Group and CR Land. Generally, we choose not to terminate these projects unless they still incur losses after our continuous efforts to improve operational efficiency or they fail to meet our requirements for environmental protection and occupational health and safety. In the future, we plan to continue to implement automation and information system to increase management efficiency, and take cost-saving measures including applying energy and water conservation measures, adopting a central purchase and optimizing staff structure.

Value-added Services to Property Developers

We typically charge fees for property preliminary preparation services and consultancy services on a lump sum basis or at a fixed rate, which is calculated based on the GFA under management and the project cycle, taking into account the nature and scope of the services, the number and positions of the staff we deploy and the size, location and positioning of the properties involved. We charge pre-delivery marketing service fees on a commission basis.

Community Value-added Services

For community living services, we generally charge fees depending on the different nature of community value-added services rendered. For community value-added services provided in collaboration with third-party merchants such as renovation services, we generally charge these merchants a fixed service fee or a fee at a certain percentage of the income generated from such services. For brokerage and asset services, we typically charge commission or generate revenue from the price difference between sub-letting or re-selling.

Pricing Policies

We categorize our services into four classes, namely basic services, quality services, high-end services and premium services, and we price our residential property management services according to its class. The internal service classification was made based on multiple factors, such as (i) characteristics and locations of the residential properties, (ii) property owners' and residents' profiles, (iii) scope of our services and service standards, (iv) estimated costs and our budget, (v) our target profit margins, (vi) local pricing regulations, and (vii) the management fees charged in nearby and comparable communities. For value-added services in particular, we usually refer to market standard and the average price level of our competitors within the same area. We regularly evaluate our financial position to ensure that we collect sufficient property management fees to sustain our profit margins. During renewal negotiations for our property management service contracts, we may raise our property management fees.

The price administration and construction administration departments of the State Council are jointly responsible for supervision over and administration of fees charged for property management and related services, and we are also subject to pricing controls implemented by the PRC government. In December 2014, the NDRC issued the Circular of the NDRC on the Opinions of Relaxing Price Controls in Certain Services (國家發展改革委關於放開部分服務價格意見的通知) (the "**Circular**"), which required provincial-level price administration authorities to relax all pricing controls or guidance policies on residential property management, except for certain properties subsidized by the government such as affordable houses. Meanwhile, the Circular allowed competent provincial-level price administration authorities, together with local housing and urban-rural development departments, to have the authority to decide whether to implement the government guidance price for (i) property management fees for affordable houses, housing-reform houses and old residential communities (the "**welfare housing**"), and (ii) preliminary property management fees. As advised by our PRC legal advisor, all the provincial-level price administration authorities in places where we operate have implemented local policies to relax pricing controls on property management fees for residential properties other than welfare housing, but have not relaxed such controls on preliminary property management fees, and some provincial-level price administration authorities in places where we operate. For instance, Fujian province, Hainan province, Jiangxi province, Sichuan province, Guangdong province, Henan province and Hebei province have issued policies that liberalize or partially liberalize pricing controls on (i) property management fees for welfare housing, or (ii) preliminary property management fees. Property management companies in China charge preliminary property management fees for property management services agreed in a preliminary property management service contract that is entered into before the engagement of property management service providers by property owners or the property owners' general meeting. For details, see "— Service Contracts — Contracts under Residential Property Management Services — Property Management Service Contracts."

As of the Latest Practicable Date, we manage 24 welfare housing projects that are subject to local government's pricing controls, with an aggregate GFA under management of 6.6 million sq.m., and we also manage another 247 residential property projects (exclusive of welfare housing) under preliminary property management service contracts that are also subject to pricing controls, with an aggregate GFA under management of 54.9 million sq.m. Our remaining 254 managed residential property projects (including 110 residential property projects that are managed under preliminary property management service contracts), with an aggregate GFA under management of 40.7 million sq.m., are not subject to such pricing controls. In each of 2017, 2018, 2019 and the six months ended June 30, 2020, we generated approximately 35% to 38% of our residential property management service revenue from residential property projects that are not subject to local government's pricing controls.

For residential properties other than welfare housing, we adopt different pricing policies at different stages of a residential property project:

- At the early stage of a residential property project before our engagement by property owners or the property owners' general meeting, we are under preliminary property management service contracts with property developers and charge preliminary property management fees. In the areas where the provincial level price administration authorities have relaxed pricing controls, we enjoy flexibility in determining the pricing of preliminary property management fees with property developers, while taking into consideration factors such as quality of service, targeted customers and fee rates charged by industry peers. In the areas where property management services are still subject to government guidance prices, we determine preliminary property management fees with property developers in compliance with the local regulatory requirements.

- Once residential properties have been delivered, we may enter into property management service contracts with property owners or property owners' associations which act on behalf of property owners and charge property management fees, which are currently no longer subject to government pricing controls according to the Circular. We may seek to increase property management fees and set property management fee rates in line with our business plans and strategies once we have obtained consent from the property owners who (a) occupy more than half of the living area of the total GFA of the property and (b) represent more than half of the number of property owners of such property.

For welfare housing, which represents only a small proportion of the residential properties under our management and most of which are SOE Reform projects, we comply with relevant regulatory requirements on pricing and do not intend to increase their management fee rates in the near term.

Our PRC legal advisor is of the view that we were in compliance with the relevant laws and regulations in relation to property management fees in all material respects during the Track Record

Period. For details, see "Regulatory Overview — Legal Supervision over Property Management Services — Property Management Service Charges." We expect that pricing controls on residential properties will relax over time as relevant local authorities pass regulations to implement the Circular. For details, see "Risk Factors — Risks Relating to Our Business and Industry — We may not procure new service contracts as planned or at a desirable pace or price."

In 2017, 2018, 2019 and the six months ended June 30, 2020, the weighted average property management fee rates for residential properties developed by CR Group and CR Land were RMB2.29 per sq.m. per month, RMB2.42 per sq.m. per month, RMB2.44 per sq.m. per month and RMB2.45 per sq.m. per month, respectively, generally in line with our major industry peers. During the same period, the weighted average property management fee rates for residential properties developed by independent third-party developers were RMB1.50 per sq.m. per month, RMB1.19 per sq.m. per month, RMB1.37 per sq.m. per month and RMB1.67 per sq.m. per month, respectively. Our weighted average property management fees for residential properties developed by CR Group and CR Land were slightly higher compared to those for residential properties developed by independent third-party developers during the Track Record Period. This is mainly because the residential properties developed by CR Group and CR Land under our management are primarily mid- to high-end residential properties and we mainly provide services ranging from quality services to premium services which have relatively higher fee rates, while our managed residential properties developed by independent third-party developers are primarily mid-end properties and we mainly provide basic services.

COMMERCIAL OPERATIONAL AND PROPERTY MANAGEMENT SERVICES

Overview

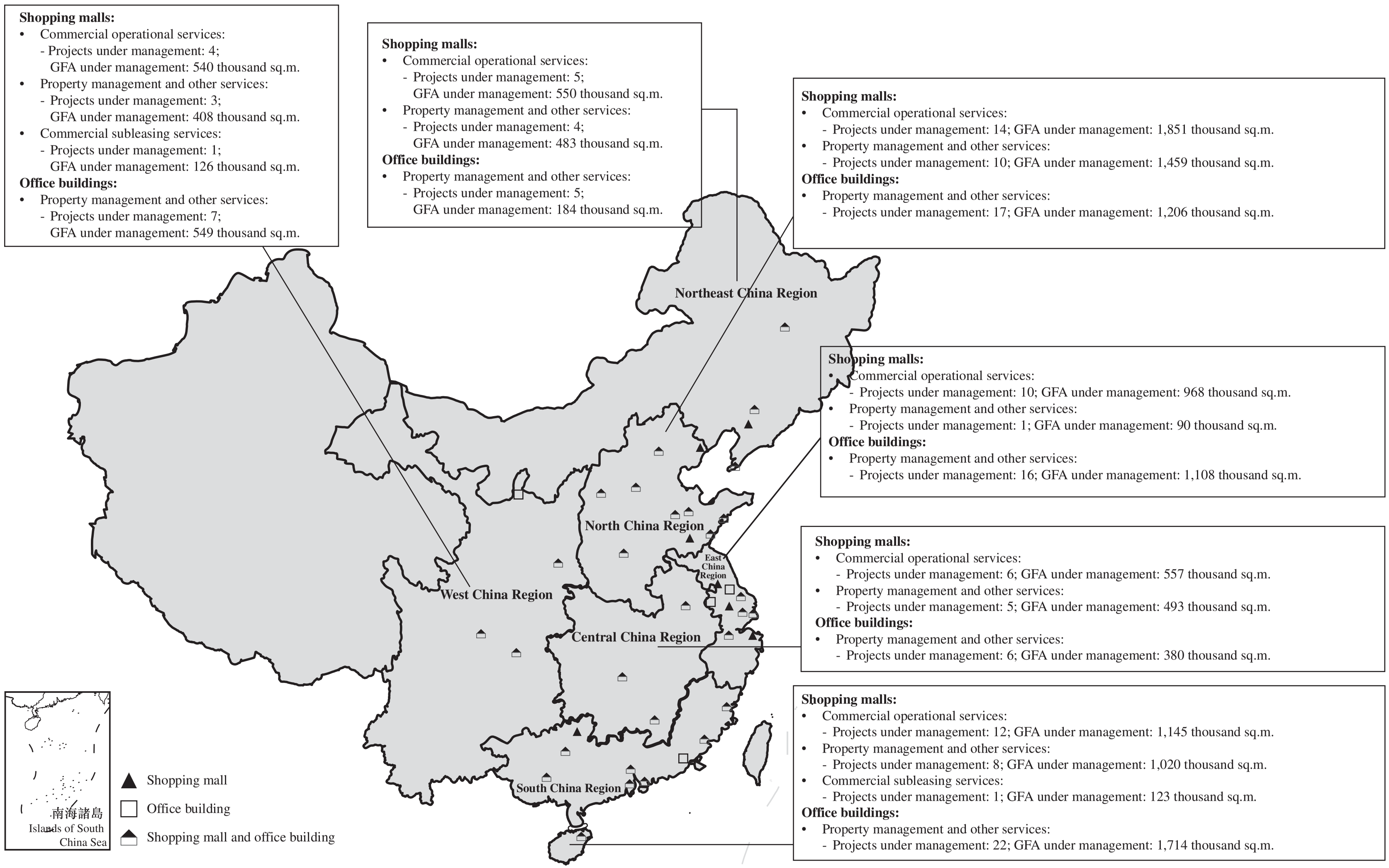
We provide commercial operational and property management services to commercial properties, comprising shopping malls and office buildings. As of June 30, 2020, we provided commercial operational services to 51 shopping mall projects with an aggregate GFA of 5.6 million sq.m. and we provided property management services to 31 shopping mall projects with an aggregate GFA of 4.0 million sq.m. We provided property management services to 73 office building projects, with an aggregate GFA under management of 5.1 million sq.m.

Historically, the commercial operational services to shopping malls were provided in the form of inter-departmental services as part of CR Land's integrated commercial property development and investment business without charging separate fees. From January 2020, we gradually separated the commercial operational services as an independent business segment and a profit driver and began to recognize revenue from this business. For certain high-quality shopping malls, we also consider leasing them from the property owners and subleasing spaces to tenants as part of our commercial subleasing business. As of June 30, 2020, we have two shopping mall subleasing projects.

We achieved steady revenue growth in our commercial operational and property management services segment during the Track Record Period. The table below sets forth a breakdown of our revenue from commercial operational and property management services by type of services for the periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2017		2018		2019		2019		2020	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except percentages)									
Shopping malls										
Property management and other services	658,795	64.1	933,300	55.9	1,256,535	52.4	568,562	51.6	593,879	40.9
Commercial operational services	—	—	—	—	—	—	—	—	290,449	20.0
Commercial subleasing services	58,536	5.7	209,852	12.6	301,772	12.6	145,312	13.2	120,691	8.3
Subtotal	**717,331**	**69.8**	**1,143,152**	**68.5**	**1,558,307**	**65.0**	**713,874**	**64.8**	**1,005,019**	**69.2**
Office buildings										
Property management and other services	310,726	30.2	525,214	31.5	838,228	35.0	388,241	35.2	448,187	30.8
Subtotal	**310,726**	**30.2**	**525,214**	**31.5**	**838,228**	**35.0**	**388,241**	**35.2**	**448,187**	**30.8**
Total	**1,028,057**	**100.0**	**1,668,366**	**100.0**	**2,396,535**	**100.0**	**1,102,115**	**100.0**	**1,453,206**	**100.0**

As of June 30, 2020, our commercial operational and property management services covered 40 cities across 22 provinces, municipalities and autonomous regions in China. The map below illustrates the regions where our managed and/or operated shopping malls and office buildings are located as of June 30, 2020:


Shopping malls:
• Commercial operational services:
- Projects under management: 4;
GFA under management: 540 thousand sq.m.
• Property management and other services:
- Projects under management: 3;
GFA under management: 408 thousand sq.m.
• Commercial subleasing services:
- Projects under management: 1;
GFA under management: 126 thousand sq.m.
Office buildings:
• Property management and other services:
- Projects under management: 7;
GFA under management: 549 thousand sq.m.
Shopping malls:
• Commercial operational services:
- Projects under management: 5;
GFA under management: 550 thousand sq.m.
• Property management and other services:
- Projects under management: 4;
GFA under management: 483 thousand sq.m.
Office buildings:
• Property management and other services:
- Projects under management: 5;
GFA under management: 184 thousand sq.m.
Shopping malls:
• Commercial operational services:
- Projects under management: 14; GFA under management: 1,851 thousand sq.m.
• Property management and other services:
- Projects under management: 10; GFA under management: 1,459 thousand sq.m.
Office buildings:
• Property management and other services:
- Projects under management: 17; GFA under management: 1,206 thousand sq.m.
Northeast China Region
Shopping malls:
• Commercial operational services:
- Projects under management: 10; GFA under management: 968 thousand sq.m.
• Property management and other services:
- Projects under management: 1; GFA under management: 90 thousand sq.m.
Office buildings:
• Property management and other services:
- Projects under management: 16; GFA under management: 1,108 thousand sq.m.
North China Region
East China Region
West China Region
Shopping malls:
• Commercial operational services:
- Projects under management: 6; GFA under management: 557 thousand sq.m.
• Property management and other services:
- Projects under management: 5; GFA under management: 493 thousand sq.m.
Office buildings:
• Property management and other services:
- Projects under management: 6; GFA under management: 380 thousand sq.m.
Central China Region
Shopping malls:
• Commercial operational services:
- Projects under management: 12; GFA under management: 1,145 thousand sq.m.
• Property management and other services:
- Projects under management: 8; GFA under management: 1,020 thousand sq.m.
• Commercial subleasing services:
- Projects under management: 1; GFA under management: 123 thousand sq.m.
Office buildings:
• Property management and other services:
- Projects under management: 22; GFA under management: 1,714 thousand sq.m.
South China Region
南海諸島
Islands of South China Sea
Shopping mall
Office building
Shopping mall and office building

The table below sets forth a breakdown of the revenue from our commercial operational and property management services segment by geographic region for the periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2017		2018		2019		2019		2020	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)									
South China Region	307,524	29.9	633,625	38.0	1,029,091	42.9	481,147	43.7	613,920	42.2
North China Region	213,233	20.7	356,984	21.4	528,935	22.1	229,585	20.8	315,979	21.7
West China Region	223,002	21.7	295,865	17.7	366,130	15.3	171,443	15.6	205,757	14.2
Northeast China Region	118,107	11.5	121,133	7.3	148,710	6.2	62,933	5.7	109,328	7.5
Central China Region	122,074	11.9	156,624	9.4	164,005	6.8	76,235	6.9	101,677	7.0
East China Region	44,117	4.3	104,135	6.2	159,664	6.7	80,772	7.3	106,545	7.4
Total	**1,028,057**	**100.0**	**1,668,366**	**100.0**	**2,396,535**	**100.0**	**1,102,115**	**100.0**	**1,453,206**	**100.0**

The table below sets forth a breakdown of the revenue from our commercial operational and property management services segment by city tier for the periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2017		2018		2019		2019		2020	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)									
First tier cities	232,956	22.7	592,588	35.5	937,490	39.1	452,712	41.1	543,630	37.4
Second tier cities	639,533	62.2	865,739	51.9	1,141,753	47.6	515,283	46.8	724,479	49.9
Others	155,568	15.1	210,039	12.6	317,292	13.3	134,120	12.1	185,097	12.7
Total	**1,028,057**	**100.0**	**1,668,366**	**100.0**	**2,396,535**	**100.0**	**1,102,115**	**100.0**	**1,453,206**	**100.0**

Shopping Malls

Commercial Operational Services

Overview

Historically, the commercial operational services to shopping malls were provided in the form of inter-departmental services as part of CR Land's integrated commercial property development and investment business without charging separate fees. From January 2020, we started to monetize this business segment and began to generate revenue from commercial operational services provided to shopping malls. As of June 30, 2020, we operated 51 shopping mall projects, with an aggregate GFA under commercial operational services of 5.6 million sq.m., among which 31 shopping mall projects with GFA under management of 4.0 million sq.m. were under our property management services.

The table below sets forth some details of the contracted GFA and GFA under commercial operational services for shopping malls as of the dates indicated:

	As of December 31,			As of June 30,
	2017	2018	2019	2020
Contracted GFA *(sq.m. in thousands)*	N/A(1)	N/A(1)	N/A(1)	5,610
Number of projects for contracted GFA	N/A(1)	N/A(1)	N/A(1)	51
GFA under commercial operational services *(sq.m. in thousands)*(2)	3,616	4,728	5,483	5,610
Number of projects under commercial operational services	31	41	50	51

(1) In 2017, 2018 and 2019, our commercial operational services to shopping malls were provided as inter-departmental services as part of CR Land's integrated commercial property development and investment business without charging separate fees.

(2) We provided commercial operational services to shopping malls owned or developed by CR Group and CR Land, except one project with GFA under commercial operational services of 127.4 thousand sq.m. as of June 30, 2020 and revenue generated from commercial operational services of RMB2.4 million during the first half of 2020.

Scope of Services

Pre-opening Management Services

Our pre-opening management services mainly include the following:

- *Positioning and design management services*. We conduct market research to determine the positioning of shopping malls in terms of their services and operations based on their geographic locations, business environment, competitors, customer demand and regional culture. Based on the project positioning, we assist property owners to select design companies and provide design consultancy and management services.

- *Tenant sourcing and management services*. We formulate tenant sourcing strategy based on project positioning. We assist property developers or owners to identify and solicit target tenants. In addition, we conduct tenant background search and tenant negotiation.

Operation Management Services

Our operation management services mainly include the following:

- *Opening preparation services*. We provide a series of management services in preparation for shopping malls' opening, including formulating promotion strategies, cost control and budget plans, and property management plans. We also organize opening ceremony and promotion events.

- *Tenant coaching services*. We strive to assist tenants to improve business performance through daily communication and management services. We actively respond to tenants' needs such as advertising space allocation and equipment maintenance. We assist tenants in their daily operations and, if requested, we may propose solutions to poorly operated business. We provide training on shopping mall management systems, shop display, customer relations and customer acquisition.

- *Consumer management services*. We have established an integrated membership program for shopping malls so that our members can enjoy consistent services and benefits across the country. We provide differentiated services according to membership tiers, and we provide services via online media or mobile apps such as the "E-MIXC" app and WeChat mini-programs.

- *Marketing and publicity services*. We assist tenants in their business promotion activities, such as new product releases, holiday sales and themed events.

Our Brands

We provide commercial operational services to shopping malls under two major brands, namely "MIXC" (萬象城) and "MIXONE" (萬象匯). As of June 30, 2020, we managed 22 shopping mall projects under MIXC and 26 shopping mall projects under MIXONE.

MIXC (萬象城)

MIXC is the premium brand under our management, targeting mid- to high-end customers. Shopping malls under this brand are typically located in city centers or core areas of first and second tier cities. MIXC shopping malls feature many flagship stores and offer quality services and brands, including international luxury brands across dining, apparel and other categories to accommodate consumers' personal lifestyle and tastes. Each MIXC shopping mall is positioned as a regional landmark shopping mall.

Some of our landmark shopping malls under MIXC are:

Shenzhen MIXC (深圳萬象城)

In 2004, the first MIXC shopping mall was launched in Shenzhen, located in the Luohu central business district, which was the first urban commercial complex project of CR Land, and is one of the exemplary shopping malls in China. As of June 30, 2020, Shenzhen MIXC's GFA under management was approximately 139 thousand sq.m., and it is one of the most high-end shopping malls in China, which targets high-end customers in Shenzhen and Guangdong province, and provides premium services and many high-end and luxury brands.

Hangzhou MIXC (杭州萬象城)

Opened in 2010, Hangzhou MIXC is located in the central business district of Qianjiang New Town in Hangzhou. As of June 30, 2020, its GFA under management was approximately 140 thousand sq.m. Targeting high-end customers in Hangzhou and surrounding cities, Hangzhou MIXC provides luxury and high-end brands and high quality services, and it is one of the most premium shopping malls in Hangzhou.

Shenyang MIXC (瀋陽萬象城)

Opened in 2011, Shenyang MIXC is located in Qingnian Avenue along the "Central Urban Corridor," the core business area in Shenyang. As of June 30, 2020, its GFA under management was approximately 166 thousand sq.m. It targets high-end customers and provides many internationally and nationally renowned high-end brands. It is a landmark shopping mall in Shenyang and Northeast China Region with strong market influence and customer attraction.

MIXONE (萬象匯)

Launched in 2013, MIXONE is positioned as a commercial center to provide services for quality lifestyle, targeting young people and families. Shopping malls under this brand are typically located in the regional centers of first and second tier cities or the core areas of third tier cities. It provides shopping, dining and recreational facilities, creating a vibrant and dynamic shopping and social destination for consumers.

Some of our representative shopping malls under MIXONE are:

Shenyang Tiexi MIXONE (瀋陽鐵西萬象匯)

Opened in 2015, Shenyang Tiexi MIXONE is located in the core area of Tiexi District in Shenyang. As of June 30, 2020, its GFA under management was approximately 143 thousand sq.m. Positioned as a mid- to high-end shopping mall, Shenyang Tiexi MIXONE targets family customers in the surrounding community and aims to provide a community-friendly shopping area with relaxing experience.

Hangzhou Xiaoshan MIXONE (杭州蕭山萬象匯)

Opened in 2018, Hangzhou Xiaoshan MIXONE is located in the core area of Xiaoshan District in Hangzhou. As of June 30, 2020, its GFA under management was approximately 92 thousand sq.m. Positioned as a mid- to high-end shopping mall, Hangzhou Xiaoshan MIXONE targets family customers and provides family-oriented shopping experience.

Zibo MIXONE (淄博萬象匯)

Opened in 2015, Zibo MIXONE is located in the center of Zhangdian District, the core business district in Zibo. As of June 30, 2020, its GFA under management was approximately 155 thousand sq.m. Targeting family customers, Zibo MIXONE provides fast fashion brands and features one-stop shopping experience covering retail, dining, leisure and entertainment. It is one of the most popular shopping centers in Zibo.

Geographic Presence

We established a strong footprint in first and second tier cities and provincial capital cities with strong economic potentials and expanded our business in the Yangtze River Delta, the Greater Bay Area and other economic zones. As of June 30, 2020, we have expanded our geographic presence to 35 cities across 21 provinces, municipalities and autonomous regions in China.

Project Overview

The table below sets forth certain information of the shopping malls for which we have entered into commercial operational service contracts, and have opened for business as of June 30, 2020:

Region	Number of projects	GFA[(1)]	Occupancy rate[(2)]
		(sq.m. in thousands)	*(%)*
MIXC (萬象城)			
North China Region	5	985	90.2
South China Region	7	979	93.8
East China Region	4	565	91.0
West China Region	3	481	96.2
Central China Region	2	324	97.3
Northeast China Region	1	166	98.6
MIXONE (萬象匯)			
North China Region	8	739	92.8
Northeast China Region	4	384	93.5
East China Region	5	355	95.2
Central China Region	4	232	93.8
South China Region	4	145	91.4
West China Region	1	59	91.0

Region	Number of projects	GFA(1)	Occupancy rate(2)
		(sq.m. in thousands)	*(%)*
Others			
North China Region, East China Region and South China Region	3	196	87.5
Total	**51**	**5,610**	**93.1**

(1) GFA refers to the aggregate GFA under management of shopping malls for which we provided commercial operational services.

(2) Occupancy rate is calculated as area of all the shopping malls that have entered into leasing agreements divided by gross leasable area of these shopping malls as of the end of the relevant period based on our internal record.

Pipeline Projects

Since June 30, 2020 and up to the Latest Practicable Date, we have entered into 48 commercial operational service contracts for shopping malls, with a contracted GFA of 4.5 million sq.m. As of the Latest Practicable Date, three shopping malls have opened for business, and the remaining are expected to open between 2021 and 2024.

The table below sets forth certain information of the pipeline shopping malls for which we have entered into commercial operational service contracts, as of the Latest Practicable Date:

Region	Number of projects	Contracted GFA
		(sq.m. in thousands)
MIXC (萬象城)		
West China Region	3	380
South China Region	3	374
Central China Region	2	344
East China Region	5	543
Northeast China Region	1	153
MIXONE (萬象匯)		
South China Region	6	453
East China Region	4	384
West China Region	4	332
North China Region	4	313
Northeast China Region	2	167
Central China Region	1	41
Others		
South China Region	6	475
North China Region	3	238
East China Region	3	173
West China Region	1	153
Total	**48**	**4,522**

The table below sets forth certain information of the pipeline shopping malls for which we have entered into commercial operational service contracts as of the Latest Practicable Date by expected opening year:

Opening year/expected opening year	Number of projects	Contracted GFA
		(sq.m. in thousands)
Before end of 2020[1]	7	567
2021	10	984
2022	12	955
2023	13	1,404
2024	6	613
Total	**48**	**4,522**

(1) Includes one project which opened for business in 2013 and our commercial operational service contract effects from August 2020 and one project which opened for business in 2016 and our commercial operational service contract effects from November 2020.

The table below sets forth a breakdown of certain information of the pipeline shopping malls for which we have entered into commercial operational service contracts as of the Latest Practicable Date by type of property developer:

	Number of projects	Contracted GFA
		(sq.m. in thousands)
CR Group and CR Land	44	4,244
Independent third-party developers	4	278
Total	**48**	**4,522**

As of the Latest Practicable Date, we entered into commercial operational service contracts for 99 shopping mall projects (including the 51 projects under our commercial operational service as of June 30, 2020) with an aggregate contracted GFA of 10.1 million sq.m.

Property Management and Other Services

We mainly provide property management and other services to shopping malls that we concurrently provide commercial operational services. During the Track Record Period, all the shopping malls that we provided property management services to were developed or owned by CR Group and CR Land. The table below sets forth some details of our contracted GFA and GFA under management of shopping malls as of the dates indicated:

	As of December 31,			As of June 30,
	2017	2018	2019	2020
Contracted GFA *(sq.m. in thousands)*	2,515	3,396	3,954	3,954
Number of projects for contracted GFA	19	26	31	31
GFA under management *(sq.m. in thousands)*	2,403	3,375	3,954	3,954
Number of projects for GFA under management	17	25	31	31

After June 30, 2020 and up to the Latest Practicable Date, we obtained new mandates to provide property management and other services to 32 additional shopping mall projects (developed by CR Group and CR Land) with contracted GFA of 2.6 million sq.m., among which 13 shopping mall projects are yet to be delivered. As of the Latest Practicable Date, we have 63 shopping mall projects for which we have entered into property management service contracts with an aggregate contracted GFA of 6.5 million sq.m., among which 50 shopping mall projects with GFA under management of 5.3 million sq.m. were under both our commercial operational services and property management and other services.

The table below sets forth a breakdown of certain details of shopping malls which are yet to be delivered as of the Latest Practicable Date by type of property developer:

	As of the Latest Practicable Date	
	Number of projects	**Contracted GFA**
		(sq.m. in thousands)
CR Group and CR Land	13	1,206
Independent third-party developers	—	—
Total	**13**	**1,206**

The table below sets forth a breakdown of certain details of shopping malls which are yet to be delivered as of the Latest Practicable Date by expected year of delivery:

Expected delivery year	**Number of projects**	**Contracted GFA**
		(sq.m. in thousands)
2020	3	268
2021	5	487
2022	5	451
Total	**13**	**1,206**

Scope of Services

The property management and other services we provide to property developers, property owners and tenants for shopping malls comprise the following:

- *Security*. The security services we provide include, among others, traffic management, parking management, patrolling, event management, emergency response, access control and fire safety. We provide our security services primarily through our own staff. For car park management and security services in certain projects, we provide services through subcontractors.

- *Cleaning and greening*. We provide general cleaning and hygiene maintenance services to the common areas, among others, exterior walls, staircases, lobbies, car parks, basements and gardens. We provide greening services such as pruning, fertilizing and pest control. Our cleaning and greening are mainly provided through subcontractors.

- *Repair and maintenance.* We are generally responsible for ensuring that elevator systems, power supply and distribution systems, water supply and drainage systems, fire extinguishing and air conditioning systems, and other facilities and equipment are in good working order. We also arrange site renovation projects. We generally provide repair and maintenance services through our own employees. For elevator and fire extinguishing systems, site renovation and work performed at heights, we typically outsource to subcontractors.

- *Other value-added services.* we offer preliminary consultancy services, and opening preparation services to property developers. During property construction, we assist with reviewing designs and construction drawings, selecting equipment, conducting on-site inspection and also facilitating project handover before opening.

Geographic Presence

As of June 30, 2020, we expanded our geographic presence to 25 cities across 17 provinces, municipalities and autonomous regions in China.

The table below sets forth a breakdown by geographic region of our total GFA under management and number of projects with respect to our property management and other services to shopping malls as of the dates indicated:

	As of December 31,									As of June 30,					
	2017			2018			2019			2019			2020		
	GFA under management (sq.m.in thousands)	(%)	Number of projects	GFA under management (sq.m.in thousands)	(%)	Number of projects	GFA under management (sq.m.in thousands)	(%)	Number of projects	GFA under management (sq.m.in thousands)	(%)	Number of projects	GFA under management (sq.m.in thousands)	(%)	Number of projects
North China Region	774	32.2	6	1,166	34.5	8	1,459	36.9	10	1,166	34.5	8	1,459	36.9	10
South China Region	553	23.0	3	899	26.6	6	1,020	25.8	8	899	26.6	6	1,020	25.8	8
Northeast China Region	310	12.9	2	394	11.7	3	483	12.2	4	394	11.7	3	483	12.2	4
West China Region	349	14.5	2	408	12.1	3	408	10.3	3	408	12.1	3	408	10.3	3
Central China Region	418	17.4	4	418	12.4	4	493	12.5	5	418	12.4	4	493	12.5	5
East China Region	—	—	—	90	2.7	1	90	2.3	1	90	2.7	1	90	2.3	1
Total	**2,403**	**100.0**	**17**	**3,375**	**100.0**	**25**	**3,954**	**100.0**	**31**	**3,375**	**100.0**	**25**	**3,954**	**100.0**	**31**

The table below sets forth a breakdown by city tier of our total GFA under management and number of projects with respect to our property management and other services to shopping malls as of the dates indicated:

	As of December 31,									As of June 30,					
	2017			2018			2019			2019			2020		
	GFA under management		Number of projects	GFA under management		Number of projects	GFA under management		Number of projects	GFA under management		Number of projects	GFA under management		Number of projects
	(sq.m.in thousands)	*(%)*		*(sq.m.in thousands)*	*(%)*		*(sq.m.in thousands)*	*(%)*		*(sq.m.in thousands)*	*(%)*		*(sq.m.in thousands)*	*(%)*	
First tier cities	509	21.2	4	589	17.5	5	589	14.9	5	589	17.5	5	589	14.9	5
Second tier cities	1,510	62.8	10	2,104	62.3	14	2,478	62.7	18	2,104	62.3	14	2,478	62.7	18
Others	384	16.0	3	682	20.2	6	887	22.4	8	682	20.2	6	887	22.4	8
Total	**2,403**	**100.0**	**17**	**3,375**	**100.0**	**25**	**3,954**	**100.0**	**31**	**3,375**	**100.0**	**25**	**3,954**	**100.0**	**31**

Expansion of Property Portfolio

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

	As of December 31,						As of June 30,	
	2017		2018		2019		2020	
	Contracted GFA	GFA under management	Contracted GFA	GFA under management	Contracted GFA	GFA under management	Contracted GFA	GFA under management
	(sq.m.in thousands)							
As of beginning of the year or period	2,177	2,177	2,515	2,403	3,396	3,375	3,954	3,954
New engagements[(1)]	338	226	881	972	558	579	—	—
Acquisitions	—	—	—	—	—	—	—	—
Terminations	—	—	—	—	—	—	—	—
As of end of the year or period	**2,515**	**2,403**	**3,396**	**3,375**	**3,954**	**3,954**	**3,954**	**3,954**

(1) In relation to shopping malls we managed, new engagements primarily include service engagements for new property developed by CR Group and CR Land.

We maintained high retention rates during the Track Record Period. In 2017, 2018, 2019 and the six months ended June 30, 2019 and 2020, our retention rates (calculated as the aggregate number of properties under management during the period minus the number of properties we ceased to manage during the same period, then divided by the aggregate number of properties under management during the period) for our shopping mall property management service contracts were all 100.0%.

Commercial Subleasing Services

For certain quality shopping malls developed or owned by independent third-party developers, we lease properties from their owners and sublease to tenants as sub-lessors. According to our positioning and investment strategy for each commercial subleasing project, we may conduct necessary site renovation and furnishing services to the leased properties to improve operating efficiency.

The table below sets forth certain information of the two shopping mall subleasing projects as of June 30, 2020:

Project	Brand	Opening date	Location	Geographic region	Contract effective date	Contract term[(1)]	Occupancy rate[(2)]	Gross leasable area[(3)]
		(Month - Year)			*(Month - Year)*	*(Year)*	*(%)*	*(sq.m. in thousands)*
Luzhou MIXONE (Phase I) (瀘州萬象匯一期)	MIXONE	11 - 2015	Luzhou	West China	04 - 2014	18	97.0	53
Buji MIXONE (布吉萬象匯)	MIXONE	04 - 2018	Shenzhen	South China	07 -2017	25	94.0	68

* Due to different treatments under HKFRS 16 and HKAS 40, Shenzhen Buji MIXONE was recognized as investment property in our combined statements of financial position, whereas Luzhou MIXONE (Phase I) was not. See "Financial Information — Description of Certain Components of Our Combined Statements of Financial Position — Investment Property."

(1) Contract term represents the period of time during which we lease the shopping malls. The contract term typically commenced on the opening date of the relevant shopping malls.

(2) Occupancy rate is calculated as area of a shopping mall that has entered into leasing agreements divided by gross leasable area of a shopping mall as of June 30, 2020.

(3) Gross leasable area refers to the area in a commercial property designed for the exclusive use of a tenant.

In August 2020, we have also entered into a commercial subleasing service agreement with the property owner of Lanzhou MIXC, an independent third-party developer. Lanzhou MIXC is located in Lanzhou, Gansu province and expected to open for business in the second half of 2021. The estimated GFA is approximately 157 thousand sq.m.

Business Expansion

We mainly provide commercial operational services to shopping malls owned or developed by CR Group and CR Land. In addition, we choose to provide property management and other services to shopping malls that we concurrently provide commercial operational services. During the Track Record Period, we mainly expanded the property management service business for shopping malls by obtaining new engagements for shopping malls developed or owned by the CR Group and CR Land.

We will also expand the services to Independent Third Parties and expand our services through an asset-light business model. By leveraging our brand name and market influence, we endeavor to acquire potential customers, including small- and medium-sized property developers, enterprises and other institutions who need commercial operational services. We will continue to offer comprehensive services, including both commercial operational services and property management services to shopping malls to further improve the market influence of our brand. We have been increasing our business penetration in the areas where we already have presence. We will also actively seek opportunities for new operational services engagements for shopping malls in geographic markets such as Greater Bay Area and Yangtze River Delta Economic Zone.

Revenue Model and Pricing Policies

Commercial Operational Services

For provision of the commercial operational services, we generally charge service fees depending on the nature of our services rendered. We may also charge other fees such as brand licensing fee.

The table below sets forth the types of our commercial operational services and the corresponding fees we typically charge:

Business	Revenue model
Pre-opening Management Services	
- Positioning and design management services	• fixed fee
- Tenant sourcing and management services	• fixed fee equal to up to three months' rent
Operation Management Services	• commission based fee, calculated as a percentage of the rental income or operating income (up to 5%), and/ or operating profit (up to 10%) • other fixed fees: management outsourcing fee and brand licensing fee

For the pricing of commercial operational service fees, we will consider a range of factors, including (i) positions and scale of the targeted shopping malls; (ii) property conditions and availability of facilities; and (iii) fees charged by competitors in the industry.

Property Management Services

During the Track Record Period, we charged property management fees for shopping malls on a lump-sum basis with reference to the our past practice of shopping malls management. Starting from the second half of 2020, we have gradually switched this revenue model to a commissions basis, mainly due to our strategic plan to streamline the relationships among property owners, tenants and us, and enhance our profitability. In particular, we believe this change can (i) streamline the relationships among property owners, tenants and us, as we now charge the property owners of shopping malls directly for all property management fees, as opposed to our past practice of collecting such fees from either property owners or tenants or both, which is expected to reduce the counterparty risk exposure faced by us as well as our administrative burden; and (ii) enhance our profitability because under the lump sum basis revenue model we incur certain direct costs for our provision of property management services, whereas such costs are now borne by the property owners of shopping malls and not recorded in our combined statements of profit or loss under the commission basis revenue model. Before June 30, 2020, we generated a substantial majority of our property management fees for shopping malls from property owners, while the remainder from tenants. As of the Latest Practicable Date, all of our property management fees for shopping malls are paid or payable by the relevant property owners due to the change in our revenue model. For other fees such as preliminary consultancy service fees and opening preparation service fees, we charged a commission based on actual costs or on a lump sum basis.

Property Management Fees

We adopted a lump sum basis revenue model when charging property management fees on shopping malls, similar to those for residential properties. For details, see "— Residential Property Management Services — Revenue Model and Pricing Policies — Property Management Services."

During the Track Record Period, certain of our property management projects charged on a lump sum basis incurred losses, primarily due to the fluctuating costs incurred in operation. For details, see "Risk Factors — Risks relating to our Business and Industry — Our ability to maintain or improve our current level of profitability depends on our ability to control operating costs, in particular, labor costs and subcontracting costs."

Starting from the second half of 2020, we have gradually switched revenue model for property management services to shopping malls to commission basis. Under the commission basis, we charge a fixed fee on a per sq.m. basis. We normally pay the expenses and costs incurred in operation first on behalf of property owners, who will periodically pay us back. Therefore, we do not recognize any direct cost for commercial property management services charged on a commission basis in general. Such costs are typically borne by property owners. We will collect property management fees directly from property owners of shopping malls under this revenue model, whereas property owners will collect the amount of property management fees from their respective tenants.

We generally price our property management services based on a number of factors, such as (i) project positioning, (ii) fees charged by peer companies, and (iii) our estimated costs and profit margin target. As advised by our PRC legal advisor, unlike residential properties, commercial properties are not subject to the pricing regulations imposed by the PRC government.

In 2017, 2018, 2019 and the six months ended June 30, 2020, our weighted average property management fee rates for shopping malls were RMB15.06 per sq.m. per month, RMB15.34 per sq.m. per month, RMB16.26 per sq.m. per month and RMB14.96 per sq.m. per month, respectively. For details, see "Financial Information — Principal Components of Our Combined Statements of Profit or Loss — Revenue — Commercial Operational and Property Management Services — Shopping Malls — (ii) Property Management and Other Services." The adoption of the revenue model to a commission basis is expected to reduce our weighted average property management fee rates for shopping malls going forward, as under the lump sum basis revenue model we incur certain direct costs for our provision of property management services, and such costs are borne by the property owners of shopping malls and not recorded in our combined statements of profit or loss under the commission basis revenue model. Accordingly, our weighted average property management fee rates for shopping malls on a lump sum basis are not comparable to those on a commission basis. Under the commission basis revenue model, we charge a fixed commission fee on a per sq.m. basis, the fee rate of which typically ranges between RMB1.2 to RMB1.8 per month per sq.m.

Commercial Subleasing Services

We charge tenants rents and property management fees at fee rates generally in line with prevailing market rates, and pay an agreed amount of rent to property owners, or share the operating income generated from the leased properties with property owners with a pre-determined rate.

Office Buildings

As of June 30, 2020, we provided property management and other services to 73 office building projects with an aggregate GFA under management of 5.1 million sq.m. Starting from the second half of 2020, we started to provide commercial operational services to office buildings.

The table below sets forth certain information of office building projects in operation for which we have entered into property management service contract as of June 30, 2020:

Region	Number of projects	GFA[(1)]
		(sq.m. in thousands)
South China Region	22	1,714
East China Region	16	1,108
North China Region	17	1,206
West China Region	7	549
Central China Region	6	380
Northeast China Region	5	184
Total	**73**	**5,141**

(1) GFA refers to GFA for which we provided property management and other services.

Property Management and Other Services

We provide property management and other services to office buildings in China. Our managed office buildings are primarily located in first and second tier cities and other cities with strong economic potentials in Greater Bay Area, Yangtze River Delta and Beijing-Tianjin-Hebei. The table below sets forth some details of our contracted GFA and GFA under management of office building projects as of the dates indicated:

	As of December 31,			As of June 30,
	2017	2018	2019	2020
Contracted GFA *(sq.m. in thousands)*	3,442	5,153	5,862	6,572
Number of projects for contracted GFA	45	64	76	86
GFA under management *(sq.m. in thousands)*	2,467	3,496	5,155	5,141
Number of projects for GFA under management	34	56	72	73

After June 30, 2020 and up to the Latest Practicable Date, we obtained new mandates to provide property management and other services to four additional office building projects with contracted GFA of 0.3 million sq.m., among which three office building projects with contracted GFA of 0.3 million sq.m. were developed by CR Group and CR Land. As of the Latest Practicable Date, we have 90 office building projects for which we have entered into property management service contracts with an aggregate contracted GFA of 6.9 million sq.m.

The table below sets forth a breakdown of certain details of office building projects which are yet to be delivered as of the Latest Practicable Date by type of property developer:

	As of the Latest Practicable Date	
	Number of projects	Contracted GFA
		(sq.m. in thousands)
CR Group and CR Land	15	1,749
Independent third-party developers	1	2
Total	**16**	**1,751**

Source of Projects

The tables below set forth a breakdown of the number of office building projects under our management, the aggregate GFA under management as of the dates indicated, and revenue generated from property management and other services by type of property developer as of the dates indicated:

	As of December 31,														
	2017					2018					2019				
	GFA under management		Revenue		Number of projects	GFA under management		Revenue		Number of projects	GFA under management		Revenue		Number of projects
	(sq.m. in thousands)	*(%)*	*(RMB in thousands)*	*(%)*		*(sq.m. in thousands)*	*(%)*	*(RMB in thousands)*	*(%)*		*(sq.m. in thousands)*	*(%)*	*(RMB in thousands)*	*(%)*	
CR Group and CR Land	2,434	98.7	309,333	99.6	33	3,418	97.8	513,179	97.7	53	4,886	94.8	818,068	97.6	66
Independent third-party developers	33	1.3	1,393	0.4	1	78	2.2	12,035	2.3	3	269	5.2	20,160	2.4	6
Total	**2,467**	**100.0**	**310,726**	**100.0**	**34**	**3,496**	**100.0**	**525,214**	**100.0**	**56**	**5,155**	**100.0**	**838,228**	**100.0**	**72**

	As of June 30,									
	2019					2020				
	GFA under management		Revenue		Number of projects	GFA under management		Revenue		Number of projects
	(sq.m. in thousands)	*(%)*	*(RMB in thousands)*	*(%)*		*(sq.m. in thousands)*	*(%)*	*(RMB in thousands)*	*(%)*	
CR Group and CR Land	4,319	98.2	377,625	97.3	59	4,903	95.4	435,587	97.2	68
Independent third-party developers	78	1.8	10,616	2.7	3	238	4.6	12,600	2.8	5
Total	**4,397**	**100.0**	**388,241**	**100.0**	**62**	**5,141**	**100.0**	**448,187**	**100.0**	**73**

During the Track Record Period, most of the office buildings under our management were developed by CR Group and CR Land. The table below sets forth a breakdown of our gross profit and gross profit margin of property management and other services to office buildings by type of property developer for the periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2017		2018		2019		2019		2020	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	(RMB in thousands, except for percentages)									
CR Group and CR Land	63,280	20.5%	108,216	21.1%	203,794	24.9%	107,889	28.6%	156,543	35.9%
Independent third-party developers	135	9.7%	1,172	9.7%	1,981	9.8%	2,661	25.1%	1,567	12.4%
Total	**63,415**	**20.4%**	**109,388**	**20.8%**	**205,775**	**24.5%**	**110,550**	**28.5%**	**158,110**	**35.3%**

We managed to grow the percentage of GFA under management for office building projects developed by independent third-party developers from 1.3% as of December 31, 2017 to approximately 5.2% as of December 31, 2019. The number of office building projects under our management which were developed by independent third-party developers increased from one as of December 31, 2017 to six as of December 31, 2019. We attribute this growth to our ability to search for and capture market opportunities independent from our affiliation with CR Land or CR Group. In the future, we plan to further expand our services to Independent Third Parties.

Geographic Presence

As of June 30, 2020, we expanded our geographic presence to 32 cities across 21 provinces, municipalities and autonomous regions in China.

The table below sets forth a breakdown by geographic region of our total GFA under management and number of projects with respect to our property management and other services to office buildings as of the dates indicated:

	As of December 31,									As of June 30,					
	2017			2018			2019			2019			2020		
	GFA under management		Number of projects	GFA under management		Number of projects	GFA under management		Number of projects	GFA under management		Number of projects	GFA under management		Number of projects
	(sq.m.in thousands)	*(%)*		*(sq.m.in thousands)*	*(%)*		*(sq.m.in thousands)*	*(%)*		*(sq.m.in thousands)*	*(%)*		*(sq.m.in thousands)*	*(%)*	
South China Region	371	15.0	4	539	15.4	11	1,686	32.7	21	1,134	25.8	14	1,714	33.3	22
East China Region	304	12.3	4	1,016	29.1	13	1,152	22.3	17	1,085	24.7	15	1,108	21.6	16
North China Region	861	34.9	11	969	27.7	16	1,206	23.4	17	1,206	27.4	17	1,206	23.5	17
West China Region	408	16.6	5	408	11.7	5	547	10.6	6	408	9.3	5	549	10.7	7
Central China Region	339	13.7	5	380	10.9	6	380	7.4	6	380	8.6	6	380	7.4	6
Northeast China Region	184	7.5	5	184	5.2	5	184	3.6	5	184	4.2	5	184	3.5	5
Total	**2,467**	**100.0**	**34**	**3,496**	**100.0**	**56**	**5,155**	**100.0**	**72**	**4,397**	**100.0**	**62**	**5,141**	**100.0**	**73**

The table below sets forth a breakdown by city tier of our total GFA under management and number of projects with respect to our property management and other services to office buildings as of the dates indicated:

	As of December 31,									As of June 30,					
	2017			2018			2019			2019			2020		
	GFA under management		Number of projects	GFA under management		Number of projects	GFA under management		Number of projects	GFA under management		Number of projects	GFA under management		Number of projects
	(sq.m.in thousands)	*(%)*		*(sq.m.in thousands)*	*(%)*		*(sq.m.in thousands)*	*(%)*		*(sq.m.in thousands)*	*(%)*		*(sq.m.in thousands)*	*(%)*	
First tier cities	472	19.1	8	1,150	32.9	22	2,065	40.1	28	1,832	41.7	25	2,004	39.0	27
Second tier cities	1,725	69.9	21	1,973	56.4	25	2,425	47.0	31	2,084	47.4	26	2,454	47.7	33
Others	270	11.0	5	373	10.7	9	665	12.9	13	481	10.9	11	683	13.3	13
Total	**2,467**	**100.0**	**34**	**3,496**	**100.0**	**56**	**5,155**	**100.0**	**72**	**4,397**	**100.0**	**62**	**5,141**	**100.0**	**73**

Scope of Services

The property management and other services we provide to property developers, property owners and tenants for office buildings comprise the following:

- *Security*. The security services that we provide primarily include patrolling, electronic access control, manned guard stations, video surveillance, carpark security, visitor management and emergency response. We generally provide security services through our own employees.

- *Cleaning and greening*. We provide general cleaning, waste clearance, pest control, greening and gardening services. Our cleaning and greening services are provided mainly through subcontractors.

- *Repair and maintenance*. The scope of our property repair and maintenance services typically covers (i) common area equipment and facilities, such as elevators, escalators and central air conditioning systems, (ii) fire and safety facilities, such as fire extinguishers and fire alarm systems, (iii) utility facilities, such as power supply and distribution systems and water supply and drainage systems, and (iv) other buildings and ancillary facilities and equipment. We generally provide repair and maintenance services through our own employees. For elevator and fire extinguishing systems and work performed at heights, we generally outsource to specialized and qualified subcontractors.

- *Other value-added services.* We also provide value-added services to property developers and property owners. For property developers, we provided pre-delivery services to assist property developers with their sales and marketing activities so as to create a good brand image to potential property buyers, which was charged generally on a commission basis during the Track Record Period. We also provide preliminary consultancy, preliminary preparation services to address property developers' needs during the early stage of their property development projects and assist them to make substantial preliminary preparation for our management services before the provision of such services commences. For tenants, we provide (i) brokerage services for office sales and rental transactions, (ii) renovation services, and (iii) common area management services mainly by leasing out common areas such as car parks, advertising spaces and other open areas and are entitled to the income generated.

Expansion of Property Portfolio

We had been expanding our property management services business for office buildings during the Track Record Period primarily through securing new property management engagements with real estate developers. The table below indicates the movement of our (i) contracted GFA and (ii) GFA under management during the Track Record Period:

	As of December 31,						As of June 30,	
	2017		2018		2019		2020	
	Contracted GFA	GFA under management	Contracted GFA	GFA under management	Contracted GFA	GFA under management	Contracted GFA	GFA under management
	(sq.m. in thousands)							
As of beginning of the year or period	2,909	1,713	3,442	2,467	5,153	3,496	5,862	5,155
New engagements(1)	533	754	1,742	1,029	754	1,705	802	78
Acquisitions	—	—	—	—	—	—	—	—
Terminations	—	—	31	—	46	46	92	92
As of end of the year or period	**3,442**	**2,467**	**5,153**	**3,496**	**5,862**	**5,155**	**6,572**	**5,141**

(1) In relation to office buildings we manage, new engagements primarily include service engagements for new property developed by CR Group, CR Land and, in a few cases, any service engagements for replacement of other previous property management companies.

We maintained high retention rates during the Track Record Period. In 2017, 2018, 2019 and the six months ended June 30, 2019 and 2020, our retention rates (calculated as the aggregate number of properties under management during the period minus the number of properties we ceased to manage during the same period, then divided by the aggregate number of properties under management during the period) for our office building property management service contracts were 100.0%, 100.0%, 97.3%, 96.9% and 97.3%, respectively.

We have expanded our property management portfolio for office buildings primarily through securing new property management engagements with real estate developers. Leveraging our brand stature and managing experience, we actively seek opportunities to manage regional landmark office buildings in first and second tier cities.

We conduct feasibility analysis and financial projections before taking on a new engagement, considering a variety of factors, such as the profile and size of the property, estimated costs of managing the property, historical property management fee collection rate, projected profitability, competitive landscape of the local market and applicable regulatory requirement and potential synergy with our other businesses.

Commercial Operational Services

Meanwhile, we have also been actively seeking opportunities for providing commercial operational services to office building projects. From the second half of 2020, we began to provide commercial operational services, including tenant sourcing, asset management and operational services, and opening preparation services, to office buildings.

As of the Latest Practicable Date, we entered into commercial operational service contracts for 29 office building projects, among which we have commenced providing commercial operational services to 19 projects. In the meantime, we also provide property management services to these 19 office building projects. For the remaining ten office building projects for which we have not started to provide services, except for one project with a contracted GFA of 0.05 million sq.m. that is under property management service contract with an independent third-party developer, we plan to provide property management services to the remaining nine projects in the near future as they are still at the preliminary stage of development.

The table below sets forth certain information of office building projects for which we have entered into commercial operational service contracts as of the Latest Practicable Date:

Region	Number of projects	Contracted GFA
		(sq.m. in thousands)
South China Region	6	862
North China Region	12	427
East China Region	6	239
Central China Region	2	82
Northeast China Region	2	75
West China Region	1	72
Total	**29**	**1,757**

The table below sets forth a breakdown of certain information of the office building projects for which we have entered into commercial operational service contracts as of the Latest Practicable Date by type of property developer:

	Number of projects	Contracted GFA
		(sq.m. in thousands)
CR Group and CR Land	28	1,744
Independent third-party developers	1	13
Total	**29**	**1,757**

The table below sets forth certain information of the office building projects for which we have entered into commercial operational service contracts but yet to provide services as of the Latest Practicable Date by expected service commencement year:

Expected opening year	Number of projects	Contracted GFA
		(sq.m. in thousands)
2020	4	332
2021	2	51
2022	1	96
2023 or later(1)	3	44
Total	**10**	**523**

(1) Includes one project with contracted GFA of 14 thousand sq.m. for which we expect to commence providing services in 2023 and two projects with contracted GFA of 30 thousand sq.m. whose expected service commencement years are pending.

Revenue Model

During the Track Record Period, we charged property management fees for office buildings on a lump sum basis with reference to our past experience and industry practices.

We adopt a lump sum basis revenue model when charging property management fees on office buildings, similar to those on residential properties. For details, see "— Residential Property Management Services — Revenue Model and Pricing Policies —Property Management Services."

During the Track Record Period, certain of our property management projects incurred losses primarily due to the increased costs incurred from our provision of high quality property management services. For details, see "Risk Factors — Risks relating to our Business and Industry — Our ability to maintain or improve our current level of profitability depends on our ability to control operating costs, in particular, staff costs and subcontracting costs."

We have implemented various cost-saving measures such as automation and hardware upgrade, centralized procurement and smart management to reduce costs and prevent or reduce such shortfall. In the event that we experience unexpected increases in our cost of sales, we may propose raising our office building property management fees with property owners while negotiating to renew our office buildings property management service contracts according to relevant laws and regulations. See "— Pricing Policies" for more details of our pricing policy.

For management and relevant fees we charged for brokerage services, renovation services and common area management services, we adopted the same revenue model with the value-added services for residential properties. For details, see "— Residential Property Management Services — Revenue Model and Pricing Policies — Value-Added Services to Property Developers" and "— Residential Property Management Services — Revenue Model and Pricing Policies — Community Value-added Services."

Pricing Policies

We generally price our property management services for office buildings based on a number of factors, such as (i) the types, locations and surrounding facilities of the properties, (ii) profiles of the property owners and residents, (iii) infrastructure and equipment in the property, (iv) the scope and quality of the services proposed, (v) our estimated costs and profit margin target, and (vi) the pricing of comparable properties. During negotiation for renewal of our property management service agreements, we may propose to raise our property management fee in order to maintain or improve our profitability. As advised by our PRC legal advisor, unlike residential properties, commercial properties are not subject to the pricing regulations imposed by the PRC government.

In 2017, 2018, 2019 and the six months ended June 30, 2020, the weighted average property management fee rates for office buildings developed by CR Group and CR Land were RMB12.21 per sq.m. per month, RMB12.53 per sq.m. per month, RMB14.51 per sq.m. per month and RMB14.11 per sq.m. per month, respectively, generally in line with our major industry peers. During the same period, the weighted average property management fee rates we charged the office buildings developed by Independent Third Party were RMB12.74 per sq.m. per month, RMB11.40 per sq.m. per month, RMB10.10 per sq.m. per month and RMB7.71 per sq.m. per month. For details, see "Financial Information—Principal Components of Our Combined Statements of Profit or Loss — Revenue — Commercial Operational and Property Management Services — Office Buildings."

For other value-added services, we generally price our services with reference to the types of services rendered, brand premium, project profile, our profit margin, and service demand.

PAYMENT AND CREDIT TERMS

Property Management Services and Value-added Services

For our property management services, we may charge property management fees on a monthly basis, depending on the terms of our property management service contracts. Our customers shall pay property management fees once we issue a demand note on a monthly basis. For residential properties, to the extent permitted under applicable PRC laws, we charge property owners utility fees in relation to water and electricity consumed by communal areas, in proportion to the total GFA under management that they occupy and in addition to agreed property management fees.

We primarily accept payments for property management fees through bank transfers, auto-pay, credit cards or third-party payment platforms such as WeChat Pay and Alipay. To facilitate timely collection of payments, we will remind residents to pay the property fees by sending SMS, WeChat messages or letters. In case of payment of property fees in arrears, we will send a notice of arrears to property owners, residents and tenants; in case of arrears for a long period of time, we may consider sending a lawyer's letter on payment reminder.

In 2017, 2018, 2019 and the six months ended June 30, 2020, our collection rate for property management fees with respect to residential properties, calculated as a percentage to the property management fees cumulatively collected by the end of the relevant period of the corresponding total property management fees receivable for the same period, was 90.9%, 91.9%, 92.5% and 74.6%, respectively; our collection rate for property management fees with respect to shopping malls, which were directly collected from the tenants was 99.8%, 96.6%, 100.0% and 81.5%, respectively; our collection rate for property management fees with respect to office buildings was 97.1%, 95.2%, 94.3% and 75.4%, respectively. The decrease of the collection rate for property management fees in the six months ended June 30, 2020 was primarily because we normally increase our collection efforts in the second half of the year. For details, see "Financial Information — Description of Certain Components of Our Combined Statements of Financial Position — Trade Receivables."

Commercial Operational Services

For commercial operational services, we collect service fee depending on the nature of the services. For operation management service fee and brand licensing fee, we generally collect fees twice a year.

SERVICE CONTRACTS

Contracts under Residential Property Management Services

Property Management Service Contracts

For the provision of our property management services, we generally enter into (i) preliminary property management service contracts with property developers or (ii) property management service contracts with property owners' associations (on behalf of the property owners). A preliminary property management service contract is a type of property management service contract that is entered between the property developer and the property management service provider before the property management service provider is engaged by property owners or property owners' association as such contract is generally entered into at the construction and pre-delivery stage of a property development project when the property owners' association has not been established. In relation to residential properties that have already been delivered where property owners' associations are established, we enter into property management service contracts with property owners' associations which act on behalf of property owners. During the Track Record Period, a substantial portion of our revenue from property management services for residential properties was generated from preliminary property management service contracts entered into with property developers, which accounted for 86.2%, 87.0%, 88.7%, 88.2% and 89.2%, respectively of our revenue from property management services for residential properties in 2017, 2018, 2019 and the six months ended June 30, 2019 and 2020.

We generally enter into property management service contracts without fixed terms with property developers, and with fixed terms with property owners' associations, ranging from one to five years.

The table below sets forth the expiry schedule of the property management service contracts for our property management services as of June 30, 2020:

	Contracted GFA	Number of contracts
	(sq.m. in thousands)	
Property management service contracts without fixed terms[1]	78,727	419
Property management service contracts for which we continue to provide service after expiry[2]	21,623	101
Property management service contracts with fixed terms expiring in the years set out below		
2020	13,418	166
2021	7,162	51
2022	3,940	22
2023 and beyond	6,977	28
Total	**131,847**	**787**

(1) Property management service contracts without fixed terms mainly refer to the preliminary property management service contracts entered into with property developers. Such contracts don't have fixed terms and may be terminated upon establishing property owners' associations and new property management service contracts being entered into and becoming effective. As of June 30, 2020, a considerable part of our property management service contracts are preliminary property management service contracts entered into with property developers.

(2) Although the contracts have expired as of June 30, 2020, we are still providing services under the terms of such property management service contracts, mainly because the property owners' meeting for the corresponding properties have not yet been held to renew the property management service contracts or to engage different property management service providers. As advised by our PRC legal advisors, we are entitled to charge property management fees for the services provided under such property management service contracts after expiry.

Key Terms of Preliminary Property Management Service Contracts

Our preliminary property management service contracts typically include the following key terms：

- *Scope of services.* We are responsible for standard property management services, including security of the public area and relevant equipment or facilities, cleaning, greening, maintenance and others.

- *Performance standards*. We agree and set out in the contracts the performance standards of the property management services and the requirement for regular checks and maintenance of equipment and facilities in the public area.

- *Property developer's obligations.* The property developer's obligations mainly include: (i) providing warranty in accordance with the warranty period and scope as required by the government; (ii) obtaining a letter of commitment from the property purchaser stating that it will comply with the provisions of the preliminary property management service contract attached to the property sale and purchase contract; (iii) providing room(s) to us for property management service purposes and for us to set up the property management office;

(iv) ensuring the quality of ancillary equipment and facilities in the public area; (v) providing us the construction plans, acceptance documents and other documents related to the property.

- *Property management fees.* We agree and set out in the contracts the fee standards and settlement terms. The management fees usually start to accrue pursuant to the property management service contracts after the delivery of the properties. The property developer normally shall be responsible for the management fees of the unsold or pre-delivery properties. We charge penalties for breach of contract for late payment of property management fees, and may seek to recover the property management fees through legal proceedings when necessary.

- *Subcontracting.* We may outsource part of the property management services (such as security, cleaning, greening, maintenance of elevators and fire equipment) to subcontractors and are responsible for the overall arrangements and coordination.

- *Term of service.* The contracts we enter into with property developers usually have no fixed terms. They generally come into effect upon execution and terminate on the date the property owners' association enters into a property management service contract with us or engage different property management service companies.

Property developers typically engage property management service providers through a tender and bidding process or in other manners as allowed under applicable PRC laws and regulations and would contract directly with property management service providers before newly developed properties are sold to property owners. After property developers deliver properties to property owners, property owners may form and operate a property owners' association to represent them in matters related to the properties under certain conditions. Upon engagement by the property developers, property management companies will generally need to make registration of the preliminary property management service contracts (together with the proposed property management fees) with the local PRC authorities. Such filing, as required by the local PRC authorities, generally has to be made prior to the approval of property pre-sale permits for the property developers by the local PRC authorities.

The property owners' associations are independent from us. We need to secure our engagement by the property owners' meeting based on reasonable prices, quality services and management methods and other competitive advantages. In the event that a property owners' association is formed, pursuant to applicable PRC laws and regulations, a general meeting of the property owners can engage or dismiss a property management service provider with affirmative votes of property owners who own more than half of the total GFA of the property and who account for more than half of the total number of the property owners. The general meeting can select a new property management service provider by way of a public tender or entering into contract with a specific property management service provider directly, based on certain selection criteria.

As advised by our PRC legal advisor, although neither the property owners' associations nor property owners are parties to the preliminary property management service contracts, these contracts are nonetheless legally binding on the future property owners under PRC law as the property sale and purchase agreements that property owners enter into with property developers shall include the content of the preliminary property management service contracts. Accordingly, property owners are obligated to pay property management fees directly to us under these contracts. Property owners will be our customers of property management services after the delivery of properties. The preliminary property management service contract will be terminated when the property owners' association is formed and a new property management service contract is entered into and becomes effective.

Key Terms of Property Management Service Contracts with Property Owners' Associations

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

- *Scope of services.* We are responsible for standard property management services, including security of the public area and relevant equipment or facilities, cleaning, greening, maintenance and others.

- *Performance standards.* We agree and set out in the contracts the performance standards of the property management services and the requirement for regular check and maintenance of equipment and facilities in the public area.

- *Property management fees.* We agree and set out in the contracts the fee standards and settlement terms. The property owners usually pay management fees corresponding to the construction area of the property it owns. We charge penalties for breach of contract for late payment of property management fees, and when necessary may seek to recover the property management fees through legal proceedings.

- *Rights and obligations of property owners' association.* The rights and obligations of the property owners' association mainly include: (i) supervising our property management services; (ii) providing room to us for property management service purposes and for us to set up the property management office; (iii) ensuring timely payment of property management fees by the property owners; and (iv) assisting us in various matters within the property area, such as property services, promotion and community events.

- *Term of service.* The contracts we enter into with property owners' associations usually have fixed terms ranging from one to five years.

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

The Tender Process

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

A typical tender process primarily involves the following stages:

- *Invitation.* The property developer may publish an announcement to invite potential bidders or extend private invitations to at least three qualified bidders setting out the specifications and requirements for the property management project to be tendered. Tender invitation related documents and governmental approvals in relation to the property project are required to be submitted and filed with the competent local real estate administration department in the PRC in advance.

- *Tender submission.* Bidders submit tender documents to the property developer which generally contain proposed pricing, proposal and plan for property management and other information as specified by the tender invitation. Bidders may be required to provide pre-qualification documents for vetting before the formal tender documents are submitted.

- *Evaluation.* The property developer will establish a tender evaluation committee to review and rank the submitted tenders. The tender evaluation process and the composition of the tender evaluation committee must comply with the requirements of relevant PRC laws and regulations. The tender evaluation committee generally considers factors such as credentials, service quality, availability of capital and proposed fee levels.

- *Selection.* Based on its evaluation, the tender evaluation committee recommends to the property developer and rank the top three bidders. The property developer will generally confirm the top bidder as the winner and proceed to arrange for necessary notification.

- *Award and contract signing.* The property developer must file the result of the tender with the relevant local authorities within 15 days upon confirmation of the award. The property management service contract awarded to the winner is expected to be signed within 30 days upon issuing the notification of the award.

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

During the Track Record Period, we secured our preliminary property management service contracts from property developers mainly through (i) tender and bidding procedures regulated by applicable PRC laws or (ii) commercial negotiation pursuant to approvals obtained from relevant local authorities or otherwise not compulsorily required by the relevant local authorities. As of June 30, 2020, we had ten preliminary property management contracts in respect of residential properties with property developers which were not obtained under the tender and bidding process under PRC laws and regulations or the compulsory requirement of relevant local authorities, representing 1.9% of total GFA under management of our residential and other non-commercial properties. Revenue generated from such relevant property management projects amounted to RMB13.0 million, RMB13.2 million, RMB19.5 million and RMB9.9 million in 2017, 2018, 2019 and the six months ended June 30, 2020, respectively, representing 0.4%, 0.3%, 0.3% and 0.3% of our total revenue for the respective periods.

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

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

As advised by our PRC legal advisor, we are not required under the relevant PRC laws and regulations to undergo the tender process when we negotiate with the property owners' associations directly for renewal of existing contracts.

Our tender success rates for managing residential and other non-commercial properties developed by CR Group and CR Land were approximately 100.0%, 100.0%, 100.0% and 100.0% in 2017, 2018, 2019 and the six months ended June 30, 2020, respectively. Our tender success rates for managing residential properties developed by independent third-party developers were approximately 63.2%, 50.0%, 76.5% and 54.5% in 2017, 2018, 2019 and the six months ended June 30, 2020, respectively.

Contracts under Commercial Operational and Property Management Services

Commercial Operational Service Contracts for Shopping Malls

For the provision of commercial operational services for shopping malls, we generally enter into operational management service contracts, mainly the operation management service contracts with property owners, primarily with a term of three years, and to a lesser extent, with a term of one year. We also enter into service contracts for our provision of pre-opening management services, including preliminary positioning and design consultancy service contracts and tenant sourcing and management service contracts.

Key Terms of Operation Management Service Contracts

Our operation management service contracts with property owners typically include the following key terms:

- *Scope of services:* We are responsible for operation management services, mainly including (i) opening preparation services such as formulating promotion strategies and organizing opening ceremony and promotion events, (ii) operation management services such as tenant coaching and business and financial analysis, and (iii) marketing and publicity services.

- *Service fees:* The operation management service contract would set forth the commission based service fees for operation management services, calculated as certain percentage of the rental income or operating income, and/or operating profit generated in the shopping malls' operations, and management outsourcing fee and brand licensing fee.

- *Rights and obligations of property owners:* The property owner is primarily responsible for, among others, paying the service fees and other relevant fees and providing us with necessary support in terms of facilities, venues and relevant documentations.

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

Property Management Service Contracts for Shopping Malls

For our property management services to shopping malls, during the Track Record Period, we generally entered into property management service contracts with property developers or property owners, with fixed terms ranging from one year to five years for shopping malls. For some of our property management service contracts for shopping malls, the contract term exceeds ten years. Starting from the second half of 2020, we re-signed our property management service contracts with the property developers and property owners we cooperated with to change the revenue model from lump sum basis to commission basis in order to streamline the relationships among property owners, tenants and us, and enhance our profitability. The contract term for the property management is generally three years.

Key Terms of Property Management Service Contracts

Our property management service contracts typically include the following key terms:

- *Scope of services:* We are responsible for standard property management services, including security service of the public area, repair and maintenance of equipment or facilities, cleaning and greening, maintenance and certain renovation management services.

- *Property management fees:* The property management service contract would set forth the amount of property management fees payable monthly, quarterly or annually, on a lump sum basis or commission basis. The property owners are responsible for paying the property management fees. For overdue property management fees, property owners pay a penalty equal to a daily-accumulating surcharge at a certain percentage of the overdue amount. If we have agreed to manage and lease parks, the property management service contracts will also specify the fees payable for such services.

- *Rights and obligations of property developers:* The property developer is primarily responsible for, among others, ensuring that property owners and tenants comply with its formulated management rules, commit to their obligations in relation to the payment of property management fees, providing us with necessary support for us to provide services and organize events.

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

Property Management Service Contracts for Office Buildings

For our property management services to office buildings, we generally enter into property management service contracts with a fixed term with property developers or property owners, ranging from two to five years.

Key Terms of Property Management Service Contracts

Our property management service contracts typically include the following key terms:

- *Scope of services:* We are responsible for standard property management services, including security of the public area and relevant equipment or facilities, cleaning, greening, maintenance and others.

- *Performance standards:* We agree and set out in the contracts regarding the performance standards of the property management services and the requirement for regular check and maintenance of equipment and facilities in the public area.

- *Property developer's obligations:* The property owner's obligations mainly include: (i) providing warranty in accordance with the warranty period and scope as required by the government; (ii) providing room(s) to us for property management service purposes and for us to set up the property management office; (iii) ensuring the quality of ancillary equipment and facilities in the public area; and (iv) providing us the construction plans, acceptance documents and other documents related to the property.

- *Property management fees:* We agree and set out in the contracts the fee standards and settlement terms. The property owner usually pay management fees corresponding to the construction area of the property it owns. We charge penalties for breach of contract for late payment of property management fees, and when necessary may seek to recover the property management fees through legal proceedings.

- *Subcontracting:* We may outsource part of the property management service to professional third-party subcontractors and assume the role of overall arrangements and coordination.

The Tender Process

As advised by our PRC legal advisor, under applicable PRC laws and regulations, unlike residential properties, for commercial properties such as shopping malls, it is not required for property developers or owners to go through tender process in engaging commercial property management and operational service providers. We usually acquire the property management service and commercial operational service businesses for shopping mall projects through direct agreements. We acquire part of the property management service business for office building projects through tender and bidding process, and the other projects through direct agreements.

DIGITIZATION AND INFORMATION TECHNOLOGY

Our commitment to the strategy of "Digitization, Informatization, and Intelligence" has enhanced our operational efficiency and customer satisfaction. We fully utilize IoT, artificial intelligence and big data analytics in the communities and properties we manage to enable automation, reduce reliance on labor and improve the quality of our services. For example,

- we have installed IoT sensors to closely monitor our key equipment and facilities to enable our management team to have a real-time knowledge of their running conditions.

- through placing distribution robots, disinfection robots, artificial intelligence temperature sensing systems in our managed properties, we have achieved contactless delivery and distribution and site disinfection as well as contactless temperature checking for people entering communities, shopping malls and office buildings, effectively controlling the community disease transmission during the recent COVID-19 outbreak.

- through installing intelligent access control systems with face recognition functions, we have reduced the number of security guards stationed at our managed properties, which not only lowered our cost, but also improved customer experience.

- through the digital work allocation system, we achieved the automatic allocation of tasks and process selection, improving our overall standardization and automation. In addition, we achieved the centralized management of the parking spaces through smart management system, which enables us to make efficient decisions based on analyzing real-time data generated.

We operate a series of mobile apps and WeChat mini programs for customers and users, including the "JOY LIFE" app for residents, the "E-MIXC" app for shopping mall visitors and the "Officeasy" app for office space users. All the services we provide through these mobile apps and WeChat mini programs are free of charge. We believe that combining internet technology and big data analytics can greatly enhance our operational efficiency and gain deep knowledge of customers' preference and consumption habits and provide a more personalized services for their living, shopping and working.

"JOY LIFE" (悅家)

With in-depth cooperation with the world's leading cloud computing and data management service providers and application of advanced technology system, we launched the "JOY LIFE" mobile app, an intelligent property management platform that integrates resources for property management and value-added services. It provides living services where residents can pay for property management fees and utilities and our staff help collect residents' delivery. This app's "neighborhood circle" includes functions such as emergency help, information sharing, and gift exchange among neighbors. The "flea market" includes used goods trading, rental, and small businesses. By leaving messages and uploading pictures, users can also make complaints or suggestions in relation to issues such as public facilities repair, noise disturbance or neighborhood disputes.

"E-MIXC" (一點萬象)

As an online extension of shopping mall commercial operational services, E-MIXC is an official online customer service platform that we operate to facilitate consumers' shopping experience, which is provided through mobile apps and WeChat official accounts. It provides brief introduction of each of our operated shopping malls and regularly releases news and updated information regarding sales promotion, service updates and other shopping malls activities. We have established an integrated membership program for shopping malls so that our members can enjoy consistent services and benefits across the country. We provide members with points, offers, gifts and merchandise redemption and other member benefits. We also provide differentiated services according to membership tiers and aim to improve our members' shopping experience.

"Officeasy" (潤商務)

In order to meet tenants' business needs in office buildings and enhance office environment and working experience, we operate Officeasy mobile app. Users can reserve corporate services including amenities access, office leasing and professional services such as corporate legal and tax advices. We will also provide other specific services pursuant to users' requests. We cooperate with third-party merchants to provide benefits to tenants such as meal delivery and special merchant offers. We publish news and event information on ticketing, activities and leasing on this platform.

Privacy and data protection

To effectively provide our services and manage our customers, we may request basic user data such as name, gender, ID information and mobile number and some optional personal data which can be collected only upon users' authorization such as real-time location. We will not share, transfer or publicly disclose user data without prior consent or authorization from the users with or to other entities. We keep user data for no longer than what is necessary for providing our services to them, unless otherwise permitted by relevant laws and regulations or authorized by customers. For example, as long as our customers have set up accounts with us and still allow us to have access to their user data and enjoy the services we provide, we will retain their data in our information technology system. Our customers have the rights to close their accounts and we would immediately remove all the personal information and data saved once the accounts were closed.

In addition, we have adopted a number of internal control measures to ensure data security and privacy protection related to our internal operating data and external data. We strictly limit our staff's access right to our information systems. We classify our staff based on their positions and responsibilities and grant them different access rights and adopt password control to identify system users thus only necessary staff could access certain confidential data and information. All the data and information processing will be recorded and our data operation and maintenance personnel will regularly check our system logs to further ensure information security. Technically, we selectively choose database system for information storage. We encrypt and back up essential information and desensitize certain data to ensure data privacy. We achieved data real-time and remote synchronization through data transmission under dual data server system, which helps us to switch server and recover data in emergencies and ensure business operations. Meanwhile, we cooperated with professional team to regularly conduct information system security evaluation and risk assessment, so that we could adjust our strategies for information risk control and security management, we also provide regular training to our employees to ensure that they are aware of our internal policies in relation to users' data protection.

As advised by our PRC legal advisor, we are in compliance with the applicable PRC laws and regulations governing the collection and use of personal information in all material respects. During the Track Record Period and up to the Latest Practicable Date, so far as the our Directors are aware and as advised by our PRC legal advisor, we had not been involved in any material litigation, arbitration or administrative proceedings in relation to the infringement of personal information protection, and no material litigation, arbitration or claim relating to personal information protection is pending or threatened against us, or is expected to materially and adversely affect our business operations and financial condition.

OUR CUSTOMERS

We have a large, growing and loyal customer base primarily comprising property developers, property owners, property owners' associations, residents and tenants. The table below sets forth our major customers under each of our business segments:

Business segments	Major customers
Residential property management services	
— Property management services	Property developers, property owners, property owners' associations and residents
— Value-added services to property developers	Property developers
— Community value-added services	Property owners and residents
Commercial operational and property management services	
Shopping malls	
— Commercial operational services	Property owners
— Property management and other services	Property owners and tenants
— Commercial subleasing services	Tenants
Office buildings	
— Property management and other services	Property owners, property developers and tenants

During the Track Record Period, a significant portion of our property management and commercial operational services was related to properties developed by CR Group and CR Land. In 2017, 2018, 2019 and the six months ended June 30, 2020, revenue from our single largest customer, CR Land, was RMB946.9 million, RMB1,327.8 million, RMB1,691.6 million and RMB1,026.2 million, respectively, representing 30.3%, 30.0%, 28.8% and 32.7% of our total revenue, respectively. In 2017, 2018, 2019 and the six months ended June 30, 2020, revenue from our five largest customers, most of which was from our related parties, was RMB993.0 million, RMB1,483.7 million, RMB1,996.7 million and RMB1,170.3 million, respectively, representing 31.9%, 33.5%, 34.0% and 37.2% of our total revenue, respectively. We have established on-going and stable business relationships with our top five customers during the Track Record Period. We entered into property management service contracts with some of our five largest customers who were property developers, the typical terms of which were described in "— Service Contracts."

Other than CR Group and CR Land, the rest of our five largest customers in 2017, 2018, 2019 and the six months ended June 30, 2020 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 for the Track Record Period. To the knowledge of our Directors, none of our Directors and their respective Associates or any Shareholders holding more than 5% of our issued share capital has any interests in any of our five largest customers (other than CR Group and CR Land) as of the Latest Practicable Date. For details, see "Connected Transactions," "Relationship with Our Controlling Shareholders" and "Risk Factors — Risks Relating to our Business and Industry — A significant portion of our revenue is from services provided in relation to properties developed and/or owned by CR Group and CR Land during the Track Record Period." During the Track Record Period, other than CR Group and CR Land, none of our major customers was also our suppliers.

The following table sets forth certain information of our top five customers by revenue contribution during the Track Record Period:

Rank	Customer	Background	Services provided by us	Commencement of business relationship	Revenue	Percentage of total revenue
					(RMB in thousands)	*(%)*
2017						
1	CR Land	Controlling Shareholder	Residential property management services, and commercial operational and property management services	1994	946,922	30.3
2	CR Group	Controlling Shareholder	Residential property management services, and commercial operational and property management services	2010	27,880	0.9
3	Customer A	Joint venture automobile production company	Residential property management services	2017	7,861	0.3
4	Customer B	Company that runs movie theater chains	Commercial operational and property management services	2014	5,570	0.2
5	Customer C	Company that runs movie theater chains	Commercial operational and property management services	2015	4,749	0.2
Total					**992,982**	**31.9**
2018						
1	CR Land	Controlling Shareholder	Residential property management services, and commercial operational and property management services	1994	1,327,774	30.0
2	CR Group	Controlling Shareholder	Residential property management services, and commercial operational and property management services	2010	97,707	2.2
3	Customer D	Listed PRC auto group that produces different types of vehicles and parts	Residential property management services	2017	40,968	0.9

Rank	Customer	Background	Services provided by us	Commencement of business relationship	Revenue	Percentage of total revenue
					(RMB in thousands)	*(%)*
4	Customer E	PRC subsidiary of a Danish fashion company	Commercial operational and property management services	2015	9,294	0.2
5	Customer C	Company that runs movie theater chains	Commercial operational and property management services	2015	7,976	0.2
Total					**1,483,719**	**33.5**
2019						
1	CR Land	Controlling Shareholder	Residential property management services, and commercial operational and property management services	1994	1,691,570	28.8
2	CR Group	Controlling Shareholder	Residential property management services, and commercial operational and property management services	2010	203,535	3.5
3	Customer D	Listed PRC auto group that produces different types of vehicles and parts	Residential property management services	2017	72,215	1.2
4	Customer F	Listed commercial bank in China	Commercial operational and property management services	2019	18,288	0.3
5	Customer E	PRC subsidiary of a Danish fashion company	Commercial operational and property management services	2015	11,127	0.2
Total					**1,996,735**	**34.0**
Six months ended June 30, 2020						
1	CR Land	Controlling Shareholder	Residential property management services, and commercial operational and property management services	1994	1,026,233	32.7
2	CR Group	Controlling Shareholder	Residential property management services, and commercial operational and property management services	2010	104,913	3.3

Rank	Customer	Background	Services provided by us	Commencement of business relationship	Revenue	Percentage of total revenue
					(RMB in thousands)	*(%)*
3	Customer D	Listed PRC auto group that produces different types of vehicles and parts	Residential property management services	2018	22,111	0.7
4	Customer F	Listed commercial bank in China	Commercial operational and property management services	2019	10,152	0.3
5	Customer G	Research institute that focuses on research, production and maintenance related to the aviation technology	Residential property management services	2018	6,852	0.2
Total					**1,170,261**	**37.2**

In 2017, 2018, 2019 and the six months ended June 30, 2020, our top five customers settled payments with us through bank transfer.

OUR SUPPLIERS

We have established stable business relationships with most of our major suppliers. The table below sets forth our major suppliers under each of our business segments:

Business segments	Major suppliers
Residential property management services	
— Property management services	Subcontractors providing cleaning and greening services and certain repair and maintenance services, and service providers of utilities
— Value-added services to property developers	Subcontractors providing cleaning services
— Community value-added services	Third-party merchants providing renovation services, advertising and community living services
Commercial operational and property management services	
Shopping malls	
— Commercial operational services	Subcontractors providing event planning, marketing and customer relation services
— Property management and other services	Subcontractors providing cleaning and greening services and certain repair and maintenance services
— Commercial subleasing services	Property owners
Office buildings	
— Property management and other services	Subcontractors providing cleaning and greening services and certain repair and maintenance services

During the Track Record Period, a significant portion of our property management and commercial operational services was related to properties developed by CR Group and CR Land. In 2017, 2018, 2019 and the six months ended June 30, 2020, purchase from our single largest supplier, was RMB243.9 million, RMB208.7 million, RMB270.8 million and RMB146.7 million, respectively, representing 19.7%, 11.6%, 11.3% and 14.0% of our total purchases, respectively. In 2017, 2018, 2019 and the six months ended June 30, 2020, purchase from our five largest suppliers was RMB305.7 million, RMB333.3 million, RMB470.7 million and RMB224.3 million, respectively, representing 24.7%, 18.5%, 19.7% and 21.3% of our total purchases, respectively.

Except for CR Group and CR Land, all other suppliers among the five largest suppliers during the Track Record Period were Independent Third Parties. We did not experience any material delay, supply shortages or disruptions in our operations relating to our suppliers, or any material claims attributable to our suppliers. We typically enter into agreements up to two years with our suppliers. 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 for the Track Record Period. During the Track Record Period, other than CR Group and CR Land Group, none of our major suppliers was also our customer.

Our suppliers (other than CR Group and CR Land), generally grant us credit terms up to 30 business days. In 2017, 2018, 2019 and the six months ended June 30, 2020, we settled payments with our top five customers/customer groups through bank transfer.

To the knowledge of our Directors, none of our Directors and their respective Associates or any Shareholders holding more than 5% of our issued share capital has any interests in any of our five largest suppliers (other than CR Group and CR Land) as of the Latest Practicable Date.

The following table sets forth certain information of our top five suppliers during the Track Record Period:

Rank	Supplier	Background	Purchased services/ goods	Commencement of business relationship	Purchase amount	Percentage of total purchase amount
					(RMB in thousand)	*(%)*
2017						
1	CR Land	Controlling Shareholder	Interior design and construction, furniture and fixtures, and utilities	2014	243,904	19.7
2	Supplier A	Listed cleaning and sanitation service company	Cleaning	2013	24,051	1.9
3	Supplier B	Property management and cleaning service company	Cleaning	2010	14,586	1.2
4	CR Group	Controlling Shareholder	Uniforms, food and utilities	2015	13,376	1.1
5	Supplier C	Cleaning service company	Cleaning	2014	9,804	0.8
Total					**305,721**	**24.7**

Rank	Supplier	Background	Purchased services/ goods	Commencement of business relationship	Purchase amount	Percentage of total purchase amount
					(RMB in thousand)	*(%)*
2018						
1	CR Land	Controlling Shareholder	Interior design and construction, furniture and fixtures, and utilities	2014	208,665	11.6
2	Supplier B	Property management and cleaning service company	Cleaning	2010	38,202	2.1
3	Supplier D	Cleaning service company	Cleaning	2018	31,104	1.7
4	CR Group	Controlling Shareholder	Uniforms, food and utilities	2015	29,951	1.7
5	Supplier E	Security service company	Security	2018	25,391	1.4
Total					**333,313**	**18.5**
2019						
1	CR Land	Controlling Shareholder	Interior design and construction, furniture and fixtures, and utilities	2014	270,798	11.3
2	CR Group	Controlling Shareholder	Uniforms, food and utilities	2015	85,704	3.6
3	Supplier B	Property management and cleaning service company	Cleaning	2010	61,597	2.6
4	Supplier D	Cleaning service company	Cleaning	2018	26,946	1.1
5	Supplier A	Listed cleaning and sanitation service company	Cleaning	2013	25,649	1.1
Total					**470,694**	**19.7**
Six months ended June 30, 2020						
1	CR Land	Controlling Shareholder	Interior design and construction, furniture and fixtures, and utilities	2014	146,706	14.0
2	CR Group	Controlling Shareholder	Uniforms, food and utilities	2015	40,364	3.8
3	Supplier B	Property management and cleaning service company	Cleaning	2010	14,745	1.4
4	Supplier E	Security service company	Security	2018	12,592	1.2
5	Supplier D	Cleaning service company	Cleaning	2018	9,912	0.9
Total					**224,319**	**21.3**

OUR SUBCONTRACTORS

We have been outsourcing and expect to continue to outsource certain labor-intensive service tasks and specialized or technical service tasks, primarily security, cleaning and greening, certain repair and maintenance, to subcontractors for property management services, which enables us to reduce our operating costs, improve service quality and dedicate more resources to management and other value-added services.

We believe such subcontracting arrangements allow us to leverage the human resources and technical expertise of the subcontractors, reduce our operational costs, improve service quality, contribute more resources to our core businesses and enhance the overall profitability of our operations. We aim to create and maintain an effective and comprehensive system for subcontractor management. We formulated internal policies regarding the selection of subcontractors, service evaluation and regular review and service quality monitor and evaluation procedure. In 2017, 2018, 2019 and the six months ended June 30, 2019 and 2020, our subcontracting costs, including fees we paid for services outsourced to subcontractors, amounted to RMB515.6 million, RMB782.4 million, RMB1,073.7 million, RMB471.3 million and RMB521.8 million, accounting for 18.9%, 20.8%, 21.8%, 21.8% and 21.9% of our total cost of sales, respectively.

Key terms of subcontracting agreements

We enter into subcontracting agreements with subcontractors on normal commercial terms. The key terms of our typical subcontracting agreements include the following:

- *Scope of service.* We typically entrust subcontractors to provide security, cleaning, greening and other services in the designated area or range.

- *Term of service.* The subcontracting agreements we enter into with subcontractors usually have a term ranging from one to two years.

- *Our responsibilities.* We are usually responsible for providing necessary office venues and facilities for on-site workers dispatched by subcontractors.

- *Obligations of subcontractors.* Subcontractors are responsible for providing services in accordance with the scope, frequency and standards agreed in the subcontracting agreement, and complying with relevant laws and regulations. If the service of the subcontractor does not meet the standards, the necessary corrective measures shall be taken within the time limit specified by us. In the event that the subcontractor is unable to correct it, we are entitled to unilaterally terminate the subcontracting agreement. Subcontractors need to manage their employees themselves, and there is no employment relationship between the employees of subcontractors and us.

- *Risk allocation.* Subcontractor shall be responsible for all losses caused by them in the course of provision of the service. Meanwhile, we will require subcontractors to compensate the customer or third party for any expenses that have been paid by us. Subcontractors are required to pay social security and housing provident fund fees for their employees in accordance with Chinese laws and regulations, and are required to bear any responsibility for any violation of PRC laws, regulations or industry standards.

- *Subcontracting fees.* Subcontracting fees are usually paid on a monthly or quarterly basis. Subcontracting fees include costs of raw materials, labor costs, equipment costs, taxes and other miscellaneous expenses.

- *No assignment.* Without our prior consent, subcontractors shall not transfer or subcontract the obligations under their subcontracting agreements to any other party.

QUALITY CONTROL

We have a proven track record in prioritizing quality in our services, and we believe quality control is crucial to the long-term success of our business. We have quality management personnel to supervise the service quality of the business process, who primarily focus on maintaining service levels, standardizing service procedures, participating in the selection of suppliers and supervising our suppliers and subcontractors.

Quality Control over our Services

We obtained ISO9001:2000 quality management system certification in 2006. We updated our internal system and applied the international quality standards, environmental protection, and employee occupational health and safety. We also integrated ISO9001:2015 quality management system, ISO14001:2015 environmental management system and ISO45001:2018 occupational health and safety management system and establish a "three standards in one" management system to provide quality control guidelines for daily services, minimize operating costs and avoid operation disruption caused by variable service quality. In addition, in first tier cities where many of our office buildings and shopping malls are located, such as Beijing and Shenzhen, we also adopted ISO50001:2011 energy management systems (certified) to reduce operating costs, save energy and protect environment.

Our quality control is conducted at three levels including headquarters, key city companies and projects, and covers various types of services and our subcontractors. Our quality control covers the entire service process, from service plan preview, service procedure monitoring and service performance review. Our quality control primarily involves staffs from various property service projects, designated quality control personnel of the key city companies and the headquarters, and professional third parties. Our quality control focuses on maintaining quality of our services, standardizing service procedures, selection of subcontractors and consistency their service quality. Our effective service quality control enables us to discover and rectify issues on a timely basis so as to ensure the reliability of service quality. Meanwhile, we continue to improve the efficiency of quality control by upgrading new technologies and IT systems.

Quality Control over Subcontractors and Service Providers

We typically include in the agreements entered into with subcontractors detailed service quality standards. We regularly monitor and evaluate the performance of the subcontractors and may require the subcontractors to take necessary rectification measures when their services do not meet our agreed standards. We may also conduct surveys among property owners and residents regarding the quality of services provided by our subcontractors, which will be used as a key factor for payment to the suppliers. According to our agreement with them, we are entitled to adjust the subcontracting fees and to terminate the agreements depending on the outcome of our evaluation. If the subcontractors do not meet our standards or the property owners' satisfaction, or fail our performance review, they will be excluded from our selected list of qualified subcontractors.

For our service providers of value-added services, we screen and select suitable providers of value-added services based on a number of factors such as the nature of the service, operating scale and capability, financial condition, industry ranking, brand reputation and experience, after-sales services, pricing and quality of services. We adopt strict selection criteria and quality control measures to ensure the quality of products or services from third-party providers.

COMPETITION

The PRC property management industry is fragmented and competitive with numerous market participants. According to Frost & Sullivan, in 2019, there were over 110,000 property management services providers in China and the top ten companies accounted for approximately 20.3% of total revenue from property management services market in China. In 2019, there were more than 2,000 shopping mall operational services providers and the top five companies accounted for more than 13.0% of total GFA under management in 2019. In terms of office building operational services market in China, top operational service providers accounted for more than 14.0% of total revenue from office building property management services in 2019.

Our property management services compete primarily with large national and regional property management companies and commercial operational service providers in the PRC. Our value-added services compete primarily with other property management companies as well as relevant industry participants providing similar services. We believe that we compete with our competitors on a number of factors, including property management portfolio, brand recognition, financial resources, price and service quality. According to Frost & Sullivan, we ranked:

- seventh in terms of revenue in the PRC integrated property management and commercial operational services market in 2019;
- fifth in terms of property management service revenue in 2019 among all PRC property management companies;
- second in terms of shopping mall property management service revenue in 2019 among all PRC shopping mall operational service providers;

- first in terms of the number of managed luxury shopping malls in China in 2019 among shopping mall operational service providers in China; and
- second in terms of total revenue from shopping mall operational services market in the first six months of 2020 among all PRC shopping mall operational service providers.

EMPLOYEES

As of June 30, 2020, all of our employees were based in China. The table below sets forth the number of our employees by function as of June 30, 2020:

	Number of Employees	Percentage
		(%)
On-site property management services	23,109	87.4
Administrative and management	2,260	8.6
Value-added services	539	2.0
Commercial operational services	370	1.4
Information technology	149	0.6
Total	**26,427**	**100.0**

The table below sets forth a breakdown of our employees by geographic region as of June 30, 2020:

Region	Number of Employees	Percentage
		(%)
North China Region	5,511	20.9
East China Region	3,201	12.1
South China Region	6,804	25.7
West China Region	4,393	16.6
Northeast China Region	3,291	12.5
Central China Region	3,227	12.2
Total	**26,427**	**100.0**

As of June 30, 2020, 3,816 employees had bachelor's degrees or above, accounting for 14.4% of our total employees, and 512 employees had master's degrees or above, accounting for 1.9% of our total employees.

We are committed to establishing a competitive and fair remuneration and benefits system. In order to effectively motivate our employees through remuneration incentives and ensure that our employees receive market competitive remuneration packages, we continually refine our remuneration and incentive policies through market research and comparison with our competitors. We conduct performance evaluation for our employees annually to provide feedback on their performance. Compensation for our employees typically consists of basic salary, allowances and subsidies (transportation, communication, housing subsidies and allowances for staff relocated from other places), welfare (lunch subsidies, cold and heat prevention subsidies), performance-based bonus and year-end bonus.

We provide our employees with basic pension scheme, basic medical insurance, workplace injury insurance, unemployment insurance, maternity insurance and housing providence funds in accordance with relevant PRC laws and regulations. We pay great attention to our employees' welfare, and continually improve our welfare system. We offer employees additional benefits such as annual leave, business insurance, health examinations, among other things.

We provide regular and specialized training tailored to the needs of our employees in different departments. We provide training to management and service personnel at all levels of the service chain, and gradually establish a multi-level training system. In the property management service segment, we have set up "PRO Qingteng" talent training programs for management teams and senior management talents; "UP" series talent training programs and "GET" training programs for project leaders and management personnel; and "CAN" training programs for professional service personnel. In the commercial operational services segment, we have established a commercial operational talent training system centered on talents managing shopping malls. We regularly organize training courses provided by senior employees and external consultants, covering various aspects of our business, such as overall management, project execution and technical know-hows.

In addition to internal referrals, we also recruit our talents through professional recruiting firms and other third parties.

Our employees are not unionized. During the Track Record Period, we did not have any strikes, protests or other material labor conflicts that may materially impair our business and image.

INSURANCE

In line with general market practice, we do not maintain any business interruption insurance or product liability insurance, which are not mandatory under PRC laws or relevant foreign laws. We do not maintain key man life insurance, insurance policies covering damages to our network infrastructures or information technology systems or any insurance policies for our properties. We maintain certain insurance coverage primarily including property all risks, public liability and machinery breakdown insurances.

As of the Latest Practicable Date, we did not have any material outstanding insurance claims in relation to our business. For details, see "Risk Factors — Risks Relating to Our Business and Industry — Our insurance may not sufficiently cover, or may not cover at all, losses and liabilities we may encounter."

PROPERTIES

Owned Properties

As of the Latest Practicable Date, we owned 23 properties with an aggregate GFA of approximately 3,199.3 sq.m., which we occupied mainly for our own use as offices. As of the Latest Practicable Date, we had obtained the building title certificates for all the properties we own.

Leased Properties

As of the Latest Practicable Date, we leased 128 properties with a total GFA of approximately 149,681.2 sq.m., primarily for office, dormitory and commercial operation purposes in China.

As of the Latest Practicable Date, the lessors of nine of the aforementioned leased properties in China had not obtained or provided us with the relevant building title certificates. As advised by our PRC legal advisor, we are unable to ascertain whether the lessors have the legal right or requisite authority to lease such properties to us, whether such properties are subject to mortgages or third-party rights, or whether such leases are subject to challenge by third parties. We had not filed the lease agreements for these leased properties with the local housing administration authorities as required under PRC laws and regulations, primarily due to non-cooperation of the relevant landlords and the lack of title certificates. Our Directors are of the view that such defects will not have a material adverse effect on our business or financial condition taken as a whole, primarily due to the facts that failure to file the lease agreements would not affect the validity of the lease agreements, and that the potential administrative penalties we may be imposed to is small compared to our total assets and revenue from business operations.

As of the Latest Practicable Date, we or the lessors had not filed the lease agreements for all of our leased properties with the local housing administration authorities as required under PRC law. Our PRC legal advisor has advised us that we might be ordered to rectify this non-filing by competent authorities and if we fail to rectify within a prescribed period, an administrative penalty may be imposed on us as a result of such non-filing, and according to the relevant properties lease administration regulations, we may be imposed a maximum penalty of RMB10,000 for each incident of noncompliance of lease registration for our leased properties, therefore the estimated total maximum penalty is RMB1,280,000 for the aforementioned non-filing issue. As of the Latest Practicable Date, we had not received any notice from any regulatory authority with respect to potential administrative penalties as a result of failure to file the lease agreements described above. We have conducted regular legal compliance training to our business personnel and self-inspection on our subsidiaries and branch offices, and as the registration and filing of such leases will require cooperation of our landlords, we will take all practicable and reasonable steps to cooperate with relevant local governmental authorities to meet their requirement for registration. According to the regulations of Interpretation of the Supreme People's Court on Several Issues Concerning Specific Application of Law in the Trial of Cases on Disputes over Contracts for Lease of Urban Houses (最高人民法院關於審理城鎮房屋租賃合同糾紛案件具體應用法律若干問題的解釋), the request of invalidating the lease contract shall not be sustained merely on the ground of the registration or filing of such lease contract not completed. Therefore, our PRC legal advisor has advised us that the failure to file the lease agreements would not affect the validity of the lease agreements, and based on the maximum penalty, the effectiveness on the validity of the contract and our rectification measures, our PRC legal advisor further advised that such failure to file the lease contracts would not have a material adverse effect on our business operations.

For details, see "Risk Factors — Risks relating to our Business and Industry — Some landlords may not have provided to us relevant title certificates with respect to some of our leased properties in the PRC and some of our lease agreements were not registered with the relevant government."

INTELLECTUAL PROPERTY

As of the Latest Practicable Date, we had registered 251 trademarks, seven patents and 22 copyrights in China. CR Land has entered into a series of trademarks transfer agreements ("Mixc Trademarks Transfer Agreements") with us to transfer to us, among others, logos of Mixc, MIXC (萬象城) and MIXONE (萬象匯) and other trademarks ("Mixc Trademarks") key to our commercial operational and property management services. As of the Latest Practicable Date, the Mixc Trademarks are in the process of being transferred to us, subject to completion of the relevant registration procedures with the competent government authority. CR Land undertook in the Mixc Trademarks Transfer Agreements to irrevocably license such Mixc Trademarks in favor of us pending completion of such registration procedures.

CR Land has agreed to transfer to us the operating right of, and relevant software copyrights pertinent to, the "E-MIXC (一點萬象)" app and relevant WeChat mini programs (which are already under the effective operation by us) at an estimated consideration of approximately RMB120 million, subject to adjustment based on state-owned assets appraisal and filing. Pending completion of such transfer, CR Land undertook to irrevocably authorize and license us to continue to use, develop and operate the "E-MIXC (一點萬象)" app and relevant WeChat mini programs. In addition, CR Land has agreed to continue to irrevocably authorize and license us to use, develop and operate "Officeasy," "CR Union" and "Smart OE" apps (which are already under the effective operation by us). These licenses by CR Land will constitute fully exempt continuing connected transactions upon the Listing.

As of the Latest Practicable Date, we were not aware of any material infringement (i) by us of any intellectual property rights owned by third parties, or (ii) by any third parties of any intellectual property rights owned by us. For details, see "Appendix V — Statutory and General Information — B. Further Information about Our Business — 2. Intellectual Property Rights."

LICENSES, APPROVALS AND PERMITS

As advised by our PRC legal advisor, as of the Latest Practicable Date, we had obtained all licenses, permits, approvals and certificates necessary to conduct our operations in all material respects from the relevant government authorities in China, and such licenses, permits, approvals and certificates remained in full effect. We are required to renew such licenses, permits, approvals and certificates from time to time. As advised by our PRC legal advisor, we do not expect any legal obstacles in such renewals so long as we meet the applicable requirements and conditions set by the relevant government agencies and adhere to procedures set forth in relevant laws and regulations.

LEGAL PROCEEDINGS AND COMPLIANCE

Legal Proceedings

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 pending or threatened legal, arbitral or administrative proceedings against us or our Directors that could, individually or in the aggregate, have a material adverse effect on our business, financial condition and results of operations.

Regulatory Compliance

We conduct our business mainly in China and are, therefore, subject to the relevant regulations of the PRC.

During the Track Record Period and up to the Latest Practicable Date, we have corrected and rectified certain noncompliance incidents in accordance with the requirements of relevant authorities, and we have not been imposed any administrative measures to suspend our business or other kinds of penalties which may have a material adverse effect on our business operations and financial conditions. As advised by our PRC legal advisor, based on our business operating record and compliance certificates obtained from our relevant governmental authorities, during the Track Record Period and up to the Latest Practicable Date, we had not been and were not involved in any material noncompliance incidents that have led to fines, enforcement actions or other penalties that could, individually or in the aggregate, have a material adverse effect on our business, financial condition and results of operations.

To ensure compliance with applicable laws and regulations, from time to time, we have been paying attention to changes and developments of the laws, regulations and administrative policies in relation to our business, and we have been consulting with our legal advisor and relevant governmental authorities to make sure that we are in compliance with the relevant laws and regulations in all material aspects.

SOCIAL HEALTH, SAFETY AND ENVIRONMENTAL MATTERS

We are subject to PRC laws and regulations in relation to labor, safety and environment protection matters. We have established occupational safety and sanitation systems and provided employees with workplace safety trainings on a regular basis to increase their awareness of work safety issues. During the Track Record Period and up to the Latest Practicable Date, we had complied with PRC laws in relation to workplace safety in all material respects and have not had any incidents which have materially and adversely affected our operations.

We consider the protection of the environment important and have implemented measures to ensure our compliance with all applicable requirements. Given the nature of our operations, we do not believe we are subject to material environmental liability risk or compliance costs. During the Track Record Period and up to the Latest Practicable Date, we were not subject to any fines or penalties for non-compliance of PRC environmental laws, which could have a material adverse effect on our business, financial condition and results of operation.

We are committed to social responsibilities, and consider environmental, social and governance ("**ESG**") essential to our continuous development. We focus on areas such as economic responsibility, employee responsibility, customer responsibility, partner responsibility, environment responsibility and public responsibility. We plan to set up metrics and targets for these ESG issues and to review our key ESG performance on a regular basis. Our Directors will actively participate in designing our ESG strategies and targets, and will evaluate, determine and address our ESG-related risk. We may from time to time engage independent professional third parties to help us make necessary improvements.

After the Listing, we will publish an Environmental, Social and Governance Report each year pursuant to Appendix 27 of the Listing Rules to analyze and disclose important environmental, social and governance matters, risk management and the accomplishment of performance and objectives.

RISK MANAGEMENT AND INTERNAL CONTROL

Our business and operations are subject to various risks. For details, see "Risk Factors." We are committed to an effective risk management approach that is designed to ensure continuous legal and regulatory compliance and to achieve reasonable risk-adjusted returns.

Our all-round risk management includes risk identification, risk evaluation, risk strategy (including risk tolerance, risk avoidance, risk transfer and risk decrease), risk solution and improvement of supervision. We continuously collect relevant internal and external information related to risks and their management during our daily operation and management, and conduct necessary processing of the collected initial information, record and collate the data in appropriate forms to identify the internal and external risks and establish and update risk database. We analyze and order the identified risks based on the possibilities of risk occurrence and its impact, to determine the important and high priority risks, and analyze whether the risk could be avoided, or decreased the occurrence chances or impacts, or transferred or accepted based on the nature of the risk and risk level, and implement reasonable solutions accordingly.

Regarding the business risks during the operation, we have adopted a range of counter-measures, primarily including: (i) our human resources and administration department monitors the compliance by employees of our internal policies and employee manuals, ensures the standardized operation and reduces operational risks; (ii) our legal and compliance team monitors our overall legal and regulatory compliance and reduces our legal risks; and (iii) our audit team regularly audits our operational and financial performance and ensure our regulatory compliance and the trueness and accuracy of our financial data.

We continuously improve our internal control system, and conduct our business in compliance with our established internal control system. We evaluate the operation of our internal control system routinely, and categorize the potential defects identified in the evaluation into high, medium and low levels based on the impact of the defects, and determine the rectification time accordingly.

We have been committed to promoting compliance culture and will adopt policies and procedures on various compliance matters, including the Stock Exchange's requirements on corporate governance and environmental, social and governance matters. Our Board will be collectively responsible for the management and operations, including the establishment of such mechanisms. Our Directors will be involved in the formulation of the mechanisms and the related policies.

Upon Listing, certain transactions between us and our connected persons, which are entered into in our ordinary course of business, will constitute continuing connected transactions of our Company under Chapter 14A of the Listing Rules.

OUR CONNECTED PERSONS

Upon Listing, the following entities will become our connected persons:

CR Land, and its associates ("**CR Land Connected Persons**")	CR Land is our controlling shareholder, which will directly own approximately 75% of our share capital upon the completion of the Global Offering (assuming the Over-allotment Option is not exercised)
CR Group, and its associates (excluding CR Land Connected Persons) ("**CRH Connected Persons**")	CR Land is indirectly held as to approximately 59.55% by CR Holdings, which is in turn indirectly wholly-owned by China Resources Company Limited

OUR CONTINUING CONNECTED TRANSACTIONS

Nature of transaction	Counterparty	Applicable Listing Rules	Waiver sought
Non-exempt continuing connected transactions (subject to reporting, annual review and announcement requirements)			
1 Property leasing	CR Land Connected Persons	14A.76(2), 14A.105	Announcement requirement
2 Property leasing	CRH Connected Persons	14A.76(2), 14A.105	Announcement requirement
3 Purchase of parking spaces	CR Land Connected Persons	14A.76(2), 14A.105	Announcement requirement
4 Procurement of goods and services	CRH Connected Persons	14A.76(2), 14A.105	Announcement requirement
5 Provision of commercial operational services	CRH Connected Persons	14A.76(2), 14A.105	Announcement requirement
6 Provision of value-added services (community value-added services and value-added services to property developers)	CRH Connected Persons	14A.76(2), 14A.105	Announcement requirement

	Nature of transaction	Counterparty	Applicable Listing Rules	Waiver sought
Non-exempt continuing connected transactions (subject to reporting, annual review, announcement and independent Shareholders' approval requirements)				
7	Provision of property management services	CR Land Connected Persons	14A.105	Announcement, independent Shareholders' approval requirements
8	Provision of commercial operational services	CR Land Connected Persons	14A.105	Announcement, independent Shareholders' approval requirements
9	Provision of value-added services (community value-added services and value-added services to property developers)	CR Land Connected Persons	14A.105	Announcement, independent Shareholders' approval requirements
10	Procurement of goods and services	CR Land Connected Persons	14A.105	Announcement, independent Shareholders' approval requirements
11	Provision of property management services	CRH Connected Persons	14A.105	Announcement, independent Shareholders' approval requirements
12	Deposit and other financial services	Zhuhai CR Bank	14A.105	Announcement, independent Shareholders' approval requirements

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS (SUBJECT TO REPORTING, ANNUAL REVIEW AND ANNOUNCEMENT REQUIREMENTS)

We have entered into the following transactions which, as our Directors currently expect, the highest applicable percentage ratio calculated for the purpose of Chapter 14A of the Listing Rules will be more than 0.1% but less than 5% on an annual basis. Under Rule 14A.76(2) of the Listing Rules, these transactions will be subject to the reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules but will be exempted from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

1. Property Leasing

Parties CR Land and our Company

Principal terms

We entered into the property leasing framework agreement with CR Land on November 20, 2020 (the "**CR Land Property Leasing Framework Agreement**"), pursuant to which (1) our Group may, from time to time, lease certain properties from the CR Land Connected Persons as office and/or employee quarter(s) for our own use, (2) the CR Land Connected Persons may, from time to time, lease certain properties from our Group as office for its own use, and (3) the CR Land Connected Persons may lease certain retail spaces managed by our Group as tenants under the commercial subleasing model.

The initial term of the CR Land Property Leasing Framework Agreement shall commence on the Listing Date until December 31, 2022, subject to renewal by mutual consent.

Pricing basis

For the leasing by our Group and leasing by the CR Land Connected Persons: The rent shall be determined after arm's length negotiations with reference to (i) the location, quality and size of the properties; and (ii) the prevailing market rent of such comparable properties, in particular, the leases offered to our Group/the CR Land Connected Persons by Independent Third Parties for comparable office spaces.

For the leasing by the CR Land Connected Persons under the commercial subleasing model: The rent shall also include the provision of property management services by our Group to the CR Land Connected Persons as tenants under the commercial subleasing model and will be determined after arm's length negotiations with reference to (i) the location, quality and size of the properties; (ii) the cost associated with the underlying lease where our Group entered with the respective shopping mall owner under the commercial subleasing model and the anticipated operational cost (including, among others, labor costs, material costs and administrative costs) for providing such services; and (iii) the prevailing market rent and the price offered by our Group to Independent Third Parties for similar retail spaces and services.

Historical amounts

	Historical amounts (RMB '000)			
	For the year ended December 31,			For the six months ended June 30,
	2017	2018	2019	2020
(1) Our Group leasing from the CR Land Connected Persons(Note 1)	819	1,327	4,096	3,183
(2) CR Land Connected Persons leasing from our Group(Note 2)	—	—	—	—
(3) CR Land Connected Persons leasing from our Group under the commercial subleasing model	—	4,938	6,638	350

Note 1: These refer to historical rental payment.

Note 2: The historical amount is zero as it is expected that the CR Land Connected Persons will commence leasing of certain properties for their office use from our Group in the second half of 2021.

Annual caps and basis of caps

The maximum aggregate annual amounts in respect of the CR Land Property Leasing Framework Agreement for the three years ending December 31, 2020, 2021 and 2022 shall not exceed the caps set out below:

	Proposed annual caps (RMB '000) for the year ending December 31,		
	2020	2021	2022
(1) Our Group leasing from the CR Land Connected Persons(Note 1)	86,396	96,459	108,357
(2) CR Land Connected Persons leasing from our Group	—	5,175	13,662
(3) CR Land Connected Persons leasing from our Group under the commercial subleasing model	4,167	20,072	24,087

Note 1: The annual caps refer to both estimated rental payment and recognition of right-of-use assets from certain property leases. For the three years ending December 31, 2020, 2021 and 2022, the annual caps are RMB86,396 thousands (among which approximately RMB83,435 thousands will be recognized as right-of-use assets from the certain property leases, and approximately RMB2,961 thousands will be rental payment), RMB96,459 thousands (among which approximately RMB91,778 thousands will be recognized as right-of-use assets from certain property leases, and approximately RMB4,681 thousands will be rental payment) and RMB108,357 thousands (among which approximately RMB100,956 thousands will be recognized as right-of-use assets from certain property leases, and approximately RMB7,400 thousands will be rental payment).

The above proposed annual caps for (1) leasing by our Group are determined with reference to (a) the historical transaction amounts during the Track Record Period; (b) the terms and conditions, particularly the committed floor area and rental fees, under the existing lease agreements; (c) any new locations that may be rented by our Group; (d) our Group's expansion plan and the needs for office spaces and/or employee quarters in the future; and (e) the expected increment in rental for the relevant properties under the CR Land Property Leasing framework Agreement; for (2) leasing by the CR Land Connected Persons are determined with reference to the expected area to be leased to the CR Land Connected Persons; for (3) CR Land Connected Persons leasing from our Group under the commercial subleasing model are determined with reference to (a) the historical transaction amounts during the Track Record Period; (b) the terms and conditions, particularly the committed floor area and rental fees, under the existing lease agreements; (c) the expected opening of Lanzhou MIXC in 2021 (which is to be operated and managed under the commercial subleasing model with an estimated GFA of approximately 157 thousand sq.m.); (d) the expected increase in demand by the CR Land Connected Persons and (e) the expected increment in rental and property management fees of the properties under the CR Land Property Leasing Framework Agreement.

2. Property Leasing

Parties CR Holdings and our Company

Principal terms

We entered into the property leasing framework agreement with CR Holdings on November 20, 2020 (the "**CRH Property Leasing Framework Agreement**"), pursuant to which (1) our Group may, from time to time, lease certain properties from the CRH Connected Persons as office for its own use, (2) the CRH Connected Persons may, from time to time, lease certain properties from our Group for its operation, and (3) the CRH Connected Persons may lease certain retail spaces managed by our Group as tenants under the commercial subleasing model.

The initial term of the CRH Property Leasing Framework Agreement shall commence on the Listing Date until December 31, 2022, subject to renewal by mutual consent.

Pricing basis

For the leasing by our Group and leasing by the CRH Connected Persons: The rent shall be determined after arm's length negotiations with reference to (i) the location, quality and size of the properties; and (ii) the prevailing market rent of such comparable properties, in particular, the leases offered to our Group/ the CRH Connected Persons by Independent Third Parties for comparable properties.

For the leasing by the CRH Connected Persons under the commercial subleasing model: The rent shall also include the provision of property management services by our Group to the CRH Connected Persons as tenants under the commercial subleasing model and will be determined after arm's length negotiations with reference to (i) the location, quality and size of the properties; (ii) the cost associated with the underlying lease where our Group entered with the respective shopping mall owner under the commercial subleasing model and the anticipated operational cost (including, among others, labor costs, material costs and administrative costs) for providing such services; and (iii) the prevailing market rent and the price offered by our Group to Independent Third Parties for similar retail spaces and services.

Historical amounts

	Historical amounts (RMB '000)			
	For the year ended December 31,			For the six months ended June 30,
	2017	2018	2019	2020
(1) Our Group leasing from the CRH Connected Persons(Note 1)	—	—	—	—
(2) CRH Connected Persons leasing from our Group(Note 2)	—	—	—	—
(3) CRH Connected Persons leasing from our Group under the commercial subleasing model	26	7,633	9,457	3,860

Note 1: These refer to historical rental payment. The historical amount is zero as our Group is expected to commence leasing certain properties in Hong Kong for office use from the CRH Connected Persons in the third quarter of 2020.

Note 2: It is expected that the CRH Connected Persons will commence leasing from our Group in the second half of 2020 after certain asset and business restructuring.

Annual caps and basis of caps

The maximum aggregate annual amounts in respect of the CRH Property Leasing Framework Agreement for the three years ending December 31, 2020, 2021 and 2022 shall not exceed the caps set out below:

	Proposed annual caps (RMB '000) for the year ending December 31,		
	2020	2021	2022
(1) Our Group leasing from CRH Connected Persons(Note 1)	12,851	16,256	20,564
(2) CRH Connected Persons leasing from our Group	25	51	55
(3) CRH Connected Persons leasing from our Group under the commercial subleasing model	11,963	21,534	34,454

Note 1: For the three years ending December 31, 2020, 2021 and 2022, all the annual caps refer to recognition of right-of-use assets as the leases are expected to be long term leases.

The above proposed annual caps for (1) leasing by our Group are determined with reference to (a) the expected terms and conditions of the lease agreements for the office area to be rented in Hong Kong; (b) the market rent of comparable properties and (c) the expected increase in demand by our Group; for (2) leasing by the CRH Connected Persons are determined with reference to (a) the expected terms and conditions particularly the committed floor area and the rental of the lease agreements; and (b) the market rent of comparable properties; and for (3) the CRH Connected Persons leasing from our Group under the commercial subleasing model are determined with reference to (a) the historical transaction amounts during the Track Record Period; (b) the terms and conditions, particularly the committed floor area, the rental and property management fees, under the existing lease agreements; (c) the expected opening of Lanzhou MIXC in 2021 (which is to be operated and managed under the commercial subleasing model with an estimated GFA of approximately 157 thousand sq.m.); (d) the expected increase in demand by the CRH Connected Persons; and (e) the expected increment in rental and property management fees of the properties under the CRH Property Leasing Framework Agreement.

3. Purchase of parking spaces

Parties CR Land and our Company

Principal terms

We have entered into the parking spaces purchase framework agreement with CR Land on November 20, 2020 (the "**Parking Spaces Purchase Framework Agreement**"), pursuant to which our Group may, from time to time, enter into transactions to purchase the ownership of and/or the right to use certain unsold parking spaces which are owned by the CR Land Connected Persons.

The initial term of the Parking Spaces Purchase Framework Agreement shall commence on the Listing Date until December 31, 2022, subject to renewal by mutual consent.

Pricing basis

The consideration for each of the purchases under the Parking Spaces Purchase Framework Agreement shall be determined on an arm's length basis, with reference to, among other things, the prevailing market value of comparable parking spaces in the same or nearby property projects having regards to the size, type, location and the number of the parking spaces to be purchased, and in particular, the selling price of parking spaces previously sold by the CR Land Connected Persons to end users.

Historical amounts

	Historical amounts (RMB '000)			
	For the year ended December 31,			For the six months ended June 30,
	2017	2018	2019	2020
Purchase amount	8,475	91,097	20,430	68,929

Annual caps and basis of caps

The maximum aggregate annual purchase amounts in respect of the Parking Spaces Purchase Framework Agreement for the three years ending December 31, 2020, 2021 and 2022 shall not exceed the caps set out below:

	Proposed annual caps (RMB '000) for the year ending December 31,		
	2020	**2021**	**2022**
Purchase amount	232,068	350,000	350,000

The above proposed annual caps for the year ending December 31, 2020 are based on:

(a) the purchase contracts already entered into and the number of parking spaces our Group plans to purchase; and

(b) the transaction amounts for the nine months ended September 30, 2020 according to the management account of the Company.

The above proposed annual caps for the years ending December 31, 2021 and 2022 are made with reference to:

(a) the number of parking spaces estimated to be in reserve/ carried over from the previous year;

(b) our sale plan for the respective year based on the estimated volume of the CR Land Connected Persons' unsold parking spaces;

(c) the estimated GFA of the unsold car parks in the next three years based on the estimated additional total GFA under management for residential properties of approximately 15 million sq. m. being delivered by CR Land Connected Persons each year;

(d) the rate by which newly developed projects reach satisfactory level of residents occupancy rate in order for the Group to commence purchasing unsold car parking space; and

(e) the expected increase in purchase price.

The significant increase in annual caps is a result of our initiative in expanding the asset investment services under our community value-added services to the extent practicable and profitable. For details, see "Business — Residential Property Management Services — Community Value-added Services — Brokerage and Asset Services."

4. Procurement of goods and services

Parties CR Holdings and our Company

Principal terms

We have entered into the procurement of and provision of goods and services framework agreement with CR Holdings on November 20, 2020 (the "**CRH Procurement Framework Agreement**"), pursuant to which (1) our Group may, from time to time, procure from the CRH Connected Persons certain types of goods and services which include staff uniforms, food items and utilities (gas and electricity) which are aggregated by us to streamline our management of these transactions; (2) the CRH Connected Persons may, from time to time, procure from our Group marketing services for the respective users in the CR Life Club (華潤通) through points conversion.

The initial term of the CRH Procurement Framework Agreement shall commence on the Listing Date until December 31, 2022, subject to renewal by mutual consent.

Pricing basis

The consideration for the procurement of goods and services under the CRH Procurement Framework Agreement shall be determined on an arm's length basis by the parties with reference to the then prevailing market price and taking into account the quantity and quality of the supplies, products and services as well as other terms such as payment terms. The terms are to be no less favorable to our Group than those for transactions between our Group or the CRH Connected Persons and Independent Third Parties under the same conditions.

Historical amounts

	Historical amounts (RMB '000)			
	For the year ended December 31,			For the six months ended June 30,
	2017	2018	2019	2020
Purchase amount by our Group	13,376	16,027	53,454	14,430
Purchase amount by the CRH Connected Persons	—	—	71	14

Annual caps and basis of caps

The maximum aggregate annual purchase amounts in respect of the CRH Procurement Framework Agreement for the three years ending December 31, 2020, 2021 and 2022 shall not exceed the caps set out below:

	Proposed annual caps (RMB '000) for the year ending December 31,		
	2020	2021	2022
Purchase amount by our Group	68,550	101,662	151,476
Purchase amount by the CRH Connected Persons	115	253	278

The above proposed annual caps are determined with reference to (a) the historical transaction amounts during the Track Record Period; (b) the expected increase in our demand for the relevant supplies, products and services of the CRH Connected Persons as we expand our business (including the organic growth in the number of employees, the increase in project numbers and the commencement of the commercial operational services to office buildings); (c) the expected increase in the CRH Connected Persons' demand in our services; and (d) the expected increment in the average market price of the supplies, products and services in the three years ending December 31, 2022.

5. Provision of commercial operational services

Parties CR Holdings and our Company

Principal terms

We have entered into the provision of commercial operational services (commercial properties) framework agreement with CR Holdings on November 20, 2020 (the "**CRH Commercial Operational Services Framework Agreement**"), pursuant to which our Group may, from time to time, provide commercial operational services to the CRH Connected Persons for their commercial properties (including shopping malls and office buildings). The commercial operational services include (i) pre-opening management services (such as positioning and design management services, and tenant sourcing and management services) and (ii) operation management services (such as opening preparation services, tenant coaching, consumer management, and marketing and promotion).

The initial term of the CRH Commercial Operational Services Framework Agreement shall commence on the Listing Date until December 31, 2022, subject to renewal by mutual consent.

Pricing basis

The service fees under commercial operational services shall be determined after arm's length negotiations with reference to (i) the location and size of the properties, (ii) the branding and positioning of the properties, (iii) the scope and standard of the services to be provided, (iv) the anticipated operational cost (including, among others, labor costs, material costs and administrative costs) for providing such services, and (v) the prevailing market rate for similar services.

Historical amounts

	Historical amounts (RMB '000)			
	For the year ended December 31,			For the six months ended June 30,
	2017	2018	2019	2020
Service fees received by our Group	—	—	—	1,258

Historically, the commercial operational services to shopping malls were provided as complementary services in the form of inter-departmental services as part of CR Land's integrated commercial property development and investment business and thus no separate fee was charged. Therefore, no revenue/historical amount was recognized for commercial operational services for the three years ended December 31, 2019. For details, see "Financial Information — Principal Components of Our Combined Statements of Profit or Loss — Revenue — Commercial Operational and Property Management Services — Shopping Malls — (i) Commercial Operational Services."

Annual caps and basis of caps

The maximum aggregate annual service fee amounts in respect of the CRH Commercial Operational Services Framework Agreement for the three years ending December 31, 2020, 2021 and 2022 shall not exceed the caps set out below:

	Proposed annual caps (RMB '000) for the year ending December 31,		
	2020	2021	2022
Service fees to be received by our Group	11,160	142,984	147,612

The above proposed annual caps are determined with reference to:

(a) the existing contracts and the number of existing pipeline projects with the CRH Connected Persons as of the Latest Practicable Date; There is a significant increase in the proposed annual cap for the year ending December 31, 2020 compared to the historical figure for the six months ended June 30, 2020 as we have commenced providing commercial operational services to CRH Connected Persons' four new office building projects (with a GFA under management of approximately 0.3 million sq. m.) since July 1, 2020. We have entered into and are providing services to these four projects for the year ending December 31, 2020. For each of the year ending December 31, 2021 and 2022, we expect to have and to maintain at least 16 commercial property projects in total from CRH Connected Persons for commercial operational services. We have already entered into contracts for four of these projects and are in the process of contract negotiation for 12 other shopping mall projects (with a GFA under management of approximately 0.6 million sq. m.). We also estimate to have one additional project (with a GFA under management of approximately 50,000 sq. m.) for the year ending December 31, 2022;

(b) the transaction amounts for the nine months ended September 30, 2020, according to the management account of our Company;

(c) the expected increase in the operational costs as incurred by us;

(d) the expected financial performance of the commercial properties to which the commercial operational services are/will be provided; We note that the historical amount for the six months ended June 30, 2020 and the proposed annual cap for the year ending December 31, 2020 are lower than the proposed annual caps for the year ending December 31, 2021 and 2022 mainly due to the lock-down, mandatory or voluntary social distancing measures, travel restrictions and lower levels of consumption stemming from the COVID-19 pandemic which caused a low operating income of the shopping malls being managed in 2020 in general; and

(e) the expected increase in the CRH Connected Persons' demand.

There is a significant increase in the proposed annual cap for the year ending December 31, 2021 from the same for the year ending December 31, 2020 as our Group expects (i) an increase in revenue due to the commencement and rapid growth of commercial operational services to office buildings and (ii) the commercial operational services of 11 shopping mall projects owned by the CRH Connected Persons will be directly contracted with our Group, replacing the current arrangement where the CRH Connected Persons entered into service agreement with CR Land, who then entered into a separate agreement with our Group for us to provide the services for 2020.

6. Provision of value-added services (community value-added services and value-added services to property developers)

Parties CR Holdings and our Company

Principal terms

We have entered into the value-added services framework agreement with CR Holdings on November 20, 2020 (the "**CRH Value-added Services Framework Agreement**"), pursuant to which our Group may from time to time, provide value-added services to the CRH Connected Persons for the residential properties and other non-commercial properties developed and/or owned by them. The value-added services to be provided include community value-added services (such as community living services and brokerage and assets services) and value-added services to property developers (such as consultancy services, preliminary preparation services and pre-delivery marketing services).

The initial term of the CRH Value-added Services Framework Agreement shall commence on the Listing Date until December 31, 2022, subject to renewal by mutual consent.

Pricing basis

The service fees shall be determined after arm's length negotiations between the parties with reference to (i) the scope and standard of the services to be provided, (ii) the type, location and size of the properties, (iii) the anticipated operational costs (including, among others, labor costs, material costs and administrative costs) for providing such services, and (iv) the charging rates generally offered by the Group to Independent Third Parties for similar services taking into account the prevailing market rates for similar services in the open market and the historical charging rates during the Track Record Period.

Historical amounts

	Historical amounts (RMB '000)			
	For the year ended December 31,			For the six months ended June 30,
	2017	2018	2019	2020
Fees received by our Group for the community value-added services	276	9	311	38
Fees received by our Group for the value-added services to property developers	4,334	13,480	14,862	5,722
Total	**4,610**	**13,489**	**15,173**	**5,760**

Annual caps and basis of caps

The maximum aggregate annual service fee amounts in respect of the CRH Value-added Services Framework Agreement for the three years ending December 31, 2020, 2021 and 2022 shall not exceed the caps set out below:

	Proposed annual caps (RMB '000) for the year ending December 31,		
	2020	2021	2022
Fees to be received by our Group for the community value-added services	1,392	6,124	13,851
Fees to be received by our Group for the value-added services to property developers	21,240	27,790	29,463
Total	**22,632**	**33,914**	**43,314**

The above proposed annual caps are determined with reference to:

(a) for value-added services for property developers specifically: the existing contracts as of the Latest Practicable Date;

(b) the historical transaction amounts during the Track Record Period; We note that the historical amount for the six months ended June 30, 2020 is lower as construction of residential properties and marketing needs for property developers and clubhouse services to property owners and residents were suspended due to the lock-down, mandatory or voluntary social distancing measures stemming from the COVID-19 pandemic;

(c) the transaction amounts for the nine months ended September 30, 2020, according to the management account of our Company;

(d) the expected increase in the operational costs as incurred by us; and

(e) the expected increase in the CRH Connected Persons' demand for our services, based on (1) the historical growth trend of the value-added services to property developers and community value-added services segments during the Track Record Period, (2) the estimated additional total GFA under management for residential properties of approximately 1.2 million sq. m. being delivered by the CRH Connected Persons each year for 2021 and 2022.

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS (SUBJECT TO REPORTING, ANNUAL REVIEW, ANNOUNCEMENT AND INDEPENDENT SHAREHOLDERS' APPROVAL REQUIREMENTS)

We have entered into the following transactions which, as our Directors currently expect, the highest applicable percentage ratio calculated for the purpose of Chapter 14A of the Listing Rules will be more than 5% on an annual basis. Under Rule 14A.03 of the Listing Rules, these transactions will be subject to the reporting, annual review, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

7. Provision of property management services

Parties CR Land and our Company

Principal terms

We have entered into the provision of property management services framework agreement with CR Land on November 20, 2020 (the "**CR Land Property Management Services Framework Agreement**"), pursuant to which our Group may, from time to time, provide property management services to the CR Land Connected Persons for the residential and/or commercial properties and other properties developed and/or owned by them.

The initial term of the CR Land Property Management Services Framework Agreement shall commence on the Listing Date until December 31, 2022, subject to renewal by mutual consent.

Pricing basis

The property management fees shall be determined pursuant to the relevant bidding/selection process and after arm's length negotiations with reference to (i) the type, location and size of the properties, (ii) the branding and positioning of the properties, (iii) the scope and standard of the services to be provided, (iv) the anticipated operational cost (including, among others, labor costs, material costs and administrative costs) for providing such services, (v) the customers profile, and (vi) the prevailing market rate for similar services in the open market and the historical charging rates during the Track Record Period.

Historical amounts

	Historical amounts (RMB '000)			
	For the year ended December 31,			For the six months ended June 30,
	2017	2018	2019	2020
Property management fees received by our Group (for commercial properties)	464,120	687,708	907,623	432,662
Property management fees received by our Group (for residential properties and other non-commercial properties)	152,912	217,146	280,194	81,194
Total	**617,032**	**904,854**	**1,187,817**	**513,856**

Annual caps and basis of caps

The maximum aggregate annual management fee amounts in respect of the CR Land Property Management Services Framework Agreement for the three years ending December 31, 2020, 2021 and 2022 shall not exceed the caps set out below:

	Proposed annual caps (RMB '000) for the year ending December 31,		
	2020	2021	2022
Property management fees to be received by our Group (for commercial properties)	971,489	662,057	845,405
Property management fees to be received by our Group (for residential properties and other non-commercial properties)	378,475	531,894	735,832
Total	**1,349,964**	**1,193,951**	**1,581,237**

The above proposed annual caps are determined with reference to

(a) for commercial property management services specifically: we have entered into and are providing services to 42 existing projects (with a GFA under management of approximately 5 million sq. m.) for the year ending December 31, 2020; For the year ending December 31, 2021 and 2022, we have already entered into contracts for 46 (with a GFA under management of approximately 5.5 million sq. m.) and 51 (with a GFA under management of approximately 6.0 million sq. m.) projects respectively and estimated to have 3 (with a GFA under management of approximately 0.3 million sq. m.) and 10 (with a GFA under management of approximately 0.8 million sq. m.) additional projects for the two years respectively;

(b) for residential property and other non-commercial properties specifically: (1) the estimated GFA of the unsold properties for the year ending December 31, 2021 and 2022, based on the estimated additional total GFA under management for residential properties of approximately 15 million sq. m. being delivered by CR Land Connected Persons each year; (2) the historical average vacancy rate of the residential properties; (3) the estimated fees per sq. m. at which management services will be charged;

(c) the expected increase in the CR Land's demand with reference to its pipeline projects. According to CR Land's 2020 interim report, as of June 30, 2020, CR Land has (1) a total land bank GFA of 71.09 million sq. m. and attributable GFA of 49.80 million sq. m., which is sufficient for the development for the next three to five years; (2) a total of 50 shopping mall projects in pipeline and another 28 asset-light mall projects;

(d) the historical transaction amount during the Track Record Period;

(e) the transaction amounts for the nine months ended September 30, 2020, according to the management account of our Company; and

(f) the expected increase in the operational costs as incurred by us.

The proposed annual cap for the year ending December 31, 2021 is lower than that for the year ending December 31, 2020 as all of the property management services to commercial properties will switch and adopt a commission basis, which translate to a smaller revenue to be received (however it would not affect our profit). For details, see "Business — Commercial Operational and Property Management Services — Revenue Model and Pricing Policies — Property Management Services."

8. Provision of commercial operational services

Parties CR Land and our Company

Principal terms

We have entered into the provision of commercial operational services (commercial properties) framework agreement with CR Land on November 20, 2020 (the "**CR Land Commercial Operational Services Framework Agreement**"), pursuant to which our Group may, from time to time, provide commercial operational services to the CR Land Connected Persons for their commercial properties (including shopping malls and office buildings). The commercial operational services include (i) pre-opening management services (such as positioning and design management services, and tenant sourcing and management services) and (ii) operation management services (such as opening preparation services, tenant coaching, consumer management and marketing and publicity).

The initial term of the CR Land Commercial Operational Services Framework Agreement shall commence on the Listing Date until December 31, 2022, subject to renewal by mutual consent.

Pricing basis

The service fees under commercial operational services shall be determined after arm's length negotiations with reference to (i) the location and size of the properties, (ii) the branding and positioning of the properties, (iii) the scope and standard of the services to be provided, (iv) the anticipated operational cost (including, among others, labor costs, material costs and administrative costs) for providing such services, and (v) the prevailing market rate of similar services.

Historical amounts

	Historical amounts (RMB '000)			
	For the year ended December 31,			For the six months ended June 30,
	2017	2018	2019	2020
Service fees received by our Group	—	—	—	286,832

Historically, the commercial operational services to shopping malls were provided as complementary services in the form of inter-departmental services as part of CR Land's integrated commercial property development and investment business and thus no separate fee was charged. Therefore, no revenue/historical amount was recognized for commercial operational services for the three years ended December 31, 2019. For details, see "Financial Information — Principal Components of Our Combined Statements of Profit or Loss — Revenue — Commercial Operational and Property Management Services — Shopping Malls — (i) Commercial Operational Services."

Annual caps and basis of caps

The maximum aggregate annual service fee amounts in respect of the CR Land Commercial Operational Services Framework Agreement for the three years ending December 31, 2020, 2021 and 2022 shall not exceed the caps set out below:

	Proposed annual caps (RMB '000) for the year ending December 31,		
	2020	2021	2022
Service fees to be received by our Group	904,638	1,581,347	1,807,973

The above proposed annual caps are determined with reference to:

(a) the existing contracts and the number of existing pipeline projects with the CR Land Connected Persons as of the Latest Practicable Date; There is a significant increase in the proposed annual cap for the year ending December 31, 2020 compared to the historical figure for the six months ended June 30, 2020 as we have commenced providing commercial operational services to CR Land Connected Persons' 19 new office building projects and 4 additional shopping mall projects (with a GFA under management of approximately 1.5 million sq. m.) since July 1, 2020. We have entered into and are providing services to 73 projects (with a GFA under management of approximately 7 million sq. m.) for the year ending December 31, 2020. For the year ending December 31 2021 and 2022, we have already entered into contracts for 71 (with a GFA under management of approximately 7.3 million sq. m.) and 85 (with a GFA under management of approximately 8.4 million sq. m.) projects and estimated to have 7 (with a GFA under management of approximately 0.6 million sq. m.) and 8 (with a GFA under management of approximately 0.7 million sq. m.) more additional projects for the two years respectively;

(b) the transaction amounts for the nine months ended September 30, 2020, according to the management account of our Company;

(c) the expected increase in the operational costs as incurred by us;

(d) the expected financial performance of the commercial properties to which the commercial operational services are/will be provided; We note that the historical amount for the six months ended June 30, 2020 and the proposed annual cap for the year ending December 31, 2020 are lower than the proposed annual caps for the year ending December 31, 2021 and 2022 mainly due to the lock-down, mandatory or voluntary social distancing measures, travel restrictions and lower levels of consumption stemming from the COVID-19 pandemic which caused a low operating income of the shopping malls being managed in 2020 in general; and

(e) the expected increase in CR Land's demand, in particular, with reference to our newly commenced commercial operational services for office buildings and with reference to its pipeline projects. According to CR Land's 2020 interim report, as of June 30, 2020, CR Land has (1) a total land bank GFA of 71.09 million sq. m. and attributable GFA of 49.80 million sq. m., which is sufficient for the development for the next three to five years; (2) a total of 50 shopping mall projects in pipeline and another 28 asset-light mall projects.

9. Provision of value-added services (community value-added services and value-added services to property developers)

Parties CR Land and our Company

Principal terms

We have entered into the value-added services framework agreement with CR Land on November 20, 2020 (the "**CR Land Value-added Services Framework Agreement**"), pursuant to which our Group may, from time to time, provide value-added services to the CR Land Connected Persons for the residential properties and other non-commercial properties developed and/or owned by them. The value-added services to be provided include community value-added services (such as community living services and brokerage and assets services) and value-added services to property developers (such as consultancy services, preliminary preparation services and pre-delivery marketing services).

The initial term of the CR Land Value-added Services Framework Agreement shall commence on the Listing Date until December 31, 2022, subject to renewal by mutual consent.

Pricing basis

The service fees shall be determined after arm's length negotiations between the parties with reference to (i) the scope and standard of services to be provided, (ii) the type, location and size of the properties, (iii) the anticipated operational cost (including, among others, labor costs, material costs and administrative costs) for providing such services, and (iv) the charging rates generally offered by the Group to Independent Third Parties for similar services, taking into account of the prevailing market rates for similar services in the open market and the historical charging rates during the Track Record Period.

Historical amounts

	Historical amounts (RMB '000)			
	For the year ended December 31,			For the six months ended June 30,
	2017	2018	2019	2020
Fees received by our Group for the community value-added services	26,971	10,502	24,839	4,307
Fees received by our Group for the value-added services to property developers	302,919	407,480	464,776	213,520
Total	**329,890**	**417,982**	**489,615**	**217,827**

Annual caps and basis of cap

The maximum aggregate annual service fee amounts in respect of the CR Land Value-added Services Framework Agreement for the three years ending December 31, 2020, 2021 and 2022 shall not exceed the caps set out below:

	Proposed annual caps (RMB '000) for the year ending December 31,		
	2020	2021	2022
Fees to be received by our Group for the community value-added services	51,880	91,700	110,604
Fees to be received by our Group for the value-added services to property developers	660,289	863,897	915,919
Total	**712,169**	**955,597**	**1,026,523**

The above proposed annual caps are determined with reference to:

(a) for value-added services for property developers specifically: the existing contracts as of the Latest Practicable Date;

(b) the historical transaction amounts during the Track Record Period; We note that the historical amount for the six months ended June 30, 2020 is lower as construction of residential properties and marketing needs for property developers and clubhouse services to property owners and residents were suspended due to the lock-down, mandatory or voluntary social distancing measures stemming from the COVID-19 pandemic;

(c) the transaction amounts for the nine months ended September 30, 2020, according to the management account of our Company;

(d) the expected increase in the operational costs as incurred by us;

(e) the expected increase in CR Land's demand for our services, with reference to its pipeline projects, based on (1) the historical growth trend of the value-added services to property developers and community value-added services segments during the Track Record Period, (2) the estimated additional total GFA under management for residential properties being delivered by CR Land Connected Persons of approximately 15 million sq. m. each year for 2021 and 2022; and

(f) according to CR Land's 2020 interim report, as of June 30, 2020, CR Land has a total land bank GFA of 71.09 million sq. m. and attributable GFA of 49.80 million sq. m., which is sufficient for the development for the next three to five years.

10. Procurement of goods and services

Parties CR Land and our Company

Principal terms

We have entered into the procurement of goods and services framework agreement with CR Land on November 20, 2020 (the "**CR Land Procurement Framework Agreement**"), pursuant to which our Group may, from time to time, procure from the CR Land Connected Persons certain types of goods and services which include interior design and construction, purchase of furniture and fixtures, and utilities (water and electricity).

The initial term of the CR Land Procurement Framework Agreement shall commence on the Listing Date until December 31, 2022, subject to renewal by mutual consent.

Pricing basis

The consideration for the procurement of goods and services from the CR Land Connected Persons under the CR Land Procurement Framework Agreement shall be determined on an arm's length basis by the parties with reference to the then prevailing market price and taking into account the quantity and quality of the supplies, products and services as well as other terms such as payment terms. The terms are to be no less favorable to our Group than those for transactions between our Group and Independent Third Parties under the same conditions.

Historical amounts

	Historical amounts (RMB '000)			
	For the year ended December 31,			For the six months ended June 30,
	2017	2018	2019	2020
Purchase amount by our Group	235,386	116,652	231,906	75,613

Annual caps and basis of caps

The maximum aggregate annual purchase amounts in respect of the CR Land Procurement Framework Agreement for the three years ending December 31, 2020, 2021 and 2022 shall not exceed the caps set out below:

	Proposed annual caps (RMB '000) for the year ending December 31,		
	2020	2021	2022
Purchase amount by our Group	299,111	590,954	860,366

The above proposed annual caps are determined with reference to the following considerations:

(a) the historical transaction amounts during the Track Record Period;

(b) the expected increase in our demand for the relevant supplies, products and services as we expand our business;

(c) the expected renovation expenses that may be incurred with respect to Lanzhou MIXC before its operation commences;

(d) the estimated additional total GFA under management for residential properties being delivered by CR Land Connected Persons of approximately 15 million sq. m. each year for 2021 and 2022; and

(e) the expected increment in the average market price of the supplies, products and services in the three years ending December 31, 2022.

11. Provision of property management services

Parties CR Holdings and our Company

Principal terms

We have entered into the provision of property management services framework agreement with CR Holdings on November 20, 2020 (the "**CRH Property Management Services Framework Agreement**"), pursuant to which our Group may, from time to time, provide property management services to the CRH Connected Persons for the residential and/or commercial properties and other properties developed and/or owned by them.

The initial term of the CRH Property Management Services Framework Agreement shall commence on the Listing Date until December 31, 2022, subject to renewal by mutual consent.

Pricing basis

The property management fees shall be determined pursuant to the relevant bidding/selection process and after arm's length negotiations with reference to (i) the type, location and size of the properties, (ii) the branding and positioning of the properties, (iii) the scope and standard of the services to be provided, (iv) the anticipated operational cost (including, among others, labor costs, material costs and administrative costs) for providing such services, (v) the customers profile, and (vi) the prevailing market rate for similar services in the open market and the historical charging rates during the Track Record Period.

Historical amounts

	Historical amounts (RMB '000)			
	For the year ended December 31,			For the six months ended June 30,
	2017	2018	2019	2020
Property management fees received by our Group (for commercial properties)	9,529	61,930	153,445	76,631
Property management fees received by our Group (for residential properties and other public facilities)	13,715	14,655	25,389	17,390
Total	**23,244**	**76,585**	**178,834**	**94,021**

Annual caps and basis of caps

The maximum aggregate annual management fee amounts in respect of the CRH Property Management Services Framework Agreement for the three years ending December 31, 2020, 2021 and 2022 shall not exceed the caps set out below:

	Proposed annual caps (RMB '000) for the year ending December 31,		
	2020	2021	2022
Property management fees to be received by our Group (for commercial properties)	426,013	376,173	498,685
Property management fees to be received by our Group (for residential properties and other public facilities)	34,421	48,449	66,951
Total	**460,434**	**424,622**	**565,636**

The above proposed annual caps are determined with reference to:

(a) for commercial property management services specifically: we have entered into and are providing services to 11 existing projects (with a GFA under management of approximately 0.5 million sq. m.) for the year ending December 31, 2020; For the year ending December 31, 2021 and 2022, we have already entered into contracts for 12 (with a GFA under management of approximately 0.6 million sq. m.) projects for each respectively and estimated to have 1 (with a GFA under management of approximately 50,000 sq. m.) additional project for the year ending December 31, 2022;

(b) for residential property and other non-commercial properties: (1) the historical transaction amount and growth trend during the Track Record Period; (2) the estimated GFA of the unsold properties for the year ending December 31, 2021 and 2022, based on the estimated additional total GFA under management for residential properties of approximately 1.2 million sq. m. being delivered by CRH Connected Persons each year; (3) the historical average vacancy rate of the residential properties; (4) the estimated fees per sq. m. at which management services will be charged;

(c) the historical transaction amount during the Track Record Period;

(d) the transaction amounts for the nine months ended September 30, 2020, according to the management account of our Company; and

(e) the expected increase in the operational costs as incurred by us.

The proposed annual cap for the year ending December 31, 2021 is lower than that for the year ending December 31, 2020 as all of the property management services for commercial properties will switch and adopt a commission basis, which translate to a smaller revenue to be received, however it is not expected to affect our profit. For details, see "Business — Commercial Operational and Property Management Services — Revenue Model and Pricing Policies — Property Management Services."

12. Deposit and Other Financial Services

Parties Zhuhai CR Bank and our Company

Zhuhai CR Bank is a licensed bank regulated by the China Banking and Insurance Regulatory Commission and headquartered in Zhuhai, the PRC. It has branches and sub-branches in different locations in the PRC where it operates and provides financial and commercial banking services. As of the Latest Practicable Date, Zhuhai CR Bank is held as to approximately 70.28% by China Resources Inc., which holds 100% of CR Holdings, and will therefore be our connected person under the Listing Rules upon the Listing.

Principal terms

We have entered into the deposit and financial service framework agreement with Zhuhai CR Bank on November 20, 2020 (the "**Deposit and Financial Services Framework Agreement**"), pursuant to which our Group may, from time to time, (1) deposit cash into Zhuhai CR Bank while Zhuhai CR Bank will provide deposit services and pay deposit interest to our Group on such deposits; (2) use the commercial banking services of Zhuhai CR Bank including, but not limited to, letter of credit, letter of guarantee, granting of loans with collaterals, bill acceptance and discount services, account receivable factoring services, provision of loans and security, wealth and cash management services, financial consulting service and other financial services as agreed by the parties. The Deposit and Financial Services Framework Agreement (including the term of the agreement) is in line with the "CR Bank Strategic Cooperation Agreement 2019" dated December 9, 2019 entered into by Zhuhai CR Bank and CR Land.

The initial term of the Deposit and Financial Services Framework Agreement shall commence on the Listing Date until December 31, 2022, subject to renewal by mutual consent.

Pricing basis

Any deposit, financial services and products placed made with Zhuhai CR Bank under the Deposit and Financial Services Framework Agreement will bear the same interest rate and be on the same terms and conditions as would apply to a similar deposit, financial services and/or products made by any other customer of Zhuhai CR Bank, which rates are determined with reference to such other more preferential rates.

Historical amounts

Set out below are the approximate historical amounts of the maximum daily balance of deposit placed by our Group with Zhuhai CR Bank and the maximum daily amount of financial services and products provided by Zhuhai CR Bank to our Group (excluding deposit service and financial services provided by Zhuhai CR Bank where only the fees and commissions paid by our Group are used to calculate the relevant percentage ratios), during the three years ended December 31, 2019 and the six months ended June 30, 2020:

	Historical amounts (RMB '000)			
	For the year ended December 31,			For the six months ended June 30,
	2017	2018	2019	2020
Maximum daily balance of deposits placed by our Group with Zhuhai CR Bank	28,815	221,527	417,430	411,700
Maximum daily amount of financial services and products provided by Zhuhai CR Bank	0	0	0	0

Annual caps and basis of caps

The maximum daily balance of deposit placed by our Group with Zhuhai CR Bank and the maximum daily amount of financial services and products provided by Zhuhai CR Bank to our Group (excluding deposit service and financial services provided by Zhuhai CR Bank where only the fees and commissions paid by our Group are used to calculate the relevant percentage ratios) in respect of the Deposit and Financial Services Framework Agreement for the three years ended December 31, 2020, 2021 and 2022 shall not exceed the caps set out below. Such maximum daily amount is applicable for each day during the relevant year, and such maximum daily amount is calculated on an individual basis as outstanding at the end of each day during the relevant year without aggregating with the daily amount incurred on the days before.

	Proposed annual caps (RMB '000) for the year ending December 31,		
	2020	2021	2022
Maximum daily balance of deposits to be placed by our Group with Zhuhai CR Bank	525,000	525,000	525,000
Maximum daily amount of financial services and products to be provided by Zhuhai CR Bank	821,429	821,429	821,429

It is expected that the aggregate annual amount of fees and commissions paid by the our Group for the financial services provided by Zhuhai CR bank during the term of the Deposit and Financial Services Framework Agreement will not exceed 0.1% of the relevant percentage ratios and these arrangements will constitute de minimis transactions under the Listing Rules.

The above proposed annual caps are determined with reference to (a) the historical maximum daily balances of the deposits which we placed with Zhuhai CR Bank during the Track Record Period; (b) current and expected future cash flow position of our Company in light of our estimated scale of business operation and demand for deposit services in the future; and (c) our Group's business needs and the expected level of services to be received from Zhuhai CR Bank.

WAIVER APPLICATION FOR NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

Under Rule 14A.76(2) of the Listing Rules, the transactions under the subsection headed "— Non-exempt continuing connected transactions (subject to reporting, annual review and announcement requirements)" and the transactions under the subsection headed "— Non-exempt continuing connected transactions (subject to reporting, annual review, announcement and independent Shareholders' approval requirements)" will constitute our continuing connected transactions subject to those requirements under Chapter 14A of the Listing Rules upon the Listing.

As those non-exempt continuing connected transactions are expected to continue on a recurring and continuing basis and have been fully disclosed in this prospectus, our Directors consider that compliance with the announcement and the independent Shareholders' approval requirements (as the case may be) would be impractical, and such requirements would lead to unnecessary administrative costs and would be unduly burdensome to us.

Accordingly, we have applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange has granted, waivers exempting us from strict compliance with (i) the announcement requirement under Chapter 14A of the Listing Rules in respect of the continuing connected transactions as disclosed in "— Non-exempt Continuing Connected Transactions (subject to reporting, annual review and announcement requirements)" in this section; and (ii) the announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules in respect of the continuing connected transactions as disclosed in "— Non-exempt Continuing Connected Transactions (subject to reporting, annual review, announcement and independent Shareholders' approval requirements)" in this section, subject to the condition that the aggregate amounts of the continuing connected transactions for each financial year shall not exceed the relevant amounts set forth in the respective annual caps (as stated above).

In the event of any future amendments to the Listing Rules imposing more stringent requirements than those applicable as of the Latest Practicable Date on the continuing connected transactions referred to in this prospectus, we will take immediate steps to ensure compliance with such new requirements within reasonable time.

CONFIRMATION FROM OUR DIRECTORS

Our Directors (including our independent non-executive Directors) are of the view that the non-exempt continuing connected transactions as set out above are in our ordinary and usual course of business and on normal commercial terms, and are fair and reasonable and in the interest of our Company and Shareholders as a whole, and the proposed annual caps (where applicable) for those transactions are fair and reasonable and in the interest of our Company and Shareholders as a whole.

CONFIRMATION FROM THE JOINT SPONSORS

The Joint Sponsors are of the view that the non-exempt continuing connected transactions as set out above are in the ordinary and usual course of business of our Company and on normal commercial terms, and are fair and reasonable in the interests of our Company and Shareholders as a whole, and the proposed annual caps (where applicable) for those transactions are fair and reasonable and in the interest of our Company and Shareholders as a whole.

INTERNAL CONTROL MEASURES TO SAFEGUARD SHAREHOLDERS' INTERESTS

In order to further safeguard the interests of the Shareholders as a whole (including the minority Shareholders), our Group has implemented the following internal control measures in relation to the continuing connected transactions:

- Our Group has approved internal guidelines which provide that if the value of any proposed connected transaction is expected to exceed certain thresholds, the relevant staff must report the proposed transactions to the head of the relevant business unit in order for our Company to commence the necessary additional assessment and approval procedures and ensure that we will comply with the applicable requirements under Chapter 14A of the Listing Rules; and

- Our Company will provide information and supporting documents to the independent non-executive Directors and the auditors in order for them to conduct an annual review of the continuing connected transactions entered into by our Company. In accordance with the requirements under the Listing Rules, the independent non-executive Directors will provide an annual confirmation to the Board as to whether the continuing connected transactions have been entered into in the ordinary and usual course of business of our Group, are on normal commercial terms and are in accordance with the agreement governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole, and the auditors will provide an annual confirmation to the Board as to whether anything has come to their attention that causes them to believe that the continuing connected transactions have not been approved by the Board, are not in accordance with the pricing policies of our Group in all material respects, are not entered into in accordance with the relevant agreements governing the transactions in all material respects or have exceeded the cap.

OVERVIEW

The Board of the Group consists of 10 Directors, comprising four executive Directors, two non-executive Directors and four independent non-executive Directors. The powers and duties of the Board include convening general meetings, determining the Group's business plans and investment plans, formulating the Group's annual budget and final accounts, formulating proposals for profit distributions as well as exercising other powers, functions and duties as conferred by our Articles of Association.

The senior management of the Group includes those who manage the daily operation of the Company and its subsidiaries.

DIRECTORS AND SENIOR MANAGEMENT

The table below sets forth certain information of our Directors:

Name	Age	Position	Main duties	Date of joining the Group	Date of appointment as a Director	Relationship with other Directors and senior management
Mr. YU Linkang (喻霖康先生)	49	Executive Director and president	Responsible for the overall management of the Group	October 2005	July 9, 2020	None
Mr. WANG Haimin (王海民先生)	50	Executive Director and vice president	Responsible for the overall management and property management business of the Group	October 2013	August 3, 2020	None
Ms. WEI Xiaohua (魏小華女士)	51	Executive Director and vice president	Responsible for the overall management and commercial operational services of the Group	October 2007	August 3, 2020	None
Ms. YANG Hongxia (陽紅霞女士)	42	Executive Director and chief financial officer	Responsible for the overall financial management of the Group	July 2004	August 3, 2020	None
Mr. LI Xin (李欣先生)	49	Non-executive Director and chairman	Participating in formulation of business plans, strategies and major decisions of the Group through the Board	July 2001	July 9, 2020	None

Name	Age	Position	Main duties	Date of joining the Group	Date of appointment as a Director	Relationship with other Directors and senior management
Mr. GUO Shiqing (郭世清先生)	51	Non-executive Director	Overseeing the financial management of the Group	October 2001	December 28, 2018	None
Mr. LAU Ping Cheung Kaizer （劉炳章先生）	69	Independent non-executive Director	Supervising and offering independent judgment to the Board and serving as chairman/members of certain committees of the Board	November 2020	November 25, 2020	None
Mr. CHEUNG Kwok Ching (張國正先生)	59	Independent non-executive Director	Same as above	November 2020	November 25, 2020	None
Mr. CHAN Chung Yee Alan （陳宗彝先生）	54	Independent non-executive Director	Same as above	November 2020	November 25, 2020	None
Ms. QIN Hong （秦虹女士）	57	Independent non-executive Director	Same as above	November 2020	November 25, 2020	None

Members of the senior management of our Group also include the following:

Name	Age	Position	Main duties	Date of joining the Group	Date of appointment as current position	Relationship with other Directors and senior management
Mr. GUO Ruifeng (郭瑞鋒先生)	42	Assistant president and chief human resources officer	Responsible for the Group's human resources management	July 2003	August 19, 2020	None
Mr. LUO Bing (羅冰先生)	42	Assistant president and chief strategy officer	Responsible for, among others, the Group's strategic, investment and operational management	October 2016	August 19, 2020	None

Directors

Executive Directors

Mr. YU Linkang (喻霖康先生), aged 49, has been our Director since July 2020 and was appointed as an executive Director and the president of the Company in August 2020. Mr. Yu has approximately 28 years of experience in real estate investment, commercial operation and corporate management.

Mr. Yu worked in China Resources Hotel in Beijing (北京華潤飯店) from August 1992 to September 1996, where he successively served as the deputy manager and manager of the food and beverage department. He worked in Longdation Enterprises Limited (隆地企業有限公司) from September 1996 to December 2000, where he successively served as the supervisor, deputy manager and manager of the investment management department. Mr. Yu served as the assistant general manager of Shenzhen Foreign Trade Center (深圳對外貿易中心) from December 2000 to June 2003, the chairman and general manager of Shenzhen Hotel Kapok Co., Ltd. (深圳市木棉花酒店有限公司) from January 2002 to June 2003, and the deputy general manager of Hotel Kapok Co., Ltd. (木棉花酒店有限公司) from June 2003 to November 2004.

From November 2004 to May 2011, Mr. Yu served as the deputy general manager of China Resources Shenzhen (which has been a subsidiary of CR Land since October 2005), during which he concurrently served as the general manager of China Resources Shenzhen Bay Development Co., Ltd. (華潤深圳灣發展有限公司) from December 2008 to May 2011. He was the deputy general manager of Shenzhen region from May 2011 to August 2013. From August 2013 to July 2016, he served as the director for commercial real estate, general manager of Wuhan region as well as the assistant president of CR Land. In July 2016, he was appointed as the vice president of CR Land, managing our Group's business, in particular our commercial operational services business. Since November 2018 and March 2020, he has been respectively appointed as the senior vice president of CR Land and the chairman of its property management business, managing the overall operation and business of the Group. For the purpose of the Reorganization, Mr. Yu was appointed as the Group's president in August 2020 to continue leading the management of the Group and ceased his appointment at CR Land. He received the Commercial Real Estate Leader Award (商業地產領軍人物獎) granted by the China Commercial Real Estate Industry Annual Award Panel (中國商業地產行業年度獎項評委會) for the year 2018.

Mr. Yu obtained a bachelor's degree in hotel management from Beijing International Studies University in the PRC in 1992 and an MBA degree from Wright State University in Ohio, the United States in 2006.

Mr. WANG Haimin (王海民先生), aged 50, was appointed as an executive Director and the vice president of the Company in August 2020. He has extensive experience in real estate and corporate management.

Mr. Wang worked in China Northern Airlines (中國北方航空公司) from July 1993 to May 2003, where he successively served as the budgeting officer of the construction department of the airline's Dalian branch, general manager of Dalian Aviation Hotel (大連航空賓館), director and deputy general manager of Shenyang Northern Airlines Yangzi Industrial Co., Ltd. (瀋陽北方航空揚子實業有限公司). He joined the preparation group of China Southern Airlines Tourist Hotel (中國南方航空集團旅遊酒店) in May 2003 and served as the deputy general manager of China Southern Airlines Tourism Development Co., Ltd. (南航集團旅遊發展公司) from August 2003 to April 2010. In addition, Mr. Wang also worked in Northern Airlines Yangzi Industrial Co., Ltd. (北方航空楊子實業有限公司) from February 2007 to January 2012, during which he served as the vice chairman, director and deputy general manager. From January to October 2012, he served as the manager of the corporate management department of Northern branch of China Southern Airlines Company Limited (中國南方航空股份有限公司). In addition, Mr. Wang also served as the deputy general manager of Yuexiu Property Shenyang Co., Ltd. (瀋陽越秀地產有限公司) from October 2012 to October 2013.

Mr. Wang has joined CR Land since October 2013, which he has successively served as the deputy general manager of China Resources Land (Shenyang) Co., Ltd. (華潤置地(瀋陽)有限公司) of the Shenyang region from October 2013 to May 2015, and the general manager of the marketing management department of the Shenyang region from May 2015 to December 2016. From December 2016 onwards, Mr. Wang has been responsible for overseeing the Group's business and is in charge of primarily the property management business of our Group. He has assumed various roles including the general manager of the Dalian company of Northeast China Region from December 2016 to August 2019 as well as the assistant general manager of Northeast China Region from August 2017 to August 2019. He was the general manager of the operation management department of CR Land from August 2019 to August 2020. For the purpose of the Reorganization, Mr. Wang was appointed as the Group's vice president in August 2020 to continue managing the Group's business and ceased his appointment at CR Land.

Mr. Wang obtained a bachelor's degree in economics (investment and economic management) and a doctoral degree in national economics from Dongbei University of Finance and Economics in the PRC in 1993 and 2010, respectively.

Ms. WEI Xiaohua (魏小華女士), aged 51, was appointed as an executive Director and the vice president of the Company in August 2020. She has experience in real estate and corporate management.

Ms. Wei served as the marketing manager of Ericsson (China) Co., Ltd. (愛立信（中國）有限公司) from May 1998 to September 2003.

Ms. Wei joined China Resources Shenzhen in September 2003 and served as the deputy manager of the marketing department until June 2005. Since October 2007, Ms. Wei has held various positions in CR Land, including the marketing director of China Resources (Shenyang) Property Co., Ltd. (華潤(瀋陽)地產有限公司) from October 2007 to January 2011, assistant general manager of China Resources (Shenyang) Property Co., Ltd. (華潤(瀋陽)地產有限公司) and general manager of Shenyang China Resources Centre from January 2011 to February 2013, deputy general manager of China Resources (Shenyang) Property Co., Ltd. (華潤(瀋陽)地產有限公司), the general manager of the commercial real estate management department of Shenyang region from February 2013 to February 2015, as well as general manager of the commercial real estate management department of Beijing region from February 2015 to December 2016. From December 2016 onwards, Ms. Wei has been responsible for the management of the commercial operational services business of the Group where she has successively served as the assistant general manager of the North China Region from December 2016 to September 2017 as well as the general manager of the commercial real estate business division in North China Region from September 2017 to March 2020. In March 2020, Ms. Wei was appointed as the general manager of the commercial real estate business division of CR Land until August 2020. For the purpose of the Reorganization, Ms. Wei was appointed as the Group's vice president in August 2020 to continue managing the Group's business and ceased her appointment at CR Land.

Ms. Wei obtained a bachelor of engineering degree in technological English from the Beijing University of Posts and Telecommunications in the PRC in 1991. She obtained an Master of Business Administration from Tsinghua University in the PRC in 2001.

Ms. YANG Hongxia (陽紅霞女士), aged 42, was appointed as an executive Director, the chief financial officer and the general manager of the finance department of the Company in August 2020. She has experience in finance, human resources and operation management.

Ms. Yang has joined CR Land since July 2004 after her master's graduation, where she has successively served as the supervisor, assistant manager and deputy manager of the finance department of China Resources Shenzhen from July 2004 to July 2010, deputy manager, manager and deputy general manager of the finance department of Shenzhen region from July 2010 to November 2016. From November 2016 onwards, Ms. Yang has been responsible for the management of the Group, and is in charge of the financial management of the Group, where she served as the deputy general manager of the finance department of South China Region from November 2016 to July 2017, as well as the general manager of the human resources administration department of South China region from July 2017 to March 2020, responsible for human resources and administration of our Group in South China Region, and she has also been the assistant general manager of South China Region of CR Land from June 2018 to August 2020, managing the business development of the Group in South China Region. For the purpose of the Reorganization, Ms. Yang was appointed as the Group's chief financial officer in August 2020 to continue managing the Group's business.

Ms. Yang obtained a bachelor's degree and a master's degree in accounting from School of Management, Xiamen University in the PRC in 2001 and 2004, respectively. She is qualified as a certified accountant in 2003 with the title of intermediate accountant from 2006.

Non-executive Directors

Mr. LI Xin (李欣先生), aged 49, has been our Director since July 2020 and was appointed as a non-executive Director in August 2020. He has experience in corporate management and real estate development management.

Mr. Li joined CR Holdings in August 1994, where he successively served at the personnel department of the then China Resources National Corporation (currently known as China Resources Company Limited), as director of Chongqing Kuixing Industrial Co., Ltd. (重慶奎星實業股份有限公司), as managing director of Chongqing Runlong Industrial Co., Ltd. (重慶潤隆實業有限公司), and as manager and senior manager of Longdation Enterprises Limited (隆地企業有限公司). He joined CR Land in July 2001, where he successively served from July 2001 to June 2013 as the general manager of the corporate development department of CR Land, general manager of China Resources (Dalian) Co., Ltd. (華潤(大連)有限公司), vice president of CR Land, and general manager of the Shenyang region and other positions. He was appointed as the senior vice president of CR Land in June 2013 and concurrently served as the general manager of Shenyang region, responsible for business development of Northeast China region. He was appointed as the co-president of CR Land and chairman of East China Region in July 2016, responsible for the business development of East China region (known as Shanghai region prior to November 2016) of CR Land. Since April 2017, Mr. Li has been appointed as an executive director of CR Land, where he is currently a member of the nomination committee, the corporate governance committee, the executive committee and the CSR Committee. Subsequently, Mr. Li was appointed as the president of CR Land in December 2018 and concurrently serve as the chairman of East China Region.

Mr. Li obtained a bachelor of economics degree in investment economics management from Dongbei University of Finance and Economics in the PRC and a master of engineering degree in project management from The Hong Kong Polytechnic University in 1994 and 2005, respectively.

Mr. GUO Shiqing (郭世清先生), aged 51, has been our Director since December 2018 and was appointed as a non-executive Director in August 2020.

Mr. Guo served as the accountant of Guangdong Electric Power First Engineering Bureau (廣東省電力工業局第一工程局) from July 1994 to October 2001. Subsequently, he joined CR Land in October 2001 and served as the manager of the finance management department of Shenzhen CR Property Management Co. Ltd. (深圳華潤物業管理有限公司) from October 2001 to September 2006. He subsequently served as finance director of China Resources (Dalian) Co., Ltd. (華潤(大連)有限公司) from September 2006 to January 2011, assistant general manager of China Resources (Dalian) Co., Ltd. (華潤(大連)有限公司) from January 2011 to August 2012, and general manager of the finance department of Shenyang region (known as Liaoning region prior to October 2013) from August 2012 to November 2014. At the same time, he also served as the assistant general manager and deputy general manager of China Resources (Shenyang) Property Co., Ltd. (華潤(瀋陽)地產有限公司). Mr. Guo was the assistant general manager and finance director of Shenyang region between November 2014 to November 2016, assistant general manager and finance director of Northeast China Region from November 2016 to August 2017 and deputy general manager of Northeast China Region from August 2017 to October 2018, mainly responsible for financial management of CR Land in the Northeast China Region. He has been the general manager of the finance department of CR Land since October 2018. He was appointed as the assistant president and chief financial officer of CR Land in June 2020.

Mr. Guo completed an undergraduate program in accounting from Xiamen University in the PRC in 1994.

Independent Non-executive Directors

Mr. LAU Ping Cheung Kaizer GBS, SBS, J.P. (劉炳章先生GBS, SBS, J.P.), aged 69, was appointed as an independent non-executive Director on November 25, 2020.

Mr. Lau also currently serves as an independent non-executive director of Kingboard Laminates Holdings Limited (a company listed on the Hong Kong Stock Exchange, stock code: 1888) and SEM Holdings Limited (a company listed on the Hong Kong Stock Exchange, stock code: 9929). Previously, Mr. Lau served as an independent non-executive director of MTR Corporation Limited (a company listed on the Hong Kong Stock Exchange, stock code: 0066) from August 2015 to May 2019. Mr. Lau has more than 30 years of experience in the real estate industry.

Mr. Lau is one of the founders of Hong Kong Coalition of Professional Services and has been its chairman since June 2012. He is also a member of the Board of Governors of Our Hong Kong Foundation, member of the Basic Law Promotion Steering Committee. Previously, he was a member of the Long Term Housing Strategy Steering Committee from September 2012 to December 2013, chairman of the Surveyors Registration Board from 1996 to 1997.

Mr. Lau is also currently a member of the National Committee of the Chinese People's Political Consultative Conference since March 2018 and served as a member of the HKSAR Legislative Council between October 2000 to September 2004.

Mr. Lau obtained a higher diploma in quantity surveying from Hong Kong Polytechnic (currently known as the Hong Kong Polytechnic University) in 1974.

Mr. CHEUNG Kwok Ching (張國正先生), aged 59, was appointed as an independent non-executive Director on November 25, 2020.

Mr. Cheung has over 30 years of experience in the real estate industry and is the founder and chairman of ACR Asset Management founded in March 2019. Prior to the establishment of ACR Asset Management, Mr. Cheung joined C.Y. Leung & Co., in September 1995 as a director of the PRC business. In 1997, he was appointed as the General Manager of the Shanghai office of C.Y. Leung & Co., which became part of DTZ Debenham Tie Leung Limited in 2000. In 2007, he was appointed as DTZ mainland China CEO and in 2010, he was appointed as DTZ Greater China CEO. After DTZ merged with Cushman & Wakefield (a company listed on the New York Stock Exchange, stock code: CWK) in 2015, he was Greater China CEO and chairman of Asia Pacific Board of Cushman & Wakefield until April 2019. Mr. Cheung is the honorary chairman of the Hong Kong Chamber of Commerce in Shanghai, the chairman of Shanghai – Hong Kong Association and a Shanghai representative in the Chinese People's Political Consultative Conference.

Mr. Cheung obtained a bachelor of Science degree in urban and environmental planning from Anglia Ruskin University of the United Kingdom in 1985. He is also a fellow member of the Royal Institution of Chartered Surveyors since 2018.

Mr. CHAN Chung Yee Alan (陳宗彝先生), aged 54, was appointed as an independent non-executive Director on November 25, 2020.

Mr. Chan is also an independent non-executive director and chairman of the audit committee of Upbest Group Limited (a company listed on the Hong Kong Stock Exchange, stock code: 0335) and UBA Investments Limited (a company listed on the Hong Kong Stock Exchange, stock code: 0768).

Mr. Chan is currently the managing director of Chinalink Express Holdings Limited, a wholly-owned subsidiary of Kwoon Chung Bus Holdings Limited (a company listed on the Hong Kong Stock Exchange, stock code: 306), a role he has assumed since 2003. Previously, he was the Vice President (Corporate Operation) of Henderson China Holdings Limited from October 2002 to April 2003.

Mr. Chan is a standing member of the Political Consultative Conference of Yunfu City, Guangdong since 2011, a standing member of the Guangdong's Association for Promotion of Cooperation between Guangdong, Hong Kong & Macao since 2009, member of the China Overseas Friendship Association since 2019, member of Friends of Hong Kong Association since 2019, a convenor of Hong Kong Coalition since 2020 and secretary general of the China Hong Kong and Macau Boundary Crossing Bus Association. Previously, Mr. Chan was appointed as a member of the Board of Review (Inland Revenue Ordinance) of the HKSAR from 2009 to 2011.

Mr. Chan graduated from the Hong Kong Polytechnic (currently known as the Hong Kong Polytechnic University) in 1989 with a professional diploma in Business Studies (Banking) and graduated from Monash University in Australia with master degrees in Practising Accounting and Business Law, in 2000 and 2006 respectively.

He is a member and fellow of the Hong Kong Institute of Certified Public Accountants since 2002 and 2014, respectively; member and fellow of CPA Australia since 2001 and 2014, respectively, certified membership of the Institute of Certified Management Accountants (Australia) since 2003, fellow of The Chartered Governance Institute since 2001 (and has subsequently received the designations of "Chartered Secretary" and "Chartered Governance Professional" in 2018), fellow of The Hong Kong Institute of Chartered Secretaries since 2001, fellow of The Hong Kong Institute of Directors since 2002, ordinary member of the Hong Kong Securities and Investment Institute since 2015, member of Chartered Institute of Logistics and Transport in Hong Kong since 2000. Mr. Chan is also a member of the Institute of Chartered Bankers in Scotland, the United Kingdom with a designation of "Chartered Banker" and a "Certified Banker" of the Hong Kong Institute of Bankers.

Ms. QIN Hong (秦虹女士), aged 57, was appointed as an independent non-executive Director on November 25, 2020. She has extensive real estate research experience.

Ms. Qin is also an independent non-executive director and a member of the Strategy and Investment Committee of Red Star Macalline Group Corporation Ltd. (a company listed on the Hong Kong Stock Exchange, stock code: 1528), as well as a research fellow at the Renmin University of China, a role she has assumed since May 2019. She was an independent non-executive director, the chair of the nominating and corporate governance committee and a member of the audit committee and compensation committee of Fang Holdings Limited (a company listed on the New York Stock Exchange, stock code: SFUN) from November 2019 to June 2020.

Ms. Qin successively worked as a deputy researcher, researcher, deputy head researcher and head of Policy Research Center under MOHURD from November 1994 to April 2019, and head of the China Urban-Rural Development Economics Institute from September 2012 to April 2019. Ms. Qin was granted the honorary certificate of National Outstanding Professional Talent in 2014.

Ms. Qin was also the director of department of Urban-Rural Development Economics of the Graduate School of the Chinese Academy of Social Science from August 2000 to June 2004.

Ms. Qin obtained a bachelor's degree in business administration and economics from Shandong Economics Institute in the PRC (currently known as Shandong University of Finance and Economics) in 1985, and a master's degree in economics from The Graduate School of Chinese Academy of Social Sciences in the PRC in 1988.

Save as disclosed above in this section, each of our Directors has confirmed that he/she did not hold any other directorship in any listed companies during the three years immediately prior to the Latest Practicable Date, that there is no other matters concerning his/her appointment as Directors that need to be brought to the attention of our Shareholders, and that there is no other information relating to his/her appointment as Directors that needs to be disclosed pursuant to Rule 13.51 (2) of the Listing Rules.

Save as disclosed in this prospectus, none of our Director is interested in any business which competes or is likely to compete, either directly or indirectly, with our business.

Senior Management

For the biographical details of Mr. YU Linkang, Mr. WANG Haimin, Ms. WEI Xiaohua and Ms. YANG Hongxia, please refer to "Executive Directors" in this section. Biographical details of other members of the senior management are as follows:

Mr. GUO Ruifeng (郭瑞鋒先生), aged 42, was appointed as an assistant president and the chief human resources officer of the Company in August 2020. He has experience in real estate development management, commercial real estate operation management and human resources management.

Mr. Guo has joined CR Land since July 2003 after obtaining his master's degree, where he successively served as the manager of the corporate development department of CR Land, as well as the deputy manager and manager of the contract management department from February 2005 to November 2008, and the manager, deputy director and director of the sales management department of China Resources Land (Hefei) Co., Ltd. (華潤置地(合肥)有限公司) from November 2008 to September 2012. Mr. Guo served as the general manager of sales management in Wuhan region from September 2012 to November 2016 and from 2015 to November 2016, he was also the general manager of the Guanggu Changdong project in Wuhan region. Since November 2016, Mr. Guo specialized in the commercial operational services business of the Group and served as the general manager of Hangzhou MIXC under the commercial real estate business division, and subsequently also served as the deputy general manager of China Resources Sun Hung Kai Properties (Hangzhou) Co., Ltd. (華潤新鴻基房地產(杭州)有限公司) of East China Region from November 2016 to February 2019, during which he was also the deputy general manager of the commercial real estate business division in East China Region from August 2018 to February 2019. He was appointed as the general manager of Shenzhen MIXC under the commercial property business unit in February 2019. For the purpose of the Reorganization, Mr. Guo was appointed as the assistant president and chief human resources officer of the Group in August 2020 to continue managing the Group's business.

Mr. Guo obtained a bachelor's degree in civil engineering and a master's degree in engineering (management science and engineering) from Tsinghua University in the PRC in July 2000 and July 2003, respectively.

Mr. LUO Bing (羅冰先生), aged 42, was appointed as an assistant president and the chief strategy officer of the Company in August 2020. He has experience in real estate, finance and corporate management.

Mr. Luo worked in China Resources Shenzhen from June 2004 to April 2012, where he served as the supervisor of the ice rink management department; assistant manager, deputy manager and manager of the investment department; deputy general manager of the Shenzhen China Resources Centre; as well as the general manager and marketing director of the ice rink. From April 2012 to April 2013, Mr. Luo attended the first industry-finance integration senior practical course organized by CR Holdings. Subsequently, he worked in the head office of Zhuhai CR Bank from April 2013 to October 2016, where he served as the industry expert of the industry finance department, general manager of the housing and construction department, assistant general manager of the real estate financial business development department.

Mr. Luo transferred to CR Land in October 2016, and since then has been mainly responsible for the management of the Group's property management business. Mr. Luo successively served as the assistant general manager of the property management business division and the property management arm of the Group from October 2016 to January 2018. He has been appointed as the deputy general manager of property management arm of the Group since January 2018. For the purpose of the Reorganization, Mr. Luo was appointed as the assistant president and chief strategy officer of the Group in August 2020 to continue managing the Group's business.

Mr. Luo obtained a bachelor's degree in international economics and trade and a master's degree in history of economic thoughts from Xiamen University in the PRC in 2001 and 2004, respectively.

COMPANY SECRETARY

Mr. LO Chi Lik Peter (羅志力), aged 70, was appointed as our company secretary in August 2020. Mr. Lo qualified as a solicitor in Hong Kong in 1976 and has been in continuous practice as a solicitor since then. Mr. Lo is currently a partner of Woo, Kwan, Lee & Lo.

BOARD COMMITTEES

We have established the following committees under the Board: Audit Committee, Nomination Committee and Remuneration Committee. The committees operate in accordance with terms of reference established by the Board.

Audit Committee

We have established the Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph C3 of the Corporate Governance Code as set forth in

Appendix 14 to the Listing Rules. The Audit Committee consists of one non-executive Director, being Mr. GUO Shiqing, and three independent non-executive Directors, being Mr. CHAN Chung Yee Alan, Mr. CHEUNG Kwok Ching and Ms. QIN Hong. The chairman of the Audit Committee is Mr. CHAN Chung Yee Alan, who holds the appropriate professional qualifications as required under Rules 3.10(2) and 3.21 of the Listing Rules. The primary duties of the Audit Committee are to review and supervise our financial reporting process, risk management and internal control systems, and to nominate and monitor external auditors.

Nomination Committee

We have established the Nomination Committee with written terms of reference in compliance with paragraph A5 of the Corporate Governance Code as set forth in Appendix 14 to the Listing Rules. The Nomination Committee consists of one non-executive Director, being Mr. LI Xin, and two independent non-executive Directors, being Mr. LAU Ping Cheung Kaizer and Ms. QIN Hong. The chairman of the Nomination Committee is Mr. LI Xin. The primary duty of the Nomination Committee is to make recommendations to the Board on the appointment and removal of Directors of the Company.

Remuneration Committee

We have established the Remuneration Committee with written terms of reference in compliance with paragraphs B1 of the Corporate Governance Code as set forth in Appendix 14 to the Listing Rules. The Remuneration Committee consists of one non-executive Director, being Mr. LI Xin and three independent non-executive Directors, being Mr. LAU Ping Cheung Kaizer, Mr. CHEUNG Kwok Ching and Mr. CHAN Chung Yee Alan. The chairman of the Remuneration Committee is Mr. LAU Ping Cheung Kaizer. The primary duties of the Remuneration Committee are to evaluate the performance and make recommendations on the remuneration package of our Directors and senior management, and evaluate and make recommendations on employee benefit arrangements.

COMPENSATION OF DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

We offer our executive Directors and senior management members, who are also the Company's employees, various compensation in the form of fees, salaries, retirement benefit scheme contributions, discretionary bonus, housing allowances and other benefits in kind. Independent non-executive Directors receive compensation with reference with their respective positions and duties, including being a member or the chairman of Board committees.

For the three years ended December 31, 2017, 2018 and 2019 and the six months ended June 30, 2020, no remuneration (including fees, salaries, retirement benefit scheme contributions and other benefits) was paid to our Directors at that time.

In 2017, 2018 and 2019 and the six months ended June 30, 2020, the total remuneration (including fees, salaries, retirement benefit scheme contributions and other benefits) we paid to the five highest paid individuals amounted to approximately RMB3.71 million, RMB7.72 million, RMB7.98 million and RMB9.50 million, respectively.

Pursuant to the arrangement still in force as of the date of this prospectus, an estimated aggregate amount of approximately RMB9.90 million will be paid and granted to the Directors as remuneration for the financial year ending December 31, 2020.

No remuneration was paid to our Directors or the five highest paid individuals as an inducement to join, or upon joining, the Group. During the Track Record Period, no compensation was paid to, or has been received by, our Directors, former Directors or the five highest paid individuals for the loss of office as director of any member of the Group or of any other office in connection with the management of the affairs of any member of the Group. None of our Directors waived any emoluments during the Track Record Period.

Save as disclosed above, no other payments have been paid or are payable for 2017, 2018 and 2019 and the six months ended June 30, 2020 by us or any of our subsidiaries to our Directors.

CORPORATE GOVERNANCE

The 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 POLICY

The Board has adopted a board diversity policy which sets out the objective and approach to achieve diversity of the Board. The Group recognizes the benefits of having a diversified Board and sees increasing diversity at the Board level as an essential element in supporting the attainment of the Group's strategic objectives and sustainable development. The Group seeks to achieve diversity of our Board through the consideration of a number of factors, including but not limited to professional experience, talents, skills, knowledge, cultural and education background, gender, age, ethnicity and length of service. Our Directors have a balanced mix of experiences, including overall management, brand improvement, business development and finance experiences. Furthermore, the ages of our Directors range from 41 years old to 68 years old. The degrees of our Directors covers various majors including accounting, engineering and economics.

After Listing, the Nomination Committee will review the board diversity policy and its implementation from time to time to ensure its implementation and monitor its continued effectiveness, and the same will be disclosed in our corporate governance report in accordance with the Listing Rules, including any measurable objectives set for implementing the board diversity policy and the progress on achieving these objectives on an annual basis.

We are committed to adopting similar approach to promote diversity, including but not limited to gender diversity, at all other levels of the Company from the Board downwards to enhance the effectiveness of our corporate governance as a whole.

SHARE OPTION SCHEME OR INCENTIVE SCHEME

We provide our management and employees with various benefits and are concerned to protect their welfare. With the aim of rewarding and incentivizing our Directors, senior management members and other key employees, we are currently considering that, subject to (among others) the obtaining of approval of the SASAC, our Board and the Shareholders, we may implement a share option scheme or another form of incentive scheme after the Listing which would provide our Directors, senior management members, key employees and other eligible persons as determined by our Directors from time to time with the option or right to acquire an interest in our Company through, for example, shareholding.

It is expected that such share option scheme or incentive scheme (if implemented) will serve to recognize and reward the contribution of our management and employees, and to facilitate an alignment of interests which can contribute to the overall development of our Company.

As of the Latest Practicable Date, the SASAC, the Board and the Shareholder had not approved any such share option scheme or incentive scheme. There is no certainty as to whether and when such scheme will be approved and/or adopted. Should we adopt any relevant share option scheme or incentive scheme after the Listing, we will endeavor to devise the terms of the scheme in line with the above principles and objectives, and we will comply with the applicable requirements under the Listing Rules including the requirements in Chapter 17 of the Listing Rules, if applicable. Further announcement(s) will be made by the Company as and when appropriate.

COMPLIANCE ADVISOR

We have appointed UOB Kay Hian (Hong Kong) Limited as our compliance advisor pursuant to Rule 3A.19 of the Listing Rules. Pursuant to Rule 3A.23 of the Listing Rules, our compliance advisor will advise us in the following circumstances:

- before the publication of any regulatory announcement, circular or financial report;
- where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues and share repurchases;
- where we propose to use the proceeds of the Global Offering in a manner different from that detailed in this prospectus or where our business, developments or results deviated from any forecast, estimate or other information in this prospectus; and
- where the Hong Kong Stock Exchange makes an inquiry of us regarding unusual movements in the price or trading volume of our Shares.

The term of the appointment shall commence on the Listing Date and end on the date on which we distribute our annual report with respect to our financial results for the first full financial year commencing after the Listing Date and such appointment may be subject to extension by mutual agreement.

OVERVIEW

As of the Latest Practicable Date, CR Land was directly interested in 100% of our issued share capital and CR Holdings was indirectly interested in approximately 59.55% of the issued share capital of CR Land.

Immediately following completion of the Global Offering, CR Land will own approximately 75% of the share capital of our Company (assuming the Over-allotment Option is not exercised), or approximately 72.3% of the share capital of our Company (assuming the Over-allotment Option is exercised in full), details see "Substantial Shareholders". CR Land and CR Holdings will remain as our Controlling Shareholders after the Listing.

CR Land

CR Land is a leading integrated operator in city investment, development and operation in the PRC and is listed on the Main Board of the Hong Kong Stock Exchange (stock code: 1109).

CR Holdings

CR Holdings is a major PRC state-owned conglomerate based in Hong Kong. Its core businesses include consumer products (including retail, food and beverages), healthcare, energy services, urban construction and operation and technology and finance.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Taking into consideration the following factors, our Directors believe that we can conduct our business independently from our Controlling Shareholders and their associates (excluding our Group) after the Global Offering.

Operational Independence

Although CR Land and CR Holdings will retain a controlling interest in our Company upon Listing, we believe that we can operate our business independently from CR Land and CR Group (excluding our Group) for the following reasons:

- Our Group has a sufficient level of business operations, assets, facilities and employees to support our own listing status and to operate and function independently from the Controlling Shareholders. In particular, we have obtained relevant qualifications and licenses, independent operating premises, domain names and electronic information systems needed for our businesses;

- Our Group has an independent human resources management system and has entered into employment contracts with our employees, who are recruited primarily through recruitment websites, on-campus recruitment programs, advertisement in newspapers, professional recruiting firms and internal referrals; and

- Our Group has our own financial function with a team of independent financial staff. It has its own organizational structure with specific areas of responsibility (for example financial, human resources, legal and compliance functions) carrying out essential administrative functions without CR Land's support. It has a set of internal control procedures to facilitate the effective operation of its business.

We have maintained a close business relationship with our controlling shareholders and have entered into certain continuing connected transactions with our controlling shareholders, which will be conducted on an arm's length basis and on normal commercial terms in the ordinary and usual course of business of our Group as set out in the section headed "Connected Transactions" in this prospectus.

Our Group will also continue to expand our reach to work with Independent Third Parties. During the Track Record Period, we have endeavored to expand our services to Independent Third Parties through entering more bids to increase the number of projects/GFA under management from projects developed by independent third-party developers. We will set up a business expansion department to (i) explore potential projects developed by the independent property developers, with an aim to participate in the selection process so to provide residential property management and value-added services, commercial operational services and property management services (where appropriate) to these projects; (ii) explore potential acquisition opportunities to acquire relevant service companies of similar caliber as strategic acquisitions and investments; and (iii) establish marketing outreach through multiple channels to enhance our brand recognition, including working with the relevant departments/teams of the leading property consultancy companies and the leading property developers in the PRC, and have designated personnel on the ground in each geographical region. We will also collaborate with the local governments of major cities and their related property developers and platforms, and CR Land's existing and potential JV partners to identify potential projects and business opportunities. For details, see "Future Plans and Use of Proceeds."

While CR Land was one of our largest customers during the Track Record Period, our Directors are of the view that (1) our Group does not have undue reliance on CR Land and (2) the likelihood our relationship with CR Land will be materially and adversely changed or terminated is low for the following reasons:

1. The majority of our customers are Independent Third Parties

The majority of our revenue came from Independent Third Parties. Our revenue generated from Independent Third Parties are approximately RMB2,155 million, RMB3,006 million, RMB3,973 million and RMB2,003 million for the three years ended December 31, 2017, 2018 and 2019 and the six months ended June 30, 2020, respectively, representing approximately 68.8%, 67.8%, 67.7% and 64.0% of the total revenue for the respective period. Further, the revenue generated from residential properties developed by Independent Third Parties increased significantly from approximately RMB79 million, RMB217 million and RMB416 million for the three years ended December 31, 2017, 2018 and 2019, respectively, while the same for the six months ended June 30 2020 reached approximately RMB195 million. The project number of managed residential properties developed by Independent Third Parties has also increased from 20 to 66, 91 and 97 for the three years ended December 31, 2017, 2018 and 2019 and the six months ended June 30, 2020, respectively.

The table below sets forth a breakdown of our revenue by type of property developer for the periods indicated.

	Year ended December 31,						Six months ended June 30,	
	2017		2018		2019		2020	
	Revenue		Revenue		Revenue		Revenue	
	Amount	%	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)							
Total revenue								
— CR Group and CR Land	2,978,596	95.2	3,937,185	88.9	5,061,358	86.3	2,770,953	88.3
— Independent third-party developers	150,829	4.8	494,542	11.1	806,745	13.7	363,047	11.7
Total	**3,129,425**	**100.0**	**4,431,727**	**100.0**	**5,868,103**	**100.0**	**3,134,000**	**100.0**
Residential property management services								
— CR Group and CR Land	2,010,468	64.2	2,490,706	56.2	2,986,755	51.0	1,453,397	46.3
— Independent third-party developers	90,900	2.9	272,655	6.2	484,813	8.2	227,397	7.3
Subtotal	2,101,368	67.1	2,763,361	62.4	3,471,568	59.2	1,680,794	53.6
Commercial operational and property management services								
— CR Group and CR Land	968,128	31.0	1,446,479	32.7	2,074,603	35.3	1,317,556	42.0
— Independent third-party developers	59,929	1.9	221,887	4.9	321,932	5.5	135,650	4.4
Subtotal	1,028,057	32.9	1,668,366	37.6	2,396,535	40.8	1,453,206	46.4
Total	**3,129,425**	**100.0**	**4,431,727**	**100.0**	**5,868,103**	**100.0**	**3,134,000**	**100.0**

Residential property management services segment:

	Year ended December 31,						Six months ended June 30,			
	2017		2018		2019		2019		2020	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)									
Residential Property Management Services										
Residential and other non-commercial properties										
Property management services	**1,643,644**	**52.5**	**2,105,952**	**47.5**	**2,667,177**	**45.5**	**1,195,175**	**45.3**	**1,317,109**	**42.0**
— CR Group and CR Land and their respective joint ventures and associates	1,564,427	50.0	1,889,259	42.6	2,250,785	38.4	1,023,234	38.7	1,121,981	35.8
— Independent third-party developers	79,217	2.5	216,693	4.9	416,392	7.1	171,941	6.6	195,128	6.2
Value-added services to property developers	**310,231**	**9.9**	**438,711**	**9.9**	**507,234**	**8.6**	**214,203**	**8.1**	**237,205**	**7.6**
— CR Group and CR Land and their respective joint ventures and associates	307,253	9.8	420,960	9.5	486,420	8.3	201,408	7.6	223,696	7.1
— Independent third-party developers	2,978	0.1	17,751	0.4	20,814	0.3	12,795	0.5	13,509	0.5
Community value-added services	**147,493**	**4.7**	**218,698**	**5.0**	**297,157**	**5.1**	**129,114**	**4.9**	**126,480**	**4.0**
— CR Group and CR Land and their respective joint ventures and associates	138,788	4.4	180,487	4.1	249,550	4.3	105,509	4.0	107,720	3.4
— Independent third-party developers	8,705	0.3	38,211	0.9	47,607	0.8	23,605	0.9	18,760	0.6
Subtotal	**2,101,368**	**67.1**	**2,763,361**	**62.4**	**3,471,568**	**59.2**	**1,538,492**	**58.3**	**1,680,794**	**53.6**

Commercial operational and property management services segment:

	Year ended December 31,						Six months ended June 30,			
	2017		2018		2019		2019		2020	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)									
Commercial Operational and Property Management Services										
(a) Shopping malls										
Commercial operational services	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**290,449**	**9.3**
— CR Group and CR Land and their respective joint ventures and associates	—	—	—	—	—	—	—	—	288,090	9.2
— Independent third-party developers	—	—	—	—	—	—	—	—	2,359	0.1
Property management and other services	**658,795**	**21.1**	**933,300**	**21.1**	**1,256,535**	**21.4**	**568,562**	**21.5**	**593,879**	**18.9**
— CR Group and CR Land and their respective joint ventures and associates	658,795	21.1	933,300	21.1	1,256,535	21.4	568,562	21.5	593,879	18.9
— Independent third-party developers	—	—	—	—	—	—	—	—	—	—
Commercial subleasing services	**58,536**	**1.8**	**209,852**	**4.7**	**301,772**	**5.2**	**145,312**	**5.5**	**120,691**	**3.9**
— CR Group and CR Land and their respective joint ventures and associates	—	—	—	—	—	—	—	—	—	—
— Independent third-party developers	58,536	1.8	209,852	4.7	301,772	5.2	145,312	5.5	120,691	3.9
(b) Office buildings										
Property management and other services	**310,726**	**10.0**	**525,214**	**11.8**	**838,228**	**14.2**	**388,241**	**14.7**	**448,187**	**14.3**
— CR Group and CR Land and their respective joint ventures and associates	309,333	9.9	513,179	11.6	818,068	13.9	377,625	14.3	435,587	13.9
— Independent third-party developers	1,393	0.1	12,035	0.2	20,160	0.3	10,616	0.4	12,600	0.4
Subtotal	**1,028,057**	**32.9**	**1,668,366**	**37.6**	**2,396,535**	**40.8**	**1,102,115**	**41.7**	**1,453,206**	**46.4**
Total	**3,129,425**	**100.0**	**4,431,727**	**100.0**	**5,868,103**	**100.0**	**2,640,607**	**100.0**	**3,134,000**	**100.0**

2. Our customers have independent tendering and bidding/ selection process in the selection of property management and commercial operational service provider

Our Group has, in accordance with relevant PRC laws and regulations, obtained most of the initial residential property management services business from our customers through a standard tender process. The standard tender process includes:

(i) at the pre-delivery stage, the developer (i.e. CR Land or other independent third-party developers) must conduct a bidding process (except where there are not enough bidders or the size of the managed property is small, property developers are permitted under PRC laws to select property management service providers without conducting any tender and bidding process, subject to approval by the competent PRC property administration authorities) in the selection of the property management company in accordance with the Interim Measures for the Administration of Tendering and Bidding for Preliminary Property Management (《前期物業管理招標投標管理暫行辦法》) (the "**Interim Measures**") and our Group would only be awarded the preliminary management contract through such bidding and tendering process. Under the Interim Measures, a bid evaluation committee, which consists of an odd number of no less than five members, shall be formed to consider the applications and make tender decision. The experts in property management other than the representatives of the bid inviter shall represent no less than two-thirds of total members of the bid evaluation committee. The property management experts shall be picked by random sampling from the experts panel list set up by the real estate administrative departments, and person of interest with the bidder shall not be a member of the bid evaluation committee of the relevant project.

(ii) at the post-delivery stage, the residential property management services would be provided by our Group directly to the property owners, and the property owners, through the property owners' associations, have the right to engage (or dismiss) the residential property management services provider. The property owners are entitled to conduct their own evaluation procedures in engaging (or dismissing) the residential property management services provider and the property developers do not have any role or influence over the engagement (or dismissal) decision. The property owners' associations are independent from us. We need to secure our engagement by the property owners' meeting based on reasonable prices, quality services and management methods and other competitive advantages. In the event that a property owners' association is formed, pursuant to applicable PRC laws and regulations, a general meeting of the property owners can engage or dismiss a property management service provider with affirmative votes of property owners who own more than half of the total GFA of the relevant property project and who account for more than half of the total number of the property owners. The general meeting can select a new property management service provider by way of a public tender or entering into contract with a specific property management service provider directly, based on certain selection criteria. For renewal of existing contracts, our Group can directly negotiate with the property owners' association (on behalf of the property owners) and there is no regulatory requirement to undergo further tender process.

While there are no regulatory requirements on the property owners to conduct bidding and tender process for the procurement and renewal of commercial operational and property management services for commercial properties, our Group still have to go through a selection process in order to obtain the contracts for commercial operational and property management services.

For projects wholly-owned by CR Land, the selection process includes:

(i) CR Land would invite our Group to submit a proposal on the provision of commercial operational and property management services (which would mainly include a market research report, positioning proposal and pricing standard);

(ii) the respective departments/ teams of CR Land will review and assess the proposal submitted and determine whether or not to award the contracts to our Group.

For projects not wholly-owned by CR Land or projects from Independent Third Parties, the selection process includes:

(i) the respective project companies would invite our Group to submit a proposal on the provision of commercial operational and property management services (which would mainly include a market research report, positioning proposal and pricing standard);

(ii) the respective departments/ teams of the project companies will review and assess the proposal submitted and determine whether or not to award the contracts to our Group based on various factors including our Group's experience, positioning strategies, pricing standard and brand image.

There are no regulatory requirements on the property owners to conduct bidding and tender process for renewal of the commercial operational and property management service contracts for commercial properties. The renewal of the relevant contracts (for projects wholly-owned by CR Land, projects not wholly-owned by CR Land or projects from Independent Third Parties) is determined pursuant to the termination and renewal clause of the relevant contracts and may be automatic or may require a selection process as provided therein.

The fact that a substantial amount of GFA under management covered by the property management services provided by our Group are from properties developed by CR Land and CR Group should not be regarded as over reliance of our Group on our Controlling Shareholders. On the contrary, it reflects our experience and ability which enable us to win the tender/ selection as the relevant property management and/ or commercial operational services provider under a tender process directed by the PRC government/ under a selection process. This is also supported by the fact that, the retention rate of our property management services for residential and other non-commercial properties (calculated as the aggregate number of properties under management during the period minus the number of properties we ceased to manage during the same period, then divided by the aggregate number of properties under management during the period) for the three years ended December 31, 2017, 2018 and 2019, and the six months ended June 30, 2020 are 99.4%, 99.8%, 98.5% and 99.0%, respectively, which shows that we have been able to renew our mandate with Independent Third Parties. We believe the retention rate is an accurate reflection of property owners' genuine demand for our services as the property owners are entitled to form property owners' associations and to conduct their own evaluation procedures in engaging/dismissing the residential property management services providers.

The table below sets forth a breakdown of our residential property management services contracts for properties that have established property owners' associations ("POA Contracts") for the respective period:

	As of or for the year ended December 31,			As of or for the six months ended June 30,
	2017	2018	2019	2020
Number of POA Contracts to be renewed	18	13	19	16
Number of POA Contracts successfully renewed and/or provision of services therein was extended	18	13	17	15
Success rate of renewal	100%	100%	89%	94%
	(in RMB thousands)			
Revenue contributed by the POA Contracts to be renewed	135,734	112,873	146,444	63,035
Revenue contributed by the POA Contracts successfully renewed and/or provision of services therein was extended	135,734	112,873	144,837	61,088
Proportion of revenue contributed by the POA Contracts successfully renewed and/or provision of services therein was extended	100%	100%	99%	97%

3. Mutually beneficial and complementary relationship

The business relationship between our Group and CR Land has been mutually beneficial and complementary. We have performed property management and commercial operational services to CR Land for more than 25 years, and have gained a well-established mutual understanding in the business needs of CR Land. We have consistently been the property management services provider to over 99% of the residential properties and over 70% of the commercial properties developed by CR Land during the Track Record Period. We have also consistently been the commercial operational services provider to over 93% of the shopping malls developed by CR Land during the Track Record Period.

Given (1) the long history of cooperation between our Group and CR Land as aforementioned; (2) our Group's expertise, experience, branding and market recognition; (3) our understanding that CR Land intends to continue the use of the well-recognized brand, i.e. the "MIXC (萬象城)/MIXONE (萬象匯)" brand, for the market positioning of its commercial property projects; (4) CR Land has entered into a non-competition undertaking and undertakes not to engage in the Competing Business as defined below in accordance with the terms and conditions of the undertaking (for details, see "— Delineation of Our Business from Our Controlling Shareholders — Principal Business of CR Land — CR Land Non-competition Undertaking"); and that (5) we and CR Land are state-owned enterprises which have relatively stable controlling ownership, our business relationship with CR Land is unlikely to materially and adversely change or terminate.

Based on the above, our Directors are of the view that we operate independently from CR Land and the CR Group (excluding our Group) after the Global Offering.

Financial Independence

We believe that our Group will be financially independent from CR Land and CR Group (excluding our Group) after the Listing for the following reasons:

- We have established our own financial department with a team of independent financial staff who are responsible for our financial management, accounting, reporting, funding and internal control functions independently from CR Land; and

- We can make financial decisions independently, and CR Land does not interfere with our use of funds. We have also established an independent audit system, a standardized accounting system and a comprehensive financial management system. In addition, we maintain and manage bank accounts independently and CR Land does not share any bank accounts with us. We have made independent tax registration in accordance with applicable laws and paid tax independently pursuant to applicable PRC tax laws and regulations, rather than on a combined basis with CR Land or other enterprises under its control.

Outstanding balances

As of June 30, 2020, our Group had certain loans from CR Group amounting to approximately RMB451.7 million, the total amount of which has been repaid by our Group in full as of the Latest Practicable Date with our operating cash deposited in and withdrawn from the cash pooling arrangement with CR Land and loans our Group obtained independently. In addition, we have an outstanding balance in the amount of approximately RMB4.4 million due to Uconia Company Limited, a wholly-owned offshore subsidiary of CR Land, resulting from the transfer price in the internal restructuring and we had difficulty settling such outstanding balance as of the Latest Practicable Date due to certain foreign exchange remittance requirements. We will endeavor to settle such outstanding balance as soon as practically possible. Notwithstanding the above, we believe that the outstanding balance would not affect our financial independence from CR Land.

Save as the above, at the time of the Listing, there will be no loans, advances and non-trade balances due to and from our Controlling Shareholders and no other forms of financial assistance provided by our Controlling Shareholders. Our Directors believe that we are capable of obtaining financing from external sources independently.

Cash deposits with Zhuhai CR Bank

As of June 30, 2020, our Group had deposit with Zhuhai CR Bank, our connected person, amounting to approximately RMB332.9 million, and intends to continue to deposit with Zhuhai CR Bank upon Listing (in its ordinary course of business). These deposit arrangements will constitute continuing connected transactions of our Group. Such deposit arrangements do not affect the financial independence of our Group as no financial assistance is being provided by Zhuhai CR Bank to us. For details, see "Connected Transaction."

Cash pooling arrangement with CR Land

As of June 30, 2020, our Group had certain deposits (inclusive of interests) with the intra-group cash pooling arrangement within CR Land amounting to approximately RMB1,870.4 million. Our Group has ceased to participate in such cash pooling arrangement and all the deposit were returned to our Group in October 2020.

Management Independence

Our Board will consist of ten Directors upon Listing, including four executive Directors, two non-executive Directors and four independent non-executive Directors.

Currently, our two non-executive Directors also hold positions in CR Land, as set out below:

Name	Major position held in our Company	Major position held in CR Land
Mr. LI Xin	Non-executive Director	Executive Director and president of CR Land
Mr. GUO Shiqing	Non-executive Director	Assistant president, chief financial officer and general manager of the finance department of CR Land

Save as disclosed above, none of our Directors or senior management will hold any position in CR Land after the Listing.

Despite the fact that our non-executive Directors also hold positions in CR Land, we believe our Directors and senior management can independently perform their duties in our Company and we can operate independently from CR Land due to the following reasons:

- There will not be any overlapping executive Director on our Board and the board of directors of CR Land. In particular, none of our four executive Directors will hold any executive or management position with CR Land after the Listing;

- Mr. LI Xin and Mr. GUO Shiqing, our non-executive Directors who hold management positions with CR Land, do not and will not participate in the daily operations and management of our Company after the Listing;

- None of the independent non-executive Directors appointed by our Company will hold any position in CR Land and the CR Group;

- The decision-making mechanism of the Board as specified in the Articles of Association has set out relevant provisions to avoid conflicts of interest, including, but not limited to (i) if the relevant proposal causes conflicts of interest between us and CR Land, the Director(s) associated with CR Land should abstain from voting and should not be included in the quorum of the meeting of the Board, and the remaining Directors have sufficient relevant knowledge and experience to make decisions for us; and (ii) when connected transaction(s) are considered, independent non-executive Directors of our Company shall give their independent opinions to the Board and/or our independent Shareholders on such connected transaction(s) pursuant to the Listing Rules; and

- Our Directors are well aware of their fiduciary duties which, among other things, require them to act in the best interests of our Group and the Shareholders as a whole.

On the basis of the above, our Directors are of the view that our management will be independent from CR Land and CR Group (excluding our Group) upon Listing.

Confirmation

Our Directors consider that we are capable of carrying on our business independently from our Controlling Shareholders and their close associates after the Listing without unduly relying upon them, taking into consideration the factors stated above.

DELINEATION OF OUR BUSINESS FROM OUR CONTROLLING SHAREHOLDERS

Our principal business

We are a leading property management and commercial operational service provider in China. Our businesses mainly consist of (1) residential property management services, and (2) commercial operational and property management services.

Principal business of CR Group

CR Holdings is a major PRC state-owned conglomerate based in Hong Kong. Its core businesses include consumer products (including retail, food and beverages), healthcare, energy services, urban construction and operation, and technology and finance. Including CR Land, six members of the CR Group, namely China Resources Cement Holdings Limited (stock code: 1313), China Resources Beer (Holdings) Company Limited (stock code: 0291), China Resources Power Holdings Company Limited (stock code: 0836), China Resources Pharmaceutical Group Limited (stock code: 3320) and China Resources Gas Group Limited (stock code: 1193) are listed on the Hong Kong Stock Exchange.

The table below sets for the business scope of CR Holdings' listed subsidiaries on the Hong Kong Stock Exchange ("**CR Holdings Listed Subsidiaries**") and its shareholding interest in each of these companies:

Name	Business scope	Shareholding interest of CR Holdings as of the Latest Practicable Date
China Resources Cement Holdings Limited (stock code: 1313)	The manufacture and sales of cement, concrete and related products	68.72%
China Resources Beer (Holdings) Company Limited (stock code: 0291)	The manufacture, sales and distribution of beer products	51.91%
China Resources Power Holdings Company Limited (stock code: 0836)	The investment, development and operation of power plants (thermal power, renewable energy and coal mining)	62.94%
China Resources Pharmaceutical Group Limited (stock code: 3320)	The research and development, manufacturing, distribution and retail of pharmaceutical and other healthcare products	53.05%
China Resources Gas Group Limited (stock code: 1193)	The gas distribution businesses, which includes sales and distribution of gas fuel and related products, gas connection and sales of natural gas pressure control equipment and gas appliances	61.46%
CR Land*	For details, see "— Principal Business of CR Land"	59.55%

(*For details, see "— Delineation of Our Business From Our Controlling Shareholders – Principal Business of CR Land")

As of the Latest Practicable Date, CR Holdings also has the following wholly-owned subsidiaries which engage in property management related businesses:

1. China Resources Property Limited ("CR Property") and CRE Properties (Hong Kong) Limited ("CRE HK")

CR Property mainly engages in (1) property investment and operation (for commercial, residential and office properties) in Hong Kong; (2) retail business of Chinese Arts & Crafts (中藝) in

Hong Kong; (3) property operation (for residential, commercial and office properties) in Thailand; and (4) hotel management business in Hong Kong (St Regis), Thailand (Conrad Bangkok) and the PRC (Hotel Kapok and Hotel Elan).

CRE HK mainly engages in the operation and management of eight self-owned commercial/retail property projects in Hong Kong.

We believe that there is clear geographical and/or business model delineation between the businesses of our Group on one hand and those of CR Property and CRE HK on the other as we only operate in the PRC and do not operate any retail business or hotel management business.

2. Shenzhen Yongdali Property Management Co., Ltd. (深圳市永達利物業管理有限公司) ("Yongdali")

Yongdali provides incidental and ancillary property management services to certain portfolio properties of CR Group, i.e. mainly the Excluded CRH Retail Properties (as defined below). Yongdali's property management services business was established to be of complementary in nature and as a captive property management services provider to the shopping malls held by CR Group. As part of the restructuring, a substantial part of Yongdali's property management business have been transferred to our Group, save for the services retained for the Excluded CRH Retail Properties.

As elaborated in "— Principal Business of CR Land — CR Land Retained Business — 1. Commercial operational services to Excluded CRH Retail Properties" below, the property management and commercial operational services in relation to the Excluded CRH Retail Properties are retained by Yongdali and CR Land respectively. To facilitate the possible restructuring or disposal of the Excluded CRH Retail Properties, CR Group is of the view that Yongdali should continue to provide property management services to those projects but does not intend to position Yongdali as a main business of the CR Group.

Clear delineation with CR Group

As illustrated above, there is a clear delineation between our businesses and those of the CR Group (excluding our Group) in terms of business focus and geographical locations. Our Directors do not believe that any direct or indirect competition is or is likely to be material in nature. CR Group does not currently intend to inject CR Property, CRE HK or Yongdali into the Group.

Principal business of CR Land

CR Land's principal businesses include (1) property development, which mostly consists of diversified residential properties targeting the mid-to high-end property/housing markets; (2) investment properties, which has one of the largest commercial investment property portfolios (shopping malls, office buildings and hotels) in the PRC; and (3) "X" strategy and innovative development, which includes property management, long-term leasing apartments, senior housing, urban redevelopment, industrial property, cinema and culture, sport and educational property that in turn supplement the property development and investment property business.

CR Land Retained Business

As of the Latest Practicable Date, CR Land engaged in provisions of commercial operational and property management services (the "**CR Land Retained Business**") as follows:

1. Commercial operational services to Excluded CRH Retail Properties

CR Land provides commercial operational services to ten shopping mall projects owned by the CR Group (the "**Excluded CRH Retail Properties**"). CR Land expects to cease providing such services to all the Excluded CRH Retail Properties by the end of 2020 and do not intend to inject these services to our Group. The revenue generated by CR Land in providing the commercial operational services to the Excluded CRH Retail Properties during the Track Record Period is immaterial.

For seven of the Excluded CRH Retail Properties, the operation and performance of these shopping mall projects are largely hindered and are not expected to attain sustainable business viability in the reasonably foreseeable future as they either have very low occupancy rate or are still under construction but the construction are suspended due to disagreement on development plans. Therefore, no meaningful commercial operational services may be required for these projects and hence the revenue that may be derived therefrom (if any) is insignificant. The revenue generated by CR Land in providing the aforementioned services are nil, nil, RMB13.2 million and RMB4.2 million, for the three years ended December 31, 2017, 2018 and 2019 and the six months ended June 30, 2020, respectively, amounting to nil, nil, 0.01% and 0.01% of CR Land's total revenue for the respective period. Given the status of these projects, we are of the view that it is not in the interest of our Group to include the commercial operational services to these projects.

For one of the Excluded CRH Retail Properties, the joint venture partner of CR Holdings did not agree to change the commercial operational services provider from CR Land to our Group. CR Land did not receive any fees for the provision of the commercial operational services to this Excluded CRH Retail Property.

For two of the Excluded CRH Retail Properties, the services provided by CR Land (which includes tenant sourcing for individuals' residential demand and agency sales services of apartments and commercial units) are clearly delineated and different from those provided by our Group (which includes tenant sourcing for shops/units in retail or office properties and tenant management services and operation of the shopping malls). The revenue generated by CR Land in providing the aforementioned services are nil, nil, RMB10.0 million and RMB0.3 million, for the three years ended December 31, 2017, 2018 and 2019 and the six months ended June 30, 2020, respectively, amounting to nil, nil, 0.01% and 0.00% of CR Land's total revenue for the respective period.

2. Commercial operational services to Small-scale Commercial Sites

CR Land provides commercial operational services to its own small-scale commercial sites (being commercial streets, retail areas ancillary to residential properties and shopping malls of lower grades) (the "**Small-scale Commercial Sites**"):

(i) Commercial streets refer to an outdoor area, comprising a pedestrian street with single-level or multi-level commercial properties (shops, restaurants and services etc.) along both sides without particular focus on branding or customer groups, that are different from shopping malls, which are the focus for our Group's commercial operational services, being a property complex with mainly indoor shopping area (with or without ancillary outdoor areas) with clear positioning strategies and focus on branding and target customers.

(ii) Retail areas ancillary to residential properties refer to retail areas that are of much smaller scale with no particular focus on branding or customer groups and are ancillary and incidental areas to the residential properties overhead, which are different from shopping malls that our Group provides commercial operational services to.

(iii) Shopping malls of lower grades refer to shopping malls that are of much smaller scale (with a GFA under management below 30,000 sq.m.) and are not operated under our Group's brands (e.g. MIXC (萬象城)/MIXONE (萬象匯)) and with no particular focus/target on branding or customer groups.

As of the Latest Practicable Date, there are 24 Small-scale Commercial Sites, of which ten are in operation with 14 being under construction/to be constructed. CR Land did not generate any revenue in providing the commercial operational services to the Small-scale Commercial Sites during the Track Record Period as these were provided as intra-group services. The commercial operational services provided by CR Land to these Small-scale Commercial Sites are clearly delineated from those provided by our Group as illustrated below:

The commercial operational services provided by CR Land to these Small-scale Commercial Sites	**The commercial operational services provided by our Group**
• mainly tenant sourcing services with an aim to maximize the occupancy rate, no fixed branding for this service as it aims to bring in tenants that can serve the neighborhood/ local community	• all-rounded management services covering pre-opening stages (including design, positioning, opening preparation services) and post-opening stage (operational services) with an aim to provide one-stop-shop services to shopping mall owners
• targeted property type for this service is mainly commercial streets, retail areas ancillary to residential properties and shopping malls of lower grades	• targeted property type for these services is scaled shopping malls (under the "MIXC (萬象城)/MIXONE (萬象匯)" brand) with the targeted end-consumers being mid-to high-end consumers

3. Commercial operational and property management services to CR Land Retained Operating JV Projects

CR Land works with global and local partners in various residential and commercial property projects from land acquisition, planning and design, construction to operation through joint ventures with such partners ("**JV Projects**") where CR Land can benefit from the funding, experience and/or local knowledge provided by these partners. Some of the JV Projects are in operation, while most of the existing JV Projects are under construction/to be constructed (the "**Existing Pipeline JV Projects**"). CR Land will also continue to adopt such joint venture model in the future for any new JV Projects.

As part of the reorganization for the purpose of the Spin-off, the commercial operational and property management services to the majority of these projects are/will be separated from the relevant joint ventures projects and become part of the businesses of our Group. As a result, we provide or will provide commercial operational and property management services to most of the JV Projects, whether in operation or for the Existing Pipeline JV Projects. However, there are difficulties in obtaining the consent from certain partners of JV Projects in operation to separate the commercial operational and property management services from the project developer entity (i.e. the joint venture project company where CR Land has interest in) to our Group. Therefore, for the time being, it is expected that some operating joint ventures will continue to retain the respective commercial operational and property management services for, and only for the projects owned by such joint ventures (the "**CR Land Retained Operating JV Projects**").

As of the Latest Practicable Date, the CR Land Retained Operating JV Projects include two shopping mall projects under property management services and one shopping mall project under commercial operational services. We believe that the scope of the CR Land Retained Operating JV Projects is limited as the GFA under management of the two shopping mall projects under property management services is approximately 234,000 sq.m. only while the GFA under management of the one shopping mall project under commercial operational services is approximately 90,000 sq.m. only. In addition, the revenue generated by CR Land from the CR Land Retained Operating JV Projects are immaterial. For the two shopping mall projects under property management services, the revenue generated are RMB99.1 million, RMB86.8 million, RMB107.3 million and RMB55.3 million for the three years ended December 31, 2017, 2018 and 2019 and the six months ended June 30, 2020, amounting to 0.10%, 0.07%, 0.07% and 0.12% of CR Land's total revenue for the respective period. No revenue was generated for commercial operational services for the one shopping mall within the CR Land Retained JV Projects. While there are no material differences between the services provided by our Group to the JV Projects and the services carried out for the CR Land Retained Operating JV Projects in so far as the scope of services is concerned, the latter are provided on an individual project basis by each of the relevant joint ventures having the legal ownership of the underlying CR Land Retained Operating JV Projects as an internal function solely for the purpose of servicing each such JV Project but not as a business.

We believe that there is limited competition between our Group and CR Land in relation to CR Land Retained Operating JV Projects as the respective services to be provided by CR Land (through the joint ventures) to the CR Land Retained Operating JV Projects are complementary services as an internal function that forms part of the whole package arrangement for the joint development of the land and/or property with the respective JV Projects partners. CR Land (excluding our Group) does not otherwise provide commercial operational and property management services, which in any event is not intended to be a main business of CR Land (excluding our Group) going forward.

For the Existing Pipeline JV Projects, while we have not secured the commercial operational and property management services contracts for all of the Existing Pipeline JV Projects due to their development stages, we believe there is no competition between our Group and CR Land in this regard. The Existing Pipeline JV Projects are still in (a) pre-construction stage where the JV Projects companies are still acquiring the land or (b) early construction stage and have not reached their respective expected business commencement dates and do not require services for the time being until the relevant negotiation/ bidding/ tendering process commences. When such negotiation/ bidding/ tendering process commences, it will constitute New Business Opportunity (as defined below) under the non-competition undertaking as provided by CR Land, where our Group will have pre-emptive right to participate in (For details, see "— CR Land Non-competition Undertaking"). For the avoidance of doubt, CR Land will not provide commercial operational and property management services for its new JV Projects, unless otherwise permitted under the non-competition undertaking.

Clear delineation with CR Land

As illustrated above, there is clear delineation between our businesses and those of CR Land. We believe there is no material competition between our Group and the CR Land Retained Business. Further, the potential conflict of interests between our Group and CR Land can be addressed and managed through the non-competition undertaking by CR Land and our other corporate governance measures as further elaborated below. CR Land does not currently intend to inject the CR Land Retained Business into our Group.

CR Land Non-competition Undertaking

We have entered into a non-competition undertaking agreement with CR Land on November 20, 2020 (the "**NCU**") which will take effect upon the Listing. Pursuant to the NCU, CR Land agreed that, except for the CR Land Retained Business, it will not engage in, participate in or assist others to engage or participate in any business that competes or is likely to compete, directly or indirectly, with our principal business within the PRC, being residential property management services and commercial operational and property management services for shopping malls with mid to high end branding and office buildings (the "**Competing Business**"), and will procure its subsidiaries (as defined in the NCU, excluding our Group) not to engage in any business that competes or is likely to compete, directly or indirectly, with the Competing Businesses.

CR Land has also undertaken in the NCU that, during the term of such undertaking:

I. No competition

Other than the CR Land Retained Businesses and otherwise as provided in the NCU, it will not, and will procure its subsidiaries (excluding our Group) not to (1) directly or indirectly engage in or participate in, or assist others to engage in or participate in, Competing Business in any form (including, but not limited to, investment, mergers and acquisitions, joint operations, joint venture, cooperation agreement, partnership, contractor agreement, lease or purchase of shares of listed companies) within the PRC; or (2) assist any entity other than our Group to engage in any Competing Businesses within the PRC; or (3) engage in any Competing Business (directly or indirectly) in any other manner. However, (1) to (3) above do not apply to the following circumstances, where

(a) CR Land having interests in any member of our Group (i.e. CR Land can maintain its shareholding interests in our Group);

(b) CR Land having interests in a company other than our Group, provided that:

(i) any Competing Businesses conducted or engaged in by such company (and assets relating thereto) account for less than 10% of our Group's consolidated revenues and consolidated assets as shown in our Group's latest audited financial statements;

(ii) the total interest held by CR Land and its subsidiaries shall not amount to more than 20% of the total issued share capital of that company. In addition, that company shall at all times have at least one shareholder whose shareholding is higher than the shareholding owned by CR Land and its subsidiaries in aggregate; and

(iii) CR Land and its subsidiaries are not entitled to appoint a majority of the directors of that company.

II. New Business Opportunities Pre-emptive Right

If CR Land or its subsidiaries (for the purpose of the NCU, excluding our Group) plans to commence or reconvene any services procurement/ bidding/ negotiation procedures in relation to any services similar to our principal businesses for (1) any current property projects, whether in operation or under construction, (including Excluded CRH Retail Properties, CR Land Retained Operating JV Projects and Existing Pipeline JV Projects) that CR Land or its subsidiaries is providing or plans to provide such services to or (2) any new property development projects or any newly acquired property projects (whether or not CR Land has a majority stake in), but except for any Small-scale Commercial Sites (the "**New Business Opportunity**"), CR Land shall immediately notify our Company in writing and provide all relevant information of the New Business Opportunity (the "**Offer Notice**") and use its best efforts to procure the New Business Opportunity be made available to our Company or our subsidiaries for bidding and participation on terms and conditions fair and reasonable to us, subject to compliance with applicable laws. Our Company shall promptly (in any case no later than 30 days from receipt of the Offer Notice) notify CR Land in the event that our Company decides to take up the New Business Opportunity. CR Land can then decide whether to take up such New Business Opportunity if our Company decides not to or fails to reply within the requisite timeframe.

Notwithstanding the above, CR Land or its subsidiaries (for the purpose of the NCU, excluding our Group) is entitled to (1) acquire any new property project without notifying our Group if such property projects include any Competing Business which accounts for less than 5% of the consolidated assets of such property projects (the "**Permitted Acquisition**"). If the Competing Business accounts for 5% or more of the consolidated assets of such property projects, then CR Land or its subsidiaries shall provide Offer Notice to our Group for such Competing Business as a New Business Opportunity; and (2) increase its shareholding interests in any CR Land Retained Operating JV Projects or any Existing Pipeline JV Projects but it shall offer our Group the pre-emptive right for any New Business Opportunity as aforementioned.

III. Right of First Offer

If CR Land (or its subsidiaries) intends to transfer, sell, lease, license or otherwise dispose of any of the Competing Businesses or the CR Land Retained Business, to any third parties, CR Land shall immediately notify our Company in writing of its intention (the "**Selling Notice**") and provide all necessary information to facilitate an investment decision be made available to our Company.

Our Company will decide whether or not to acquire such business, and shall notify CR Land in writing within 30 days from the date of the Selling Notice whether we wish to acquire the relevant businesses. If we decide not to or fail to reply within the requisite timeframe, CR Land may transfer, sell, lend or license the relevant businesses to any third parties on terms no more favorable than those stated in the Selling Notice. If we decide to reply with a counter-offer, and CR Land does not accept the counter-offer, CR Land may only transfer, sell, lend or license the relevant businesses to any third parties on terms no more favorable than our counter-offer.

IV. Right to Purchase

Our Group is entitled to (1) acquire any shareholding interests, assets or other interests in any CR Land Retained Business and/or Competing Business, or (2) request to manage any asset or businesses in the CR Land Retained Business and/or Competing Business through entrusted management, leasing or subcontracting, subject to (y) compliance with the relevant laws and regulations and any legal documents (including agreements) and (z) no third party (including other shareholders or stakeholders in the CR Land Retained Business and/or Competing Business) exercising its right of first refusal pursuant to relevant laws or constitutional documents on the same conditions. Our Group is entitled to exercise the call option at any time.

Termination

The NCU shall continue to be effective until the earlier of the occurrence of the following situations:

(1) the date on which CR Land and its subsidiaries, in aggregate, directly or indirectly hold less than 30% of the share capital of our Company, or cease to have control over the Board, resulting in CR Land ceasing to be a "controlling shareholder" (as defined under the Listing Rules) of our Company; or

(2) the date on which the Shares cease to be listed on the Hong Kong Stock Exchange or any internationally recognized stock exchange, except when trading in the Shares is temporarily suspended for any reason.

CORPORATE GOVERNANCE MEASURES

Our Company has adopted the following measures to manage the conflict of interests arising from potential competition, if any, between our Group and CR Land:

(1) our independent non-executive Directors will review the compliance and implementation of the NCU on an annual basis;

(2) CR Land has undertaken to provide all information necessary upon the request of our independent non-executive Directors for their annual review, or any relevant regulatory authorities for their review in relation to the compliance and implementation of the NCU;

(3) CR Land will provide a confirmation on its compliance with the NCU in our annual report;

(4) our Company will disclose the review by our independent non-executive Directors relating to compliance and implementation of the NCU in our annual reports;

(5) we are committed that our Board should include a balanced composition of executive Directors, non-executive Directors and independent non-executive Directors. We have appointed independent non-executive Directors and we believe our independent non-executive Directors possess sufficient experience and are free of any business or other relationship which could interfere in any material manner in their exercise of their independent judgment. We believe the independent non-executive Directors will be able to provide an impartial, external opinion to protect the interests of our Shareholders as a whole. Details of our independent non-executive Directors are set out in the section headed "Directors and Senior Management" in this prospectus;

(6) as required by the Listing Rules, our independent non-executive Directors shall review any connected transactions annually and confirm in our annual report that such transactions have been entered into in our ordinary and usual course of business, are either on normal commercial terms or on terms no less favorable to us than those available to or from Independent Third Parties and on terms that are fair and reasonable and in the interests of our Shareholders as a whole;

(7) our Directors will comply with the Articles of Associations which require the interested Director (1) to report any conflict or potential conflict of interests; and (2) not to vote (nor be counted in the quorum) on any Board resolution approving any contract or arrangement or other proposal in which he/she or any of his/her close associate is materially interested;

(8) our Directors, including our independent non-executive Directors, will be entitled to seek independent professional advice from external parties in appropriate circumstances at our Company's expense;

(9) our Company as well as our Directors (including our independent non-executive Directors) will monitor potential or proposed transaction between our Group and our connected persons, and ensure compliance with Chapter 14A of the Listing Rules including, where applicable, the announcement, reporting, annual review and independent Shareholders' approval requirements; we have also adopted internal control measures to ensure adequate supervisions of any continuing connected transactions to safeguard the interests of our Shareholders as a whole. For details, see "Connected Transactions — Internal Control Measures to Safeguard Shareholders' Interests";

(10) our Company has appointed UOB Kay Hian (Hong Kong) Limited as its compliance adviser to provide advice and guidance to our Group in respect of compliance with the applicable laws and Listing Rules including various requirements relating to directors' duties and internal control;

(11) our audit committee will conduct a review on the effectiveness of the above internal control measures on an annual basis; and

(12) in case where our Directors also hold positions in CR Land, our nomination committee will from time to time review their independence in terms of performing their duties as our Directors to ensure effective management of conflict of interest.

So far as our Directors are aware, as of the Latest Practicable Date and immediately following the completion of the Global Offering, the following persons had and will have an interest and/or a short position in our Shares or the underlying shares of our Company which will be required to be disclosed to our Company and the Hong Kong Stock Exchange pursuant to the provisions in Divisions 2 and 3 of Part XV of the SFO, or will be, directly or indirectly, interested in 10% or more of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company:

		Shares held as of the Latest Practicable Date[1]		Shares held immediately after completion of the Capitalization Issue and the Global Offering[1] (assuming the Over-allotment Option is not exercised)		Shares held immediately after completion of the Capitalization Issue and the Global Offering[1] (assuming the Over-allotment Option is exercised in full)	
Shareholder	**Nature of interest**	**Number**	**Percentage**	**Number**	**Percentage**	**Number**	**Percentage**
China Resources Company Limited[2][3]	Interest in controlled corporation	1,300,100,000 (L)	100%	1,650,000,000 (L)	75%	1,650,000,000 (L)	72.3%
China Resources Inc.[2][3]	Interest in controlled corporation	1,300,100,000 (L)	100%	1,650,000,000 (L)	75%	1,650,000,000 (L)	72.3%
CRC Bluesky Limited[2][3]	Interest in controlled corporation	1,300,100,000 (L)	100%	1,650,000,000 (L)	75%	1,650,000,000 (L)	72.3%
CR Holdings[2][3]	Interest in controlled corporation	1,300,100,000 (L)	100%	1,650,000,000 (L)	75%	1,650,000,000 (L)	72.3%
CRH (Land) Limited[2][3]	Interest in controlled corporation	1,300,100,000 (L)	100%	1,650,000,000 (L)	75%	1,650,000,000 (L)	72.3%
Commotra Company Limited[2][3]	Interest in controlled corporation	1,300,100,000 (L)	100%	1,650,000,000 (L)	75%	1,650,000,000 (L)	72.3%
CR Land[2]	Beneficial owner	1,300,100,000 (L)	100%	1,650,000,000 (L)	75%	1,650,000,000 (L)	72.3%

Save as disclosed above, our Directors are not aware of any other person who will, immediately after completion of the Global Offering, have an interest and/or a short position in our Shares or the underlying shares of our Company which will be required to be disclosed to our Company and the Hong Kong Stock Exchange pursuant to the provisions in Divisions 2 and 3 of Part XV of the SFO, or will be, directly or indirectly, interested in 10% or more of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company.

(1) The letter (L) denotes the person's long interest in our Shares.

(2) As of the Latest Practicable Date, CR Land directly held 1,300,100,000 of our Shares, constituting 100% of our Share capital, CRH (Land) Limited directly held 4,243,788,418 shares of CR Land, and Commotra Company Limited directly held 2,830,000 shares of CR Land. CR Holdings is the sole shareholder of CRH (Land) Limited and Commotra Company Limited. Moreover, CR Holdings is a wholly-owned subsidiary of CRC Bluesky Limited, which is in turn wholly-owned by China Resources Inc. China Resources Inc. is wholly-owned by China Resources Company Limited.

(3) In addition, CRH (Land) Limited and Commotra Company Limited are respectively entitled to subscribe up to 32,644,400 and 21,600 Reserved Shares (representing 1.48% and 0.001% of the total issued Shares of the Company after completion of the Global Offering (assuming the Over-allotment Option is not exercised)), as their Assumed Entitlement in the Preferential Offering.

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:

	Aggregate nominal value of Shares
As of the date of this prospectus	
Authorized share capital	
5,000,000,000 Shares of US$0.00001 each	US$50,000
Issued share capital	
1,300,100,000 Shares of US$0.00001 each	US$13,001

	Aggregate nominal value of Shares
Immediately after completion of the capitalization issue	
Authorized share capital	
5,000,000,000 Shares of US$0.00001 each	US$50,000
Issued share capital after the Capitalization Issue	
1,650,000,000 Shares of US$0.00001 each	US$16,500

	Aggregate nominal value of Shares
Immediately after completion of the Global Offering	
Authorized share capital	
5,000,000,000 Shares of US$0.00001 each	US$50,000
Shares to be issued under the Global Offering (assuming the Over-allotment Option is not exercised)	
550,000,000 Shares of US$0.00001 each	US$5,500
Total issued Shares immediately after completion of the Global Offering (assuming the Over-allotment Option is not exercised)	
2,200,000,000 Shares of US$0.00001 each	US$22,000

ASSUMPTIONS

The above table assumes that the Global Offering becomes unconditional and the Shares are issued pursuant to the Global Offering. The above tables also do 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 currently 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.

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 the 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 the paragraph headed "— General Mandate to Repurchase Shares" in this section.

This general mandate to issue Shares will expire at the earliest of:

- the conclusion of the next annual general meeting of our Company unless otherwise 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 Articles or any other applicable laws to be held; or
- the date on which it is varied or revoked by an ordinary resolution of our Shareholders in general meeting.

For details, see "Appendix V — Statutory and General Information — A. Further Information about our Group — 5. Resolutions of the Sole Shareholder of Our Company dated October 19, 2020 and November 19, 2020."

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 our own securities with nominal value of up to 10% of the aggregate nominal value of our Shares in issue immediately following the completion of the Global Offering.

The repurchase mandate only relates to repurchases made on the Hong Kong Stock Exchange, or on any other stock exchange on which our Shares are listed (and which are recognized by the SFC and the Hong Kong 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 the section headed "Statutory and General Information — A. Further Information about our Group — 6. Repurchase of Our Own Securities" in Appendix V 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 otherwise 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 Articles or any other applicable laws to be held; or

- the date on which it is varied or revoked by an ordinary resolution of our Shareholders in a general meeting.

For details, see "Appendix V — Statutory and General Information — A. Further Information about our Group — 6. Repurchase of Our Own Securities."

THE CORNERSTONE PLACING

We have entered into cornerstone investor agreements with the cornerstone investors (the "**Cornerstone Investors**") who have agreed to subscribe, or cause their designated entities to subscribe, for such number of our Offer Shares (rounded down to the nearest whole board lot of 200 Shares) which may be purchased at the Offer Price with an aggregate amount of approximately US$650 million (to be converted to Hong Kong dollars based on the exchange rate of US$1.00 to HK$7.7532 adopted in this section) (exclusive of the brokerage fee, the SFC transaction levy and the Hong Kong Stock Exchange trading fee).

Assuming an Offer Price of HK$18.60 (being at the low end of the Offer Price range set out in this prospectus), the total number of Shares to be subscribed by the Cornerstone Investors would be approximately 270,944,400 Shares, representing approximately (i) 49.3% of the Offer Shares, assuming that the Over-allotment Option is not exercised, (ii) 12.3% of the Shares in issue upon completion of the Global Offering and assuming that the Over-allotment Option is not exercised, and (iii) 11.9% 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$20.45 (being at the mid-point of the Offer Price range set out in this prospectus), the total number of Shares to be subscribed by the Cornerstone Investors would be approximately 246,433,200 Shares, representing approximately (i) 44.8% of the Offer Shares, assuming that the Over-allotment Option is not exercised, (ii) 11.2% of the Shares in issue upon completion of the Global Offering and assuming that the Over-allotment Option is not exercised, and (iii) 10.8% 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$22.30 (being at the high end of the Offer Price range set out in this prospectus), the total number of Shares to be subscribed by the Cornerstone Investors would be approximately 225,989,200 Shares, representing approximately (i) 41.1% of the Offer Shares, assuming that the Over-allotment Option is not exercised, (ii) 10.3% of the Shares in issue upon completion of the Global Offering and assuming that the Over-allotment Option is not exercised, and (iii) 9.9% of the Shares in issue upon completion of the Global Offering and assuming that the Over-allotment Option is fully exercised.

The cornerstone placing forms part of the International Offering. The Company is of the view that the investments of the Cornerstone Investors in the Company demonstrate to potential investors that they are confident in the Company's business and prospect. All Cornerstone Investors were recommended and introduced to the Company by the Joint Global Coordinators. The Company did not have any relationship with any of the Cornerstone Investors prior to the introduction made by the Joint Global Coordinators.

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 our Company.

There are no side agreements/arrangement between our Company and the Cornerstone Investors or any benefit, direct or indirect, conferred on the Cornerstone Investors by virtue of or in relation to the their subscription, other than a guaranteed allocation of the relevant Offer Shares at the Offer Price. None of the Cornerstone Investors will have any representation on the Board or will become a substantial Shareholder of our

Company upon completion of the Global Offering and will not subscribe for any Offer Shares under the Global Offering other than pursuant to the cornerstone investor agreements referred to below. No deferred settlement in payment or deferred delivery of the Offer Shares as subscribed by each of the Cornerstone Investors will be adopted.

To the best knowledge of our Company, (i) each of the Cornerstone Investors is an Independent Third Party and is not our connected person (as defined in the Listing Rules), is not an existing shareholder or close associate of the Company, and is independent of other Cornerstone Investors (except as disclosed in the sub-section headed "Our Cornerstone Investors" below); (ii) none of the Cornerstone Investors are accustomed to take instructions from the Company, the Directors, the chief executive of the Company, the Controlling Shareholders or the existing Shareholders or their respective close associates or any of the directors, chief executives, substantial shareholders of any of the subsidiaries of the Company or their respective close associates, in relation to the acquisition, disposal, voting or other disposition of securities of the Company registered in their name or otherwise held by them; and (iii) none of the subscription of the Offer Shares by the Cornerstone Investors is financed by the Company, the Directors, the chief executive of the Company, the Controlling Shareholders, or the existing Shareholders or their respective close associates or any of the directors, chief executives, substantial shareholders of any of the subsidiaries of the Company or their respective close associates. To the best knowledge of our Company, Ping An (as defined below) will use the existing funds managed by it as its source of funding, GIC (as defined below) will use the foreign reserves of Singapore that GIC manages as its source of founding while the rest of the Cornerstone Investors will use their respective internal resources as their sources of funding.

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 and clawback" 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 December 8, 2020.

OUR CORNERSTONE INVESTORS

Cornerstone Investor (each as defined below)	Investment Amount	Number of Offer Shares (rounded down to nearest whole board lot of 200 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
	Based on the Offer Price of HK$18.60 (being the Minimum Offer Price)					
	(US$ in million)					
GIC	150.0	62,525,800	11.4%	9.9%	2.8%	2.7%
Hillhouse Capital	120.0	50,020,600	9.1%	7.9%	2.3%	2.2%
Gaoling Fund, L.P.						
Ping An	100.0	41,683,800	7.6%	6.6%	1.9%	1.8%
Cephei	100.0	41,683,800	7.6%	6.6%	1.9%	1.8%
Cephei QFII China Total Return Fund Ltd.						
Cephei China Equity Index Enhanced Fund Ltd.						
Cephei China Equity Growth Fund Ltd.						
Matthews Funds	80.0	33,347,000	6.1%	5.3%	1.5%	1.5%
Matthews International Funds (US)						
Matthews Asia Funds (Lux)						
China Structural Reform Fund	50.0	20,841,800	3.8%	3.3%	0.9%	0.9%
GLP	50.0	20,841,600	3.8%	3.3%	0.9%	0.9%
GLP China Capital Investment 15 Limited	30.0	12,505,000	2.3%	2.0%	0.6%	0.5%
UBAN Capital I, L.P.	20.0	8,336,600	1.5%	1.3%	0.4%	0.4%
Total	**650.0**	**270,944,400**	**49.3%**	**42.8%**	**12.3%**	**11.9%**

Cornerstone Investor (each as defined below)	Based on the Offer Price of HK$20.45 (being the mid-point of the Offer Price Range)					
			Approximate % of total number of Offer Shares		Approximate % of total Shares in issue immediately following the completion of the Global Offering	
	Investment Amount	Number of Offer Shares (rounded down to nearest whole board lot of 200 Shares)	Assuming the Over-allotment Option is not exercised	Assuming the Over-allotment Option is exercised in full	Assuming the Over-allotment Option is not exercised	Assuming the Over-allotment Option is exercised in full
	(US$ in million)					
GIC	150.0	56,869,400	10.3%	9.0%	2.6%	2.5%
Hillhouse Capital	120.0	45,495,400	8.3%	7.2%	2.1%	2.0%
Gaoling Fund, L.P.						
Ping An	100.0	37,912,800	6.9%	6.0%	1.7%	1.7%
Cephei	100.0	37,912,800	6.9%	6.0%	1.7%	1.7%
Cephei QFII China Total Return Fund Ltd.						
Cephei China Equity Index Enhanced Fund Ltd.						
Cephei China Equity Growth Fund Ltd.						
Matthews Funds	80.0	30,330,200	5.5%	4.8%	1.4%	1.3%
Matthews International Funds (US)						
Matthews Asia Funds (Lux)						
China Structural Reform Fund	50.0	18,956,400	3.4%	3.0%	0.9%	0.8%
GLP	50.0	18,956,200	3.4%	3.0%	0.9%	0.8%
GLP China Capital Investment 15 Limited	30.0	11,373,800	2.1%	1.8%	0.5%	0.5%
UBAN Capital I, L.P.	20.0	7,582,400	1.4%	1.2%	0.3%	0.3%
Total	**650.0**	**246,433,200**	**44.8%**	**39.0%**	**11.2%**	**10.8%**

			Based on the Offer Price of HK$22.30 (being the Maximum Offer Price)			
			Approximate % of total number of Offer Shares		Approximate % of total Shares in issue immediately following the completion of the Global Offering	
Cornerstone Investor (each as defined below)	**Investment Amount**	**Number of Offer Shares (rounded down to nearest whole board lot of 200 Shares)**	**Assuming the Over-allotment Option is not exercised**	**Assuming the Over-allotment Option is exercised in full**	**Assuming the Over-allotment Option is not exercised**	**Assuming the Over-allotment Option is exercised in full**
	(US$ in million)					
GIC	150.0	52,151,400	9.5%	8.2%	2.4%	2.3%
Hillhouse Capital	120.0	41,721,200	7.6%	6.6%	1.9%	1.8%
Gaoling Fund, L.P.						
Ping An	100.0	34,767,600	6.3%	5.5%	1.6%	1.5%
Cephei	100.0	34,767,600	6.3%	5.5%	1.6%	1.5%
Cephei QFII China Total Return Fund Ltd.						
Cephei China Equity Index Enhanced Fund Ltd.						
Cephei China Equity Growth Fund Ltd.						
Matthews Funds	80.0	27,814,000	5.1%	4.4%	1.3%	1.2%
Matthews International Funds (US)						
Matthews Asia Funds (Lux)						
China Structural Reform Fund	50.0	17,383,800	3.2%	2.7%	0.8%	0.8%
GLP	50.0	17,383,600	3.2%	2.7%	0.8%	0.8%
GLP China Capital Investment 15 Limited	30.0	10,430,200	1.9%	1.6%	0.5%	0.5%
UBAN Capital I, L.P.	20.0	6,953,400	1.3%	1.1%	0.3%	0.3%
Total	**650.0**	**225,989,200**	**41.1%**	**35.7%**	**10.3%**	**9.9%**

The following information on the Cornerstone Investors was provided to the Company by the Cornerstone Investors.

GIC Private Limited

GIC Private Limited ("**GIC**") is a global investment management company established in 1981 to manage Singapore's foreign reserves. GIC invests internationally in equities, fixed income, foreign exchange, commodities, money markets, alternative investments, real estate and private equity. With its current portfolio size of more than US$100 billion, GIC is amongst the world's largest fund management companies.

Gaoling Fund, L.P.

Gaoling Fund, L.P. is a limited partnership formed under the laws of the Cayman Islands. Hillhouse Capital Advisors, Ltd. ("**Hillhouse Capital**") serves as the sole investment manager of Gaoling Fund, L.P.

Founded in 2005, Hillhouse Capital is a global firm of investment professionals and operating executives who are focused on building and investing in high quality business franchises that achieve sustainable growth. Independent proprietary research and industry expertise, in conjunction with world-class operating and management capabilities, are key to Hillhouse Capital's investment approach. Hillhouse Capital partners with exceptional entrepreneurs and management teams to create value, often with a focus on enacting innovation and technological transformation. Hillhouse Capital invests in the healthcare, consumer, TMT, advanced manufacturing, financial and business services sectors in companies across all equity stages. Hillhouse Capital and its group members manage assets on behalf of institutional clients such as university endowments, foundations, sovereign wealth funds, and family offices.

Ping An of China Asset Management (Hong Kong) Company Limited

Ping An of China Asset Management (Hong Kong) Company Limited ("**Ping An**"), established in May 2006, is an indirect wholly-owned subsidiary and the major entity responsible for the overseas investment management business of Ping An Insurance (Group) Company of China, Ltd. ("**Ping An Group**"), a limited company incorporated in the PRC whose shares are listed on the Hong Kong Stock Exchange (Stock Code: 2318) and the Shanghai Stock Exchange (Stock Code: 601318). To the best knowledge of our Company, no approval from (i) the Hong Kong Stock Exchange or the Shanghai Stock Exchange; (ii) shareholders of Ping An Group; or (iii) other regulatory authorities is required for Ping An to invest in the Company.

Cephei QFII China Total Return Fund Ltd., Cephei China Equity Index Enhanced Fund Ltd. and Cephei China Equity Growth Fund Ltd.

Cephei QFII China Total Return Fund Ltd. is a Cayman Islands exempted company with limited liability incorporated in February 2013 to operate as a private investment fund ("**Cephei QFII China Total Return Fund**"). Cephei QFII China Total Return Fund invests primarily in China related companies listed in the PRC, Hong Kong and other overseas markets. CDH Investment Advisory Private Limited (incorporated under the laws of Singapore in 2005) is the investment manager of Cephei QFII China Total Return Fund while Cephei Capital Management (Hong Kong) Limited ("**Cephei Capital**"), a private company with limited liability incorporated under the laws of Hong Kong, is the investment advisor to manage the investments of Cephei QFII China Total Return Fund.

Cephei China Equity Index Enhanced Fund Ltd. is a Cayman Islands exempted company with limited liability incorporated in January 2019 as a private investment fund ("**Cephei CEIE Fund**"). Cephei CEIE Fund invests primarily in China related companies listed in the PRC, Hong Kong and other overseas markets. Cephei Capital is the investment manager of the Fund.

Cephei China Equity Growth Fund Ltd. is a Cayman Islands exempted company with limited liability incorporated in July 2018 as a private investment fund ("**Cephei CEG Fund**"). Cephei CEG Fund invests primarily in China related companies listed in the PRC, Hong Kong and other overseas markets. Cephei Capital is the investment manager of the Fund.

Matthews Funds

Each of Matthews Pacific Tiger Fund and Matthews Asia Innovators Fund are series of Matthews International Funds (doing business as Matthews Asia Funds), an open-end management company registered under the U.S. Investment Company Act of 1940, as amended ("**Matthews International Funds (US)**").

Matthews Asia Funds — Pacific Tiger Fund is a sub-fund of Matthews Asia Funds, a public limited company (société anonyme) qualifying as an investment company organized with variable share capital within the meaning of the Luxembourg law of December 17, 2010 on collective investment undertakings incorporated as an umbrella fund comprised of separate sub-funds ("**Matthews Asia Funds (Lux)**", together with Matthews International Funds (US), the "**Matthews Funds**").

Matthews International Capital Management, LLC ("**Matthews Asia**") is the authorized agent and the investment manager of the Matthews Funds. Matthews Asia manages portfolios of securities primarily in the Asia Pacific region on a discretionary basis for institutional clients, including U.S. registered investment companies and similar non-U.S. investment funds (some of which are registered under the laws of the country where they are formed) and other clients worldwide.

China Structural Reform Fund Corporation Limited

China Structural Reform Fund Corporation Limited ("**China Structural Reform Fund**") is a company incorporated in the PRC ultimately controlled by the State-owned Assets Supervision and Administration Commission of the State Council indirectly. It is mainly engaged in businesses including private funds, equity investment, project investment, capital management, investment consulting and enterprise management consulting.

CCT Fund Management Co., Ltd., a wholly-owned subsidiary of China Chengtong Holdings Group Limited ("**CCT Group**"), is the investment manager of China Structural Reform Fund.

For the purpose of the cornerstone investment, China Structural Reform Fund has engaged ICBC Credit Suisse Asset Management Co., Ltd. ("**ICBC CS**"), an asset manager that is a qualified domestic institutional investor as approved by the relevant PRC authority, to subscribe for and hold such Offer Shares on a discretionary basis on behalf of China Structural Reform Fund.

ICBC CS is in the same group as ICBC International Capital Limited ("**ICBC Capital**") and ICBC International Securities Limited ("**ICBC Securities**"). Accordingly, ICBC CS is a connected client of ICBC Capital and ICBC Securities, which are a Joint Bookrunner and a Joint Lead Manager of the Global Offering, respectively.

We have applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange has granted to us, its consent under paragraph 5(1) of Appendix 6 to the Listing Rules to permit China Structural Reform Fund to participate in the Global Offering through ICBC CS as a cornerstone investor subject to certain conditions. For details, see "Waivers from Strict Compliance with the Listing Rules — Proposed Share Subscription by China Structural Reform Fund through ICBC CS."

GLP China Capital Investment 15 Limited and UBAN Capital I, L.P.

GLP China Capital Investment 15 Limited is ultimately controlled by GLP Pte. Ltd. ("**GLP**"). The subscription by GLP China Capital Investment 15 Limited is guaranteed by GLP China Holdings Limited ("**GLP China**").

UBAN Capital is a private equity fund dedicated to PE investment in real estate sectors. The general partner of UBAN Capital I, L.P. is UBAN Capital I GP, Ltd., which is owned as to 51% by GLP China Fund Management Holdings Limited which is ultimately controlled by GLP. The subscription by UBAN Capital I, L.P. is guaranteed by GLP China.

GLP is a leading global investment manager and business builder in logistics, real estate, infrastructure, finance and related technologies. GLP's combined investing and operating expertise allows it to create value for its customers and investors. GLP operates across Brazil, China, Europe, India, Japan, the U.S. and Vietnam and has US$97 billion in assets under management in real estate and private equity funds.

GLP China is a subsidiary of GLP, and currently owning, managing and operating approximately 400 logistics, manufacturing, data infrastructure, and business park facilities across 43 cities in China. Through private equity, fin-tech, technology and data analytics platforms, GLP China is leading the way in adopting and incubating the latest innovations that enhance operational efficiency and create value for its customers and investors.

CONDITIONS PRECEDENT

The subscription obligation of each Cornerstone Investor is subject to, among other things, the following conditions precedent:

(a) the Hong Kong Underwriting Agreement and the International Underwriting Agreement being entered into and having become effective and unconditional and not having been terminated (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;

(b) the Offer Price having been agreed upon between the Company and the Joint Global Coordinators (on behalf of the Underwriters of the Global Offering);

(c) the Listing Committee having granted the listing of, and permission to deal in, the Shares (as well as other applicable waivers and approvals) and that such approval, permission or waiver not having been revoked prior to the commencement of dealings in the Shares;

(d) no relevant laws or regulations shall have been enacted or promulgated by any governmental authority which prohibits the consummation of the transactions contemplated in the Hong Kong Public Offering, the International Offering or in the 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 relevant Cornerstone Investor under the relevant cornerstone investment agreement are accurate and true in all material respects and not misleading in any material respect and that there is no material breach of the relevant cornerstone investment agreement on the part of the relevant Cornerstone Investor.

RESTRICTIONS ON DISPOSAL OF SHARES BY THE CORNERSTONE INVESTORS

Each of the Cornerstone Investors has agreed, covenanted with and undertaken to the Company, the Joint Global Coordinators and/or the Joint Sponsors that, among other things, without the prior written consent of each of the Company, the Joint Global Coordinators and/or the Joint Sponsors, the Cornerstone Investor will not, whether directly or indirectly, at any time during the period of six months from the Listing Date (the "**Lock-up Period**"), dispose of, in any way, any Shares to be subscribed by the Cornerstone Investors pursuant to the respective cornerstone investment agreement (the "**Relevant Shares**") or any interest in any company or entity holding any Relevant Shares; or enter into any transactions directly or indirectly with the same economic effect as any aforesaid transaction.

Certain of the Cornerstone Investors may transfer or enter into specific transactions in relation to the Relevant Shares in certain limited circumstances as permitted in the relevant cornerstone investment agreement, such as transfer to a wholly-owned subsidiary of such Cornerstone Investor, provided that prior to such transfer, such wholly-owned subsidiary undertakes, and such Cornerstone Investor undertakes to procure, that such wholly-owned subsidiary agrees to be bound by such Cornerstone Investor's obligations under the relevant cornerstone investment agreement and subject to the restrictions on disposals imposed on the Cornerstone Investor.

The following discussion and our analysis should be read in conjunction with our combined financial statements included in "Appendix I — Accountant's Report," together with the accompanying notes. Our combined financial statements have been prepared in accordance with the HKFRSs.

The following discussion and analysis contains forward-looking statements that involve risks and uncertainties. These statements are based on assumptions and analysis that we make in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, our actual results may differ significantly from those projected in the forward-looking statements. Factors that might cause future results to differ significantly from those projected in the forward-looking statements include, but are not limited to, those discussed in "Risk Factors" and "Business" and elsewhere in this prospectus.

OVERVIEW

We provide management services for residential properties and other non-commercial properties, and bring various services to families and residents in the communities to meet their living needs. Our services for residential properties can be categorized into: (i) property management services, including security, cleaning and greening, as well as repair and maintenance services; (ii) value-added services to property developers; and (iii) community value-added services. Meanwhile, we manage shopping malls and office buildings. For shopping malls, we provide: (i) commercial operational services, including pre-opening management and operation management services; (ii) property management and other services; and (iii) commercial subleasing services. For office buildings, we provide property management services, as well as other value-added services. From the second half of 2020, we started to provide commercial operational services to office buildings.

During the Track Record Period, both our residential property management services and commercial operational and property management services segments experienced continual revenue growth. In 2017, 2018 and 2019 and the six months ended June 30, 2019 and 2020, our total revenue was RMB3,129.4 million, RMB4,431.7 million, RMB5,868.1 million, RMB2,640.6 million and RMB3,134.0 million, respectively. The revenue contribution from our commercial operational and property management services segment increased during the same periods, primarily due to the rapid expansion of this segment. In particular, we started to monetize commercial operational services provided to shopping malls and recognize revenue from such services from January 2020, which contributed to our rapid growth in the first half of 2020.

BASIS OF PREPARATION AND PRESENTATION

Our historical financial information has been prepared in accordance with HKFRSs (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations) issued by the HKICPA and accounting principles generally accepted in Hong Kong. Except for Amendments to HKFRS 3 Definition of a Business which is applied prospectively to the transactions that occur on or after January 1, 2020, we have early adopted all HKFRSs effective for the accounting period commencing from January 1, 2020, together with the relevant transitional provisions in the preparation of the historical financial information throughout the Track Record Period. We have also early adopted Amendment to HKFRS 16 COVID-19-Related Rent Concessions on January 1, 2020 and elected not to apply lease modification accounting for all rent concessions granted by the lessors as a result of the COVID-19 pandemic during the six months ended June 30, 2020. The historical financial information has been prepared under the historical cost convention, except for investment property which has been measured at fair value.

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability on May 18, 2017. In preparation for the Global Offering, we have undergone a series of corporate reorganization transactions. For details, see "History, Reorganization and Corporate Structure — Reorganization." The Company and the subsidiaries now comprising the Group were under the common control of China Resources Company Limited before and after the Reorganization. Accordingly, the historical financial information has been prepared by applying the principles of merger accounting as if the Reorganization had been completed at the beginning of the Track Record Period.

MAJOR FACTORS AFFECTING OUR RESULTS OF OPERATIONS

The following factors are the principal factors that have affected and, we expect, will continue to affect our business, financial condition, results of operations and prospects.

GFA under Management

Our revenue growth primarily depends on our ability to grow property portfolio for property management and commercial operational services. During the Track Record Period, we generated a majority of our revenue from managing residential and commercial properties. Accordingly, our business and results of operations depend on our ability to maintain and grow our GFA under management, which, in turn, is affected by our ability to renew existing and secure new management service contracts. In addition, our community value-added services is also affected by our GFA under management.

We experienced continual growth in our GFA under management of our property management services during the Track Record Period. As of December 31, 2017, 2018 and 2019 and June 30, 2020, our GFA under management of residential and other non-commercial properties was 61.2 million sq.m., 77.7 million sq.m., 92.1 million sq.m. and 97.5 million sq.m., respectively, and our GFA under management of commercial properties was 4.9 million sq.m., 6.9 million sq.m., 9.1 million sq.m. and 9.1 million sq.m., respectively. In addition to continual collaboration with CR Group and CR Land, we have also been expanding our property management services to properties developed by Independent Third Parties, in order to gain additional revenue sources and diversify our property management portfolio.

Meanwhile, our results of operations of commercial operational services are also affected by GFA under management. As of June 30, 2020, our GFA under commercial operational services provided to shopping malls was 5.6 million sq.m.

Business Mix

Our results of operations are affected by our business mix. During the Track Record Period, we operated different types of services under our two business segments: (i) residential property management services segment; and (ii) commercial operational and property management services segment. Our profitability varies across different types of services, depending on the type of services we offer and the revenue model we adopt under different contractual arrangements. Any change in the structure of revenue contribution from our service offerings or change in the profitability of any type of service may have a corresponding impact on our overall profitability. The following tables set forth the revenue contribution by segment and the respective gross profit margins for the periods indicated:

	Year ended December 31,									Six months ended June 30,					
	2017			2018			2019			2019			2020		
	Revenue	Revenue contribution	Gross profit margin	Revenue	Revenue contribution	Gross profit margin	Revenue	Revenue contribution	Gross profit margin	Revenue	Revenue contribution	Gross profit margin	Revenue	Revenue contribution	Gross profit margin
	(RMB in thousands)	(%)	(%)	(RMB in thousands)	(%)	(%)	(RMB in thousands)	(%)	(%)	(RMB in thousands)	(%)	(%)	(RMB in thousands)	(%)	(%)
Residential property management services	2,101,368	67.1	12.4	2,763,361	62.4	11.4	3,471,568	59.2	12.1	1,538,492	58.3	11.9	1,680,794	53.6	14.0
Commercial operational and property management services	1,028,057	32.9	14.2	1,668,366	37.6	20.9	2,396,535	40.8	21.8	1,102,115	41.7	26.5	1,453,206	46.4	35.8
Total	**3,129,425**	**100.0**	**13.0**	**4,431,727**	**100.0**	**15.0**	**5,868,103**	**100.0**	**16.1**	**2,640,607**	**100.0**	**18.0**	**3,134,000**	**100.0**	**24.1**

In general, the gross profit margin of our commercial operational and property management services segment is higher than that of our residential property management services segment. As a result, our overall gross profit margin increased during the Track Record Period, partly due to the increasing revenue contribution from our commercial operational and property management services segment. In particular, from January 2020, we started to monetize commercial operational services provided to shopping malls and recognize revenue from such services, which have a much higher gross profit margin. During the six months ended June 30, 2020, revenue from our commercial operational services to shopping malls was RMB290.4 million, which represented 9.3% of our total revenue during such period. We also started to provide commercial operational services to office buildings in the second half of 2020. Due to the recent monetization of such services in 2020, the results of operations for 2020 or any interim period thereof may not be comparable with those for the years ended December 31, 2017, 2018 and 2019. In the long term, we strive to improve our overall gross profit margin through increasing our business scale to realize economies of scale, focusing on the development of businesses with a relatively higher gross profit margin, as well as improving our cost management and pricing standardization. For details, see "— Principal Components of Our Combined Statements of Profit or Loss — Gross Profit and Gross Profit Margin." Accordingly, investors should not unduly rely on our historical results of operations to predict our future financial performance. For details, see "Risk Factors — Risks Relating to Our Business and Industry — Failure to sustain our growth and profitability may have a material adverse effect on our business, financial condition and results of operations."

Brand Positioning and Pricing of Services

Our financial condition and results of operations are affected by our ability to maintain or increase the fee rates we charge for our services, which is, in part, affected by our brand recognition and market position. We generally price our services by taking into account a number of factors, primarily including (i) the requirements of scope and quality of our services, (ii) our estimated costs and profit margin target, and (iii) management fees charged in nearby and comparable properties in the industry. We may be subject to pricing controls under the PRC laws and regulations with respect to our residential property management services. In determining our pricing, we strive to achieve a balance between pricing our services sufficiently competitive while ensuring an attractive profit margin. Our ability to balance the various factors in determining our pricing will have an impact on our financial condition and results of operations.

Ability to Manage Staff and Subcontracting Costs

Our staff costs and subcontracting costs in aggregate constitute a substantial portion of our cost of sales. In 2017, 2018 and 2019 and the six months ended June 30, 2020, our staff costs represented 53.0%, 50.7%, 49.8% and 53.9%, respectively, and our subcontracting costs represented 18.9%, 20.8%, 21.8% and 21.9%, respectively, of our total costs of sales. During the Track Record Period, our staff costs and subcontracting costs increased substantially as a result of the expansion of our business, increases in average wages in the regions where we operate, as well as an increase in the proportion of specialized services outsourced to subcontractors in line with the industry trend. Any significant increases in our staff costs and subcontracting costs may negatively affect our profit margin and reduce our profitability. Our ability to maintain or improve our profitability also depends on our ability to control other operating expenses, such as staff costs in our administrative and marketing expenses. During the Track Record Period, we implemented a series of cost control measures including stricter staff management and standardization of cost controls. We expect to further enhance our cost control ability through promoting digitization.

For illustration purpose only, the following table sets forth a sensitivity analysis that demonstrates the impact of hypothetical increases in our staff costs and subcontracting costs included in the cost of sales on our profit for the periods indicated, with reference to historical fluctuations of average wages and proportion of specialized services outsourced to subcontractors, assuming all other factors remain unchanged:

	Year ended December 31,			**Six months ended June 30,**	
	2017	**2018**	**2019**	**2019**	**2020**
			(RMB in thousands)		
Profit for the year or period	388,343	422,918	364,928	192,218	338,565
Assuming 5% increase in our staff costs and subcontracting costs					
Impact on profit before tax	(97,958)	(134,634)	(176,402)	(81,544)	(90,165)
Impact on profit for the year or period[(1)]	(73,469)	(100,976)	(132,302)	(61,158)	(67,624)
Assuming 10% increase in our staff costs and subcontracting costs					
Impact on profit before tax	(195,916)	(269,269)	(352,804)	(163,088)	(180,331)
Impact on profit for the year or period[(1)]	(146,937)	(201,952)	(264,603)	(122,316)	(135,248)

(1) Impact on profit for the year was calculated assuming an EIT of 25%.

Competition

The PRC property management and commercial operational markets are fragmented and competitive, with an increasing market concentration rate in recent years. Our ability to effectively compete with our competitors and maintain or improve our market position is therefore crucial and depends on our ability to differentiate us from industry peers through ensuring service quality and consistency. Our ability to maintain such position will also affect our ability to source new, and renew existing, property management and commercial operational service contracts and expand our GFA under management, failure in which would hinder the growth and profitability of our business and prospects.

SIGNIFICANT ACCOUNTING POLICIES, JUDGMENTS AND ESTIMATES

We have identified certain accounting policies and estimates, which we consider significant in the preparation of our financial statements in accordance with HKFRSs. These significant accounting policies are set forth in note 2.4 to the Accountant's Report in Appendix I to this prospectus, which are important for an understanding of our financial condition and results of operations.

Some of our accounting policies involve subjective assumptions, estimates and judgments that are discussed in note 3 of the Accountant's Report in Appendix I to this prospectus. The preparation of our financial statements requires our management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Our management has identified below the accounting policies, estimates and judgments that they believe are critical to the preparation of our financial statements.

Revenue Recognition

We provide residential property management services and commercial operational and property management services. Revenue from contracts with customers is recognized when services are rendered to the customer at an amount that reflects the consideration to which we expect to be entitled in exchange of those services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which we will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

Residential Property Management Services

Residential property management services comprise: (i) property management services; (ii) value-added services to property developers; and (iii) community value-added services.

Property management services mainly include security, cleaning and greening, repair and maintenance services to residential properties and other non-commercial properties. For property management services, we bill a fixed amount for services provided on a monthly basis and recognize it as revenue in the amount to which we have a right to invoice and that corresponds directly with the value of performance completed. Property management services income from residential and other non-commercial properties are charged on a lump sum basis, where we act as principal. We are entitled to revenue at the value of property management services fee received or receivable.

Value-added services to property developers mainly include pre-delivery marketing services, preliminary preparation services, consultancy services and other services including housing trust and vacant unit management. We agree the price for each service with the customers upfront and issue the monthly bill to the customers which varies based on the actual level of service completed in that month. Revenue from value-added services is recognized over time, in the amount to which we have a right to invoice, because the customer simultaneously receives and consumes the benefits provided by us.

For community value-added services, which include community living services and brokerage and asset services, revenue is recognized when the related services are rendered. Payment of the transaction is due immediately when the community value-added services are rendered to the customer. Sales of goods are included in brokerage and asset services. Revenue from sales of goods is recognized at the point in time when control of the goods is transferred to the customer, generally on the acceptance of the goods by the customer. Revenue from brokerage services is recognized at the point in time when the services are rendered and accepted by the customers.

Commercial Operational and Property Management Services

Commercial operational and property management services are provided to property developers, owners or tenants of (i) shopping malls, and (ii) office buildings.

For shopping malls, we provide:

- Commercial operational services, including pre-opening management and operation management services. We charge pre-opening management service fees on a fixed rate per sq.m. or per monthly rent, or a fixed fee depending on the nature of services rendered. We collect fees for providing operation management services typically as a percentage of the rental income, operating income and/or operating profit of the relevant shopping malls. Revenue from commercial operational services is recognized in the amount to which we have a right to invoice and that corresponds directly with the value of performance completed. We started generating revenue from our provision of commercial operational services to shopping malls from January 2020. For details, see "— Principal Components of Our Combined Statements of Profit or Loss — Revenue — Commercial Operational and Property Management Services."

- Property management and other services, mainly including security, cleaning and greening, and repair and maintenance services for shopping malls. Property management fees are charged on a lump sum basis. We bill a fixed amount for services generally on a monthly basis and recognize as revenue in the amount to which we have a right to invoice and that corresponds directly with the value of performance completed.

- Commercial subleasing services, for which we receive rental income from tenants primarily on a monthly basis. Rental income is recognized on a time proportion basis over the lease terms. Variable lease payments that do not depend on an index or a rate are recognized as income in the accounting period in which they are incurred.

For office buildings, we provide property management and other services, mainly including security, cleaning and repair and maintenance services. Property management fees are charged on a lump sum basis. We bill a fixed amount for services generally on a monthly basis and recognize as revenue in the amount to which we have a right to invoice and that corresponds directly with the value of performance completed.

Provision for Expected Credit Losses ("ECL") on Trade and Other Receivables

We use a provision matrix to calculate ECLs for trade receivables and other receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns, which is by geography, service type, customer type and rating.

The provision matrix is initially based on our historical observed default rates. We will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. Our historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. For details about the ECLs on our trade receivables and other receivables, see note 18 and note 19 to the Accountant's Report in Appendix I to this prospectus.

Current and Deferred Income Tax

Income tax comprises current and deferred tax. Income tax relating to items recognized outside profit or loss is recognized outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which we operate.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilized, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognized to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if we have a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Leases

We assess at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessee

We apply a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. We recognize lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use Assets

Right-of-use assets are recognized at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Land use rights	20 years
Buildings	2 to 8 years
Motor vehicles	2 to 3 years

If ownership of the leased asset transfers to us by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) Lease Liabilities

Lease liabilities are recognized at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by us and payments of penalties for termination of a lease, if the lease term reflects our exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, we use our incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments or a change in assessment of an option to purchase the underlying asset.

(c) Short-term Leases and Leases of Low-value Assets

We apply the short-term lease recognition exemption to our short-term leases (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option, elected by class of underlying asset). We also apply the recognition exemption for leases of low-value assets (elected on a lease-by-lease basis). Lease payments on short-term leases and leases of low-value assets are recognized as an expense on a straight-line basis over the lease term.

As a lessor

When we act as a lessor, we classify at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which we do not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, we allocate the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, are accounted for as finance leases.

At the commencement date, the cost of the leased asset is capitalized at the present value of the lease payments and related payments (including the initial direct costs) and presented as a receivable at an amount equal to the net investment in the lease. The finance income of such leases is recognized in the statement of profit or loss so as to provide a constant periodic rate of charge over the lease terms.

When we are an intermediate lessor, a sublease is classified as a finance lease or operating lease with reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which we apply the statement of financial position recognition exemption, we classify the sublease as an operating lease.

Early Adoption of Amendment to HKFRS 16 COVID-19 Rent Related Concessions Issued in June 2020

Amendment to HKFRS 16 provides a practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic. The practical expedient applies only to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if: (i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; (ii) any reduction in lease payments affects only payments originally due on or before June 30, 2021; and (iii) there is no substantive change to other terms and conditions of the lease. The amendment is effective retrospectively for annual periods beginning on or after June 1, 2020 with earlier application permitted.

During the six months ended June 30, 2020, certain monthly lease payments for the leases of our shopping malls have been reduced or waived by the lessors as a result of the COVID-19 pandemic and there are no other changes to the terms of the leases. We have early adopted the amendment on January 1, 2020 and elected not to apply lease modification accounting for all rent concessions granted by the lessors as a result of the COVID-19 pandemic during the six months ended June 30, 2020. Accordingly, a reduction in the lease payments arising from the rent concessions of RMB7,468,000 has been accounted for as a variable lease payment by derecognizing part of the lease liabilities and crediting to profit or loss for the six months ended June 30, 2020.

Investment Properties

Investment properties are interests in land and buildings (including the leasehold property held as a right-of-use asset) held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes, or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, reflecting the market conditions at the end of the relevant reporting period.

Gains or losses arising from changes in the fair value of investment properties are included in the statement of profit or loss in the year or period in which they arise. Any gains or losses on the retirement or disposal of an investment property are recognized in the statement of profit or loss in the year or period of the retirement or disposal. For details, see note 16 to the Accountant's Report in Appendix I to this prospectus.

Adoption of HKFRS 9, HKFRS 15 and HKFRS 16

To make our combined financial statements comparable on a period-to-period basis and allow the investors to better understand our financial performance and position, HKFRS 9 "Financial Instruments," HKFRS 15 "Revenue from Contracts with Customers" and HKFRS 16 "Leases" have been adopted and applied consistently in our combined financial statements since the beginning of, and throughout, the Track Record Period, in lieu of HKAS 39 "Financial Instruments: Recognition and Measurement," HKAS 18 "Revenue" and HKAS 17 "Leases," respectively. Accordingly, we have prepared and maintained only one set of combined financial statements adopting HKFRS 9, HKFRS 15 and HKFRS 16 for the Track Record Period. Neither had we prepared, nor the reporting accountant had audited or reviewed, our combined financial statements for the Track Record Period based on HKAS 39, HKAS 18 and HKAS 17.

We do not consider the adoption of HKFRS 15 and HKFRS 9 had any significant impact on our financial position and performance for the Track Record Period as compared to the requirements of HKAS 18 and HKAS 39.

Meanwhile, based on our internal assessments, the application of HKFRS 16 has had a significant impact on our financial position and performance for the Track Record Period as compared to the requirements of HKAS 17. Under HKAS 17, operating lease payments are charged to the combined income statements on a straight-line basis over the period of the lease, and operating lease commitments are disclosed separately in a note to the combined financial statements and are recognized outside of the combined statements of financial position. Under HKFRS 16, all leases (except for those with a lease term of less than 12 months or of low value) must be recognized in the form of assets (being the right-of-use assets classified under property and equipment and investment properties in our financial statements) and financial liabilities (being the lease liabilities in our financial statements) on our combined statements of financial position at the commencement of respective leases.

Accordingly, pursuant to HKFRS 16, we recognized right-of-use assets of RMB1,250.8 million upon the commencement of our lease for Shenzhen Buji MIXONE with its property owner, and recorded in our combined statements of financial position as investment property under HKAS 40. For details, see "— Description of Certain Components of Our Combined Statements of Financial Position — Investment Property." In 2017, 2018 and 2019, we recognized gain on changes in fair value of investment property of RMB343.7 million, RMB312.9 million and RMB47.7 million, respectively, and were charged associated deferred tax of RMB85.9 million, RMB78.2 million and RMB11.9 million, respectively. In the six months ended June 30, 2020, we recognized loss on changes in fair value of investment property of RMB30.3 million and were credited associated deferred tax of RMB7.6 million. See "— Non-HKFRS Measure" for our net profit adjusted for the foregoing impacts.

The table below summarizes the impacts of the adoption of HKFRS 16 on certain key items of our combined financial statements and key financial ratios for the periods or as of the dates indicated:

	As of December 31,			As of June 30,
	2017	2018	2019	2020
	(RMB in thousands)			
Increase in total assets	1,622,063	1,937,214	2,016,438	2,001,995
Increase in total liabilities	1,384,927	1,453,015	1,483,021	1,483,680
Increase in total equity	237,136	484,199	533,417	518,315

	Year ended December 31,			Six months ended June 30,
	2017	2018	2019	2020
	(RMB in thousands, except for percentages)			
Increase/(decrease) in profit for the year or period	238,170	247,063	49,218	(15,102)
Increase/(decrease) in return on assets	6.6%	3.0%	(1.4)%	(4.3)%
Increase/(decrease) in return on equity	47.0%	(49.2)%	(49.8)%	(85.7)%

PRINCIPAL COMPONENTS OF OUR COMBINED STATEMENTS OF PROFIT OR LOSS

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

	Year ended December 31,			Six months ended June 30,	
	2017	**2018**	**2019**	**2019**	**2020**
	(RMB in thousands)				
Revenue	3,129,425	4,431,727	5,868,103	2,640,607	3,134,000
Cost of sales	(2,722,113)	(3,766,301)	(4,925,797)	(2,165,947)	(2,378,689)
Gross profit	**407,312**	**665,426**	**942,306**	**474,660**	**755,311**
Gain/(loss) on changes in fair value of investment property	343,660	312,922	47,691	19,500	(30,300)
Other income and gains	28,466	55,040	77,150	23,096	62,009
Marketing expenses	(25,572)	(54,019)	(71,325)	(29,051)	(19,569)
Administrative expenses	(204,594)	(334,693)	(432,201)	(188,261)	(264,220)
Other expenses	(4,692)	(4,448)	(2,872)	(2,732)	(1,678)
Finance costs	(28,418)	(68,263)	(64,241)	(32,283)	(33,427)
Profit before taxation	**516,162**	**571,965**	**496,508**	**264,929**	**468,126**
Income tax expenses	(127,819)	(149,047)	(131,580)	(72,711)	(129,561)
Profit for the year or period	**388,343**	**422,918**	**364,928**	**192,218**	**338,565**

(1) Results of operations for the interim periods presented are not necessarily indicative of our operating results for the full year or any future interim periods.

(2) For certain quality shopping malls developed or owned by independent third-party developers, we lease properties from their owners and sublease to tenants as sub-lessors in our commercial subleasing services. We had two shopping mall subleasing projects as of June 30, 2020, namely Luzhou MIXONE (Phase I) and Shenzhen Buji MIXONE. Due to different treatments under HKFRS 16 and HKAS 40, Shenzhen Buji MIXONE was recognized as investment property in our combined statements of financial position, whereas Luzhou MIXONE (Phase I) was not. For details, see "— Description of Certain Components of Our Combined Statements of Financial Position — Investment Property." Pursuant to HKFRS 16, the fair value of our investment property, Shenzhen Buji MIXONE, is recognized at the fair value of the right-of-use asset on our combined statements of financial position. Gains or losses arising from changes in the fair value of the investment property are included in the statement of profit or loss in the year or period in which they arise. For details, see note 16 to the Accountant's Report in Appendix I to this prospectus.

(3) The decrease in our profit for the year in 2019 as compared to 2018 was primarily due to our recognition of greater gains on changes in fair value of Shenzhen Buji MIXONE in 2018 than in 2019, as it opened for business in April 2018 after its renovation was completed.

Revenue

During the Track Record Period, we generated revenue from two business segments, namely (i) the residential property management services segment, and (ii) the commercial operational and property management services segment. The following table sets forth a breakdown of our total revenue by segment for the periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2017		**2018**		**2019**		**2019**		**2020**	
	Amount	**%**	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
	(RMB in thousands, except for percentages)									
Residential property management services	2,101,368	67.1	2,763,361	62.4	3,471,568	59.2	1,538,492	58.3	1,680,794	53.6
Commercial operational and property management services	1,028,057	32.9	1,668,366	37.6	2,396,535	40.8	1,102,115	41.7	1,453,206	46.4
Total	**3,129,425**	**100.0**	**4,431,727**	**100.0**	**5,868,103**	**100.0**	**2,640,607**	**100.0**	**3,134,000**	**100.0**

During the Track Record Period, both our residential property management services and commercial operational and property management services segments experienced continual revenue growth, leading to a continual increase in our total revenue. Our residential property management services segment contributed a majority of the total revenue throughout the Track Record Period, but its contribution as a percentage of our total revenue decreased. Meanwhile, revenue contribution from our commercial operational and property management services segment increased during the same periods. Such increases were primarily due to the rapid expansion of this segment in recent years. In particular, we started to monetize commercial operational services provided to shopping malls and recognize revenue from such services from January 2020, which contributed to our revenue growth in the first half of 2020.

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

	Year ended December 31,						Six months ended June 30,			
	2017		2018		2019		2019		2020	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)									
Residential property management services	**2,101,368**	**67.1**	**2,763,361**	**62.4**	**3,471,568**	**59.2**	**1,538,492**	**58.3**	**1,680,794**	**53.6**
— CR Group and CR Land	501,127	16.0	663,272	15.0	817,795	13.9	320,200	12.1	329,539	10.5
— Independent Third Parties	1,600,241	51.1	2,100,089	47.4	2,653,773	45.3	1,218,292	46.2	1,351,255	43.1
Commercial operational and property management services	**1,028,057**	**32.9**	**1,668,366**	**37.6**	**2,396,535**	**40.8**	**1,102,115**	**41.7**	**1,453,206**	**46.4**
— CR Group and CR Land	473,675	15.2	762,209	17.2	1,077,310	18.4	502,468	19.0	801,607	25.5
— Independent Third Parties	554,382	17.7	906,157	20.4	1,319,225	22.4	599,647	22.7	651,599	20.9
Total	**3,129,425**	**100.0**	**4,431,727**	**100.0**	**5,868,103**	**100.0**	**2,640,607**	**100.0**	**3,134,000**	**100.0**

We manage and operate a diversified property portfolio of residential and other non-commercial properties, shopping malls and office buildings across the PRC. Our largest revenue contributors came from South China Region and North China Region, contributing in aggregate 45.5%, 48.4%, 51.7% and 52.5% of our total revenue in 2017, 2018 and 2019 and the six months ended June 30, 2020, respectively. The following table sets forth a breakdown of our total revenue by geographic region for the periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2017		2018		2019		2019		2020	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)									
Residential property management services	**2,101,368**	**67.1**	**2,763,361**	**62.4**	**3,471,568**	**59.2**	**1,538,492**	**58.3**	**1,680,794**	**53.6**
— North China Region	500,964	15.9	648,103	14.7	830,069	14.2	360,032	13.6	392,092	12.5
— South China Region	402,499	12.9	504,661	11.4	648,118	11.0	293,660	11.1	322,047	10.3
— West China Region	329,530	10.5	430,296	9.7	576,106	9.8	260,908	9.9	301,145	9.6
— East China Region	340,439	10.9	426,111	9.6	496,090	8.5	217,984	8.3	245,342	7.8
— Central China Region	261,940	8.4	444,823	10.0	538,292	9.2	237,408	9.0	217,232	6.9
— Northeast China Region	265,996	8.5	309,367	7.0	382,893	6.5	168,500	6.4	202,936	6.5
Commercial operational and property management services	**1,028,057**	**32.9**	**1,668,366**	**37.6**	**2,396,535**	**40.8**	**1,102,115**	**41.7**	**1,453,206**	**46.4**
— South China Region	307,524	9.9	633,625	14.3	1,029,091	17.6	481,147	18.1	613,920	19.6
— North China Region	213,233	6.8	356,984	8.1	528,935	9.0	229,585	8.7	315,979	10.1
— West China Region	223,002	7.1	295,865	6.7	366,130	6.2	171,443	6.5	205,757	6.6
— Northeast China Region	118,107	3.8	121,133	2.7	148,710	2.5	62,933	2.4	109,328	3.5
— Central China Region	122,074	3.9	156,624	3.5	164,005	2.8	76,235	2.9	101,677	3.2
— East China Region	44,117	1.4	104,135	2.3	159,664	2.7	80,772	3.1	106,545	3.4
Total	**3,129,425**	**100.0**	**4,431,727**	**100.0**	**5,868,103**	**100.0**	**2,640,607**	**100.0**	**3,134,000**	**100.0**

The following table sets forth a breakdown of our total revenue by city tier for the periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2017		2018		2019		2019		2020	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)									
Residential property management services	**2,101,368**	**67.1**	**2,763,361**	**62.4**	**3,471,568**	**59.2**	**1,538,492**	**58.3**	**1,680,794**	**53.6**
— First tier cities	598,148	19.1	764,379	17.2	985,982	16.8	433,571	16.4	476,437	15.2
— Second tier cities	1,043,904	33.4	1,352,116	30.5	1,728,167	29.5	760,768	28.8	858,445	27.4
— Others	459,316	14.6	646,866	14.7	757,419	12.9	344,153	13.1	345,912	11.0
Commercial operational and property management services	**1,028,057**	**32.9**	**1,668,366**	**37.6**	**2,396,535**	**40.8**	**1,102,115**	**41.7**	**1,453,206**	**46.4**
— First tier cities	232,956	7.4	592,588	13.4	937,490	16.0	452,712	17.1	543,630	17.3
— Second tier cities	639,533	20.4	865,739	19.5	1,141,753	19.5	515,283	19.5	724,479	23.1
— Others	155,568	5.1	210,039	4.7	317,292	5.3	134,120	5.1	185,097	6.0
Total	**3,129,425**	**100.0**	**4,431,727**	**100.0**	**5,868,103**	**100.0**	**2,640,607**	**100.0**	**3,134,000**	**100.0**

Residential Property Management Services

Our residential property management services comprise: (i) property management services; (ii) value-added services to property developers; and (iii) community value-added services. The following table sets forth a breakdown of our revenue from the residential property management services segment by type of services for the periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2017		2018		2019		2019		2020	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)									
Property management services										
Residential properties	1,603,844	76.3	2,050,699	74.2	2,560,033	73.7	1,147,248	74.6	1,269,636	75.5
Other non-commercial properties	39,800	1.9	55,253	2.0	107,144	3.1	47,927	3.1	47,473	2.9
Subtotal	**1,643,644**	**78.2**	**2,105,952**	**76.2**	**2,667,177**	**76.8**	**1,195,175**	**77.7**	**1,317,109**	**78.4**
Value-added services to property developers										
Pre-delivery marketing services	201,731	9.6	252,265	9.1	322,976	9.3	150,301	9.8	160,130	9.5
Preliminary preparation services	86,798	4.1	158,971	5.8	150,394	4.3	51,376	3.3	67,161	4.0
Consultancy services	21,702	1.1	27,475	1.0	33,864	1.0	12,526	0.8	9,914	0.6
Subtotal	**310,231**	**14.8**	**438,711**	**15.9**	**507,234**	**14.6**	**214,203**	**13.9**	**237,205**	**14.1**
Community value-added services										
Community living services	106,949	5.1	106,312	3.8	145,383	4.2	58,384	3.8	52,913	3.1
Brokerage and asset services	40,544	1.9	112,386	4.1	151,774	4.4	70,730	4.6	73,567	4.4
Subtotal	**147,493**	**7.0**	**218,698**	**7.9**	**297,157**	**8.6**	**129,114**	**8.4**	**126,480**	**7.5**
Total	**2,101,368**	**100.0**	**2,763,361**	**100.0**	**3,471,568**	**100.0**	**1,538,492**	**100.0**	**1,680,794**	**100.0**

Property Management Services

We earn property management fees as revenue for our provision of property management services, such as security, cleaning and greening, as well as repair and maintenance. During the Track Record Period, revenue generated from our property management services experienced an increasing trend, which was mainly attributable to an increase in our GFA under management of residential properties.

During the Track Record Period, we charged all of our property management services on a lump sum basis for residential and other non-commercial properties, which is also the dominant method of charging property management fees in China, according to Frost & Sullivan. We expect to continue charging property management service fees on a lump sum basis for these properties in the future.

(i) Breakdown by type of property

Under the residential property management services segment, we derive most of our property management services revenue from owners of residential properties. We also generate a small portion of property management services revenue from managing other non-commercial properties such as stadiums, parks and industrial parks.

In 2017, 2018 and 2019 and the six months ended June 30, 2019 and 2020, the residential properties under our management contributed RMB1,603.8 million, RMB2,050.7 million, RMB2,560.0 million, RMB1,147.2 million and RMB1,269.6 million, respectively, representing 97.6%, 97.4%, 96.0%, 96.0% and 96.4% of our revenue from property management services under the residential property management services segment, respectively.

The general decreases in our revenue from management of residential properties as a percentage of the total revenue from property management services under the residential property management services segment from 2017 to 2019 primarily reflected our continual efforts to diversify the types of properties we manage and expand our property management portfolio to include other non-commercial properties.

In particular, for residential properties, we provide property management services to either property owners or property owners' associations at the post-delivery stage. The table below sets forth a breakdown of the revenue generated from property management services to residential properties by stage of projects for the periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2017		2018		2019		2019		2020	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)									
Preliminary stage	1,381,878	86.2	1,784,613	87.0	2,271,343	88.7	1,011,625	88.2	1,132,043	89.2
Property owners' association stage	221,966	13.8	266,086	13.0	288,690	11.3	135,623	11.8	137,593	10.8
Total	**1,603,844**	**100.0**	**2,050,699**	**100.0**	**2,560,033**	**100.0**	**1,147,248**	**100.0**	**1,269,636**	**100.0**

(ii) Breakdown by type of property developer

During the Track Record Period, we generated revenue from our provision of property management services to residential and other non-commercial properties developed by CR Group and CR Land as well as independent third-party developers.

The following table sets forth a breakdown of our GFA under management with respect to residential and other non-commercial properties as of the dates and revenue from property management services under our residential property management services segment by type of property developer for the periods indicated:

	As of or for the year ended December 31,									As of or for the six months ended June 30,					
	2017			2018			2019			2019			2020		
	GFA under management	Revenue		GFA under management	Revenue		GFA under management	Revenue		GFA under management	Revenue		GFA under management	Revenue	
	sq.m.	RMB	%	sq.m.	RMB	%	sq.m.	RMB	%	sq.m.	RMB	%	sq.m.	RMB	%
	(in thousands, except for percentages)														
CR Group and CR Land	58,371	1,564,427	95.2	67,129	1,889,259	89.7	74,846	2,250,785	84.4	69,647	1,023,234	85.6	79,554	1,121,981	85.2
Independent Third Parties	2,790	79,217	4.8	10,596	216,693	10.3	17,239	416,392	15.6	15,888	171,941	14.4	17,944	195,128	14.8
Total	**61,161**	**1,643,644**	**100.0**	**77,725**	**2,105,952**	**100.0**	**92,085**	**2,667,177**	**100.0**	**85,535**	**1,195,175**	**100.0**	**97,498**	**1,317,109**	**100.0**

During the Track Record Period, we generated a substantial majority of our property management services revenue under the residential property management services segment from properties developed by CR Group and CR Land, though the contribution of such properties decreased as a percentage of our total property management services revenue under this segment from 2017 to 2019. Meanwhile, contribution to our property management services revenue from properties developed by Independent Third Parties had increased during the same periods. We aim to continually expand our property management services to properties developed by Independent Third Parties.

In 2017, 2018 and 2019 and the six months ended June 30, 2020, our weighted average property management fee rates for residential properties developed by CR Group and CR Land were RMB2.29, RMB2.42, RMB2.44 and RMB2.45 per sq.m. per month, respectively. During the same periods, our weighted average property management fee rates for residential properties developed by Independent Third Parties were RMB1.50, RMB1.19, RMB1.37 and RMB1.67 per sq.m. per month, respectively. Our weighted average property management fee rates for residential properties developed by Independent Third Parties decreased in 2018 compared to 2017, mainly relating to SOE Reform projects obtained in late 2017, which had relatively lower fee rates, and increased in 2019 and the six months ended June 30, 2020, as we obtained more new management engagements, with relatively higher fee rates.

During the Track Record Period, the weighted average property management fee rates for residential properties developed by CR Group and CR Land were higher than those developed by Independent Third Parties, mainly because those residential properties developed by CR Group and CR Land under our management are primarily mid- to high-end residential properties with relatively higher fee rates.

Value-added Services to Property Developers

We charge services fees for our provision of (i) pre-delivery marketing services to assist property developers with sales and marketing activities of properties, (ii) preliminary preparation services to make the properties ready for subsequent property management works, and (iii) consultancy services to advise property developers on various issues arising in property development projects.

Community Value-Added Services

Our community value-added services comprise (i) community living services, and (ii) brokerage and asset services. The general increases in the revenue generated from community value-added services during the Track Record Period were primarily driven by (i) the growth in the number of our property projects under management and GFA under management of residential and other non-commercial properties, and (ii) meeting of evolving customer demand as we expanded into more residential communities.

Commercial Operational and Property Management Services

Our commercial operational and property management services comprise: (i) shopping mall business; and (ii) office building business. The following table sets forth a breakdown of our revenue from the commercial operational and property management services by type of services for the periods indicated:

	Year ended December 31,						**Six months ended June 30,**			
	2017		**2018**		**2019**		**2019**		**2020**	
	Amount	**%**	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
	(RMB in thousands, except for percentages)									
Shopping malls	717,331	69.8	1,143,152	68.5	1,558,307	65.0	713,874	64.8	1,005,019	69.2
Office buildings	310,726	30.2	525,214	31.5	838,228	35.0	388,241	35.2	448,187	30.8
Total	**1,028,057**	**100.0**	**1,668,366**	**100.0**	**2,396,535**	**100.0**	**1,102,115**	**100.0**	**1,453,206**	**100.0**

Shopping Malls

The following table sets forth a breakdown of the revenue from our services to shopping malls by type of services for the periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2017		2018		2019		2019		2020	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)									
Commercial operational services	—	—	—	—	—	—	—	—	290,449	28.9
— Pre-opening management services	—	—	—	—	—	—	—	—	17,712	1.8
— Operation management services	—	—	—	—	—	—	—	—	272,737	27.1
Property management and other services	658,795	91.8	933,300	81.6	1,256,535	80.6	568,562	79.6	593,879	59.1
Commercial subleasing services	58,536	8.2	209,852	18.4	301,772	19.4	145,312	20.4	120,691	12.0
Total	**717,331**	**100.0**	**1,143,152**	**100.0**	**1,558,307**	**100.0**	**713,874**	**100.0**	**1,005,019**	**100.0**

During the Track Record Period, revenue generated from our services to shopping malls experienced an upward trend, mainly attributable to the revenue growth in the property management and other services. Such growth was primarily due to an increase in our GFA under management of shopping malls. Meanwhile, from January 2020, we started generating revenue from our provision of commercial operational services to shopping malls, which further contributed to the revenue growth of our shopping mall business.

(i) Commercial Operational Services

Historically, the commercial operational services to shopping malls were provided as complementary services in the form of inter-departmental services as part of CR Land's integrated commercial property development and investment business. Accordingly, no revenue was recognized for commercial operational services in the periods before that. From January 2020, we monetized commercial operational services and began to recognize revenue from such services provided to shopping malls. Our commercial operational services comprise: (i) pre-opening management services, such as positioning and design management, and tenant sourcing and management services; and (ii) operation management services, such as opening preparation, tenant coaching, consumer management, and marketing and publicity services.

(ii) Property Management and Other Services

We generate revenue from our provision of property management services and certain value-added services with respect to shopping malls. We earn property management fees as revenue for our provision of property management services to shopping malls. During the Track Record Period, all shopping malls under our management were developed or owned by CR Group and CR Land, and fees are charged on a lump sum basis. However, from the second half of 2020, we have started charging property management services on a commission basis for all of our shopping malls under management. The change in the revenue model was intended to streamline the relationships among property owners, tenants and us, and enhance our profitability. For details, see "Business — Commercial Operational and Property Management Services — Shopping Malls — Revenue Model and Pricing Policies — Property Management Services" and "Business — Service Contracts — Contracts under Commercial Operational and Property Management Services — Property Management Service Contracts for Shopping Malls."

In 2017, 2018 and 2019 and the six months ended June 30, 2020, our weighted average property management fee rates for shopping malls were RMB15.06, RMB15.34, RMB16.26 and RMB14.96 per sq.m. per month, respectively. The increases in the weighted average property management fee rates in 2018 and 2019 were primarily due to an increase in new shopping malls under management with relatively higher property management fee rates, while the decrease in the six months ended June 30, 2020 was primarily due to management fee concessions which we granted to certain shopping malls affected by the COVID-19 pandemic.

(iii) Commercial Subleasing Services

Our commercial subleasing services include subleasing units of shopping malls to tenants as well as management and operation of leased shopping malls. We typically receive management fees and rental income from tenants for the provision of our subleasing services. During the Track Record Period, we provided commercial subleasing services to two shopping mall projects, namely Shenzhen Buji MIXONE and Luzhou MIXONE (Phase I). The increases in the revenue from our commercial subleasing services in 2018 and 2019 were mainly relating to the opening of Shenzhen Buji MIXONE in April 2018, and increases in our rental revenue as a result of improved customer traffic and occupancy rates of the shopping malls. We had a decrease in revenue from commercial subleasing services in the first half of 2020 compared to the same period of 2019, mainly due to the COVID-19 pandemic.

Office Buildings

During the Track Record Period, revenue generated from our services to office buildings increased, driven by the revenue growth in the property management services to office buildings. Such growth was primarily due to an increase in our GFA under management of office buildings. The growth in our property management services to office buildings further led to the growth in the associated value-added services.

We generate revenue from our provision of property management services and certain value-added services to office buildings. We earn property management fees as revenue for our provision of property management services to office buildings. During the Track Record Period, we charged fees for all office buildings under our management on a lump sum basis.

In 2017, 2018 and 2019 and the six months ended June 30, 2020, our weighted average property management fee rates for office buildings developed by CR Group and CR Land were RMB12.21, RMB12.53, RMB14.51 and RMB14.11 per sq.m. per month, respectively. The increase in such fee rates in 2019 compared to 2018 was primarily due to a higher fee rate charged for newly delivered high-end office buildings located in Beijing and Shenzhen in 2019, while the decrease in the first half of 2020 compared to 2019 was primarily due to the COVID-19 pandemic.

In 2017, 2018 and 2019 and the six months ended June 30, 2020, our weighted average property management fee rates for office buildings developed by Independent Third Parties were RMB12.74, RMB11.40, RMB10.10 and RMB7.71 per sq.m. per month, respectively. The decreases in such fee rates during the Track Record Period were primarily because the office buildings under our management in 2017 and 2018 were mainly high-end properties located in first and second tier cities with relatively higher fee rates, whereas projects newly obtained in 2019 were office buildings located in less developed areas with relatively lower fee rates. In addition, in the first half of 2020, the decrease in such fee rates was primarily due to the termination of an office building project with relatively higher property management fee rates.

Our weighted average property management fee rates for office buildings developed by Independent Third Parties were generally lower than those for office buildings developed by CR Group and CR Land during the Track Record Period, primarily because an increasing portion of the newly obtained projects of office buildings developed by Independent Third Parties were located in less developed areas with relatively lower fee rates.

Cost of Sales

Our cost of sales represents costs and expenses directly attributable to the provision of our services, which mainly comprises (i) staff costs, (ii) subcontracting costs, (iii) utilities costs, (iv) common area facility costs, and (v) office and related expenses. The following table sets forth a breakdown of our cost of sales for the periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2017		2018		2019		2019		2020	
	Amount	% of revenue	Amount	% of revenue	Amount	% of revenue	Amount	% of revenue	Amount	% of revenue
	(RMB in thousands, except for percentages)									
Staff costs	1,443,586	46.1	1,910,264	43.1	2,454,333	41.8	1,159,544	43.9	1,281,533	40.9
Subcontracting costs	515,576	16.5	782,423	17.7	1,073,709	18.3	471,334	17.8	521,776	16.6
Utilities costs	282,487	9.0	358,090	8.1	475,846	8.1	201,262	7.6	207,915	6.6
Common area facility costs	235,882	7.5	324,979	7.3	413,699	7.0	137,308	5.2	161,383	5.1
Office and related expenses	104,965	3.4	169,742	3.8	209,831	3.6	87,342	3.3	90,594	2.9
Others[(1)]	139,617	4.5	220,803	5.0	298,379	5.1	109,157	4.2	115,488	3.8
Total	**2,722,113**	**87.0**	**3,766,301**	**85.0**	**4,925,797**	**83.9**	**2,165,947**	**82.0**	**2,378,689**	**75.9**

(1) Others primarily include depreciation and amortization, taxes and surcharges and community activity fees.

During the Track Record Period, main components affecting our costs of sales were staff costs and subcontracting costs. The increases in our staff costs during the Track Record Period were mainly due to the increases in the number of our personnel in line with our business expansion, and increases in the average wages though our staff costs decreased as a percentage of total revenue. In the first half of 2020, we also received relief of social security payments relating to the COVID-19 pandemic from local governments, which partially offset the increase in staff costs. Subcontracting costs mainly include fees paid for specialized services outsourced to subcontractors such as security, cleaning and greening. The increases in our subcontracting costs during the Track Record Period were mainly due to our business expansion and an increase in the proportion of specialized services outsourced to subcontractors in line with the industry trend.

We generally consider staff costs, subcontracting costs, utilities costs and common area facility costs as variable costs, and office and related expenses along with other expenses as fixed costs. The table below sets forth a breakdown of our cost of sales into variable and fixed costs for the periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2017		2018		2019		2019		2020	
	Amount	% of revenue	Amount	% of revenue	Amount	% of revenue	Amount	% of revenue	Amount	% of revenue
	(RMB in thousands, except for percentages)									
Variable costs	2,477,531	79.2	3,375,756	76.2	4,417,587	75.2	1,969,448	74.6	2,172,607	69.3
Fixed costs	244,582	7.8	390,545	8.8	508,210	8.7	196,499	7.4	206,082	6.6
Total	**2,722,113**	**87.0**	**3,766,301**	**85.0**	**4,925,797**	**83.9**	**2,165,947**	**82.0**	**2,378,689**	**75.9**

Our variable costs as a percentage of the revenue generally decreased during the Track Record Period as we adopted effectively cost control measures. In particular, the decrease of our variable costs as a percentage of our revenue to 69.3% in the six months ended June 30, 2020 from 74.6% in the same period in 2019 was also due to relief of social security payments relating to the COVID-19 pandemic. Meanwhile, our fixed costs as a percentage of the revenue also generally decreased as we realized economies of scale through sharing of costs among an increasing number of property management projects concentrated in certain cities. Both trends have contributed to higher gross profit margins during the Track Record Period.

The following table sets forth a breakdown of our cost of sales by segment and type of services for the periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2017		2018		2019		2019		2020	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)									
Residential property management services										
Property management services	1,509,151	55.4	1,958,689	52.0	2,447,927	49.7	1,097,996	50.7	1,173,514	49.3
Value-added services to property developers	230,779	8.5	344,025	9.1	404,987	8.2	172,948	8.0	187,522	7.9
Community value-added services	99,986	3.7	144,267	3.9	198,455	4.0	84,538	3.9	84,540	3.6
Subtotal	**1,839,916**	**67.6**	**2,446,981**	**65.0**	**3,051,369**	**61.9**	**1,355,482**	**62.6**	**1,445,576**	**60.8**
Commercial operational and property management services										
Shopping malls	634,886	23.3	903,494	24.0	1,241,975	25.2	532,774	24.6	643,036	27.0
Office buildings	247,311	9.1	415,826	11.0	632,453	12.9	277,691	12.8	290,077	12.2
Subtotal	**882,197**	**32.4**	**1,319,320**	**35.0**	**1,874,428**	**38.1**	**810,465**	**37.4**	**933,113**	**39.2**
Total	**2,722,113**	**100.0**	**3,766,301**	**100.0**	**4,925,797**	**100.0**	**2,165,947**	**100.0**	**2,378,689**	**100.0**

Gross Profit and Gross Profit Margin

In 2017, 2018 and 2019 and the six months ended June 30, 2019 and 2020, our gross profit was RMB407.3 million, RMB665.4 million, RMB942.3 million, RMB474.7 million and RMB755.3 million, respectively. The increases were primarily due to our increased business scale and improved cost control ability.

Our overall gross profit margins are primarily affected by our business mix, average property management fee rates we charge for our property management services, geographic concentration of GFA under management and cost control capabilities. The following table sets forth a breakdown of our gross profit and gross profit margin by segment for the periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2017		2018		2019		2019		2020	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	(RMB in thousands, except for percentages)									
Residential property management services										
Property management services	134,493	8.2%	147,263	7.0%	219,250	8.2%	97,179	8.1%	143,595	10.9%
Value-added services to property developers	79,452	25.6%	94,686	21.6%	102,247	20.2%	41,255	19.3%	49,683	20.9%
Community value-added services	47,507	32.2%	74,431	34.0%	98,702	33.2%	44,576	34.5%	41,940	33.2%
Subtotal	**261,452**	**12.4%**	**316,380**	**11.4%**	**420,199**	**12.1%**	**183,010**	**11.9%**	**235,218**	**14.0%**
Commercial operational and property management services										
Shopping malls	82,445	11.5%	239,658	21.0%	316,332	20.3%	181,100	25.4%	361,983	36.0%
Office buildings	63,415	20.4%	109,388	20.8%	205,775	24.5%	110,550	28.5%	158,110	35.3%
Subtotal	**145,860**	**14.2%**	**349,046**	**20.9%**	**522,107**	**21.8%**	**291,650**	**26.5%**	**520,093**	**35.8%**
Total	**407,312**	**13.0%**	**665,426**	**15.0%**	**942,306**	**16.1%**	**474,660**	**18.0%**	**755,311**	**24.1%**

In 2017, 2018 and 2019 and the six months ended June 30, 2019 and 2020, our gross profit margin was 13.0%, 15.0%, 16.1%, 18.0% and 24.1%, respectively. The increases in our gross profit margin were primarily driven by the increased revenue contribution from our commercial operational and property management services segment with a relatively higher gross profit margin than our residential property management services segment.

The gross profit margin of our residential property management services decreased from 12.4% in 2017 to 11.4% in 2018, primarily related to the SOE Reform projects transferred from Dongfeng Motor Corporation, which had incurred gross losses of RMB16.1 million in 2018, as we began to manage certain residential properties that had relatively lower property management fee rates, and it then increased to 12.1% in 2019, primarily due to increased revenue contribution from projects with relatively higher property management fee rates, effective cost controls, and our improved management of such SOE Reform projects. The gross profit margin of this segment increased from 11.9% in the six months ended June 30, 2019 to 14.0% in the same period of 2020, primarily due to effective cost control measures and relief of social security payments relating to the COVID-19 pandemic.

The gross profit margin of our commercial operational and property management services increased from 14.2% in 2017 to 20.9% in 2018, and further to 21.8% in 2019. Such increases were mainly due to our improved economies of scale through sharing of costs among an increasing number of property projects concentrated in certain cities, and the opening of Shenzhen Buji MIXONE in April

2018 with a relatively higher gross profit margin. The gross profit margin of this segment further increased from 26.5% in the six months ended June 30, 2019 to 35.8% in the same period of 2020, primarily due to effective cost controls, relief of social security payments relating to the COVID-19 pandemic, decreased utilities costs as shopping malls under our management were closed for certain periods and office buildings were less utilized due to the COVID-19 pandemic, and the monetization of our commercial operational services to shopping malls commencing from January 2020, which has a higher gross profit margin. In the six months ended June 30, 2020, the gross profit margin of our commercial operational services to shopping malls was 55.9%.

Although both commercial operational services and property management services are asset-light businesses, commercial operational services are less labor intensive and has better scalability than property management services, therefore resulting in a much higher gross profit margin. For example, the security, cleaning and greening, as well as repair and maintenance services in the scope of property management services typically require a large amount of labor, resulting in high levels of staff and subcontracting costs. Such labor also has low mobility, and a property management company can achieve economies of scale only by concentrating its projects geographically. In contrast, a relatively small and stable number of staff can provide commercial operational services to multiple shopping malls, and a shopping mall operational service provider can achieve a greater economies of scale than a property management company.

The following table sets forth a breakdown of the gross profit and gross profit margin by sub-segment of our commercial operational and property management services to shopping malls for the periods indicated:

	Year ended December 31,						**Six months ended June 30,**			
	2017		**2018**		**2019**		**2019**		**2020**	
	Gross profit	**Gross profit margin**	**Gross profit**	**Gross profit margin**	**Gross profit**	**Gross profit margin**	**Gross profit**	**Gross profit margin**	**Gross profit**	**Gross profit margin**
	(RMB in thousands, except for percentages)									
Commercial operational services	—	—	—	—	—	—	—	—	162,292	55.9%
Property management and other services	50,110	7.6%	99,809	10.7%	130,639	10.4%	85,506	15.0%	126,994	21.4%
Commercial subleasing services	32,335	55.2%	139,849	66.6%	185,693	61.5%	95,594	65.8%	72,697	60.2%
Total	**82,445**	**11.5%**	**239,658**	**21.0%**	**316,332**	**20.3%**	**181,100**	**25.4%**	**361,983**	**36.0%**

The increase in the gross profit margin of our property management and other services to shopping malls from 7.6% in 2017 to 10.7% in 2018 was primarily due to effective cost-saving initiatives, in particular in terms of utilities costs and common area facility costs. The increase from 15.0% in the six months ended June 30, 2019 to 21.4% in the same period of 2020 was primarily due to effective cost control measures and relief of social security payments relating to the COVID-19 pandemic, and decreased utilities costs as shopping malls under our management were closed for certain periods due to the COVID-19 pandemic.

Meanwhile, the gross profit margin of our commercial subleasing services to shopping malls remained high during the Track Record Period, mainly because the rental payments paid to the property owner of Shenzhen Buji MIXONE were not recognized as costs of sales, given that Shenzhen Buji MIXONE was recognized as a right-of-use asset under HKFRS 16 and was counted as an investment property under HKAS 40 in our combined statements of financial condition, and we as lessee were required to recognize (a) a lease liability representing our obligation to make lease payments, and (b) interest expenses on the lease liability.

Gross Profit and Gross Profit Margin by Type of Property Developer

Residential and Other Non-commercial Properties

The table below sets forth a breakdown of our gross profit and gross profit margin of property management services to residential and other non-commercial properties by type of property developer for the periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2017		2018		2019		2019		2020	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	(RMB in thousands, except for percentages)									
CR Group and CR Land	126,507	8.1%	165,722	8.8%	207,029	9.2%	87,485	8.6%	142,225	12.7%
Independent third-party developers	7,986	10.1%	(18,459)	(8.5)%	12,221	2.9%	9,694	5.6%	1,370	0.7%
— Residential projects	(341)	(1.5)%	(11,945)	(22.2)%	4,821	5.2%	5,359	11.7%	5,611	9.9%
— SOE Reform projects[1]	8,327	14.8%	(6,514)	(4.0)%	7,400	2.3%	4,335	3.4%	(4,241)	(3.1)%
Total	**134,493**	**8.2%**	**147,263**	**7.0%**	**219,250**	**8.2%**	**97,179**	**8.1%**	**143,595**	**10.9%**

(1) In response to PRC regulations requiring SOEs to separate the management of water, electricity and heat supply and other property management services of their employees' residential properties from their own businesses, we took over certain residential properties and other affiliated properties to provide property management services to them and in the meantime received some subsidies from the relevant state-owned enterprises. For details, see "Business — Residential Property Management Services — Property Management Services — Expansion of Property Portfolio — SOE Reform projects." The gross profit attributable to our property management services, value-added services to property developers and community value-added services provided to SOE Reform projects, after taking into account the subsidies received (including those accounted for as revenue and other income and gains), was RMB8.3 million, RMB35.8 million, RMB45.3 million and RMB5.9 million, respectively, in 2017, 2018 and 2019 and the six months ended June 30, 2020, and the gross profit margin of our services to the SOE Reform projects, after taking into account the subsidies received (including those accounted for as revenue and other income and gains), was 14.8%, 16.4%, 12.0% and 3.8% during the respective periods.

With respect to property management services to residential and other non-commercial properties developed by CR Group and CR Land, the gross profit margin generally increased during the Track Record Period. The gross profit margin of residential and other non-commercial properties developed by CR Group and CR Land in 2019 was higher than that of residential and other non-commercial properties developed by independent third-party developers, mainly because the residential properties developed by CR Group and CR Land under our management are primarily mid- to high-end residential properties with relatively higher fee rates.

With respect to property management services to residential and other non-commercial properties developed by independent third-party developers, the negative gross profit margin in 2018 was mainly related to the SOE Reform projects transferred from Dongfeng Motor Corporation that had incurred gross losses of RMB16.1 million in 2018. Such gross losses contributed to the overall gross losses of RMB6.5 million incurred by the SOE Reform projects in the same year, and are greater than the gross losses of RMB11.9 million incurred by managing other projects. The decrease in the gross profit margin of residential and other non-commercial properties developed by independent third-party developers in the six months ended June 30, 2020 compared to the same period in 2019 was primarily due to the COVID-19 pandemic. In particular, for certain properties in SOE Reform projects transferred from Dongfeng Motor Corporation, there are factories and retail shops affiliated with, and in close proximity to, the residential properties which we manage. We provide property management services to such affiliated properties together with the residential communities with a holistic approach. Almost all of the factories to which we provided management services were located in Hubei province and were closed amid the COVID-19 pandemic. We decided to waive the management fees for these properties during March and April of 2020 and, as a result, we did not generate any revenue for managing such properties during the same period. We nevertheless incurred labor and other related costs for providing basic services to these factories, such as security, while they remained closed. Furthermore, for property management services provided to residential and other non-commercial properties developed by independent third-party developers:

- With respect to SOE Reform projects, the gross profit margin in 2017 was significantly higher than that of the other periods, because we mainly provided management services to certain factories in 2017 with higher property management fee rates.

- With respect to residential projects, as we started to obtain these projects in 2017, our negative gross profit margin was due to certain one-off renovation costs incurred in the beginning of our management. Such gross profit margin further decreased to negative 22.2% in 2018, mainly as we obtained a larger number of residential property management projects which had relatively lower property management fee rates, while incurring a considerable amount of one-off renovation costs. As we continued to enhance the operational efficiency and obtain more property management projects that were better managed, this gross profit margin improved to 5.2% in 2019.

Shopping Malls

During the Track Record Period, all of the shopping malls to which we provided property management services were developed or owned by CR Group and CR Land. During the first half of 2020, substantially all of the shopping malls to which we provided commercial operational services were owned or developed by CR Group and CR Land.

The table below sets forth a breakdown of the gross profit and gross profit margin by sub-segment of our commercial operational and property management services to shopping malls for the periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2017		2018		2019		2019		2020	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	(RMB in thousands, except for percentages)									
Commercial operational services	—	—	—	—	—	—	—	—	162,292	55.9%
Property management and other services	50,110	7.6%	99,809	10.7%	130,639	10.4%	85,506	15.0%	126,994	21.4%
Commercial subleasing services	32,335	55.2%	139,849	66.6%	185,693	61.5%	95,594	65.8%	72,697	60.2%
Total	**82,445**	**11.5%**	**239,658**	**21.0%**	**316,332**	**20.3%**	**181,100**	**25.4%**	**361,983**	**36.0%**

Office Buildings

The table below sets forth a breakdown of our gross profit and gross profit margin of property management and other services to office buildings by type of property developer for the periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2017		2018		2019		2019		2020	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	(RMB in thousands, except for percentages)									
CR Group and CR Land	63,280	20.5%	108,216	21.1%	203,794	24.9%	107,889	28.6%	156,543	35.9%
Independent third-party developers	135	9.7%	1,172	9.7%	1,981	9.8%	2,661	25.1%	1,567	12.4%
Total[(1)]	**63,415**	**20.4%**	**109,388**	**20.8%**	**205,775**	**24.5%**	**110,550**	**28.5%**	**158,110**	**35.3%**

(1) We began to provide commercial operational services to office building from the second half of 2020 and therefore did not generate any revenue or profit from such services during the Track Record Period.

The gross profit margin of property management and other services to office buildings developed by CR Group and CR Land generally increased during the Track Record Period, and was higher than that of office buildings developed by independent third-party developers, mainly because the office buildings developed by CR Group and CR Land under our management are largely located in first and second tier cities with relatively higher fee rates. The relatively higher gross profit margin of office buildings developed by independent third-party developers in the six months ended June 30, 2019 was primarily due to a decrease in our costs associated with the termination of an office building project.

Gain/(loss) on Changes in Fair Value of Investment Property

Our gain or loss on fair value changes of investment property mainly referred to fair value changes of our interests in land and buildings (including leasehold properties) held to earn rental income or for capital appreciation, rather than for use in the provision of goods or services, for sale or for administrative purposes. During the Track Record Period, our investment property comprised one shopping mall, which was Shenzhen Buji MIXONE as part of our commercial subleasing business. In 2017, 2018 and 2019 and the six months ended June 30, 2019 and 2020, we had a gain of RMB343.7 million, RMB312.9 million, RMB47.7 million and RMB19.5 million and a loss of RMB30.3 million, respectively, on changes in fair value of investment property.

Other Income and Gains

Our other income, other gains and losses mainly comprise government grants, interest income and gains on disposal of property, plant and equipment. The following table sets forth a breakdown of our other income and gains for the periods indicated:

	For the year ended December 31,						**Six months ended June 30,**			
	2017		**2018**		**2019**		**2019**		**2020**	
	Amount	**%**	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
	(RMB in thousands, except for percentages)									
Government grants	16,293	57.2	15,303	27.8	41,367	53.6	15,227	65.9	34,379	55.4
Interest income	7,521	26.5	9,937	18.0	8,124	10.6	4,229	18.3	1,615	2.7
Gains on disposal of property, plant and equipment	14	0.0	31	0.1	10,276	13.3	499	2.2	18,131	29.2
Subsidies for SOE Reform projects(1)	—	—	21,837	39.7	9,864	12.8	—	—	5,725	9.2
Others	4,638	16.3	7,932	14.4	7,519	9.7	3,141	13.6	2,159	3.5
Total	**28,466**	**100.0**	**55,040**	**100.0**	**77,150**	**100.0**	**23,096**	**100.0**	**62,009**	**100.0**

(1) For details of our managed SOE Reform projects, see "Business — Residential Property Management Services — Property Management Services — Expansion of Property Portfolio — SOE Reform projects."

Our government grants mainly represent financial subsidies received from local governments relating to business operations as an incentive for business development. There are no unfulfilled conditions or contingencies relating to these government grants. The substantial increase in our government grants from 2018 to 2019 was mainly due to our receipt of additional grants comprising tax credit, subsidies for heating materials and subsidies for employment. The substantial increase in our government grants in the six months ended June 30, 2020 was mainly due to our receipt of increased amount of subsidies for employment support and additional grants relating to the COVID-19 pandemic.

We also derived interest income from bank deposits and deposits at the cash pool of CR Land during the Track Record Period. We have not generated any interest income from this cash pool since February 2019 as it stopped being interest-bearing, and later have ceased to participate in such cash pooling arrangement in October 2020.

Our gains on disposal of property, plant and equipment in 2019 and the six months ended June 30, 2020 were primarily relating to a one-off compensation for the demolition of certain properties. Such gains were non-recurring in nature. Accordingly, we may not record such gains in the future.

Marketing Expenses

Our marketing expenses primarily consisted of advertising and promotion expenses, related to the shopping malls to which we provide commercial subleasing services. The following table sets forth a breakdown of our marketing expenses for the periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2017		2018		2019		2019		2020	
	Amount	% of revenue	Amount	% of revenue	Amount	% of revenue	Amount	% of revenue	Amount	% of revenue
	(RMB in thousands, except for percentages)									
Advertising and promotion expenses	18,119	0.6	43,005	1.0	55,714	0.9	22,664	0.9	12,106	0.4
Staff costs	6,434	0.2	9,889	0.2	11,957	0.2	4,937	0.1	6,274	0.2
Office expenses	1,019	0.0	1,125	0.0	3,654	0.1	1,450	0.1	1,189	0.0
Total	**25,572**	**0.8**	**54,019**	**1.2**	**71,325**	**1.2**	**29,051**	**1.1**	**19,569**	**0.6**

The increases in our marketing expenses in 2018 and 2019 were mainly attributable to our increased marketing efforts towards Shenzhen Buji MIXONE since its April 2018 opening and Luzhou MIXONE (Phase I), while the decrease in the six months ended June 30, 2020 compared to the same period in 2019 was mainly because our leased shopping malls were closed for certain months in the first half of 2020 due to the COVID-19 pandemic, and hence we carried out fewer marketing activities.

Administrative Expenses

Our administrative expenses mainly comprise (i) staff costs, (ii) office and related expenses, (iii) depreciation and amortization, (iv) transportation and travel expenses, and (v) listing expenses. The following table sets forth a breakdown of our administrative expenses for the periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2017		2018		2019		2019		2020	
	Amount	% of revenue	Amount	% of revenue	Amount	% of revenue	Amount	% of revenue	Amount	% of revenue
	(RMB in thousands, except for percentages)									
Staff costs	157,147	5.0	247,521	5.6	332,022	5.7	151,249	5.7	212,475	6.8
Office and related expenses	14,123	0.5	27,265	0.6	30,539	0.5	10,284	0.4	15,593	0.5
Depreciation and amortization	7,625	0.2	13,972	0.3	13,096	0.2	5,181	0.2	7,866	0.3
Transportation and travel expenses	7,700	0.2	13,818	0.3	18,821	0.3	8,257	0.3	4,100	0.1
Listing expenses	—	—	—	—	—	—	—	—	9,859	0.3
Others(1)	17,999	0.6	32,117	0.8	37,723	0.7	13,290	0.5	14,327	0.4
Total	**204,594**	**6.5**	**334,693**	**7.6**	**432,201**	**7.4**	**188,261**	**7.1**	**264,220**	**8.4**

(1) Others mainly include entertainment expenses, professional fees and bank charges.

The increases in our administrative expenses during the Track Record Period were primarily attributable to increased administrative staff costs and other office and equipment related expenses, mainly as a result of the increased number of administrative personnel in line with our business expansion.

Other Expenses

Our other expenses primarily consist of losses of scrapped fixed assets and asset impairment losses.

Finance Costs

Our finance costs primarily consisted of interest on lease liabilities. The following table sets forth a breakdown of our finance costs for the periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2017		2018		2019		2019		2020	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)									
Interest on lease liabilities	26,444	93.1	63,206	92.6	63,585	99.0	31,627	98.0	32,073	95.9
Other interest expense	1,974	6.9	5,057	7.4	656	1.0	656	2.0	1,354	4.1
Total	**28,418**	**100.0**	**68,263**	**100.0**	**64,241**	**100.0**	**32,283**	**100.0**	**33,427**	**100.0**

Our interest on lease liabilities mainly represents interests charged to profit or loss over the lease period under certain lease arrangements for land use rights and buildings under HKFRS 16. Other interest expense mainly represents those relating to related party loans.

Income Tax

We are subject to income tax on an entity basis on profits arising in or derived from the tax jurisdictions in which members of our Group are domiciled and operate. Pursuant to the rules and regulations of the Cayman Islands and BVI, the entities within the Group that are incorporated in the Cayman Islands and BVI are not subject to any income tax. Our subsidiaries incorporated in Hong Kong are not liable for income tax as it did not have any assessable profits arising in Hong Kong during the Track Record Period.

Our subsidiaries operating in the PRC are generally subject to the PRC EIT rate of 25% during the Track Record Period, except that certain PRC subsidiaries (including their branch companies) are subject to a reduced EIT rate of 15% in certain years as they are located in western cities of China pursuant to the Go-West Campaign (西部大開發), such as Chengdu, Chongqing, Xi'an, Nanning and Kunming.

In addition, pursuant to the PRC EIT Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in the PRC effective from January 1, 2008. A withholding tax rate of 5% may be applied if there is a tax treaty between the PRC and the jurisdiction of the foreign investors. We are therefore liable for withholding taxes on dividends distributed by our subsidiaries established in the PRC in respect of earnings generated from January 1, 2008.

Our income tax mainly consists of current tax and deferred tax. The following table sets forth a breakdown of our income tax for the periods indicated:

	Year ended December 31,			Six months ended June 30,	
	2017	**2018**	**2019**	**2019**	**2020**
			(RMB in thousands)		
Current income tax	43,893	60,805	99,230	61,754	120,250
PRC land appreciation tax	—	456	1,316	164	633
Deferred income tax	83,926	87,786	31,034	10,793	8,678
Total	**127,819**	**149,047**	**131,580**	**72,711**	**129,561**

In 2017, 2018 and 2019, we incurred income tax of RMB127.8 million, RMB149.0 million and RMB131.6 million, respectively, and in the six months ended June 30, 2019 and 2020, we incurred income tax of RMB72.7 million and RMB129.6 million, respectively. Such changes in our income tax during these periods were generally in line with the changes in our profit before taxation.

Our effective tax rates, calculated as our income tax expenses divided by profit before taxation, were 24.8%, 26.1%, 26.5%, 27.4% and 27.7% in 2017, 2018 and 2019 and the six months ended June 30, 2019 and 2020, respectively.

RESULTS OF OPERATIONS

The following discussion compares the major components of our operating results in 2017, 2018 and 2019 and the six months ended June 30, 2019 and 2020.

Comparisons between the six months ended June 30, 2020 and 2019

Revenue

Our revenue increased by 18.7% to RMB3,134.0 million in the six months ended June 30, 2020 from RMB2,640.6 million in the same period of 2019, primarily attributable to increases in the revenue from both our residential property management services and commercial operational and property management services segments.

Residential Property Management Services

Revenue generated from our residential property management services segment increased by 9.2% to RMB1,680.8 million in the six months ended June 30, 2020 from RMB1,538.5 million in the same period of 2019, primarily attributable to: (i) an increase in the revenue of property management services, primarily due to the increase in our GFA under management; and (ii) an increase in the revenue from value-added services to property developers, primarily as a result of more pre-delivery marketing services provided, mainly due to an increase in the number of projects launched for sale by property developers.

Commercial Operational and Property Management Services

Revenue generated from our commercial operational and property management services segment increased by 31.9% to RMB1,453.2 million in the six months ended June 30, 2020 from RMB1,102.1 million in the same period of 2019, primarily attributable to: (i) the monetization of commercial operational services provided to shopping malls and the additional revenue recognized from such services from January 2020; and (ii) the increased scale of the office buildings under our management.

Cost of Sales

Our cost of sales increased by 9.8% to RMB2,378.7 million in the six months ended June 30, 2020 from RMB2,165.9 million in the same period of 2019, primarily attributable to increases in the cost of sales for our property management services, and our commercial operational services to shopping malls, which we started to monetize from January 2020. Such increases were mainly due to more costs incurred as a result of our business expansion, in line with the revenue growth in either segment in the six months ended June 30, 2020. Of the cost of sales, our staff costs remained relatively stable at RMB1,159.5 million and RMB1,281.5 million in the six months ended June 30, 2019 and 2020, respectively, mainly due to business expansion, partially offset by the relief of social security payments relating to the COVID-19 pandemic from local governments in the PRC, and our subcontracting costs increased by 10.7% to RMB521.8 million in the six months ended June 30, 2020 from RMB471.3 million in the same period of 2019, mainly in line with our business expansion and increased proportion of subcontracting.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit increased by 59.1% to RMB755.3 million in the six months ended June 30, 2020 from RMB474.7 million in the same period of 2019.

Our gross profit margin increased to 24.1% in the six months ended June 30, 2020 from 18.0% in the same period of 2019, primarily due to (i) increased revenue contribution from our commercial operational and property management services segment, which had a relatively higher gross profit margin, and (ii) increases in the gross profit margin of both segments. The increase in the gross profit margin of our residential property management services segment to 14.0% in the six months ended June 30, 2020 from 11.9% in the same period of 2019 was primarily due to effective cost control measures adopted by us and relief of social security payments relating to the COVID-19 pandemic. The increase in the gross profit margin of our commercial operational and property management services segment to 35.8% in the six months ended June 30, 2020 from 26.5% in the same period of 2019 was mainly driven by decreased utilities costs as shopping malls under our management were closed for certain period and office buildings under our management were less utilized due to the COVID-19 pandemic, and the higher gross profit margin of our commercial operational services which we started to monetize from January 2020.

Gain/(loss) on Changes in Fair Value of Investment Property

We had a gain on changes in fair value of investment property of RMB19.5 million in the six months ended June 30, 2019, mainly due to increased valuation of Shenzhen Buji MIXONE as its occupancy rates and average rental fee rates rose, while we had a loss on changes in fair value of investment property of RMB30.3 million in the same period of 2020, mainly relating to decreased valuation of Shenzhen Buji MIXONE as its retail sales declined amid the COVID-19 pandemic in the first half of 2020.

Other Income and Gains

Our other income and gains increased substantially to RMB62.0 million in the six months ended June 30, 2020 from RMB23.1 million in the same period of 2019, primarily attributable to an increase in government grants, mainly due to increased amount of subsidies for employment support and additional grants relating to the COVID-19 pandemic, and an increase in gains on disposal of property, plant and equipment, mainly relating to a one-off compensation for the demolition of certain properties.

Marketing Expenses

Our marketing expenses decreased by 32.6% to RMB19.6 million in the six months ended June 30, 2020 from RMB29.1 million in the same period of 2019, primarily because the shopping malls of our commercial subleasing services were closed for certain periods, and we carried out fewer marketing activities in the first half of 2020 compared to the same period of 2019 due to the COVID-19 pandemic.

Administrative Expenses

Our administrative expenses increased by 40.3% to RMB264.2 million in the six months ended June 30, 2020 from RMB188.3 million in the same period of 2019, primarily attributable to increased administrative staff costs and other office and equipment related expenses, mainly as a result of the increased number of our administrative personnel in line with our business expansion as well as the commencement of monetization of commercial operational services provided to shopping malls, and newly incurred listing expenses in the first half of 2020.

Other Expenses

Our other expenses remained relatively stable at RMB2.7 million and RMB1.7 million in the six months ended June 30, 2019 and 2020, respectively.

Finance Costs

Our finance costs remained relatively stable at RMB32.3 million and RMB33.4 million in the six months ended June 30, 2019 and 2020, respectively.

Income Tax Expenses

Our income tax expenses increased by 78.3% to RMB129.6 million in the six months ended June 30, 2020 from RMB72.7 million in the same period of 2019, which was in line with the increase in our profit before taxation to RMB468.1 million in the six months ended June 30, 2020 from RMB264.9 million in the same period of 2019. Our effective tax rate (calculated as our income tax expenses divided by profit before taxation) remained relatively stable at 27.4% and 27.7% in the six months ended June 30, 2019 and 2020, respectively.

Profit for the Period

As a result of the foregoing, our profit for the period increased by 76.2% to RMB338.6 million in the six months ended June 30, 2020 from RMB192.2 million in the same period of 2019.

Comparisons between 2019 and 2018

Revenue

Our revenue increased by 32.4% to RMB5,868.1 million in 2019 from RMB4,431.7 million in 2018, primarily attributable to increases in the revenue from both our residential property management services and commercial operational and property management services segments.

Residential Property Management Services

Revenue generated from our residential property management services segment increased by 25.6% to RMB3,471.6 million in 2019 from RMB2,763.4 million in 2018, primarily attributable to: (i) an increase in the revenue of property management services, primarily due to the increase in our GFA under management; (ii) an increase in the revenue from community value-added services, primarily brokerage services and renovation services; and (iii) an increase in the revenue from value-added services to property developers, primarily as we provided more pre-delivery marketing services, mainly due to an increase in the number of projects launched for sale by property developers.

Commercial Operational and Property Management Services

Revenue generated from our commercial operational and property management services segment increased by 43.6% to RMB2,396.5 million in 2019 from RMB1,668.4 million in 2018, primarily attributable to: (i) an increase in the revenue from our services to shopping malls, as a result of (a) an increase in the revenue of property management and other services to shopping malls, mainly due to the increase in our GFA under management of shopping malls, and (b) an increase in the revenue of commercial subleasing services, mainly because we only generated nine months of subleasing revenue from Shenzhen Buji MIXONE since its opening in April 2018, as compared to a full year of subleasing revenue in 2019; and (ii) an increase in the revenue from our services to office buildings, mainly due to the increase in our GFA under management of office buildings, including the China Resources Tower and CR Vanguard Headquarters Building projects in Shenzhen, China, both of which targeted the high-end market with a relatively higher fee rate.

Cost of Sales

Our cost of sales increased by 30.8% to RMB4,925.8 million in 2019 from RMB3,766.3 million in 2018, primarily attributable to increases in the cost of sales for both our residential property management services and commercial operational and property management services segments. Such increases were mainly driven by our business expansion. Of the cost of sales, our staff costs increased by 28.5% to RMB2,454.3 million in 2019 from RMB1,910.3 million in 2018, mainly reflecting the increase in the number of our personnel in line with our business expansion and reflecting increases in the average wages, and our subcontracting costs increased by 37.2% to RMB1,073.7 million in 2019 from RMB782.4 million in 2018, mainly in line with our business expansion and increased proportion of subcontracting.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit increased by 41.6% to RMB942.3 million in 2019 from RMB665.4 million in 2018.

Our gross profit margin increased to 16.1% in 2019 from 15.0% in 2018, primarily due to (i) increased revenue contribution from our commercial operational and property management services segment with a relatively higher gross profit margin, and (ii) increases in the gross profit margin of both segments. The increase in the gross profit margin of our residential property management services segment to 12.1% in 2019 from 11.4% in 2018 was primarily due to increased revenue contribution from new projects, which had relatively higher property management fee rates, effective cost control measures and improved management of certain SOE Reform projects. The increase in the gross profit margin of our commercial operational and property management services segment to 21.8% in 2019 from 20.9% in 2018 was mainly as a result of our improved economies of scale through sharing of costs among an increasing number of property projects concentrated in certain cities.

Gain on Changes in Fair Value of Investment Property

In 2019, our gain on changes in fair value of investment property was RMB47.7 million, mainly due to increased valuation of Shenzhen Buji MIXONE as its occupancy rates and average rental fee rates rose, whereas our gain on changes in fair value of investment property in 2018 was RMB312.9 million, mainly relating to changes in fair value recognized upon the opening of Shenzhen Buji MIXONE in April 2018 after its renovation was completed.

Other Income and Gains

Our other income and gains increased by 40.4% to RMB77.2 million in 2019 from RMB55.0 million in 2018, primarily attributable to an increase in government grants, mainly due to our receipt of additional grants comprising tax refund, subsidies for heating materials and subsidies for employment support, which was partially offset by a decrease in others, including a decrease in the subsidy payment received from SOE Reform projects, and a decrease in interest income, mainly because the cash pooling arrangement of CR Land became interest-free in February 2019.

Marketing Expenses

Our marketing expenses increased by 32.0% to RMB71.3 million in 2019 from RMB54.0 million in 2018, primarily attributable to our increased marketing efforts to boost retail sales of Luzhou MIXONE (Phase I) and Shenzhen Buji MIXONE in our commercial subleasing business.

Administrative Expenses

Our administrative expenses increased by 29.1% to RMB432.2 million in 2019 from RMB334.7 million in 2018, primarily attributable to increased administrative staff costs and other office and equipment related expenses, mainly as a result of the increased number of our administrative personnel in line with our business expansion.

Other Expenses

Our other expenses decreased by 34.1% to RMB2.9 million in 2019 from RMB4.4 million in 2018, primarily attributable to a decrease in bad debt losses in 2019 compared to 2018.

Finance Costs

Our finance costs decreased by 6.0% to RMB64.2 million in 2019 from RMB68.3 million in 2018, primarily attributable to a decrease in other interest expense, mainly as we repaid in part a related party loan in January 2019.

Income Tax Expenses

Our income tax expenses decreased by 11.7% to RMB131.6 million in 2019 from RMB149.0 million in 2018, which was in line with the decrease in our profit before taxation to RMB496.5 million in 2019 from RMB572.0 million in 2018. Our effective tax rate (calculated as our income tax expenses divided by profit before taxation) increased to 26.5% in 2019 from 26.1% in the same period of 2018, primarily attributable to increased withholding tax for declared but undistributed dividends of the relevant years.

Profit for the Year

As a result of the foregoing, our profit for the year decreased by 13.7% to RMB364.9 million in 2019 from RMB422.9 million in 2018.

Comparisons between 2018 and 2017

Revenue

Our revenue increased by 41.6% to RMB4,431.7 million in 2018 from RMB3,129.4 million in 2017, primarily attributable to increases in the revenue from both our residential property management services and commercial operational and property management services segments.

Residential Property Management Services

Revenue generated from our residential property management services segment increased by 31.5% to RMB2,763.4 million in 2018 from RMB2,101.4 million in 2017, primarily attributable to: (i) an increase in the revenue of property management services, primarily due to the increase in our GFA under management of residential and other non-commercial properties; (ii) an increase in the revenue from value-added services to property developers, primarily as we provided more (a) preliminary preparation services, mainly due to the increased number of projects delivered by property developers, and (b) pre-delivery marketing services, mainly due to increased number of projects launched for sale by property developers; and (iii) an increase in the revenue from community value-added services, primarily asset services relating to the sales of parking spaces.

Commercial Operational and Property Management Services

Revenue generated from our commercial operational and property management services segment increased by 62.3% to RMB1,668.4 million in 2018 from RMB1,028.1 million in 2017, primarily attributable to: (i) an increase in the revenue from our services to shopping malls, as a result of (a) an increase in the revenue of property management and other services to shopping malls, primarily due to the increase in our GFA under management of shopping malls, and (b) an increase in the revenue of commercial subleasing services, mainly as we started to generate subleasing revenue from Shenzhen Buji MIXONE since its opening in April 2018; and (ii) an increase in the revenue from our services to office buildings, mainly due to the increase in our GFA under management of office buildings.

Cost of Sales

Our cost of sales increased by 38.4% to RMB3,766.3 million in 2018 from RMB2,722.1 million in 2017, primarily attributable to increases in the cost of sales for both our residential property management services and commercial operational and property management services segments. Such increases were mainly driven by our business expansion, in line with the revenue growth in either segment in 2018. Of the cost of sales, our staff costs increased by 32.3% to RMB1,910.3 million in 2018 from RMB1,443.6 million in 2017, mainly reflecting the increase in the number of our personnel in line with our business expansion and reflecting increases in the average wages, and our subcontracting costs increased by 51.8% to RMB782.4 million in 2018 from RMB515.6 million in 2017, mainly in line with our business expansion and increased proportion of subcontracting.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit increased by 63.4% to RMB665.4 million in 2018 from RMB407.3 million in 2017.

Our gross profit margin increased to 15.0% in 2018 from 13.0% in 2017, primarily due to (i) increased revenue contribution from our commercial operational and property management services segment with a relatively higher gross profit margin, and (ii) an increase in the gross profit margin of our commercial operational and property management services segment, partially offset by a decrease in the gross profit margin of our residential property management services segment. The decrease in the gross profit margin of our residential property management services segment to 11.4% in 2018 from 12.4% in 2017 was mainly related to the SOE Reform projects transferred from Dongfeng Motor Corporation, which had incurred gross losses of RMB16.1 million in 2018, as we began to manage certain residential properties that had relatively lower property management fee rates. The increase in the gross profit margin of our commercial operational and property management services segment to 20.9% in 2018 from 14.2% in 2017 was mainly as a result of our improved economies of scale through sharing of costs among an increasing number of property projects concentrated in certain cities, and because of the opening of Shenzhen Buji MIXONE in April 2018, which had a relatively higher gross profit margin.

Gain on Changes in Fair Value of Investment Property

In 2017 and 2018, our gain on changes in fair value of investment property was RMB343.7 million and RMB312.9 million, respectively, mainly relating to gains recognized upon our obtaining of subleasing rights of Shenzhen Buji MIXONE in late July 2017 and gains recognized upon the opening of Shenzhen Buji MIXONE in April 2018 after its renovation was completed, respectively.

Other Income and Gains

Our other income and gains increased by 93.4% to RMB55.0 million in 2018 from RMB28.5 million in 2017, primarily attributable to an increase in others, mainly due to our receipt of subsidy payment from SOE Reform projects in 2018, and an increase in interest income, mainly as a result of an increase in the average balance of our bank deposits.

Marketing Expenses

Our marketing expenses increased substantially to RMB54.0 million in 2018 from RMB25.6 million in 2017, primarily attributable to our increased marketing efforts for Shenzhen Buji MIXONE after its opening in April 2018.

Administrative Expenses

Our administrative expenses increased by 63.6% to RMB334.7 million in 2018 from RMB204.6 million in 2017, primarily attributable to increased administrative staff costs and other office and equipment related expenses, mainly as a result of the increased number of our administrative personnel in line with our business expansion.

Other Expenses

Our other expenses remained relatively stable at RMB4.7 million and RMB4.4 million in 2017 and 2018, respectively.

Finance Costs

Our finance costs increased substantially to RMB68.3 million in 2018 from RMB28.4 million in 2017, primarily attributable to an increase in interest on lease liabilities, mainly because we recognized five months of interest on lease liabilities in 2017 as we obtained subleasing rights of Shenzhen Buji MIXONE in late July 2017 and started recognizing lease liabilities, whereas we recognized a full year of interest on lease liabilities in 2018.

Income Tax Expenses

Our income tax expenses increased by 16.6% to RMB149.0 million in 2018 from RMB127.8 million in 2017, which was in line with the increase in our profit before taxation to RMB572.0 million in 2018 from RMB516.2 million in 2017. Our effective tax rate (calculated as our income tax expenses divided by profit before taxation) increased to 26.1% in 2018 from 24.8% in 2017, primarily attributable to a decrease in the amount of deductible losses available from previous years.

Profit for the Year

As a result of the foregoing, our profit for the year increased by 8.9% to RMB422.9 million in 2018 from RMB388.3 million in 2017.

NON-HKFRS MEASURE

To supplement our combined statements of profit or loss which are presented in accordance with HKFRSs, we use core profit for the year or period as a non-HKFRS measure, which is not required by, or presented in accordance with, HKFRSs. We believe that the presentation of such non-HKFRS measure when shown in conjunction with the corresponding HKFRS measure provides useful information to potential investors and management in facilitating a comparison of our operating performance from period to period by eliminating potential impacts of certain items that do not reflect our ongoing operating performance, such as gain or loss on changes in fair value of investment property. The use of the non-HKFRS measure has limitations as an analytical tool, and you should not consider it in isolation from, or as a substitute for or superior to, the analysis of, our results of operations or financial condition as reported under the HKFRSs. In addition, the non-HKFRS measure may be defined differently from similar terms used by other companies.

The following table reconciles our core profit for the year or period to the most directly comparable financial measure in accordance with HKFRSs, our profit for the year or period, for the periods indicated:

	Year ended December 31,			Six months ended June 30,	
	2017	2018	2019	2019	2020
	(RMB in thousands)				
Profit for the year or period	**388,343**	**422,918**	**364,928**	**192,218**	**338,565**
Less: Gain/(loss) on changes in fair value of investment property	343,660	312,922	47,691	19,500	(30,300)
Add: Deferred tax credited / (charged) to profit or loss associated with gain/(loss) on changes in fair value of investment property[1]	85,915	78,231	11,922	4,875	(7,575)
Core profit for the year / period	**130,598**	**188,227**	**329,159**	**177,593**	**361,290**

(1) Deferred tax credited/(charged) to profit or loss associated with gain/(loss) on changes in fair value of investment property is 25% of gain/(loss) on changes in fair value of investment property.

The non-HKFRS measure, core profit for the year or period, used by us has been adjusted for (i) gain or loss on changes in fair value of investment property, and (ii) deferred tax credited or charged to profit or loss associated with gain or loss on changes in fair value of investment property, which may be considered recurring in nature but are neither considered by us as related to our ordinary course of business as a service provider nor indicative of our ongoing core operating performance. Therefore, we believe that these items should be adjusted for when calculating our core profit for the year or period in order to provide potential investors with a complete and fair understanding of our core operating results and financial performance, so that potential investors can assess our underlying core performance undistorted by items unrelated to our ordinary course of business operations, especially in assessing, and making period-to-period comparisons of, our operating and financial performance.

DESCRIPTION OF CERTAIN COMPONENTS OF OUR COMBINED STATEMENTS OF FINANCIAL POSITION

The following table sets forth the components of our combined statements of financial position as of the dates indicated:

	As of December 31,			As of June 30,
	2017	2018	2019	2020
	(RMB in thousands)			
Non-current assets				
Property, plant and equipment	132,748	179,544	202,867	201,475
Investment property	1,733,000	2,168,200	2,217,800	2,187,500
Intangible assets	1,888	1,451	1,556	2,367
Right-of-use assets	21,687	22,032	46,545	57,122
Deferred tax assets	12,841	10,121	4,937	6,422
Prepayments	13,131	314	4,416	12,107
Total non-current assets	**1,915,295**	**2,381,662**	**2,478,121**	**2,466,993**
Current assets				
Inventories	36,969	105,964	105,761	173,097
Trade receivables	190,965	422,846	588,961	1,238,171
Prepayments, deposits and other receivables	860,782	1,509,892	2,598,678	2,407,118
Restricted bank deposits	5,316	184,863	723,968	602,988
Pledged deposits	—	150	300	304
Cash and cash equivalents	871,462	1,136,237	605,489	366,392
Total current assets	**1,965,494**	**3,359,952**	**4,623,157**	**4,788,070**
Current liabilities				
Trade payables	167,528	383,135	448,789	541,304
Other payables and accruals	1,537,938	2,515,127	3,289,767	3,394,247
Contract liabilities	447,249	711,291	798,154	768,797
Lease liabilities	74,131	75,093	82,048	98,444
Tax payable	23,590	456	18,589	81,581
Total current liabilities	**2,250,436**	**3,685,102**	**4,637,347**	**4,884,373**
Net current liabilities	**284,942**	**325,150**	**14,190**	**96,303**
Total assets less current liabilities	**1,630,353**	**2,056,512**	**2,463,931**	**2,370,690**
Non-current liabilities				
Lease liabilities	1,224,881	1,213,776	1,222,507	1,211,607
Deferred income	—	—	7,910	11,607
Deferred tax liabilities	91,014	176,080	201,930	212,093
Total non-current liabilities	**1,315,895**	**1,389,856**	**1,432,347**	**1,435,307**
Net assets	**314,458**	**666,656**	**1,031,584**	**935,383**
Equity				
Equity attributable to owners of the parent:				
Share capital	88	88	88	88
Reserves	314,370	666,568	1,031,496	935,295
Total equity	**314,458**	**666,656**	**1,031,584**	**935,383**

Property, Plant and Equipment

Our property, plant and equipment consists of building, machinery equipment, leasehold improvements, motor vehicles, other equipment and construction in process. As of December 31, 2017, 2018 and 2019, our property, plant and equipment was RMB132.7 million, RMB179.5 million, RMB202.9 million, respectively. The increases in property, plant and equipment were primarily due to purchases of buildings, machinery equipment and other equipment. As of June 30, 2020, our property, plant and equipment was RMB201.5 million, which remained relatively stable compared to December 31, 2019.

Investment Property

Our investment property represents a shopping mall, Shenzhen Buji MIXONE, for which we entered into lease contracts with the property owner as part of our commercial subleasing business. HKFRS 16 requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. HKAS 40.5 sets out that "investment property is property (land or a building — or part of a building — or both) held (by the owner or by the lessee as a right-of-use asset) to earn rentals or for capital appreciation or both, rather than for use in the production or supply of goods or services or for administrative purposes, or for sale in the ordinary course of business." We pay an agreed amount of rent to the property owner of Shenzhen Buji MIXONE and charge tenants rents and property management fees. Accordingly, the master lease for Shenzhen Buji MIXONE was recognized as a right-of-use asset under HKFRS 16 and was counted as an investment property under HKAS 40 in our combined statements of financial condition.

In contrast, we share the operating income generated from Luzhou MIXONE (Phase I) with its property owner at a pre-determined rate, which is regarded as variable lease payment. According to HKFRS 16. 27, variable lease payments that should be included in the measurement of the lease liability should be "variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date," while the variable lease payment for Luzhou MIXONE (Phase I) depends on future performance. In addition, according to HKFRS 16.38, "variable lease payments not included in the measurement of the lease liability in the period in which the event or condition that triggers those payments occurs" shall be recognized "in profit or loss, unless the costs are included in the carrying amount of another asset applying other applicable Standards," which accordingly preclude Luzhou MIXONE (Phase I) from being recognized as a right-of-use asset under HKFRS 16 or counted as an investment property under HKAS 40 in our combined statements of financial condition.

We measure our investment property at fair value. Pursuant to HKFRS 16, the fair value of our investment property, Shenzhen Buji MIXONE, is recognized at the fair value of the right-of-use asset on our combined statements of financial position. The fair value of our investment property at the end of each of the relevant periods has been determined on the basis of valuation carried out by Colliers, an independent and professionally qualified valuer. The valuation methodology adopted in valuation is the income approach. The income approach takes into account the rental income of the property derived from the existing tenancy with due allowance for the reversionary income potential of the tenancy, which is then capitalized into the value at an appropriate capitalization rate. For details, see note 16 of the Accountant's Report in Appendix I to this prospectus. As December 31, 2017, 2018 and 2019 and June 30, 2020, our investment property was RMB1,733.0 million, RMB2,168.2 million, RMB2,217.8 million and RMB2,187.5 million, respectively. The increase as of December 31, 2018 compared to December 31, 2017 was primarily associated with increased valuation of Shenzhen Buji MIXONE upon its April 2018 opening after the renovation was completed. The decrease in the fair value of our investment property as of June 30, 2020 as compared to December 31, 2019 was mainly associated with decreased valuation of Shenzhen Buji MIXONE as its retail sales declined, leading to a decrease in our rental income, amid the COVID-19 pandemic in the first half of 2020.

Right-of-use assets

Our right-of-use assets are related to lease contracts for buildings, land use rights and motor vehicles we used in our operations. Lump sum payments were made upfront to acquire the leased land from the owners with lease periods of 20 years. Leases of buildings generally have lease terms ranging from two to eight years, while motor vehicles generally have lease terms ranging from two to three years. As of December 31, 2017, 2018 and 2019 and June 30, 2020, our right-of-use assets were RMB21.7 million, RMB22.0 million, RMB46.5 million and RMB57.1 million, respectively. The increase as of December 31, 2019 compared to December 31, 2018 was mainly due to new lease contracts in relation to new residential projects and employee dormitories, which were partially offset by depreciation charges.

Inventories

Our inventories consist mainly of parking spaces and other consumable inventories of low value. The following table sets forth a breakdown of our inventories as of the dates indicated:

	As of December 31,			As of June 30,
	2017	2018	2019	2020
	(RMB in thousands)			
Parking spaces	9,554	76,764	71,293	138,125
Other inventories	27,415	29,200	34,468	34,972
Total	**36,969**	**105,964**	**105,761**	**173,097**

As of December 31, 2017, 2018 and 2019 and June 30, 2020, our inventories were RMB37.0 million, RMB106.0 million, RMB105.8 million and RMB173.1 million, respectively. Our inventories increased from RMB37.0 million as of December 31, 2017 to RMB106.0 million as of December 31, 2018, mainly due to increases in the inventory of parking spaces purchased by us. As the use rights of such parking spaces were for subsequent sale within a relatively short period of time, these parking spaces were treated as our inventories instead of investment property on our combined statement of financial position at the relevant dates. Our inventories remained relatively stable at RMB106.0 million as of December 31, 2018 and RMB105.8 million as of December 31, 2019. We had a decrease in the inventory of parking spaces as of December 31, 2019 as compared to December 31, 2018, mainly as a result of sales of some of the parking space inventories in 2019. We also had an increase in the inventory of other consumable inventories, mainly driven by our business needs as our GFA under management increased. Our inventories increased from RMB105.8 million as of December 31, 2019 to RMB173.1 million as of June 30, 2020, mainly due to our purchases of parking space inventories.

As of September 30, 2020, we had utilized RMB30.1 million, or 17.4% of our total inventories outstanding as of June 30, 2020.

Trade Receivables

Our trade receivables mainly arise from property management and certain value-added services during the Track Record Period. In the first half of 2020, we began to have trade receivables arising from commercial operational services provided to shopping malls. We receive revenue in accordance with the relevant service agreements, which is due for payment by the property owners upon our rendering of services. For trade receivables in general, our trading terms are mainly on credit and the credit period is generally under 180 days for related parties and under 60 days for third parties. We seek to maintain strict controls over the outstanding receivables and overdue balances are reviewed regularly by management. We do not have significant concentration of credit risk as our trade receivables from third parties relate to a large number of customers. Our trade receivables are interest-free.

The following table sets forth a breakdown of our trade receivables as of the dates indicated:

	As of December 31,			As of June 30,
	2017	2018	2019	2020
	(RMB in thousands)			
Related parties	143,981	286,419	431,603	741,481
Third parties	50,673	140,937	162,522	504,427
Subtotal	**194,654**	**427,356**	**594,125**	**1,245,908**
Less: Impairment allowance	(3,689)	(4,510)	(5,164)	(7,737)
Total	**190,965**	**422,846**	**588,961**	**1,238,171**

Before allowance for impairment of trade receivables, as of December 31, 2017, 2018 and 2019 and June 30, 2020, our trade receivables were RMB194.7 million, RMB427.4 million, RMB594.1 million and RMB1,245.9 million, respectively. The increases in our trade receivables throughout the Track Record Period were primarily due to the increases in our revenue and business scale as a result of our business expansion. In particular, the substantial increase as of June 30, 2020 compared to December 31, 2019 was mainly relating to trade receivables arising from our newly monetized commercial operational services, which we expected to collect in the second half of 2020.

During the Track Record Period, we had been increasing our collection efforts with respect to trade receivables of third parties. In 2017, 2018 and 2019 and the six months ended June 30, 2020, our collection rate for property management fees (calculated as a percentage of the property management fees cumulatively collected by the end of the relevant period of the corresponding total property management fees receivable for the same period) was 90.9%, 91.9%, 92.5% and 74.6%, respectively, with respect to residential and other non-commercial properties, 99.8%, 96.6%, 100.0% and 81.5%, respectively, with respect to shopping malls, and 97.1%, 95.2%, 94.3% and 75.4%, respectively, with respect to office buildings. The decreases in the collection rates in the six months ended June 30, 2020 were mainly because property management fees are usually received in the second half of a year, combined with impacts of the COVID-19 pandemic.

Trade Receivable Turnover Days

The following table sets forth the turnover days of our trade receivables for the periods indicated:

	Year ended December 31,			Six months ended June 30,
	2017	**2018**	**2019**	**2020**
Trade receivable turnover days *(days)*				
— Overall(1)	20	25	31	52
— Related parties(2)	47	54	68	93
— Third parties(3)	7	12	14	30

(1) The overall trade receivable turnover days is the average of the opening and closing trade receivables divided by our total revenue for that year or period and multiplied by 365 days for 2017, 2018 and 2019 or 180 days for the six months ended June 30, 2020.

(2) The trade receivable turnover days in respect of related parties is the average of the opening and closing trade receivables attributable to related parties divided by our revenue attributable to related parties for that year or period and multiplied by 365 days for 2017, 2018 and 2019 or 180 days for the six months ended June 30, 2020.

(3) The trade receivable turnover days in respect of independent third parties is the average of the opening and closing trade receivables attributable to third parties divided by our revenue attributable to third parties for that year or period and multiplied by 365 days for 2017, 2018 and 2019 or 180 days for the six months ended June 30, 2020.

The fluctuations in our overall trade receivable turnover days during the Track Record Period generally correspond to those in our turnover days of trade receivables from related parties. During the Track Record Period, our trade receivable turnover days of related parties were substantially longer than that of third parties, primarily because we typically allowed longer credit periods for related parties than for third parties, as the risk of default of our related parties was relatively low. For related risks, see "Risk Factors – Risks Relating to Our Business and Industry — A significant portion of our revenue is from services provided in relation to properties developed and/or owned by CR Group and CR Land during the Track Record Period." We have also been increasing our efforts to settle related party receivables in a timely manner during the Track Record Period. The increases in the trade receivable turnover days in the six months ended June 30, 2020 were mainly because property management fees are usually received in the second half of a year, combined with impacts of the COVID-19 pandemic.

Aging Analysis on Trade Receivables

The following table sets forth the aging analysis of our trade receivables based on the invoice date as of the dates indicated:

	As of December 31,			As of June 30,
	2017	**2018**	**2019**	**2020**
	(RMB in thousands)			
Within one year	180,616	409,746	546,654	1,216,440
— Related parties	135,916	274,864	395,462	716,706
— Third parties	44,700	134,882	151,192	499,734
One to two years	7,063	7,848	44,455	26,758
— Related parties	3,707	4,745	36,135	23,995
— Third parties	3,356	3,103	8,320	2,763
Two to three years	4,379	5,137	1,625	2,414
— Related parties	3,601	3,565	—	726
— Third parties	778	1,572	1,625	1,688
Over three years	2,596	4,625	1,391	296
— Related parties	757	3,245	6	54
— Third parties	1,839	1,380	1,385	242
Subtotal	**194,654**	**427,356**	**594,125**	**1,245,908**
Less: Impairment allowance	(3,689)	(4,510)	(5,164)	(7,737)
Total	**190,965**	**422,846**	**588,961**	**1,238,171**

We perform impairment analysis on our trade receivables at the end of each reporting period using a provision matrix to measure the expected credit losses. The provision rates are estimated based on days past due for groupings of various customer segments with similar loss patterns based on the types of services we provided or types of customers. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

As of September 30, 2020, we had settled RMB1,066.3 million, representing 86.1% of our trade receivables outstanding as of June 30, 2020. As of the same date, with respect to related parties, RMB621.4 million, or 83.9% of our total trade receivables as of June 30, 2020 had been subsequently settled; and with respect to third parties, RMB444.9 million, or 89.4% of our total trade receivables as of June 30, 2020 had been subsequently settled. As of September 30, 2020, we had settled RMB580.7 million, representing 98.6% of our trade receivables outstanding as of December 31, 2019. As of the same date, with respect to related parties, RMB425.3 million, or 98.6% of our total trade receivables as of December 31, 2019 had been subsequently settled; and with respect to third parties, RMB155.4 million, or 98.5% of our total trade receivables as of December 31, 2019 had been subsequently settled.

Prepayments, Deposits and Other Receivables

The following table sets forth a breakdown of our prepayments, deposits and other receivables as of the dates indicated:

	As of December 31,			As of June 30,
	2017	2018	2019	2020
	(RMB in thousands)			
Current				
Prepayments	51,395	108,082	98,305	110,757
Deposits	10,713	14,861	12,891	15,902
Other receivables	70,277	119,753	133,655	138,236
Amounts due from related parties	733,954	1,273,659	2,359,633	2,146,694
Subtotal	**866,339**	**1,516,355**	**2,604,484**	**2,411,589**
Less: Impairment allowance	(5,557)	(6,463)	(5,806)	(4,471)
Total	**860,782**	**1,509,892**	**2,598,678**	**2,407,118**
Non-current				
Prepayments	13,131	314	4,416	12,107

Our prepayments primarily represent the prepayment for purchase of property, plant and equipment and payments to our suppliers. Our deposits mainly represent security deposit paid at bidding of projects, deposits for daily operational items such as rental deposits, employee dormitory deposits and water storage barrel deposits. Our other receivables primarily consist of disbursement of water and electricity payments on behalf of property owners. Our amounts due from related parties mainly represent cash advances to related parties. For details, see "— Related Party Transactions and Balances — Related Party Balances." We had general increases in the prepayments, deposits and other receivables as of December 31, 2017, 2018 and 2019, primarily attributable to increases in amounts due from related parties, which were mainly due to our increased balance of cash transferred to the cash pool of CR Land. Our prepayments, deposits and other receivables decreased as of June 30, 2020 compared to December 31, 2019, primarily attributable to a decrease in amounts due from related parties, which was mainly because we transferred part of the cash back from the cash pool of CR Land for daily operational uses.

Trade Payables

Our trade payables primarily represent our obligation to pay for the goods or services we acquired, such as materials, utilities, cleaning services, in the ordinary course of our business from our suppliers. Our trade payables are unsecured, non-interest bearing and are normally settled within 90 days. The following table sets forth a breakdown of our trade payables as of the dates indicated:

	As of December 31,			As of June 30,
	2017	2018	2019	2020
	(RMB in thousands)			
Related parties	10,846	73,919	44,011	65,440
Third parties	156,682	309,216	404,778	475,864
Total	**167,528**	**383,135**	**448,789**	**541,304**

We had a general increase in the trade payables during the Track Record Period, primarily attributable to the increases in amounts payable to third parties, which were mainly due to the increase in purchases of goods and services from our suppliers in line with our business expansion.

Trade Payable Turnover Days

The following table sets forth the turnover days of our trade payables for the periods indicated:

	Year ended December 31,			Six months ended June 30,
	2017	2018	2019	2020
Trade payable turnover days (days)[1]	18	27	31	37

(1) The trade payable turnover days for a year or period is the average of opening and ending trade payables divided by the cost of sales for that year or period and multiplied by 365 days for 2017, 2018 and 2019 or 180 days for the six months ended June 30, 2020.

The increases in our overall trade payable turnover days during the Track Record Period were primarily due to increases in the amount of our procurement from suppliers as our business expanded.

Aging Analysis on Trade Payables

The following table sets forth the aging analysis of our trade payables based on the invoice date as of the dates indicated:

	As of December 31,			As of June 30,
	2017	2018	2019	2020
	(RMB in thousands)			
Within one year	156,316	376,562	407,088	499,753
One to two years	9,338	6,364	40,419	31,469
Two to three years	892	128	1,128	9,644
Over three years	982	81	154	438
Total	**167,528**	**383,135**	**448,789**	**541,304**

As of September 30, 2020, we had settled RMB376.4 million, representing 69.5% of our trade payables outstanding as of June 30, 2020.

Other Payables and Accruals

Our other payables and accruals due to related parties represents cash advances from our related parties from time to time, mainly related to consideration to be paid in relation to the Reorganization, dividend to be paid to previous shareholders declared prior to the Reorganization, payments on behalf of related parties and borrowings between related parties. Certain other payables to related parties are interest bearing. For details, see "— Related Party Transactions and Balances — Related Party Balances." Our other payables and accruals due to third parties mainly consist of deposits and security deposits, advance rental payments, payment collected on behalf of suppliers and withholding expenses. Such amounts due to third parties are unsecured, non-interest bearing and are repayable on demand. The following table sets forth a breakdown of our other payables and accruals as of the dates indicated:

	As of December 31,			As of June 30,
	2017	2018	2019	2020
	(RMB in thousands)			
Other payables and accruals				
— Related parties	810,609	911,628	1,146,495	1,402,427
Dividends payable	277,518	232,831	232,831	538,250
Loan and interest payables to related parties	174,247	180,990	291,846	308,260
Registered capital advance by shareholders	—	68,152	144,844	144,844
Payable of equity transferred	119,593	89,251	83,300	75,972
Others	239,251	340,404	393,674	335,101
— Third parties	536,919	1,298,174	1,759,609	1,603,113
Payable related to SOE Reform projects(1)	—	167,491	702,226	599,214
Deposits and security payments	260,561	408,519	464,160	478,315
Payable related to construction of properties on behalf of property owners	5,316	17,372	21,742	3,774
Others(2)	271,042	704,792	571,481	521,810
Subtotal	**1,347,528**	**2,209,802**	**2,906,104**	**3,005,540**

	As of December 31,			As of June 30,
	2017	2018	2019	2020
	(RMB in thousands)			
Salaries payables	171,592	271,624	356,080	345,161
Tax payables other than current income tax liabilities	18,818	33,701	27,583	43,546
Total	**1,537,938**	**2,515,127**	**3,289,767**	**3,394,247**

(1) These payables are funds which are designated for renovation of the basic facilities, collected from the relevant state-owned enterprises that transferred the SOE Reform projects and local governments, payable to the suppliers providing the renovation services. Given the restricted nature of such funds, they are accounted for as restricted cash deposits. For details, see note 20 to the Accountant's Report in Appendix I to this prospectus.

(2) Others as of June 30, 2020 include payables of RMB6.5 million for funds received in the first half of 2020 that are payable to a disposed business of Run Lian in relation to the SOE Reform projects transferred from Dongfeng Motor Corporation. For details of our managed SOE Reform projects, see "Business — Residential Property Management Services — Property Management Services — Expansion of Property Portfolio — SOE Reform projects."

Our other payables and accruals due to related parties increased from RMB810.6 million as of December 31, 2017 to RMB911.6 million as of December 31, 2018, and further to RMB1,146.5 million as of December 31, 2019, which was mainly relating to loans from related parties with respect to restructuring and capital injection of our onshore subsidiaries. Our other payables and accruals due to related parties increased from RMB1,146.5 million as of December 31, 2019 to RMB1,402.4 million as of June 30, 2020, which was mainly relating to loans from related parties with respect to startup costs of certain subsidiary and increased amount of dividend payables.

Our other payables and accruals due to third parties increased from RMB536.9 million as of December 31, 2017 to RMB1,298.2 million as of December 31, 2018, mainly due to increases in (i) payment collected on behalf of suppliers, primarily as we started to collect repair funds of SOE Reform projects, and (ii) balance of deposit payables to renovation service providers as a result of an increase in the number of delivered projects of shopping malls and office buildings. Our other payables and accruals due to third parties increased from RMB1,298.2 million as of December 31, 2018 to RMB1,759.6 million as of December 31, 2019, mainly due to increased payment collected on behalf of suppliers, as the number of our managed projects increased. Our other payables and accruals due to third parties decreased from RMB1,759.6 million as of December 31, 2019 to RMB1,603.1 million as of June 30, 2020, mainly as we increased settling efforts of payables.

Contract Liabilities

Our contract liabilities primarily arise from the advance payments received from customers of our property management services while the underlying services are yet to be provided by us. The following table sets forth a breakdown of our contract liabilities as of the dates indicated:

	As of December 31,			As of June 30,
	2017	2018	2019	2020
	(RMB in thousands)			
Contract liabilities				
— Related parties	876	16,257	826	8,449
— Third parties	446,373	695,034	797,328	760,348
Total	**447,249**	**711,291**	**798,154**	**768,797**

We had a general increase in the contract liabilities as of December 31, 2017, 2018 and 2019, primarily as a result of the growth of our business, while we had a decrease in the contract liabilities as of June 30, 2020 compared to December 31, 2019, primarily due to decreases in advances of heating services fees as the heating supply season ended. The following table sets forth the revenue recognized related to carried-forward contract liabilities for the periods indicated:

	Year ended December 31,			Six months ended June 30,	
	2017	**2018**	**2019**	**2019**	**2020**
	(RMB in thousands)				
Revenue recognized that was included in contract liabilities at the beginning of the year or period:					
Residential property management services	312,971	410,195	637,764	575,732	670,791
Commercial operational and property management services	14,657	34,893	68,722	64,384	60,087
Total	**327,628**	**445,088**	**706,486**	**640,116**	**730,878**

Lease Liabilities

Our lease liabilities primarily arise from our commercial arrangements with owners of shopping malls, pursuant to which, we agree to pay rents for such shopping malls during the agreed period. The table below sets forth our current and non-current lease liabilities as of the dates indicated:

	As of December 31,			As of June 30,
	2017	**2018**	**2019**	**2020**
	(RMB in thousands)			
Within one year	74,131	75,093	82,048	98,444
Over one year	1,224,881	1,213,776	1,222,507	1,211,607
Total	**1,299,012**	**1,288,869**	**1,304,555**	**1,310,051**

Our lease liabilities remained relatively stable as of December 31, 2017, 2018 and 2019 and June 30, 2020.

NET CURRENT LIABILITIES

The following table sets forth the components of our current assets and liabilities as of the dates indicated:

	As of December 31,			As of June 30,	As of September 30,
	2017	2018	2019	2020	2020
	(RMB in thousands)				
Current assets					
Inventories	36,969	105,964	105,761	173,097	171,689
Trade receivables	190,965	422,846	588,961	1,238,171	1,229,612
Prepayments, deposits and other receivables	860,782	1,509,892	2,598,678	2,407,118	1,154,472
Restricted bank deposits	5,316	184,863	723,968	602,988	491,145
Pledged deposits	—	150	300	304	301
Cash and cash equivalents	871,462	1,136,237	605,489	366,392	1,692,665
Total current assets	**1,965,494**	**3,359,952**	**4,623,157**	**4,788,070**	**4,739,884**
Current liabilities					
Trade payables	167,528	383,135	448,789	541,304	567,644
Other payables and accruals	1,537,938	2,515,127	3,289,767	3,394,247	3,846,770
Contract liabilities	447,249	711,291	798,154	768,797	759,243
Lease liabilities	74,131	75,093	82,048	98,444	117,960
Tax payable	23,590	456	18,589	81,581	41,700
Total current liabilities	**2,250,436**	**3,685,102**	**4,637,347**	**4,884,373**	**5,333,317**
Net current liabilities	**284,942**	**325,150**	**14,190**	**96,303**	**593,433**

We had net current liabilities as of December 31, 2017, 2018 and 2019 and June 30, 2020 because the general increase in our total current liabilities outpaced the increase in our total current assets during each period of the Track Record Period. The increase in our total current liabilities during the Track Record Period was mainly attributable to (i) continued increases in one-off other payables and accruals due to related parties in connection with the Reorganization, such as dividend payables and loan and interest payables to related parties, which were fully settled before the Latest Practicable Date, (ii) continued increases in other payables and accruals due to third parties, mainly relating to deposit and security payments payable to renovation service providers as a result of the increase in the number of our delivered projects of shopping malls and office buildings, and repair funds payable to certain SOE Reform projects, and (iii) increases in contract liabilities, most notably in 2018, mainly due to our initiative to incentivize customers' advance payments. In the meantime, the increase in our total current assets was mainly attributable to (i) the increases in our trade receivables that reflected our business growth, and (ii) the substantial increases in prepayments, deposits and other receivables, as a result of our cash pooling arrangement with CR Land under which we deposited certain cash balances with a cash pooling entity of CR Land, which are due on demand. We have ceased to participate in such cash pooling arrangement with CR Land, which fully returned our cash deposits by October 2020. We expect to reduce our net current liabilities through (i) funds generated from our business operations as we continue to improve our profitability, (ii) reducing other payables due to related parties, and (iii) net proceeds from the Global Offering.

Our net current liabilities increased significantly to RMB593.4 million as of September 30, 2020 from RMB96.3 million as of June 30, 2020 because we had a one-off increase of RMB544.8 million in other payables and accruals, mainly relating to our payables of consideration for the transfers of Huan Le Song HK and Luzhou CR Land, which were completed after June 30, 2020, as part of the Reorganization. See "History, Reorganization and Corporate Structure — Reorganization." We fully settled these payables before the Latest Practicable Date using a combination of cash (RMB22.0 million) and a short-term loan (RMB522.8 million). Meanwhile, the cash and cash equivalents in our current asset as of September 30, 2020 increased significantly by RMB1,326.3 million from that as of June 30, 2020, mainly because part of our deposit in the cash pooling arrangement with CR Land was returned to us, which in turn reduced our prepayments, deposits and other receivables.

Our net current liabilities increased substantially to RMB96.3 million as of June 30, 2020 from RMB14.2 million as of December 31, 2019, because the increase in our total current liabilities was greater than the increase in our total current assets. The increase in our total current assets was primarily attributable to an increase of RMB649.2 million in trade receivables, mainly relating to trade receivables arising from our newly monetized commercial operational services and in line with our business growth, which was partially offset by: (i) a decrease of RMB239.1 million in cash and cash equivalents; (ii) a decrease of RMB191.6 million in prepayments, deposits and other receivables, mainly as we transferred part of the cash back from the cash pool of CR Land; and (iii) a decrease of RMB121.0 million in restricted bank deposits, mainly relating to repair funds of SOE Reform projects on behalf of suppliers. The increase in our total current liabilities was primarily attributable to: (i) an increase of RMB104.5 million in other payables and accruals, mainly relating to the increase in dividend payables to related parties; and (ii) an increase of RMB92.5 million in trade payables, mainly in line with our business growth.

Our net current liabilities decreased by 95.6% to RMB14.2 million as of December 31, 2019 from RMB325.2 million as of December 31, 2018, because the increase in our total current assets was greater than the increase in our total current liabilities. The increase in our total current assets was primarily attributable to an increase of RMB1,088.8 million in prepayments, deposits and other receivables, mainly due to our increased balance of cash transferred to the cash pool of CR Land. The increase in our total current liabilities was primarily attributable to an increase of RMB774.6 million in other payables and accruals, mainly due to our collection of payments relating to SOE Reform projects.

Our net current liabilities increased by 14.1% to RMB325.2 million as of December 31, 2018 from RMB284.9 million as of December 31, 2017, because the increase in our total current liabilities was greater than the increase in our total current assets. The increase in our total current assets was primarily attributable to: (i) an increase of RMB649.1 million in prepayments, deposits and other receivables, mainly due to our increased balance of cash transferred to the cash pool of CR Land; (ii) an increase of RMB264.8 million in cash and cash equivalents; and (iii) an increase of RMB231.9 million in trade receivables, mainly in line with our business growth. The increase in our total current liabilities was primarily attributable to: (i) an increase of RMB977.2 million in other payables and accruals, mainly relating to increases of the amounts collected on behalf of suppliers, deposits received from customers, and salaries payables, as well as our collection of payments relating to SOE Reform projects; (ii) an increase of RMB264.0 million in contract liabilities, mainly due to our initiatives to incentivize customers' advance payments; and (iii) an increase of RMB215.6 million in trade payables, mainly in line with our business growth.

INDEBTEDNESS

As of December 31, 2017, 2018 and 2019 and June 30 and September 30, 2020, our current and non-current lease liabilities were RMB1,299.0 million, RMB1,288.9 million, RMB1,304.6 million, RMB1,310.1 million and RMB1,357.2 million, respectively. As of December 31, 2017, 2018 and 2019 and June 30 and September 30, 2020, we had related party loans of RMB170.9 million, RMB244.1 million, RMB435.0 million, RMB451.7 million and RMB545.0 million, respectively, which were fully repaid as of the Latest Practicable Date. For details, see "Relationship with Our Controlling Shareholders — Independence from Our Controlling Shareholders — Financial Independence." As of the same dates, we did not have any unutilized banking facilities.

Apart from normal trade and other payables in the ordinary course of business, we did not have any material mortgages, charges, debentures, loan capital, debt securities, loans, bank overdrafts or other similar indebtedness, liabilities under acceptances (other than normal trade bills), acceptance credits, which are either guaranteed, unguaranteed, secured or unsecured, or guarantees or other contingent liabilities as of September 30, 2020.

LIQUIDITY AND CAPITAL RESOURCES

Overview

Historically, we have funded our working capital primarily from cash generated from our business operations. After the Global Offering, we intend to finance our future capital requirements through the same sources of funds as above, together with the net proceeds we will receive from the Global Offering. We do not anticipate any changes to the availability of financing to fund our operations in the future.

Working Capital Sufficiency

Taking into account the net proceeds from the Global Offering and the financial resources available to us, including cash and cash equivalents and cash flows from operating activities, our Directors believe that we have sufficient working capital for our present requirements, that is, for at least 12 months from the date of this prospectus.

Cash Flows

The following table sets forth selected cash flow statement information for the periods indicated:

	Year ended December 31,			Six months ended June 30,	
	2017	**2018**	**2019**	**2019**	**2020**
			(RMB in thousands)		
Operating cash flows before movements in working capital	228,401	360,941	547,554	296,475	544,122
Movements in working capital	353,413	865,284	(10,046)	(605,562)	(743,120)
Income tax paid	(52,963)	(84,394)	(82,414)	(51,168)	(57,889)
Net cash flows generated from / (used in) operating activities	528,851	1,141,831	455,094	(360,255)	(256,887)
Net cash flows (used in) / generated from investing activities	(310,799)	(727,330)	(1,084,344)	(468,580)	28,831
Net cash flows (used in) / generated from financing activities	(7,561)	(149,726)	98,502	193,986	(11,041)
Net increase / (decrease) in cash and cash equivalents	**210,491**	**264,775**	**(530,748)**	**(634,849)**	**(239,097)**
Cash and cash equivalents at the beginning of the year or period	660,971	871,462	1,136,237	1,136,237	605,489
Cash and cash equivalents at the end of the year or period	**871,462**	**1,136,237**	**605,489**	**501,388**	**366,392**

Operating Activities

Our cash flows from operating activities reflect: our profit before taxation adjusted for (i) non-cash and non-operating items (such as gain or loss on revaluation of investment property, depreciation and amortization, finance costs, interest income and impairment of receivables); (ii) the effects of movement in working capital (such as trade receivables, prepayments, other receivables and other assets, inventories, trade payables, and other payables and accruals); and (iii) other cash items (such as income tax paid). Cash flows from operating activities can be significantly affected by factors such as the timing of collection of trade receivables from customers and the timing of payment of trade payables to suppliers during the ordinary course of our business, which also primarily accounted for the difference in the net cash flows generated from operating activities among the years during the Track Record Period. Going forward, we intend to improve our net operating cash outflows position through increasing our efforts to collect trade receivables in a timely manner, especially during the first half of a year, and ensure our working capital sufficiency with funds generated from our business operations.

In the six months ended June 30, 2020, we had net cash flows used in operating activities of RMB256.9 million, which represents our profit before taxation of RMB468.1 million, as adjusted by non-cash and non-operating items, and negative movements in working capital of: (i) an increase of RMB651.8 million in trade receivables, mainly relating to trade receivables arising from our newly monetized commercial operational services and due to a relatively lower collection rate of property management fees in the first half of a year compared to the full year; and (ii) a decrease of RMB74.3 million in other payables and accruals, mainly relating to our payment of salaries payables and amounts collected on behalf of suppliers.

In 2019, we had net cash flows generated from operating activities of RMB455.1 million, which represents our profit before taxation of RMB496.5 million, as adjusted by non-cash and non-operating items, and negative movements in working capital of an increase of RMB166.8 million in trade receivables, mainly in line with our business growth, partially offset by an increase of RMB86.9 million in contract liabilities, mainly due to advances received from customers.

In 2018, we had net cash flows generated from operating activities of RMB1,141.8 million, which represents our profit before taxation of RMB572.0 million, as adjusted by non-cash and non-operating items, and positive movements in working capital of: (i) an increase of RMB773.3 million in other payables and accruals, mainly due to increases of the amounts collected on behalf of suppliers, deposits received from customers, and salaries payables; and (ii) an increase of RMB264.0 million in contract liabilities, mainly due to our initiatives to incentivize customers' advance payments. Such movements were partially offset by an increase of RMB232.7 million in trade receivables, mainly in line with our business growth.

In 2017, we had net cash flows generated from operating activities of RMB528.9 million, which represents our profit before taxation of RMB516.2 million, as adjusted by non-cash and non-operating items, and positive movements in working capital of: (i) an increase of RMB651.8 million in other payables and accruals, mainly due to an increase of the amount collected on behalf of suppliers, and an increase in salaries payables; and (ii) an increase of RMB87.7 million in contract liabilities, mainly due to advances received from customers. Such movements were partially offset by an increase of RMB404.0 million in prepayments, other receivables and other assets, mainly in line with our business growth.

Investing Activities

Our cash inflows generated from investing activities primarily consist of interest income received and proceeds from disposal of property, plant and equipment. Our cash outflows used in investing activities primarily consist of advances made to our related parties, payments to the cash pool of CR Land, payment for purchases of property, plant and equipment, investment property and intangible assets.

In the six months ended June 30, 2020, we had net cash flows generated from investing activities of RMB28.8 million, which was primarily attributable to the net amount of RMB225.6 million received from related parties, partially offset by cash outflows of RMB165.9 million to the cash pool of CR Land.

In 2019, we had net cash flows used in investing activities of RMB1,084.3 million, which was primarily attributable to cash outflows of RMB1,062.4 million to the cash pool of CR Land, partially offset by net amount of RMB28.9 million received from related parties.

In 2018, we had net cash flows used in investing activities of RMB727.3 million, which was primarily attributable to: (i) net amount of RMB382.7 million paid to related parties; (ii) cash outflows of RMB181.1 million to the cash pool of CR Land; and (iii) purchases of property, plant, equipment and investment property of RMB183.7 million, mainly related to renovation of Shenzhen Buji MIXONE before its opening in April 2018.

In 2017, we had net cash flows used in investing activities of RMB310.8 million, which was primarily attributable to: (i) purchases of items of investment property of RMB138.5 million, mainly relating to our obtaining of subleasing rights of Shenzhen Buji MIXONE in late July 2017; and (ii) cash outflows of RMB111.1 million to the cash pool of CR Land.

Financing Activities

Our financing activities primarily include advances from, or repayment to, our related parties, payments for lease contracts, dividend payments and payments for acquisition of subsidiaries under common control.

In the six months ended June 30, 2020, we had net cash flows used in financing activities of RMB11.0 million, which was primarily attributable to: (i) dividend payment of RMB129.3 million; and (ii) interest payment of RMB33.7 million. These cashflows were partially offset by net amount of RMB172.3 million received from related parties.

In 2019, we had net cash flows generated from financing activities of RMB98.5 million, which was primarily attributable to net amount of RMB190.9 million received from related parties, partially offset by interest payment of RMB67.6 million.

In 2018, we had net cash flow used in financing activities of RMB149.7 million, which was primarily attributable to: (i) dividend payment of RMB70.0 million; (ii) acquisition of subsidiaries under common control of RMB69.8 million; and (iii) interest payment of RMB66.6 million. These cashflows were partially offset by net amount of RMB73.4 million received from related parties.

In 2017, we had net cash flows used in financing activities of RMB7.6 million, which was primarily attributable to dividend payment of RMB35.8 million, partially offset by net amount of RMB37.3 million received from related parties.

KEY FINANCIAL RATIOS

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

	As of or for the year ended December 31,			As of or for the six months ended June 30,
	2017	**2018**	**2019**	**2020**
Return on assets[(1)]	15.1%	8.8%	5.7%	9.4%
Return on equity[(2)]	121.2%	86.2%	43.0%	68.9%
Current ratio[(3)]	0.87	0.91	1.00	0.98
Net gearing ratio[(4)]	N/A	N/A	N/A	N/A

(1) Return on assets is calculated as our profit for the year or period divided by our average total assets as of the beginning and the end of the corresponding year or period and multiplied by 100%. Return on assets in the six months ended June 30, 2020 has been annualized by multiplying by two. Accordingly, the annualized return on assets may not be indicative of that for the full year ending December 31, 2020. Investors are cautioned not to place any undue reliance on such data.

(2) Return on equity is calculated as our profit for the year or period divided by our average total equity as of the beginning and the end of the corresponding year or period and multiplied by 100%. Return on equity in the six months ended June 30, 2020 has been annualized by multiplying by two. Accordingly, the annualized return on equity may not be indicative of that for the full year ending December 31, 2020. Investors are cautioned not to place any undue reliance on such data.

(3) Current ratio is calculated as our total current assets as of the end of the relevant year or period divided by our total current liabilities as of the end of the corresponding year or period.

(4) Net gearing ratio is calculated as our total interest-bearing borrowings minus cash divided by total equity as of the end of the relevant year or period and multiplied by 100%. Net gearing ratio is not applicable to us as we had net cash position as of December 31, 2017, 2018 and 2019 and June 30, 2020.

Our return on assets decreased from 15.1% in 2017 to 8.8% in 2018, and further to 5.7% in 2019, mainly attributable to increases in our total assets. Our return on equity decreased from 121.2% in 2017 to 86.2% in 2018, and further to 43.0% in 2019, mainly due to our relatively low equity base in 2017, and increases in our equity base resulting from accumulation of retained earnings in 2018 and 2019.

Our current ratio remained relatively stable at 0.87 and 0.91 as of December 31, 2017 and 2018, respectively. Our current ratio increased to 1.00 as of December 31, 2019 compared to December 31, 2018, primarily due to increases in other receivables, as a result of our increased balance of cash transferred to the cash pool of CR Land. Our current ratio remained stable at 1.00 and 0.98 as of December 31, 2019 and June 30, 2020, respectively.

PROPERTY MANAGEMENT FEE RATES AND MONTHLY COST

The following table sets forth the weighted average property management fee rates of residential properties, shopping malls and office buildings under our management by type of property developer for the periods indicated:

	Year ended December 31,			Six months ended June 30,
	2017	**2018**	**2019**	**2020**
	(RMB per sq.m. per month)			
Residential properties				
CR Group and CR Land	2.29	2.42	2.44	2.45
Independent third-party developers[1]	2.56	1.94	2.19	1.85
— Residential projects	3.10	2.36	2.37	2.40
— SOE Reform projects	2.39	1.83	2.14	1.72
Shopping malls				
CR Group and CR Land	15.06	15.34	16.26	14.96
Independent third-party developers	—	—	—	—
Office buildings				
CR Group and CR Land	12.21	12.53	14.51	14.11
Independent third-party developers	12.74	11.40	10.10	7.71

(1) For purposes of aligning with the presentation of average monthly costs per sq.m., these rates take into account certain revenue that is not directly related to the provision of residential property management services, for example, property management services provided to retail shops and other types of properties in proximity to the residential communities, which we manage together with the residential communities with a holistic approach. Therefore, such rates are different from those rates calculated solely based on the revenue from our engagement to provide residential property management services.

Residential Properties

During the Track Record Period, the weighted average property management fee rates for residential properties developed by CR Group and CR Land were higher than those developed by independent third-party developers, mainly because the residential properties developed by CR Group and CR Land under our management are primarily mid- to high-end residential properties with relatively higher fee rates.

Our weighted average property management fee rates for residential properties developed by independent third-party developers decreased in 2018 compared to 2017, mainly relating to SOE Reform projects obtained in late 2017, which had relatively lower fee rates, and decreased in the six months ended June 30, 2020 compared to 2019, mainly because certain factories, to which we provided management services together with the residential communities, were closed amid the COVID-19 pandemic, and we waived the management fees for these properties during March and April of 2020.

Shopping Malls

The increases in the weighted average property management fee rates for shopping malls in 2018 and 2019 were primarily due to an increase in new shopping malls under management with relatively higher property management fee rates, while the decrease in the six months ended June 30, 2020 was primarily due to management fee concessions which we granted to certain shopping malls affected by the COVID-19 pandemic.

Office Buildings

The increase in the weighted average property management fee rates for office buildings developed by CR Group and CR Land in 2019 compared to 2018 was primarily due to a higher fee rate charged for newly delivered high-end office buildings located in Beijing and Shenzhen in 2019, while the decrease in the first half of 2020 compared to 2019 was primarily due to the COVID-19 pandemic.

The weighted average property management fee rates for office buildings developed by independent third-party developers decreased during the Track Record Period primarily because the office buildings under our management in 2017 and 2018 were mainly high-end properties located in first and second tier cities with relatively higher fee rates, whereas projects newly obtained in 2019 were office buildings located in less developed areas with relatively lower fee rates. In addition, in the first half of 2020, the decrease in such fee rates was primarily due to the termination of an office building project that had relatively higher property management fee rates.

The following table sets forth the average monthly cost per sq.m. of property management services of residential properties, shopping malls and office buildings under our management by type of property developer for the periods indicated:

	Year ended December 31,			Six months ended June 30,
	2017	2018	2019	2020
	(RMB per sq.m. per month)			
Residential properties				
CR Group and CR Land	2.11	2.21	2.21	2.11
Independent third-party developers(1)	2.30	2.11	2.12	1.85
— *Residential projects*	3.14	2.93	2.25	2.18
— *SOE Reform projects*	2.04	1.91	2.09	1.77
Shopping malls				
CR Group and CR Land	13.84	13.73	14.88	11.77
Independent third-party developers	—	—	—	—
Office buildings				
CR Group and CR Land	9.79	9.72	10.89	9.15
Independent third-party developers	11.86	10.44	8.86	6.83

(1) The average monthly costs per sq.m. take into account the overall costs of managing the residential properties and other types of properties in proximity to such residential properties.

The trends of our average monthly cost per sq.m. were generally in line with those of the weighted average property management fee rates. In particular, the decrease in the average monthly cost per sq.m. of residential properties developed by CR Group and CR Land in the six months ended June 30, 2020 compared to 2019 was mainly associated with government relief of social security payments for employment support we received relating to the COVID-19 pandemic. The decrease in the average monthly cost per sq.m. of residential properties developed by independent third-party developers in 2018 compared to 2017 mainly related to SOE Reform projects obtained in late 2017 with relatively lower fee rates.

CAPITAL EXPENDITURES AND COMMITMENTS

Capital Expenditures

During the Track Record Period, we incurred capital expenditures mainly for purchase of property, plant and equipment such as properties and buildings, machinery equipment, as well as purchases of investment property such as shopping malls. The following table sets forth a breakdown of our capital expenditures for the periods indicated:

	Year ended December 31,			Six months ended June 30,
	2017	2018	2019	2020
	(RMB in thousands)			
Purchases of items of property, plant and equipment	59,571	79,708	75,959	30,219
Purchases of items of investment property	138,537	103,993	—	20,194
Purchases of intangible assets	1,258	1,603	1,157	1,569
Total	**199,366**	**185,304**	**77,116**	**51,982**

We estimated that our capital expenditures for 2020 will be approximately RMB149.0 million, which we intend to use primarily for purchases of property, plant and equipment. We expect to fund these capital expenditures with our available cash resources.

Capital Commitments

We have the following material commitments relating to office areas, which are contracted for but not provided in the combined financial statements as follows:

	As of December 31,			As of June 30,
	2017	2018	2019	2020
	(RMB in thousands)			
Capital expenditure in respect of:				
— Investment property	120,021	—	—	—
— Construction in progress	18,056	17,747	24,054	21,917
Total	**138,077**	**17,747**	**24,054**	**21,917**

CONTINGENT LIABILITIES

As of June 30, 2020, we were not involved in any material legal, arbitration or administrative proceedings that were expected to materially and adversely affect our financial condition or results of operations, although there can be no assurance that this will not be the case in the future. Our Directors confirm that there has been no material change in our contingent liabilities since June 30, 2020 to the date of this prospectus.

RELATED PARTY TRANSACTIONS AND BALANCES

Related Party Transactions

Our ultimate holding company is China Resources Company Limited and the immediate holding company is CR Land. During the Track Record Period, we entered into a number of related party transactions, pursuant to which: (i) we provided services such as property management services, value-added services and commercial operational services to certain related parties; (ii) we purchased goods and services from certain related parties; (iii) we borrowed loans from certain related parties; and (iv) we participated in the cash pooling arrangement of certain related party, among other things.

Our Directors believe that our transactions with related parties during the Track Record Period were conducted on normal commercial terms and on an arm's length basis and would not distort our results of operations or make our historical results not reflective of our future performance.

Provision of Services

We provided property management services to residential and other non-commercial properties to certain related parties during the Track Record Period. Such properties were either developed or owned by the related parties. In 2017, 2018 and 2019 and the six months ended June 30, 2019 and 2020, revenue recorded for providing property management services to residential and other non-commercial properties to related parties was RMB166.6 million, RMB231.8 million, RMB305.6 million, RMB110.0 million and RMB101.5 million, respectively.

During the Track Record Period, we provided value-added services in relation to residential and other non-commercial properties, including both community value-added services and value-added services to property developers, to certain related parties. The community value-added services provided mainly included management services over parking lots and clubhouses, agency sales of parking spaces and properties, and collection of utility bill payments. The value-added services to property developers mainly included preliminary preparation services and pre-delivery marketing services. In 2017, 2018 and 2019 and the six months ended June 30, 2019 and 2020, revenue recorded for providing community value-added services to related parties for residential and other non-commercial properties was RMB27.2 million, RMB10.5 million, RMB25.8 million, RMB8.8 million and RMB4.3 million, respectively. During the same periods, revenue recorded for providing value-added services to property developers to related parties for residential and other non-commercial properties was RMB307.3 million, RMB421.0 million, RMB486.4 million, RMB201.4 million and RMB223.7 million, respectively.

We also offered commercial operational and property management services to shopping malls and office buildings to certain related parties. Such properties were either developed or owned by the related parties. Historically, the commercial operational services to shopping malls were provided as complementary services in the form of inter-departmental services as part of CR Land's integrated commercial property development and investment business and that no separate fee was charged. From January 2020, we started charging fees for our provision of commercial operational services. Such services were provided to certain related parties in the Track Record Period. In 2017, 2018 and 2019 and the six months ended June 30, 2019 and 2020, revenue recorded for providing commercial operational and property management services to related parties for shopping malls was RMB380.7 million, RMB564.9 million, RMB722.7 million, RMB327.7 million and RMB636.2 million, respectively. During the same periods, revenue recorded for providing property management services to related parties for office buildings was RMB93.0 million, RMB197.4 million, RMB354.6 million, RMB174.8 million and RMB165.4 million, respectively.

Purchase of Goods and Services

In 2017, 2018 and 2019 and the six months ended June 30, 2019 and 2020, we had purchased goods and services from related parties of RMB257.3 million, RMB238.6 million, RMB356.5 million, RMB99.3 million and RMB187.1 million, respectively. Such goods and services mainly included interior design and construction, purchase of furniture and fixtures, and utilities (water and electricity).

Interest Expense and Interest Income

Our interest expense mainly represented those relating to our related party loans during the Track Record Period. Meanwhile, we derived interest income from bank deposits and deposit at the cash pool of CR Land during the Track Record Period. We had not generated any interest income from the cash pool since February 2019, because the cash pooling arrangement of CR Land has become interest-free since then. We have ceased to participate in such cash pooling arrangement with CR Land, which fully returned our cash deposits in October 2020. In 2017, 2018 and 2019 and the six months ended June 30, 2019 and 2020, interest expense recorded for related party transactions was RMB2.0 million, RMB5.1 million, RMB0.7 million, RMB0.7 million and RMB1.4 million, respectively. During the same periods, interest income recorded for related party transactions was RMB1.9 million, RMB2.2 million, RMB0.7 million, RMB0.7 million and nil, respectively.

Related Party Balances

The following table sets forth the breakdown of our related party balances as of the dates indicated:

	As of December 31,			As of June 30,
	2017	2018	2019	2020
	(RMB in thousands)			
Receivables from related parties				
Trade receivables				
— CR Group, its joint ventures and associates (excluding CR Land)	106	4,466	18,976	23,223
— CR Land, its joint ventures and associates	143,875	281,953	412,627	718,258
	143,981	**286,419**	**431,603**	**741,481**
Other receivables				
— CR Group, its joint ventures and associates (excluding CR Land)	21,496	66,051	13,151	7,812
— CR Land, its joint ventures and associates (excluding China Resources Land Investment Limited)	203,104	565,355	604,782	174,765
— Due from China Resources Land Investment Limited	461,012	642,072	1,704,507	1,870,435
	685,612	**1,273,478**	**2,322,440**	**2,053,012**
Prepayments				
— CR Group, its joint ventures and associates (excluding CR Land)	30	181	113	13
— CR Land, its joint ventures and associates	48,312	—	37,080	93,669
	48,342	**181**	**37,193**	**93,682**
Total receivables from related parties	**877,935**	**1,560,078**	**2,791,236**	**2,888,175**
Payables to related parties				
Trade payables				
— CR Group, its joint ventures and associates (excluding CR Land)	3,603	8,219	4,352	6,491
— CR Land, its joint ventures and associates	7,243	65,700	39,659	58,949
	10,846	**73,919**	**44,011**	**65,440**
Other payables				
— CR Group, its joint ventures and associates (excluding CR Land)	127,388	135,629	272,077	189,533
— CR Land, its joint ventures and associates	405,703	543,168	641,587	674,644
— Dividend payable to CR Land	277,518	232,831	232,831	538,250
	810,609	**911,628**	**1,146,495**	**1,402,427**
Total payables to related parties	**821,455**	**985,547**	**1,190,506**	**1,467,867**
Lease liabilities				
— CR Land, its joint ventures and associates	1,779	694	25,213	37,317

Our trade receivables from related parties mainly arose from our provision of property management services, value-added services and commercial operational services to such parties during the Track Record Period. Our prepayments to related parties were our prepayment for purchases of property, plant and equipment and parking spaces. Meanwhile, our trade payables to related parties represented our obligation to pay for the goods or services we acquired in the ordinary course of our business from related parties as our suppliers.

Our other receivables represented cash advances to related parties, particularly our cash transferred to the cash pool of CR Land, and disbursement of utilities payments on behalf of property owners. Our other payables were cash advances from our related parties from time to time, mainly related to consideration to be paid in relation to the Reorganization, dividend to be paid to previous shareholders declared prior to the Reorganization, payments on behalf of related parties and borrowings between related parties, as well as utilities payments collected on behalf of property owners.

Save as the outstanding balance due to a subsidiary of CR Land disclosed in the section headed "Relationship with Our Controlling Shareholders", at the time of the Listing, there will be no loans, advances and non-trade balances due to or from our Controlling Shareholders.

Our Directors believe that our transactions with related parties during the Track Record Period were conducted on an arm's length basis, and they did not distort our results of operations or make our historical results not reflective of our future performance. For details, see note 28 of the Accountant's Report in Appendix I to this prospectus.

OFF-BALANCE SHEET ARRANGEMENTS

As of the Latest Practicable Date, we did not have any outstanding off-balance sheet arrangements.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT FINANCIAL RISKS

Our principal financial instruments mainly include restricted bank deposits, cash and cash equivalents, trade and other receivables, and trade and other payables, which arise directly from our operations. We have other financial assets and liabilities such as lease liabilities, amounts due to related parties and amounts due from related parties.

The main risks arising from our financial instruments are credit risk and liquidity risk. Generally, we introduce conservative strategies on our risk management. To keep our exposure to these risks to a minimum, we have not used any derivatives and other instruments for hedging purposes. We do not hold or issue derivative financial instruments for trading purposes. The Board reviews and agrees policies for managing each of these risks and they are summarized below:

Credit Risk

We are exposed to credit risk in relation to our trade receivables and other receivables, cash and cash equivalents and restricted bank deposits. We expect that there is no significant credit risk associated with our cash and cash equivalents and restricted bank deposits since they are substantially deposited at state-owned banks and other medium or large-sized listed banks. Our management does not expect that there will be any significant losses from non-performance by these counterparties. We expect that the credit risk associated with trade receivables and other receivables due from related parties to be low, since the related parties have strong capacity to meet contractual cash flow obligations in the near term. There is no significant concentration of credit risk within our Group as the customer bases of our trade receivables and other receivables are widely dispersed. In addition, receivable balances are monitored on an ongoing basis.

Liquidity Risk

Liquidity risk is the risk that we will encounter difficulty in meeting financial obligations due to shortage of funds. Individual operating entities within our Group are responsible for their own cash management, including the short-term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by management and directors when the borrowings exceed certain predetermined levels of authority.

The following table sets forth the maturity profile of our financial liabilities at the end of each period during the Track Record Period, based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period):

	Within 1 year or on demand	1 to 5 years	Over 5 years	Total
	(RMB in thousands)			
As of December 31, 2017				
Lease liabilities	77,764	309,199	1,959,762	2,346,725
Trade payables	167,528	—	—	167,528
Financial liabilities included in other payables and accruals	1,067,323	—	—	1,067,323
	1,312,615	**309,199**	**1,959,762**	**3,581,576**
As of December 31, 2018				
Lease liabilities	78,772	317,690	1,877,476	2,273,938
Trade payables	383,135	—	—	383,135
Financial liabilities included in other payables and accruals	1,925,923	—	—	1,925,923
	2,387,830	**317,690**	**1,877,476**	**4,582,996**
As of December 31, 2019				
Lease liabilities	86,068	354,352	1,791,152	2,231,572
Trade payables	448,789	—	—	448,789
Financial liabilities included in other payables and accruals	2,618,294	—	—	2,618,294
	3,153,151	**354,352**	**1,791,152**	**5,298,655**
As of June 30, 2020				
Lease liabilities	103,268	391,394	1,727,706	2,222,368
Trade payables	541,304	—	—	541,304
Financial liabilities included in other payables and accruals	2,403,876	—	—	2,403,876
	3,048,448	**391,394**	**1,727,706**	**5,167,548**

Our policy is to regularly monitor our liquidity requirements and compliance with lending covenants to ensure that we maintain sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet our liquidity requirements in the short and longer terms.

DIVIDEND POLICY

Our Company is a holding company incorporated under the laws of the Cayman Islands. As a result, the payment and amount of any future dividend will depend on the availability of dividends received from our subsidiaries.

In June 2020, our Company declared a dividend of RMB434.8 million to our Controlling Shareholder, CR Land, which was paid in October 2020 with our available cash and deposits withdrawn from our cash pooling arrangement with CR Land. Our dividend distribution record in the past may not be used as a reference or basis to determine the level of dividends that may be declared or paid by us in the future.

Any proposed distribution of dividends shall be formulated by our Board and will be subject to approval by our Shareholders' meetings. A decision to declare or to pay any dividends in the future, and the amount of any such dividends, will depend on a number of factors, including our results of operations, cash flows, financial condition, payments by our subsidiaries of cash dividends to us, business prospects, statutory, regulatory and contractual restrictions on our declaration and payment of dividends and other factors that our Board may consider important. No dividend will be declared or payable except out of our profits and reserves lawfully available for distribution. We intend to adopt an annual dividend payout ratio of no less than 35% of our annual core profit available for distribution generated in each financial year beginning from the year ending December 31, 2020. For details, see "— Non-HKFRS Measure." However, there can be no assurance that dividends of any amount will be declared or distributed in any year.

DISTRIBUTABLE RESERVES

Our Company was incorporated in the Cayman Islands on May 18, 2017 and has not carried out any business since the date of its incorporation. As of June 30, 2020, our Company had retained profits of RMB1.1 million under HKFRSs, as reserves available for distribution to our shareholders.

UNAUDITED PRO FORMA ADJUSTED COMBINED NET TANGIBLE ASSETS

The following unaudited pro forma adjusted combined net tangible assets attributable to the owners of the Company has been prepared in accordance with 4.29 of the Listing Rules and with reference to Accounting Guideline 7 Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars issued by the HKICPA for illustration purposes only, and is set out below to illustrate the effect of the Global Offering on our combined net assets attributable to the owners of the Company as of June 30, 2020 as if it had taken place on June 30, 2020.

The unaudited pro forma adjusted combined net tangible assets attributable to the owners of the Company has been prepared for illustration purpose only and because of its hypothetical nature, it may not give a true picture of the combined net tangible assets of the Group had the Global Offering been completed as of June 30, 2020 or any future date. It is prepared based on our combined net tangible assets attributable to the owners of the Company as of June 30, 2020 as set out in the Accountant's

Report in Appendix I to this prospectus, and adjusted as described below. The unaudited pro forma adjusted combined net tangible assets attributable to the owners of the Company does not form part of the Accountant's Report in Appendix I to this prospectus.

	Combined net tangible assets attributable to owners of the Company as of June 30, 2020	Estimated net proceeds from the Global Offering	Unaudited pro forma adjusted combined net tangible assets attributable to owners of the Company	Unaudited pro forma adjusted combined net tangible assets per Share	
		(RMB in thousands)		RMB	HK$
	(Note 1)	(Note 2)		(Note 3)	(Note 4)
Based on an Offer Price of HK$18.60 per Share	933,016	8,532,690	9,465,706	4.30	5.05
Based on an Offer Price of HK$22.30 per Share	933,016	10,236,255	11,169,271	5.08	5.96

(1) The combined net tangible assets attributable to owners of our Company as of June 30, 2020 is extracted from the Accountant's Report as set out in Appendix I to this prospectus, which is based on the audited combined net assets attributable to owners of the Company of approximately RMB935.4 million after deducting other intangible asset of approximately RMB2.4 million as of June 30, 2020.

(2) The estimated net proceeds from the Global Offering are based on the Offer Price of HK$18.60 per Share or HK$22.30 per Share, after deduction of the underwriting fees and other related expenses payable by us. The estimated net proceeds from the Global Offering are converted from Hong Kong dollars into Renminbi at an exchange rate of HK$1.00 to RMB0.85187.

(3) The unaudited pro forma adjusted combined net tangible assets attributable to owners of the Company per Share is calculated based on 2,200,000,000 shares in issue immediately following the Capitalization Issue and the Global Offering.

(4) The unaudited pro forma adjusted combined net tangible assets attributable to owners of the Company per Share is converted into Hong Kong dollars at an exchange rate of HK$1.00 to RMB0.85187.

(5) No adjustment has been made to reflect any trading results or other transactions entered into by our Group subsequent to June 30, 2020.

DISCLOSURE REQUIRED UNDER LISTING RULES

Except as otherwise disclosed in this prospectus, our Directors have confirmed that, as of the Latest Practicable Date, they were not aware of any circumstances which would give rise to a disclosure requirement under Rule 13.13 to Rule 13.19 of the Listing Rules.

NO MATERIAL ADVERSE CHANGE

Our Directors have confirmed that up to the date of this prospectus there has been no material adverse change in our financial or trading position or prospects since June 30, 2020 (being the date of our latest audited financial statements) and there has been no event since June 30, 2020 which would materially affect the information shown in the Accountant's Report set out in Appendix I to this prospectus.

LISTING EXPENSES

Listing expenses represent professional fees, underwriting commissions and other fees (such as the discretionary incentive fee) incurred in connection with the Global Offering. We estimate that our listing expenses will be approximately RMB206.8 million (or HK$242.8 million, representing 2.2% of the gross proceeds from the Global Offering) (assuming an Offer Price of HK$20.45 per Offer Share (being the mid-point of the indicative Offer Price range) and no exercise of the Over-allotment Option), of which (i) approximately RMB173.7 million, directly attributable to the issue of our Offer Shares, will be subsequently charged to equity upon completion of the proposed Listing, (ii) approximately RMB9.9 million has been expensed in our combined statements of profit or loss for the six months ended June 30, 2020, and (iii) approximately RMB23.2 million is expected to be expensed in our combined statements of profit or loss after June 30, 2020. Our Directors do not expect such expenses to materially impact our results of operations for the year ending December 31, 2020.

FUTURE PLANS

See "Business — Our Strategies" in this prospectus for a detailed description of our future plans.

USE OF PROCEEDS

Assuming that the Over-allotment Option is not exercised, after deducting the underwriting commissions and other estimated offering expenses payable by us in connection with the Global Offering, and assuming an Offer Price of HK$20.45 per Share (being the mid-point of the indicative Offer Price range stated in this prospectus), we estimate that we will receive net proceeds of approximately HK$11,004.7 million from the Global Offering. We intend to use the proceeds from the Global Offering for the purposes and in the amounts set forth below:

- approximately 60% of the net proceeds, or HK$6,602.8 million, for making strategic investments and acquisitions to expand our property management and commercial operational businesses. We believe strategic investments and acquisitions can help us diversify our service offerings, enhance our geographic distribution, market shares and property portfolio, and realize economies of scale. In particular, we plan to allocate,

  with respect to our property management services:

  (i) approximately 25% of the net proceeds, or HK$2,751.2 million, in the next five years, for acquisitions of property management service providers that can either reinforce our market leading position and presence in regional markets, or will provide synergies with our strategies. Besides residential properties, we also consider property management service providers for non-residential properties such as commercial properties, municipal facilities, schools and hospitals. When evaluating potential targets, we typically prefer candidates that (a) have GFA under management of at least 2.0 million sq.m. and a geographic coverage that echoes our presence, (b) generate revenue of at least RMB50.0 million for the most recent fiscal year, and (c) are capable of generating sustainable profits;

  (ii) approximately 5% of the net proceeds, or HK$550.2 million, in the next five years, for obtaining new projects located in areas of strategic importance to our business, through collaboration with local government investment platforms, state-owned enterprises and peers with a market positioning similar to ours;

  with respect to our commercial operational services:

  (i) approximately 20% of the net proceeds, or HK$2,200.9 million, in the next five years, for strategic acquisitions of, and investments in, other commercial operational companies to obtain quality commercial property projects, enrich our project portfolio and enhance industry influence. We focus on acquisition and investment opportunities in developed regions with high economic potential such as first and second tier cities, the Greater Bay Area and the Yangtze River Delta. When evaluating potential targets, we pay close attention to the organic growth potential and synergy with our business. Ideal candidates should have at least five commercial operational projects or 0.3 million sq.m. of GFA under management. Meanwhile, we will prudently assess a target's financial condition, management capabilities and compliance history, among other things. We plan to routinely carry out market research and outreaching activities to explore potential opportunities;

(ii) approximately 10% of the net proceeds, or HK$1,100.5 million, in the next five years, for expanding commercial subleasing business. We intend to identify and selectively acquire the rights to operate high-quality shopping malls (in operation or under construction) under a subleasing model or otherwise. Our key consideration for developing the commercial subleasing business is to compete for shopping mall resources in advantageous locations and of relatively greater strategic importance. When evaluating potential targets, we pay particular attention to (a) the city and region where the project is located, (b) property condition and its compatibility with our business, (c) scale of the project, and (d) room for growth. We prefer quality commercial subleasing opportunities located in core areas of first and second tier cities, suitable for being branded under our shopping mall brands, and with GFA of at least 80 thousand sq.m. We intend to redevelop acquired targets into branded commercial projects of market influence through measures such as re-positioning, re-tenanting and redevelopment and renovation, leveraging our professional commercial operation capabilities. We will prudently evaluate the risk and return of each project before commercial negotiations;

- approximately 15% of the net proceeds, or HK$1,650.7 million, for pursuing strategic investment in providers of value-added services and across the upstream and downstream supply chain of our industry. In particular, we plan to allocate:

(i) approximately 7% of the net proceeds, or HK$770.3 million, in the next three to five years, for strategic investment in national or regional service providers with specialized businesses that are synergistic with our business, such as property brokerage, asset management and new retail, to build an ecosystem of service offerings that promotes customer loyalty;

(ii) approximately 4% of the net proceeds, or HK$440.2 million, in the next one to two years, for strategic investment in business partners along our upstream and downstream supply chain, such as companies of home delivery services and smart home technologies, as well as service platforms of vertical markets, to enhance our profitability and expand customer base;

(iii) approximately 4% of the net proceeds, or HK$440.2 million, in the next three to five years, for strengthening our service offerings concerning customers' living and commercial activities. For example, we intend to open additional agency offices and community living centers. Meanwhile, we plan to strategically acquire parking spaces, with a view to realize reasonable returns;

- approximately 15% of the net proceeds, or HK$1,650.7 million, for investing in information technology systems and smart communities. In particular, we plan to allocate:

  (i) approximately 6% of the net proceeds, or HK$660.3 million, in the next one to two years for developing smart technology solutions that support business operations and improve customer experience, including IoT equipment and facilities, to promote the development of smart communities;

  (ii) approximately 5% of the net proceeds, or HK$550.2 million, in the next five years for strategic investment in technology companies relating to commercial operations, property management and urban management;

  (iii) approximately 2% of the net proceeds, or HK$220.1 million, in the next one to two years for continual upgrades of our internal business operations with various functions including investment, tenant sourcing, customer traffic monitoring, membership management and property management services, to facilitate scalable growth of our businesses and improve efficiency;

  (iv) approximately 2% of the net proceeds, or HK$220.1 million, in the next one to two years for continual upgrades of our digitized service platforms, such as "E-MIXC," "JOY LIFE" and "Officeasy" to create better experience for users; and

- approximately 10% of the net proceeds, or HK$1,100.5 million, as working capital and for general corporate uses.

As of the Latest Practicable Date, we had not identified any potential acquisition target or entered into any definitive agreement for investment or acquisition. According to Frost & Sullivan, the PRC property management services market is quite fragmented, with the top ten property management companies accounting for 20.1% of the total revenue of such market in 2019. Most service providers are small and medium-sized enterprises that focus on providing services to residential properties or operating isolated or small-scale non-residential properties in a specific region. As the competition in this market becomes increasingly fierce, these small and medium-sized enterprises are expected to experience difficulties in expanding their businesses through diversifying property types under management and achieving cross-regional development. Meanwhile, mergers and acquisitions among property management companies are expected to become a major theme, thereby enabling leading market players to increase their market shares and achieve economies of scale. According to Frost & Sullivan, from 2017 to 2019, approximately 70% of property management companies in China that were acquired by listed property management companies during the same period were independent property management companies. In 2019, there were over 110,000 property management companies in China, among which approximately 40% were affiliated to real estate developers whilst approximately 60% were independent property management companies. Based on the foregoing, our Directors are of the view that we are unlikely to encounter difficulties finding suitable acquisition and investment targets and implementing our business strategies in this regard.

In the event that the Offer Price is set at the maximum Offer Price or the minimum Offer Price of the indicative Offer Price range, the net proceeds of the Global Offering will increase or decrease by approximately HK$999.9 million, respectively.

The additional net proceeds that we would receive if the Over-allotment Option was exercised in full would be (i) HK$1,807.9 million (assuming an Offer Price of HK$22.30 per Share, being the maximum Offer Price of the indicative Offer Price range), (ii) HK$1,657.9 million (assuming an Offer Price of HK$20.45 per Share, being the mid-point of the indicative Offer Price range) and (iii) HK$1,508.0 million (assuming an Offer Price of HK$18.60 per Share, being the minimum Offer Price of the indicative Offer Price range).

To the extent that the net proceeds from the Global Offering are either more or less than expected, we will adjust our allocation of the net proceeds for the above purposes on a pro rata basis.

To the extent that the net proceeds of the Global Offering are not immediately used for the above purposes or if we are unable to effect any part of our future development plans as intended, we may hold such funds in short-term deposits with licensed banks in Hong Kong or the PRC for so long as it is deemed to be in the best interests of the Company. In such event, we will comply with the appropriate disclosure requirements under the Listing Rules.

HONG KONG UNDERWRITERS

CCB International Capital Limited
China International Capital Corporation Hong Kong Securities Limited
Citigroup Global Markets Asia Limited
Goldman Sachs (Asia) L.L.C.
ABCI Securities Company Limited
BOCI Asia Limited
CMB International Capital Limited
ICBC International Securities Limited

UNDERWRITING

This prospectus is published solely in connection with the Hong Kong Public Offering and the Preferential 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 Joint Global Coordinators (on behalf of the Underwriters) and our Company, the Global Offering will not proceed and will lapse.

The Global Offering comprises the Hong Kong Public Offering of initially 27,500,000 Hong Kong Offer Shares and the International Offering of initially 522,500,000 International Offer Shares (including 55,000,000 Reserved Shares under the Preferential Offering), subject, in each case, to reallocation on the basis as described in the section headed "Structure of the Global Offering" in this prospectus as well as to the Over-allotment Option (in the case of the International Offering).

UNDERWRITING ARRANGEMENTS AND EXPENSES

Hong Kong Public Offering

Hong Kong Underwriting Agreement

The Hong Kong Underwriting Agreement was entered into on November 24, 2020. Pursuant to the Hong Kong Underwriting Agreement, our Company is offering the Hong Kong Offer Shares for subscription on the terms and conditions set out in this prospectus, the Application Forms and the Hong Kong Underwriting Agreement at the Offer Price.

Subject to (a) the Hong Kong Stock Exchange granting approval for the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Global Offering on the Main Board of the Hong Kong Stock Exchange and such approval not having been withdrawn and (b) certain other conditions set out in the Hong Kong Underwriting Agreement, the Hong Kong Underwriters have agreed severally but not jointly to procure subscribers for, or themselves to subscribe for, their respective applicable proportions of the Hong Kong Offer Shares being offered which are not taken up under the Hong Kong Public Offering on the terms and conditions set out in this prospectus, the Application Forms and the Hong Kong Underwriting Agreement.

The Hong Kong Underwriting Agreement is conditional on, among other things, the International Underwriting Agreement having been executed and becoming unconditional and not having been terminated in accordance with its terms.

Grounds for Termination

The Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters) may, in their absolute discretion and upon giving notice in writing to the Company, terminate the Hong Kong Underwriting Agreement with immediate effect if at any time prior to 8:00 a.m. on the Listing Date:

(A) there develops, occurs, exists or comes into force:

(i) any new law or regulation or any change or development involving a prospective change in existing laws or regulations, or any event or circumstance likely to result in a change or development involving a prospective change in the interpretation or application thereof by any court or other competent authority in or affecting Hong Kong, the PRC, the United States, the United Kingdom, the European Union (or any member thereof), Japan or Singapore (collectively, the "**Relevant Jurisdiction**");

(ii) any change or development involving a prospective change, or any event or series of events resulting or likely to result in or representing any change or development, or any prospective change or development, in local, national, regional or international financial, economic, political, military, industrial, legal, fiscal, regulatory, currency, credit or market matters or conditions or exchange control or any monetary or trading settlement system (including, without limitation, a change in the stock and bond markets, money and foreign exchange markets, the interbank markets and credit markets or a change in the system under which the value of the Hong Kong Dollar is linked to the United States Dollar or revaluation of Hong Kong Dollar or Renminbi against any foreign currencies), in any of the Relevant Jurisdictions;

(iii) any general moratorium on commercial banking activities in Hong Kong (imposed by the Financial Secretary or the Hong Kong Monetary Authority or other competent authority), New York (imposed at Federal or New York State level or other competent authority), or any other Relevant Jurisdictions;

(iv) the imposition of 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 Hong Kong Stock Exchange, the New York Stock Exchange, the American Stock Exchange, the NASDAQ Global Market, the London Stock Exchange, the Singapore Stock Exchange, the Tokyo Stock Exchange, the Shanghai Stock Exchange or the Shenzhen Stock Exchange;

(v) a change or development or event involving a prospective change in taxation or exchange control currency exchange rates or foreign investment regulations in any of the Relevant Jurisdictions adversely affecting an investment in the Shares;

(vi) the outbreak or escalation of hostilities (whether or not war is or has been declared) involving or affecting any of the Relevant Jurisdictions or the declaration by any of the Relevant Jurisdictions of a national emergency or war or any other national or international calamity or crisis;

(vii) any event, or series of events, in the nature of force majeure in or affecting directly or indirectly any of the Relevant Jurisdictions (including, without limitation, any act of God, act of government, declaration of a regional, national or international emergency or war, calamity, crisis, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, pandemic, outbreak of infectious disease, escalation, adverse mutation or aggravation of diseases, economic sanctions, earthquake, terrorism, strike or lock-out);

(viii) any change or prospective change in, or a materialisation of, any of the risks set out in the section headed "Risk Factors" in this prospectus;

(ix) any material litigation or claim being threatened or instigated against any member of the Group or any Director or any governmental authority or a political or regulatory body or organisation in any Relevant Jurisdiction commencing any investigation or take other action, or announcing an intention to investigate or take other action, against any member of the Group or any Director;

(x) any Director being charged with an indictable offence or prohibited by operation of law or otherwise disqualified from taking part in the management of a company;

(xi) any imposition of sanctions under any sanction laws or regulations, in whatever form, directly or indirectly, by, or for, any of the Relevant Jurisdictions on the PRC or Hong Kong;

(xii) any contravention by any member of the Group or any Director of the Companies Ordinance, Companies (Winding Up and Miscellaneous Provisions) Ordinance, the PRC Company Law, the Listing Rules or other applicable Laws;

(xiii) except with the prior written consent of the Joint Global Coordinators, the issue or requirement to issue by the Company of any supplement or amendment to this prospectus, Application Forms, post hearing information pack, preliminary offering circular or offering circular or other documents in connection with the offer and sale of the Shares pursuant to the Companies (Winding Up and Miscellaneous Provisions) Ordinance or the Listing Rules or any requirement or request of the Hong Kong Stock Exchange and/or the SFC in circumstances where the matter to be disclosed is, in the sole opinion of the Joint Global Coordinators, adversely affect the marketing for or implementation of the Global Offering;

(xiv) an order or a petition is presented for the winding up or liquidation of any member of the Group or any member of the Group makes any composition or arrangement with its creditors or enters into a scheme of arrangement or any resolution is passed for the winding-up of any member of the Group or a provisional liquidator, receiver or manager is appointed over all or part of the assets or undertaking of any member of the Group or anything analogous thereto occurs in respect of any member of the Group; or

(xv) a valid demand by any creditor for repayment or payment of any of the indebtedness of any member of the Group or in respect of which that member of the Group is liable prior to its stated maturity,

which, individually or in the aggregate, in the sole and absolute opinion of the Joint Global Coordinators (for themselves and on behalf of the other Hong Kong Underwriters):

(i) is or will or is likely to have a material adverse effect on the assets, liabilities, business, general affairs, management, prospects, shareholders' equity, profits, losses, results of operations, position or condition, financial or otherwise, or performance of the Group as a whole;

(ii) has or will have or may likely have a material adverse effect on the success of the Hong Kong Public Offering or the International Offering or the level of applications under the Hong Kong Public Offering or the level of Offer Shares being applied for or accepted or subscribed for or purchased or the distribution of Offer Shares; or

(iii) makes or will make or may likely make it inadvisable or inexpedient or impracticable or incapable for any part of the Hong Kong Underwriting Agreement, or for any part of the Hong Kong Public Offering or the Global Offering or the delivery of the Offer Shares to be performed or implemented or proceed as envisaged or to market the Global Offering in the manner contemplated by this prospectus;

(B) there has come to the notice of the Joint Global Coordinators or any of the Hong Kong Underwriters:

(i) any statement contained in any of this prospectus, the Application Forms, the Formal Notice, other offering documents and/or in any announcements, advertisements or other documents issued or approved by or on behalf of the Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto) was, when it was issued, or has become, untrue, incorrect or misleading in any material respect, or that any forecast, estimate, expression of opinion, intention or expectation expressed or contained in any of this prospectus, the Application Forms and the formal notice and/or any announcements, advertisements or other documents issued or approved by or on behalf of the Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto) is not fair and made on reasonable grounds or, where appropriate, based on reasonable assumptions with reference to the facts and circumstances then subsisting;

(ii) 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 law or regulation in a material respect;

(iii) any matter or event arising or has been discovered rendering or there coming to the notice of any of the Joint Global Coordinators or the Hong Kong Underwriters any matter or event showing any of the representations, warranties and undertakings given by the Company in the Hong Kong Underwriting Agreement or the International Underwriting Agreement, as applicable, is (or would when repeated be) untrue, incorrect or misleading or having been breached in a material respect;

(iv) any matter or event, act or omission which gives or is likely to give rise to any material liability of the Company pursuant to the indemnities given by the Company, or any of them under the Hong Kong Underwriting Agreement;

(v) any material breach on the part of the Company and/or of any provisions of or obligations under the Hong Kong Underwriting Agreement or the International Underwriting Agreement;

(vi) any material adverse change or development involving a prospective material and adverse change (whether permanent or not) or development in the assets, liabilities, business, general affairs, management, prospects, shareholders' equity, profits, losses, properties, results of operations, position or condition (financial or otherwise) of any member of the Group;

(vii) any of the experts (other than the Joint Sponsors) specified in this prospectus has withdrawn its respective 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;

(viii) the Company has withdrawn this prospectus, the Application Forms (and/or any other documents issued or used in connection with the Global Offering) or the Global Offering; or

(ix) any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of this prospectus, not having been disclosed in this prospectus, constitute a material misstatement or omission from this prospectus.

LOCK UP ARRANGEMENTS

Undertakings to the Hong Kong Stock Exchange pursuant to the Listing Rules

(A) Undertakings by our Company

Pursuant to Rule 10.08 of the Listing Rules, our 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 Shares (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 Listing Date), except (a) pursuant to the Global Offering or (b) under any of the circumstances provided under Rule 10.08 of the Listing Rules.

(B) Undertakings by our Controlling Shareholders

Pursuant to Rule 10.07 of the Listing Rules, each of CR Land and CR Holdings, being, our Controlling Shareholders, has undertaken to the Hong Kong Stock Exchange and our Company that, it will not and will procure that the relevant registered holder(s) will not without the prior written consent of the Hong Kong Stock Exchange or unless otherwise in compliance with the applicable requirement of the Listing Rules:

(a) in the period commencing on the date by reference to which disclosure of its holding of Shares is made in this prospectus and ending on the date which is six months from the Listing Date (the "**First Six-Month Period**"), dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares in respect of which it is shown by this prospectus to be the beneficial owner; or

(b) in the period of six months from the expiry of the First Six-Month Period, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any such Shares referred to in paragraph (a) above if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, it would cease to be a Controlling Shareholder of our Company.

Pursuant to Note 3 to Rule 10.07(2) of the Listing Rules, each of CR Land and CR Holdings, being, our Controlling Shareholders, has undertaken to the Hong Kong Stock Exchange and our Company that, within the period commencing on the date by reference to which disclosure of its holding of Shares is made in this prospectus and ending on the date which is 12 months from the Listing Date, it will and will procure that the relevant registered holder(s) will:

(1) when it pledges or charges any securities beneficially owned by it in favor of an authorized institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong))

pursuant to Note 2 to Rule 10.07(2) of the Listing Rules, immediately inform our Company of such pledge or charge together with the number of Shares so pledged or charged; and

(2) when it receives indications, either verbal or written, from the pledgee or chargee of any of the pledged or charged securities will be disposed of, immediately inform our Company of such indications.

Our Company will inform the Hong Kong Stock Exchange as soon as it has been informed of the matters referred to in paragraphs (1) and (2) above by our Controlling Shareholders and disclose such matters by way of an announcement.

Undertakings pursuant to the Hong Kong Underwriting Agreement

Pursuant to the Hong Kong Underwriting Agreement, the Company has undertaken to each of the Joint Global Coordinators, the Joint Sponsors, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters that except pursuant to the Global Offering (including pursuant to the Over-allotment Option) at any time during the period commencing on the date of the Hong Kong Underwriting Agreement and ending on, and including, the last date of the six months after the Listing Date, we will not, without the prior written consent of the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters) and unless permitted by and 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, 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, 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

(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 described 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 such transaction described in paragraphs (a), (b) or (c) above, in each case, whether any such transaction described in paragraphs (a), (b) or (c) above is to be settled by delivery of the Shares or our other securities, in cash or otherwise (whether or not the issue of such Shares or our other securities will be completed at any time during the period commencing on the date of the Hong Kong Underwriting Agreement and ending on, and including, the last date of the six months after the Listing Date), provided that the foregoing restrictions shall not apply to the issue of the Shares by us pursuant to the Global Offering.

Hong Kong Underwriters' Interests in our Company

Save for their respective obligations under the Hong Kong Underwriting Agreement and, if applicable, the Stock Borrowing Agreement, as of the Latest Practicable Date, none of the Hong Kong Underwriters was interested, legally or beneficially, directly or indirectly, in any Shares or any securities of any member of the Group or had any right or option (whether legally enforceable or not) to subscribe for or purchase, or to nominate persons to subscribe for or purchase, any Shares or any securities of any member of the Group.

Following the completion of the Global Offering, the Hong Kong Underwriters and their affiliated companies may hold a certain portion of the Shares as a result of fulfilling their respective obligations under the Hong Kong Underwriting Agreement.

International Offering

International Underwriting Agreement

In connection with the International Offering, our Company expects to enter into the International Underwriting Agreement with the International Underwriters on the Price Determination Date. Under the International Underwriting Agreement and subject to the Over-allotment Option, the International Underwriters would, subject to certain conditions set out therein, agree severally but not jointly to procure subscribers or purchasers for, or themselves to subscribe for or purchase, their respective applicable proportions of the International Offer Shares initially 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. Potential investors should note that in the event that the International Underwriting Agreement is not entered into, the Global Offering will not proceed. See the section headed "Structure of the Global Offering — The International Offering" in this prospectus.

Over-allotment Option

The Company is expected to grant to the International Underwriters the Over-allotment Option, exercisable by the Joint Global Coordinators on behalf of the International Underwriters at any time from the Listing Date until 30 days after the last day for lodging applications under the Hong Kong Public Offering, pursuant to which the Company may be required to issue up to an aggregate of 82,500,000 Shares, representing not more than 15% of the number of Offer Shares initially available under the Global Offering, at the Offer Price, to, among other things, cover, among other things, over-allocations in the International Offering, if any. See the section headed "Structure of the Global Offering — Over-allotment Option" in this prospectus.

Commissions and Expenses

The Underwriters will receive an underwriting commission of 1.23% of the aggregate Offer Price of all the Offer Shares (including any Offer Shares to be issued pursuant to the exercise of the Over-allotment Option), out of which they will pay any sub-underwriting commissions and other fees.

The Underwriters may receive a discretionary incentive fee of up to 0.5% of the aggregate Offer Price of all the Offer Shares (including any Offer Shares to be issued pursuant to the exercise of the Over-allotment Option).

For any 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 relevant International Underwriters.

The aggregate underwriting commissions payable to the Underwriters in relation to the Global Offering (assuming an Offer Price of HK$20.45 per Offer Share (which is the mid-point of the Offer Price range), the full payment of the discretionary incentive fee and the exercise of the Over-allotment Option in full) will be approximately HK$223.8 million.

The aggregate underwriting commissions and fees together with the Hong Kong Stock Exchange listing fees, the SFC transaction levy and the Hong Kong Stock Exchange trading fee, legal and other professional fees and printing and all other expenses relating to the Global Offering are estimated to be approximately RMB206.8 million (assuming an Offer Price of HK$20.45 per Offer Share (which is the mid-point of the Offer Price range), the Over-allotment Option is not exercised at all and the full payment of the discretionary incentive fee) and will be paid by our Company.

Indemnity

Our Company has agreed to indemnify the Joint Sponsors and the Hong Kong Underwriters for certain losses which they may suffer or incur, including losses arising from their performance of their obligations under the Hong Kong Underwriting Agreement and any breach by our Company of the Hong Kong Underwriting Agreement.

ACTIVITIES BY SYNDICATE MEMBERS

The underwriters of the Hong Kong Public Offering and the International Offering (together, the "**Syndicate Members**") and their affiliates may each individually undertake a variety of activities (as further described below) which do not form part of the underwriting or stabilizing process.

The Syndicate Members and their affiliates are diversified financial institutions with relationships in countries around the world. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, trading, hedging, investing and other activities for their own account and for the account of others. In the ordinary course of their various business activities, the Syndicate Members and their respective affiliates may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers. Such investment and trading activities may involve or relate to assets, securities and/or instruments of our Company and/or persons and entities with relationships with our 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 or unlisted securities transactions (including issuing securities such as derivative warrants listed on a stock exchange) which have as their underlying assets, assets including the 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 activities could occur in Hong Kong and elsewhere in the world and may result in the Syndicate Members and their affiliates holding long and/or short positions in the 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 Syndicate Members or their affiliates of any listed securities having the Shares as their underlying securities, whether on the Hong Kong Stock Exchange or on any other stock exchange, the rules of the stock 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.

All such activities may occur both during and after the end of the stabilizing period described in the section headed "Structure of the Global Offering" in this prospectus. Such activities may affect the market price or value of the Shares, the liquidity or trading volume in the Shares and the volatility of the price of the Shares, and the extent to which this occurs from day to day cannot be estimated.

It should be noted that when engaging in any of these activities, the Syndicate Members will be subject to certain restrictions, including the following:

(a) the Syndicate Members (other than the Stabilizing Manager or any person acting for it) must not, in connection with the distribution of the Offer Shares, effect any transactions (including issuing or entering into any option or other derivative transactions relating to the Offer Shares), whether in the open market or otherwise, with a view to stabilizing or maintaining the market price of any of the Offer Shares at levels other than those which might otherwise prevail in the open market; and

(b) the Syndicate Members must comply with all applicable laws and regulations, including the market misconduct provisions of the SFO, including the provisions prohibiting insider dealing, false trading, price rigging and stock market manipulation.

Certain of the Syndicate Members or their respective affiliates have provided from time to time, and expect to provide in the future, investment banking and other services to our Company and each of 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.

INDEPENDENCE OF THE JOINT SPONSORS

Each of the Joint Sponsors satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules.

THE GLOBAL OFFERING

This prospectus is published in connection with the Hong Kong Public Offering as part of the Global Offering. CCB International Capital Limited, China International Capital Corporation Hong Kong Securities Limited, Citigroup Global Markets Asia Limited, Goldman Sachs (Asia) L.L.C. (*in alphabetical order*) and ABCI Capital Limited are the Joint Global Coordinators of the Global Offering.

The listing of the Shares on the Hong Kong Stock Exchange is sponsored by the Joint Sponsors. The Joint Sponsors have made an application on behalf of our Company to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus.

550,000,000 Offer Shares will initially be made available under the Global Offering comprising:

(a) the Hong Kong Public Offering of initially 27,500,000 Shares (subject to reallocation) in Hong Kong as described in "— The Hong Kong Public Offering" below; and

(b) the International Offering of initially 522,500,000 Shares (subject to reallocation and the Over-allotment Option) (i) in the United States solely to QIBs in reliance on Rule 144A or another exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and (ii) outside the United States (including to professional and institutional investors within Hong Kong) in offshore transactions in reliance on Regulation S, as described in "— The International Offering" below.

Of the 522,500,000 Offer Shares initially being offered under the International Offering, 55,000,000 Offer Shares will be offered under the Preferential Offering to Qualifying CR Land Shareholders as an Assured Entitlement as described in "— The Preferential Offering" below.

Investors may either:

(i) apply for Hong Kong Offer Shares under the Hong Kong Public Offering; or

(ii) apply for or indicate an interest for International Offer Shares under the International Offering,

but may not do both (except that Qualifying CR Land 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 total Shares in issue immediately following the completion of the Global Offering, assuming the Over-allotment Option is not exercised. If the Over-allotment Option is exercised in full, the Offer Shares will represent approximately 27.7% of the total Shares in issue immediately following the completion of the Global Offering.

References in this prospectus to applications, Application Forms, application monies or the procedure for applications relate solely to the Hong Kong Public Offering and the Preferential Offering.

THE HONG KONG PUBLIC OFFERING

Number of Offer Shares initially offered

Our Company is initially offering 27,500,000 Shares for subscription by the public in Hong Kong at the Offer Price, representing 5% of the total number of Offer Shares initially available under the Global Offering. The number of Offer Shares initially offered under the Hong Kong Public Offering, subject to any reallocation of Offer Shares between the International Offering and the Hong Kong Public Offering, will represent approximately 1.3% of the total Shares in issue immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised).

The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to institutional and professional investors. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities that 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 could 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 Hong Kong Offer Shares available under the Hong Kong Public Offering (after taking into account any reallocation referred to below) will be divided equally (to the nearest board lot) into two pools: 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, the SFC transaction levy and the Hong Kong Stock Exchange trading fee payable) or less. The Hong Kong 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, the SFC transaction levy and the Hong Kong Stock Exchange trading fee payable) and up to the total value in pool B.

Investors should be aware that applications in pool A and applications in pool B may receive different allocation ratios. If any Hong Kong Offer Shares in one (but not both) of the pools are unsubscribed, such unsubscribed Hong Kong Offer Shares will be transferred to the other pool to satisfy demand in that other pool and be allocated accordingly. For the purpose of the immediately preceding paragraph only, the "price" for Hong Kong 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 Hong Kong Offer Shares from either pool A or pool B and not from both pools. Multiple or suspected multiple applications under the Hong Kong Public Offering and any application for more than 13,750,000 Hong Kong Offer Shares is liable to be rejected.

Reallocation and clawback

The allocation of the Offer Shares between the Hong Kong Public Offering and the International Offering is subject to reallocation. Paragraph 4.2 of Practice Note 18 of the Listing Rules requires a clawback mechanism to be put in place which would have the effect of increasing the number of Offer Shares under the Hong Kong Public Offering to a certain percentage of the total number of Offer Shares offered under the Global Offering if certain prescribed total demand levels are reached. We have applied for, and the Hong Kong Stock Exchange has granted us, a waiver from strict compliance with Paragraph 4.2 of Practice Note 18 of the Listing Rules to the effect as further described below.

27,500,000 Offer Shares are initially available in the Hong Kong Public Offering, representing 5% of the Offer Shares initially available for subscription under the Global Offering. If the number of Offer Shares validly applied for under the Hong Kong Public Offering represents (a) 15 times or more but less than 50 times, (b) 50 times or more but less than 100 times and (c) 100 times or more of the total number of Offer Shares initially available under the Hong Kong Public Offering, then Offer Shares will be reallocated to the Hong Kong Public Offering from the International Offering. As a result of such reallocation, the total number of Offer Shares available under the Hong Kong Public Offering will be increased to 41,250,000 Offer Shares (in the case of (a)), 55,000,000 Offer Shares (in the case of (b)) and 110,000,000 Offer Shares (in the case of (c)), representing 7.5%, 10% and 20% of the total number of Offer Shares initially available under the Global Offering, respectively (before any exercise of the Over-allotment Option). 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 Global Coordinators deem appropriate.

In addition, the Joint Global Coordinators 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 Global Coordinators may reallocate all or any unsubscribed Hong Kong Offer Shares to the International Offering, in such proportions as the Joint Global Coordinators deem appropriate.

In addition to any mandatory allocation which may be required, the Joint Global Coordinators may, at their discretion, reallocate Offer Shares initially allocated for the International Offering to the Hong

Kong Public Offering to satisfy valid applications in pool A and pool B under the Hong Kong Public Offering in accordance with Guidance Letter HKEX-GL-91-18. In the event that (i) the International Offer Shares are undersubscribed and the Hong Kong Offer Shares are fully subscribed or oversubscribed irrespective of the number of times; or (ii) the International Offer Shares are fully subscribed or oversubscribed and the Hong Kong Offer Shares are fully subscribed or oversubscribed as to less than 15 times of the number of Hong Kong Offer Shares initially available under the Hong Kong Public Offering provided that the Offer Price would be set at HK$18.60 (low-end of the indicative Offer Price range), up to 27,500,000 Offer Shares may be reallocated to the Hong Kong Public Offering from the International Offering, so that the total number of the Offer Shares available under the Hong Kong Public Offering will be increased to 55,000,000 Offer Shares, representing approximately 10% of the number of the Offer Shares initially available under the Global Offering (before any exercise of the Over-allotment Option).

The Reserved Shares which are offered under the Preferential Offering to Qualifying CR Land Shareholders out of the Offer Shares being offered under the International Offering will not be subject to reallocation between the Hong Kong Public Offering and the International Offering as described in "— The Hong Kong Public Offering — Reallocation and clawback" above.

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 has 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. Such applicant's application is liable to be rejected if such undertaking and/or confirmation is/are breached and/or untrue (as the case may be) or if 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$22.30 per Offer Share in addition to the brokerage, the SFC transaction levy and the Hong Kong Stock Exchange trading fee payable on each Offer Share, amounting to a total of HK$4,504.94 for one board lot of 200 Shares. If the Offer Price, as finally determined in the manner described in "— Pricing and Allocation" below, is less than the Maximum Offer Price of HK$22.30 per Offer Share, appropriate refund payments (including the brokerage, the SFC transaction levy and the Hong Kong Stock Exchange trading fee attributable to the surplus application monies) will be made to successful applicants, without interest. Further details are set out in section headed "How to Apply for Hong Kong Offer Shares and Reserved Shares" of this prospectus.

THE PREFERENTIAL OFFERING

Basis of the Assured Entitlement

In order to enable CR Land Shareholders to participate in the Global Offering on a preferential basis as to allocation only, subject to the Hong Kong Stock Exchange granting approval for the listing of, and permission to deal in, the Shares on the Main Board of the Hong Kong Stock Exchange and such approval not having been withdrawn and the Global Offering becoming unconditional, Qualifying CR Land Shareholders are being invited to apply for an aggregate of 55,000,000 Reserved Shares in the Preferential Offering, representing approximately 10.5% and 10.0% of the Offer Shares initially available under the International Offering and the Global Offering (assuming that the Over-allotment Option is not exercised), respectively, as an 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 and clawback" above. In the event the Over-allotment Option is exercised, the number of Reserved Shares will not change.

The basis of the Assured Entitlement is one Reserved Share for every 130 CR Land Shares held by Qualifying CR Land Shareholders as at 4:30 p.m. on the Record Date.

Qualifying CR Land Shareholders should note that their Assured Entitlement to the Reserved Shares may not represent a full board lot of 200 Shares. No odd lot matching services will be provided and dealings in odd lots of the Shares may be at a price below the prevailing market price for full board lots.

The Assured Entitlements of Qualifying CR Land Shareholders to Reserved Shares are not transferrable. There will be no trading in nil-paid entitlements on the Hong Kong Stock Exchange.

Qualifying CR Land Shareholders who hold less than 130 CR Land 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 only for excess Reserved Shares as further described below.

Basis of allocation for applications for Reserved Shares

Qualifying CR Land Shareholders may (a) apply for a number of Reserved Shares which is (i) less than or equal to their Assured Entitlement, or (ii) greater than their Assured Entitlement; or (b) apply only for excess Reserved Shares, under the Preferential Offering.

- A valid application for a number of Reserved Shares which is less than or equal to a Qualifying CR Land 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 or the **HK eIPO Blue Form** service at www.hkeipo.hk and assuming the conditions of the Preferential Offering are satisfied.

- Where a Qualifying CR Land Shareholder applies for a number of Reserved Shares which is greater than the Qualifying CR Land Shareholder's Assured Entitlement under the Preferential Offering, the relevant Assured Entitlement will be satisfied in full, subject as mentioned above, but the excess portion of such application will only be satisfied to the extent there are sufficient Available Reserved Shares as described below.

- Where a Qualifying CR Land Shareholder applies for excess Reserved Shares only under the Preferential Offering, such application will only be satisfied to the extent that there are sufficient Available Reserved Shares as described below.

Qualifying CR Land Shareholders (other than HKSCC Nominees) who intend to apply for less than their Assured Entitlement either using the **BLUE** Application Forms or through the **HK eIPO Blue Form** service for Assured Entitlement or who intend to apply for excess Reserved Shares either using the **BLUE** Application Forms or through the **HK eIPO Blue Form** service for excess Reserved Shares, should apply for a number which is one of the numbers set out in the table of numbers and payments in the **BLUE** Application Form or **HK eIPO Blue Form** at www.hkeipo.hk and make a payment of the corresponding amount. 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 or **HK eIPO Blue Form** at www.hkeipo.hk.

To the extent that excess applications for the Reserved Shares are:

(a) less than the Assured Entitlement not taken up by the Qualifying CR Land Shareholders (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 Global Coordinators, to the International Offering;

(b) equal to the Available Reserved Shares, the Available Reserved Shares will be allocated to satisfy such excess applications for the Reserved Shares in full; or

(c) more than the Available Reserved Shares, the Available Reserved Shares will be allocated on an allocation basis which will be consistent with the allocation basis commonly used in the case of over-subscriptions in public offerings in Hong Kong, where a higher allocation percentage will be applied in respect of smaller applications. If there are any Shares remaining after satisfying the excess applications, such Shares will be reallocated, at the discretion of the Joint Global Coordinators, to the International Offering. No preference will be given to any excess applications made to top up odd lot holdings to whole lot holdings of Shares.

The Preferential Offering will not be subject to the clawback arrangement between the International Offering and the Hong Kong Public Offering as described in "— The Hong Kong Public Offering — Reallocation and clawback" above.

Beneficial CR Land Shareholders (not being Non-Qualifying CR Land Shareholders) whose CR Land Shares are held by a nominee company should note that our Company will regard the nominee company as a single CR Land Shareholder according to the register of members of CR Land.

Accordingly, such Beneficial CR Land Shareholders whose CR Land Shares are held by a nominee company should note that the arrangement under paragraph (c) above will not apply to them individually. Any Beneficial CR Land Shareholders (not being Non-Qualifying CR Land Shareholders) whose CR Land 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 CR Land Shares in the name of the beneficial owner prior to the Record Date.

Applications by Qualifying CR Land Shareholders for Hong Kong Offer Shares

In addition to any application for Reserved Shares either made on the **BLUE** Application Form or through the **HK eIPO Blue Form** service, Qualifying CR Land Shareholders will be entitled to make one application for Hong Kong Offer Shares on **WHITE** or **YELLOW** Application Forms or by giving electronic application instructions to HKSCC via CCASS or by applying through the **HK eIPO White Form** service. Qualifying CR Land 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 **HK eIPO White Form** service under the Hong Kong Public Offering.

Qualifying CR Land Shareholders and Non-Qualifying CR Land Shareholders

Only CR Land Shareholders whose names appeared on the register of members of CR Land on the Record Date and who are not Non-Qualifying CR Land Shareholders are entitled to subscribe for the Reserved Shares under the Preferential Offering.

Non-Qualifying CR Land Shareholders are those CR Land Shareholders with registered addresses in, or who are otherwise known by CR Land to be residents of, jurisdictions outside Hong Kong on the Record Date, in respect of whom the directors of CR Land and our Company, based on the enquiries made by them, consider it necessary or expedient to exclude from the Preferential Offering on account either of the legal restrictions under the laws of the relevant jurisdiction in which the relevant CR Land Shareholder is resident or of the requirements of the relevant regulatory body or stock exchange in that jurisdiction.

The directors of CR Land and our Company have made enquiries regarding the legal restrictions under the applicable securities legislation of the Specified Territories and the requirements of the relevant regulatory bodies or stock exchanges with respect to the offer of the Reserved Shares to the CR Land Shareholders in the Specified Territories. Having considered the circumstances, the directors of CR Land and our Company have formed the view that it is necessary or expedient to restrict CR Land Shareholders in the Specified Territories from taking up their Assured Entitlement to the Reserved Shares under the Preferential Offering due to the time and costs involved in the registration or filing of this prospectus and/or approval required by the relevant authorities in those territories and/or additional steps which our Company and the CR Land Shareholders would need to take to comply with the local legal and/or other requirements which would need to be satisfied in order to comply with the relevant local or regulatory requirements in those territories.

Accordingly, for the purposes of the Preferential Offering, the Non-Qualifying CR Land Shareholders are:

(a) CR Land Shareholders whose names appeared in the register of members of CR Land on the Record Date and whose addresses as shown in such register are in any of the Specified Territories; and

(b) CR Land Shareholders or Beneficial CR Land Shareholders on the Record Date who are otherwise known by CR Land to be resident in any of the Specified Territories.

Notwithstanding any other provision in this prospectus or the **BLUE** Application Forms or the **HK eIPO Blue Form** service at **www.hkeipo.hk**, our Company reserves the right to permit any CR Land Shareholder to take up his/her/its Assured Entitlement to the Reserved Shares if our Company, in its absolute discretion, is satisfied that the transaction in question is exempt from or not subject to the legislation or regulations giving rise to the restrictions described above.

Beneficial CR Land Shareholders who hold CR Land Shares through Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect

Pursuant to Article 23 of the Implementation Rules for Registration, Depository and Clearing Services under the Mainland China-Hong Kong Stock Markets Connect Program (《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》), ChinaClear does not provide services relating to the subscription of newly issued shares. Accordingly, Beneficial CR Land Shareholders who hold CR Land 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.

Distribution of this Prospectus and the BLUE Application Forms

BLUE Application Forms have been dispatched to all Qualifying CR Land Shareholders. For further details, see section headed "How to Apply for Hong Kong Offer Shares and Reserved Shares" in this prospectus.

Application Procedures

The procedures for application under 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" in this prospectus and on the **BLUE** Application Forms and the **HK eIPO Blue Form** service at **www.hkeipo.hk**.

THE INTERNATIONAL OFFERING

Number of Offer Shares initially offered

The International Offering will consist of an offering of initially 522,500,000 Shares being offered by our Company, representing 95% of the total number of Offer Shares initially available under the Global Offering (subject to reallocation and the Over-allotment Option). The number of Offer Shares initially offered under the International Offering, subject to any reallocation of Offer Shares between the International Offering and the Hong Kong Public Offering, will represent approximately 23.8% of the total Shares in issue immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised). 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 QIBs in the United States as well as 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 on 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 that regularly invest in shares and other securities. Allocation of 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. 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 Group and the Shareholders as a whole.

The Joint Global Coordinators (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 Global Coordinators so as to allow them to identify the relevant applications under the Hong Kong Public Offering and to ensure that they are excluded from any allocation of Offer Shares under the Hong Kong Public Offering.

Reallocation and clawback

The total number of Offer Shares to be issued or sold pursuant to the International Offering may change as a result of the clawback arrangement described in "— The Hong Kong Public Offering — Reallocation and clawback" above, the exercise of the Over-allotment Option in whole or in part and/or any reallocation of unsubscribed Offer Shares originally included in the Hong Kong Public Offering.

OVER-ALLOTMENT OPTION

In connection with the Global Offering, our Company is expected to grant the Over-allotment Option to the International Underwriters, exercisable by the Joint Global Coordinators (on behalf of the International Underwriters).

Pursuant to the Over-allotment Option, the International Underwriters will have the right, exercisable by the Joint Global Coordinators (on behalf of the International Underwriters) at any time from the Listing Date until 30 days after the last day for lodging applications under the Hong Kong Public Offering and the Preferential Offering, to require our Company to issue up to an aggregate of 82,500,000 additional Shares, representing not more than 15% of the total number of Offer Shares initially available under the Global Offering, at the Offer Price under the International Offering to, among other things, cover, among other things, over-allocations in the International Offering, if any.

If the Over-allotment Option is exercised in full, the additional Offer Shares to be issued pursuant thereto will represent approximately 3.75% of the total Shares in issue immediately following the completion of the Global Offering (without taking into account the Shares issued pursuant to the exercise of the Over-allotment Shares). If the Over-allotment Option is exercised, an announcement will be made.

Employee Preferential Offering

Of the 522,500,000 Offer Shares initially being offered under the International Offering, no more than 52,250,000 Shares, representing 10% of the Offer Shares initially available for subscription under the International Offering, are available for subscription as Employee Reserved Shares by the Eligible Directors and Employees on a preferential basis under the Employee Preferential Offering according to Rule 10.01 of the Listing Rules.

The Employee Reserved Shares are being offered out of the International Offer Shares but will not be subject to the clawback mechanism as set out in "Structure of the Global Offering — The Hong Kong Public Offering — Reallocation and clawback" in this section.

The Eligible Directors and Employees are selected based on their seniority, current position as well as contribution made to the Group. Since all the Eligible Directors and Employees will be PRC residents and could not directly participate in the Global Offering according to relevant PRC laws and regulations, the Company intends to place certain Employee Reserved Shares to CICC FT, a connected client of CICC, to facilitate the Eligible Directors and Employees in participating in the economic exposure to the Global Offering of the Company through OTC Swaps (as defined below) under the Employee Preferential Offering.

CICC FT and China International Capital Corporation Limited, a member of the CICC Group incorporated in the PRC, have entered into a series of cross-border delta-one OTC swap transactions with each other and with each of the Privately-offered Investment Funds subscribed by the Eligible Employees ("**OTC Swaps**"). Accordingly, CICC FT will hold the Shares of the Company to hedge the

OTC Swaps while the economic risks and returns of the underlying Shares will be passed to such Eligible Directors and Employees, subject to customary fees and commissions in accordance with applicable PRC laws and regulations.

Pursuant to the Law on Securities Investment Fund of the PRC (《中華人民共和國證券投資基金法》), the number of investors for a non-publicly raised fund shall not exceed 200. Due to such requirement, the Eligible Directors and Employees propose to subscribe to set up two Privately-offered Investment Funds products ("**Product A**" and "**Product B**", and collectively, the "**Products**") to participate in the Employee Preferential Offering through OTC Swaps. Each of the Products has the same product structure and subscribing terms. The number of Eligible Directors and Employees under each of the Products shall be no more than 200. Accordingly, no more than 52,250,000 Employee Reserved Shares will be allocated to no more than 400 Eligible Directors and Employees during the Employee Preferential Offering, representing approximately 10% of the total number of the Offer Shares initially available under the International Offering and 9.5% of the total number of the Offer Shares initially available under the Global Offering, respectively, assuming an Offer Price of HK$18.60 (being the low end of the indicative Offer Price range) without taking into account the exercise of the Over-Allotment Option. An Eligible Employee may only participate in the International Employee Preferential Offering through Product A or Product B, but not both.

The maximum subscription number of Shares that any Eligible Director or Employee may apply for indirectly under the Employee Preferential Offering will be limited to 522,500 Shares, representing approximately 0.095% of the Offer Shares initially available for subscription, and 1% of the Shares available for subscription under the Employee Preferential Offering. Any application for more than 522,500 Shares by any Eligible Director or Employee will be treated as if it is an application for 522,500 Shares. Such measures will help to ensure that no single Eligible Director or Employee would hold an excessively large number of the Shares under the Employee Preferential Offering to the disadvantage of the other Eligible Directors and Employees and that the allocation of Employee Reserved Shares would not favor the Eligible Directors and Employees applying for a larger number of Shares.

Each Eligible Director or Employee will confirm that he/she:

(a) is a director or employee of the Group;

(b) is not a core connected person of the Company (other than by nature of being a director of the Company or any of its subsidiaries where applicable);

(c) is not an existing shareholder of the Company or its close associates;

(d) is not any person whose acquisition of securities will be financed directly or indirectly by a core connected person (other than by himself/herself where he/she is a director of the Company or any of its subsidiaries);

(e) is not any person who is accustomed to take instructions from a core connected person (other than from himself/herself where he/she is a director of the Company or any of its subsidiaries) in relation to the acquisition, disposal, voting or other disposition of securities of the Company registered in his/her name or otherwise held by him/her;

(f) is outside the U.S. and not a U.S. person (as defined in Rule 902 of Regulation S); and

(g) will only participate in the Company's Global Offering through the subscription of the Employee Reserved Shares under the Employee Preferential Offering and will not subscribe for the Company's Shares through any other channels.

Any Employee Reserved Shares not subscribed for by the Eligible Directors and Employees will be available for subscription by the other institutional and professional investors and other investors in the International Offering after the reallocation as described in "Structure of the Global Offering — The Hong Kong Public Offering" of this prospectus. The total number of the Employee Reserved Shares subscribed by the Eligible Directors and Employees will be disclosed in the Company's allotment results announcement.

CICC FT is a member of the same group of CICC and therefore constitutes a connected client (as defined in the Listing Rules) of CICC. We have applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange has granted, its consent under paragraph 5(1) of Appendix 6 to the Hong Kong Listing Rules to permit CICC FT to act as a placee in the Global Offering to facilitate the Eligible Directors and Employees to participate in the Employee Preferential Offering. For further details, see section headed "Waivers from Strict Compliance with the Listing Rules — Placing to a Connected Client for the Employee Preferential Offering" in this prospectus.

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 retard and, if possible, prevent a decline in the initial public market price of the securities below the offer price. Such transactions may be effected in all jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulatory requirements, including those of Hong Kong. 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 transactions with a view to stabilizing or supporting the market price of the Shares at a level higher than that which might otherwise prevail for a limited period after the Listing Date. However, there is no obligation on the Stabilizing Manager (or any person acting for it) to conduct any such stabilizing action. Such stabilizing action, if taken, (a) will be conducted at the absolute discretion of the Stabilizing Manager (or any person acting for it) and in what the Stabilizing Manager reasonably regards as the best interest of our Company, (b) may be discontinued at any time and (c) is required to be brought to an end within 30 days from the last day for lodging applications under the Hong Kong Public Offering and the Preferential Offering.

Stabilization action permitted in Hong Kong pursuant to the Securities and Futures (Price Stabilizing) Rules of the SFO includes (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 agreeing to purchase, the Shares pursuant to the Over-allotment Option in order to close out any position established under paragraph (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 of the Shares, (e) selling or agreeing to sell any 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 paragraph (b), (c), (d) or (e) above.

Specifically, prospective applicants for and investors in the Offer Shares should note that:

(a) the Stabilizing Manager (or any person acting for it) may, in connection with the stabilizing action, maintain a long position in the Shares;

(b) there is no certainty as to the extent to which and the time or period for which the Stabilizing Manager (or any person acting for it) will maintain such a long position;

(c) liquidation of any such long position by the Stabilizing Manager (or any person acting for it) and selling in the open market may have an adverse impact on the market price of the Shares;

(d) no stabilizing action can be taken to support the price of the Shares for longer than the stabilization period, which will begin on the Listing Date, and is expected to expire on Thursday, December 31, 2020, being the 30th day after the last day for lodging applications under the Hong Kong Public Offering. After this date, when no further stabilizing action may be taken, demand for the Shares, and therefore the price of the Shares, could fall;

(e) the price of the Shares cannot be assured to stay at or above the Offer Price by the taking of any stabilizing action; and

(f) stabilizing bids or transactions effected in the course of the stabilizing action may be made at any price at or below the Offer Price and can, therefore, be done at a price below the price paid by applicants for, or investors in, the Offer Shares.

Our Company will ensure or procure that an announcement in compliance with the Securities and Futures (Price Stabilizing) Rules of the SFO will be made within seven days of the expiration of the stabilization period.

Over-Allocation

Following any over-allocation of Shares in connection with the Global Offering, the Stabilizing Manager (or any person acting for it) may cover such over-allocations by, among other methods, exercising the Over-allotment Option in full or in part, by using Shares purchased by the Stabilizing Manager (or any person acting for it) in the secondary market at prices that do not exceed the Offer Price or through the Stock Borrowing Agreement as detailed below or a combination of these means.

STOCK BORROWING AGREEMENT

In order to facilitate the settlement of over-allocations, if any, in connection with the Global Offering, the Stabilizing Manager (or any person acting for it) may choose to borrow up to 82,500,000 Shares (being the maximum number of Shares which may be issued pursuant to the exercise of the Over-allotment Option) from CR Land, pursuant to the Stock Borrowing Agreement, which is expected to be entered into between the Stabilizing Manager (or its affiliates) and CR Land on or about the Price Determination Date.

If the Stock Borrowing Agreement with CR Land 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 and such borrowing arrangement is not subject to the restrictions of Rule 10.07(1)(a) of the Listing Rules, provided that the requirements set out in Rule 10.07(3) of the Listing Rules, being that the Stock Borrowing Agreement will be for the sole purpose of covering any short position prior to the exercise of the Over-allotment Option in connection with the International Offering, are complied with.

The same number of Shares so borrowed must be returned to CR Land or its nominees, as the case may be, on or before the third business day following the earlier of (a) the last day for exercising the Over-allotment Option and (b) the day on which the Over-allotment Option is exercised in full.

The Shares borrowing arrangement described above will be effected in compliance with all applicable laws, rules and regulatory requirements. No payment will be made to CR Land by the Stabilizing Manager (or any person acting for it) in relation to such Shares borrowing arrangement.

PRICING AND ALLOCATION

Pricing for the Offer Shares for the purpose of the various offerings under the Global Offering will be fixed on the Price Determination Date, which is expected to be on or about Tuesday, December 1, 2020 and, in any event, no later than Sunday, December 6, 2020, by agreement between the Joint Global Coordinators (on behalf of the Underwriters) and our Company, and the number of Offer Shares to be allocated under the various offerings will be determined shortly thereafter.

The Offer Price will not be more than HK$22.30 per Offer Share and is expected to be not less than HK$18.60 per Offer Share, unless otherwise announced, as further explained below. Applicants under the Hong Kong Public Offering and the Preferential Offering must pay, on application, the maximum Offer Price of HK$22.30 per Offer Share plus brokerage of 1.0%, SFC transaction levy of 0.0027% and Hong Kong Stock Exchange trading fee of 0.005%, amounting to a total of HK$4,504.94 for one board lot of 200 Shares. **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 minimum Offer Price stated in this prospectus.**

The International Underwriters will be soliciting from prospective investors indications of interest in acquiring Offer Shares in the International Offering. Prospective professional and institutional investors will be required to specify the number of 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 Joint Global Coordinators (on behalf of the Underwriters) may, where they deem appropriate, based on the level of interest expressed by prospective investors during the book-building process in respect of the International Offering, and with the consent of our Company, reduce the number of Offer Shares offered 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, our 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 and the Preferential Offering, cause to be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) and on the websites of our Company and the Hong Kong Stock Exchange at **www.crmixclifestyle.com.cn** and **www.hkexnews.hk**, respectively, notices of the reduction. The Company will also, as soon as practicable following the decision to make such change, issue a supplemental prospectus updating investors of the change in the number of Offer Shares being offered under the Global Offering and/or the Offer Price, extend the period under which the Hong Kong Public Offering was opened for acceptance to allow potential investors sufficient time to consider their subscriptions or reconsider their submitted subscriptions, and require investors who had applied for the Hong Kong Offer Shares to positively confirm their applications for Offer Shares in light of the change in the number of Offer Shares and/or the Offer Price. Upon the issue of such a notice and supplemental prospectus, the revised number of Offer Shares and/or the Offer Price range will be final and conclusive and the Offer Price, if agreed upon by the Joint Global Coordinators (on behalf of the Underwriters) and our Company, will be fixed within such revised Offer Price range.

Before submitting applications for the Hong Kong Offer Shares, applicants should have regard to the possibility that any announcement of a reduction in the number of Offer Shares 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 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 by the Joint Global Coordinators (on behalf of the Underwriters) and our Company, will under no circumstances be set outside the Offer Price range as stated in this prospectus.

ANNOUNCEMENT OF FINAL OFFER PRICE

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 Preferential Offering, the basis of allocations of the Hong Kong Offer Shares and the Reserved Shares and the results of allocations in the Hong Kong Public Offering and the Preferential Offering are expected to be made available through a variety of channels in the manner described in the section headed "How to Apply for Hong Kong Offer Shares and Reserved Shares — Publication of Results" in this prospectus.

UNDERWRITING

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, among other things, the Joint Global Coordinators (on behalf of the Underwriters) and our Company agreeing on the Offer Price.

Our Company expects to enter into the International Underwriting Agreement relating to the International Offering on the Price Determination Date.

These underwriting arrangements, including the Underwriting Agreements, are summarized in the section headed "Underwriting" of this prospectus.

CONDITIONS OF THE GLOBAL OFFERING

Acceptance of all applications for Offer Shares will be conditional on:

(a) the Hong Kong Stock Exchange granting approval for the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Global Offering on the Main Board of the Hong Kong Stock Exchange and such approval not subsequently having been withdrawn or revoked prior to the Listing Date;

(b) the Offer Price having been agreed between the Joint Global Coordinators (on behalf of the Underwriters) and our Company;

(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 and remaining unconditional and not having been terminated in accordance with the terms of the respective agreements,

in each case on or before the dates and times specified in the respective Underwriting Agreements (unless and to the extent such conditions are validly waived on or before such dates and times) and, in any event, not later than the date which is 30 days after the date of this prospectus.

If, for any reason, the Offer Price is not agreed between the Joint Global Coordinators (on behalf of the Underwriters) and our Company on or before Sunday, December 6, 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 dates and times specified, the Global Offering will lapse and the Hong Kong Stock Exchange will be notified immediately. Notice of the lapse of the Hong Kong Public Offering will be published by our Company on the websites of our Company and the Hong Kong Stock Exchange at **www.crmixclifestyle.com.cn** and **www.hkexnews.hk**, respectively, on the next day following such lapse. In such a situation, all application monies will be returned, without interest, on the terms set out in "How to Apply for Hong Kong Offer Shares and Reserved Shares — Refund of Application Monies." In the meantime, all application monies will be held in 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 for the Offer Shares will only become valid at 8:00 a.m. on Wednesday, December 9, 2020, provided that the Global Offering has become unconditional in all respects at or before that time and the right of termination as described in the section headed "Underwriting — Grounds for Termination" in this prospectus has not been exercised.

DEALINGS IN THE SHARES

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Wednesday, December 9, 2020, it is expected that dealings in the Shares on the Hong Kong Stock Exchange will commence at 9:00 a.m. on Wednesday, December 9, 2020.

The Shares will be traded in board lots of 200 Shares each and the stock code of the Shares will be 1209.

A. APPLICATIONS 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 through the **HK eIPO White Form** service at **www.hkeipo.hk** or the IPO App; or
- electronically cause HKSCC Nominees to apply on your behalf.

None of you or your joint applicant(s) may make more than one application, except where you are a nominee and provide the required information in your application.

Our Company, the Joint Global Coordinators, the **HK eIPO White Form** Service Provider and their respective agents may reject or accept any application, in full or in part, for any reason at their discretion.

2. Who Can Apply

You can apply for Hong Kong Offer Shares on a **WHITE** or **YELLOW** Application Form if you or any 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 (within the meaning of Regulation S) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S; and
- are not a legal or natural person of the PRC (except qualified domestic institutional investors).

If you apply for Hong Kong Offer Shares online through the **HK eIPO White Form** 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, our Company and the Joint Global Coordinators, as our Company's agents, may accept it at their discretion, and on any conditions they think fit, including requiring evidence of the attorney's authority.

The number of joint applicants may not exceed four and they may not apply by means of the **HK eIPO White Form** 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 and/or a substantial shareholder of any of our Company's subsidiaries;
- you are a director or chief executive of our Company and/or any of our Company's subsidiaries;
- you are a close associate of any of the above persons;
- you are a connected person of our Company or a person who will become a connected person of our Company immediately upon the completion of the Global Offering; or
- you have been allocated or have applied for any International Offer Shares or otherwise participated in the International Offering (except in respect of 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 the **HK eIPO White Form** service at **www.hkeipo.hk** or the IPO App.

For Hong Kong Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS Participant's stock account, use a **YELLOW** Application Form or electronically instruct HKSCC via CCASS to cause HKSCC Nominees to apply for you.

Where to Collect the Application Forms

You can collect a **WHITE** Application Form and a prospectus during normal business hours from 9:00 a.m. on Wednesday, November 25, 2020 until 12:00 noon on Tuesday, December 1, 2020 from:

(a) any of the following offices of the below Joint Global Coordinators (*in alphabetical order*):

ABCI Capital Limited	at 11/F, Agricultural Bank of China Tower 50 Connaught Road Central Hong Kong
CCB International Capital Limited	at 12/F, CCB Tower 3 Connaught Road Central Central Hong Kong
China International Capital Corporation Hong Kong Securities Limited	at 29th Floor, One International Finance Center 1 Harbor View Street Central Hong Kong
Goldman Sachs (Asia) L.L.C.	at 68/F, Cheung Kong Center 2 Queen's Road Central Hong Kong

(b) any of the following branches of the receiving banks for the Hong Kong Public Offering:

(i) Bank of China (Hong Kong) Limited

	Branch Name	Address
Hong Kong Island	Bank of China Tower Branch	1 Garden Road, Hong Kong
	Lee Chung Street Branch	29-31 Lee Chung Street, Chai Wan, Hong Kong
	409 Hennessy Road Branch	409-415 Hennessy Road, Wan Chai, Hong Kong
Kowloon	Telford Plaza Branch	Shop Unit P2-P7, Telford Plaza, No.33 Wai Yip Street, Kowloon Bay, Kowloon
	Hoi Yuen Road Branch	55 Hoi Yuen Road, Kwun Tong, Kowloon
	Mei Foo Mount Sterling Mall Branch	Shop N47-49, G/F, Mount Sterling Mall, Mei Foo Sun Chuen, Kowloon
	Yau Ma Tei Branch	471 Nathan Road, Yau Ma Tei, Kowloon
New Territories	Luen Wo Market Branch Safe Box Service Centre	Shop B, 10-16 Luen Shing Street, Luen Wo Market, Fanling, New Territories
	Citywalk Branch	Shop 65 & 67-69 G/F, Citywalk, 1 Yeung Uk Road, Tsuen Wan, New Territories
	Yuen Long (Hang Fat Mansion) Branch	8-18 Castle Peak Road, Yuen Long, New Territories

(ii) China Construction Bank (Asia) Corporation Limited

	Branch Name	Address
Hong Kong Island	Central Des Voeux Road Consumer Branch	99 Des Voeux Road Central, Hong Kong
	Wanchai Hennessy Road Commercial Banking Office	Unit C, 20/F, China Overseas Building, 139 Hennessy Road, Hong Kong
Kowloon	Tsimshatsui Humphreys Avenue Consumer Branch	3 Humphreys Avenue, Kowloon
	Cheung Sha Wan Consumer Branch	Unit G02, G/F Cheung Sha Wan Plaza 833 Cheung Sha Wan Road, Kowloon
New Territories	Shatin Plaza Consumer Branch	Shop 5, Level 1, Shatin Plaza, New Territories

You can collect a **YELLOW** Application Form and a prospectus during normal business hours from 9:00 a.m. on Wednesday, November 25, 2020 until 12:00 noon on Tuesday, December 1, 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 — CHINA RESOURCES MIXC LIFESTYLE 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:

Wednesday, November 25, 2020 — 9:00 a.m. to 5:00 p.m.
Thursday, November 26, 2020 — 9:00 a.m. to 5:00 p.m.
Friday, November 27, 2020 — 9:00 a.m. to 5:00 p.m.
Monday, November 30, 2020 — 9:00 a.m. to 5:00 p.m.
Tuesday, December 1, 2020 — 9:00 a.m. to 12:00 noon

The application lists will be opened from 11:45 a.m. to 12:00 noon on Tuesday, December 1, 2020, the last day for applications, or such later time as described in "— Effect of Bad Weather on the Opening and Closing of the Application Lists" below.

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 **HK eIPO White Form** service, among other things, you:

(a) undertake to execute all relevant documents and instruct and authorize our Company and/or the Joint Global Coordinators (or its agents or nominees), as agents of our Company, to execute any documents for you and to do on your behalf all things necessary to register any Hong Kong Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association;

(b) agree to comply with the Memorandum and Articles of Association of our Company, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and Cayman Companies Law;

(c) 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;

(d) confirm that you have received and read this prospectus and have relied only on the information and representations 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;

(e) confirm that you are aware of the restrictions on the Global Offering set out in this prospectus;

(f) agree that none of our Company, the Joint Global Coordinators, the Joint Sponsors, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, our Controlling Shareholders, any of their or our Company's respective directors, officers, agents, or representatives or advisers or any other person involved in the Global Offering (the "**Relevant Persons**") and the **HK eIPO White Form** Service Provider is or will be liable for any information and representations not in this prospectus (and any supplement to this prospectus);

(g) 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 International Offer Shares nor participated in the International Offering (except in respect of Reserved Shares pursuant to the Preferential Offering);

(h) agree to disclose to our Company, the Share Registrar, the receiving banks and the Relevant Persons any personal data which any of them may require about you and the person(s) for whose benefit you have made the application;

(i) 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 neither our Company nor the Relevant Persons will breach any laws 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 in this prospectus and the Application Form;

(j) agree that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;

(k) agree that your application will be governed by the laws of Hong Kong;

(l) 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 (within the meaning of Regulation S) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S;

(m) warrant that the information you have provided is true and accurate;

(n) agree to accept the Hong Kong Offer Shares applied for or any lesser number allocated to you under the application;

(o) authorize (i) our Company to place your name(s) or the name of HKSCC Nominees on the register of members of our Company as the holder(s) of any Hong Kong Offer Shares allocated to you and such other registers as required under the Memorandum and Articles of Association of our Company and (ii) our Company and/or its agents to send any Share certificate(s) and/or any e-Auto Refund payment instructions and/or any refund check(s) to you or the first-named applicant for joint applications by ordinary post at your own risk to the address stated on the application, unless you have fulfilled the criteria mentioned in "— Personal Collection" below to collect the Share certificate(s) and/or refund check(s) in person;

(p) 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 for an application made by a Qualifying CR Land Shareholder under the Preferential Offer);

(q) understand that our Company, our Directors and the Joint Global Coordinators will rely on your declarations and representations in deciding whether or not to allocate any of the Hong Kong Offer Shares to you and that you may be prosecuted for making a false declaration;

(r) (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 through the **HK eIPO White Form** service or by any one as your agent or by any other person; and

(s) (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 its agent.

Additional Instructions for YELLOW Application Forms

You should refer to the **YELLOW** Application Form for details.

5. Applying Through the HK eIPO White Form Service

General

Individuals who meet the criteria in "Who Can Apply" above may apply through the **HK eIPO White Form** service for the Offer Shares to be allocated and registered in their own names through the designated website at **www.hkeipo.hk** or the IPO App.

Detailed instructions for application through the **HK eIPO White Form** service are set out on the designated website. If you do not follow the instructions, your application may be rejected and may not be submitted to our Company. If you apply through the designated website, you authorize the **HK eIPO White Form** Service Provider to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the **HK eIPO White Form** Service Provider.

Time for Submitting Applications under the HK eIPO White Form Service

You may submit your application through the **HK eIPO White Form** service through the designated website at **www.hkeipo.hk** or the IPO App (24 hours daily, except on the last day for applications) from 9:00 a.m. on Wednesday, November 25, 2020 until 11:30 a.m. on Tuesday, December 1, 2020 and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Tuesday, December 1, 2020, the last day for applications, or such later time as described in "— Effect of Bad Weather on the Opening and Closing of the Application Lists" below.

No Multiple Applications

If you apply by means of the **HK eIPO White Form** service, once you complete payment in respect of any **electronic application instruction** given by you or for your benefit through the **HK eIPO White Form** service to make an application for Hong Kong Offer Shares, an actual application will be deemed to have been made. For the avoidance of doubt, giving an **electronic application instruction** under the **HK eIPO White Form** service more than once and obtaining different application reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

Only one application may be made for the benefit of any person. If you are suspected of submitting more than one application through the **HK eIPO White Form** service or by any other means (other than an application (if any) either made through the **Blue** Application Form or through the **HK eIPO Blue Form** via **www.hkeipo.hk** in your capacity as a Qualifying CR Land Shareholder), all of your applications are liable to be rejected.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each applicant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

Environmental Protection

The obvious advantage of the **HK eIPO White Form** service is to save the use of paper via the self-serviced and electronic application process.

6. Applying By Giving Electronic Application Instructions to HKSCC via CCASS

General

CCASS Participants may give **electronic application instructions** to apply for the Hong Kong Offer Shares and to arrange payment of the money due on application and payment of refunds under their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a **CCASS Investor Participant**, you may give these **electronic application instructions** through the CCASS Phone System by calling +852 2979 7888 or through the CCASS Internet System (**https://ip.ccass.com**) (using the procedures in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time).

HKSCC can also input **electronic application instructions** for you if you go to:

Hong Kong Securities Clearing Company Limited
Customer Service Center, 1/F
One & Two Exchange Square
8 Connaught Place, Central
Hong Kong

and complete an input request form.

You can also collect a prospectus from the above 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 our Company, the Joint Global Coordinators and the 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:

(a) 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; and

(b) HKSCC Nominees will do the following things on your behalf:

- agree that the Hong Kong Offer Shares to be allocated shall be registered 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, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any International Offer Shares nor participated in the International Offering (except in respect of Reserved Shares applied for pursuant to the Preferential Offering);

- 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 its agent;

- confirm that you understand that our Company, our Directors and the Joint Global Coordinators will rely on your declarations and representations in deciding whether or not to allocate any of the Hong Kong Offer Shares to you and that you may be prosecuted for making a false declaration;

- authorize our Company to place HKSCC Nominees' name on the register of members of our Company as the holder of the Hong Kong Offer Shares allocated to you and such other registers as required under the Articles of Association, and dispatch Share certificate(s) and/or refund monies in accordance with the arrangements separately agreed between our Company and HKSCC;

- confirm that you have read the terms and conditions and application procedures set out in this prospectus and agree to be bound by them;

- confirm that you have received and 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 and will not rely on any other information or representations, except those in any supplement to this prospectus;

- agree that neither our Company nor the Relevant Persons is or will be liable for any information and representations not in this prospectus (and any supplement to this prospectus);

- agree to disclose to our Company, the Share Registrar, the receiving banks and the Relevant Persons any personal data which they may require about you;

- agree (without prejudice to any other rights which you may have) that once HKSCC Nominees' application has been accepted, it cannot be rescinded for innocent misrepresentation;

- agree that any application made by HKSCC Nominees on your behalf is irrevocable before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), such agreement to take effect as a collateral contract with our Company, and to become binding when you give the instructions and such collateral contract to be in consideration of our Company agreeing that it will not offer any Hong Kong Offer Shares to any person before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application before the fifth day after the time of the opening of the application lists (excluding any day which is 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 (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance) gives a public notice under that section on or before the fifth day after the time of the opening of the application lists (excluding any day which is a Saturday, Sunday or public holiday in Hong Kong) 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 announcement of the results of the Hong Kong Public Offering by our Company;

- agree to the arrangements, undertakings and warranties under the participant agreement between you and HKSCC, read with the General Rules of CCASS and the

CCASS Operational Procedures, for giving **electronic application instructions** to apply for Hong Kong Offer Shares;

- agree with our Company, for itself and for the benefit of each Shareholder (and so that our Company will be deemed by its acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for our Company and on behalf of each Shareholder, with each CCASS Participant giving **electronic application instructions**) to observe and comply with the Memorandum and Articles of Association of our Company, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and Cayman Companies Law; and

- agree that your application, any acceptance of it and the resulting contract will be governed by and construed in accordance with 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 will be liable to our Company or any other person in respect of the things mentioned below:

- instructed and authorized HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Hong Kong Offer Shares on your behalf;

- instructed and authorized HKSCC to arrange payment of the maximum Offer Price, brokerage, SFC transaction levy and Hong Kong 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 initially paid on application, refund of the application monies (including brokerage, SFC transaction levy and Hong Kong 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 200 Hong Kong Offer Shares. Instructions for more than 200 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:

Wednesday, November 25, 2020 — 9:00 a.m. to 8:30 p.m.
Thursday, November 26, 2020 — 8:00 a.m. to 8:30 p.m.
Friday, November 27, 2020 — 8:00 a.m. to 8:30 p.m.
Monday, November 30, 2020 — 8:00 a.m. to 8:30 p.m.
Tuesday, December 1, 2020 — 8:00 a.m. to 12:00 noon

Note:

(1) These times are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants and/or CCASS Investor Participants.

CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on Wednesday, November 25, 2020 until 12:00 noon on Tuesday, December 1, 2020 (24 hours daily, except on the last day for applications).

The latest time for inputting your **electronic application instructions** will be 12:00 noon on Tuesday, December 1, 2020, the last day for applications, or such later time as described in "— Effect of Bad Weather on the Opening and Closing of the Application Lists" below.

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 will be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

Personal Data

The section of the Application Form headed "Personal Data" applies to any personal data held by our Company, the Share Registrar, the receiving banks and the Relevant Persons about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

7. Warning for Electronic Applications

The application for Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC is only a facility provided to CCASS Participants. Similarly, the application for Hong Kong Offer Shares through the **HK eIPO White Form** service is only a facility provided by the **HK eIPO White Form** Service Provider to public investors. Such facilities are subject to capacity limitations and potential service interruptions and you are advised not to wait until the last day for applications to make your electronic application. Our Company, the Relevant Persons and the **HK eIPO White Form** Service Provider take no responsibility for such applications and provide no assurance that any CCASS Participant or person applying through the **HK eIPO White Form** service will be allocated any Hong Kong Offer Shares.

To ensure that CCASS Investor Participants can give their **electronic application instructions**, they are advised not to wait until the last minute to input their instructions to the systems. In the event that CCASS Investor Participants have problems connecting to the CCASS Phone System or the CCASS Internet System for submission of their **electronic application instructions**, they should either (a) submit a **WHITE** or **YELLOW** Application Form or (b) go to HKSCC's Customer Service Center to complete an input request form for **electronic application instructions** before 12:00 noon on Tuesday, December 1, 2020, the last day for applications, or such later time as described in "— Effect of Bad Weather on the Opening and Closing of the Application Lists" below.

8. How Many Applications Can You Make

Multiple applications for the Hong Kong Offer Shares are not allowed except by nominees. If you are a nominee, in the box on the Application Form marked "For nominees," you must include:

- an account number; or
- some other identification code

for **each** beneficial owner or, in the case of joint beneficial owners, for each joint beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.

If you are a Qualifying CR Land Shareholder applying for Reserved Shares under the Preferential Offering either using the **BLUE** Application Form or through the **HK eIPO Blue Form** service, you may also make an application for Hong Kong Offer Shares either on a **WHITE** or **YELLOW** Application Form or electronically through CCASS (if you are a CCASS Investor Participant or act through a CCASS Clearing or Custodian Participant) or submit an application through the **HK eIPO White Form** service through the designated website at **www.hkeipo.hk** or the IPO App. However, in respect of any application for Hong Kong Offer Shares using the above methods, you will not enjoy the preferential treatment accorded to you under the Preferential Offering as described in the section headed "Structure of the Global Offering — The Preferential Offering" in this prospectus.

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 the **HK**

eIPO White Form service is made for your benefit (including the part of the application made by HKSCC Nominees acting on **electronic application instructions**).

If an application is made by an unlisted company and:

- the principal business of that company is dealing in securities; and
- you exercise statutory control over that company,

then the application will be treated as being made for your benefit.

"**Unlisted company**" means a company with no equity securities listed on the Hong Kong Stock Exchange.

"**Statutory control**" means you:

- control the composition of the board of directors of our Company;
- control more than half of the voting power of our Company; or
- hold more than half of the issued share capital of our Company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

B. APPLICATIONS FOR RESERVED SHARES

1. Who can Apply

Only CR Land Shareholders whose names appeared on the register of members of CR Land on the Record Date and who are not Non-Qualifying CR Land Shareholders are entitled to subscribe for the Reserved Shares under the Preferential Offering.

Non-Qualifying CR Land Shareholders are those CR Land Shareholders with registered addresses in, or who are otherwise known by CR Land to be residents of, jurisdictions outside Hong Kong on the Record Date, in respect of whom the directors of CR Land and our Company, based on the enquiries made by them, consider it necessary or expedient to exclude them from the Preferential Offering on account either of the legal restrictions under the laws of the relevant jurisdiction in which the relevant CR Land Shareholder is resident or of the requirements of the relevant regulatory body or stock exchange in that jurisdiction.

The directors of CR Land and our Company have made enquiries regarding the legal restrictions under the applicable securities legislation of the Specified Territories and the requirements of the relevant regulatory bodies or stock exchanges with respect to the offer of the Reserved Shares to the

CR Land Shareholders in the Specified Territories. Having considered the circumstances, the directors of CR Land and our Company have formed the view that it is necessary or expedient to restrict the ability of CR Land Shareholders in the Specified Territories from taking up their Assured Entitlement to the Reserved Shares under the Preferential Offering due to the time and costs involved in the registration or filing of this prospectus and/or approval required by the relevant authorities in those territories and/or additional steps which our Company and the CR Land Shareholders would need to take to comply with the local legal and/or other requirements which would need to be satisfied in order to comply with the relevant local or regulatory requirements in those territories.

Accordingly, for the purposes of the Preferential Offering, the Non-Qualifying CR Land Shareholders are:

(a) CR Land Shareholders whose names appeared in the register of members of CR Land on the Record Date and whose addresses as shown in such register are in any of the Specified Territories; and

(b) CR Land Shareholders or Beneficial CR Land Shareholders on the Record Date who are otherwise known by CR Land to be resident in any of the Specified Territories.

Notwithstanding any other provision in this prospectus or the **BLUE** Application Forms or the terms and conditions of the **HK eIPO Blue Form**, our Company reserves the right to permit any CR Land Shareholder to take up his/her/its Assured Entitlement to the Reserved Shares if our Company, in its absolute discretion, is satisfied that the transaction in question is exempt from or not subject to the legislation or regulations giving rise to the restrictions described above.

With respect to the Specified Territories, CR Land has sent a letter to CCASS Participants (other than CCASS Investor Participants) notifying them that in light of applicable laws and regulations of the Specified Territories, to the extent they hold any CR Land Shares on behalf of the Non-Qualifying CR Land Shareholders, they are excluded from participating in the Preferential Offering.

Qualifying CR Land Shareholders are entitled to apply on the basis of an Assured Entitlement of one Reserved Share for every 130 CR Land Shares held by them on the Record Date.

Qualifying CR Land Shareholders who hold less than 130 CR Land Shares on the Record Date will not have an Assured Entitlement to the Reserved Shares, but they will still be entitled to participate in the Preferential Offering by applying for excess Reserved Shares.

If the applicant is a firm, the application must be in the individual members' names, but not in the name of the firm. If the applicant is a body corporate, the **BLUE** Application Form must be signed by a duly authorized officer, who must state his representative capacity, and stamped with the corporation's chop. If a body corporate wants to make application via the **HK eIPO Blue Form** service, please contact the Company's Hong Kong Share Registrar, Tricor Investor Services Limited at (852) 2980 1333 not later than 12:00 noon on Monday, November 30, 2020 for arrangement.

If an application is made by a duly authorized person under a valid power of attorney, our Company and the Joint Global Coordinators, as our Company's agents, may accept it at their discretion, and on any conditions they think fit, including requiring evidence of the attorney's authority. Our Company and the Joint Global Coordinators, as our Company's agents, will have full discretion to reject or accept any application, in full or in part, without giving any reason.

2. How to Apply

An application for Reserved Shares under the Preferential Offering may only be made by Qualifying CR Land Shareholders using either (i) **BLUE** Application Forms which have been despatched to Qualifying CR Land Shareholders by our Company or (ii) through the **HK eIPO Blue Form** service via **www.hkeipo.hk**.

Qualifying CR Land Shareholders may apply for a number of Reserved Shares which is greater than, less than or equal to their Assured Entitlement or may apply only for excess Reserved Shares under the Preferential Offering. Qualifying CR Land Shareholders who hold less than 130 CR Land Shares on the Record Date and therefore will not have an Assured Entitlement to the Reserved Shares but will still be entitled to participate in the Preferential Offering by applying only for excess Reserved Shares.

A valid application for a number of Reserved Shares which is less than or equal to a Qualifying CR Land 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 or the **HK eIPO Blue Forms** assuming the conditions of the Preferential Offering are satisfied.

Where a Qualifying CR Land Shareholder applies for a number of Reserved Shares which is greater than the Qualifying CR Land Shareholder's Assured Entitlement under the Preferential Offering, the relevant Assured Entitlement will be satisfied full, subject as mentioned above, but the excess portion of such application will only be satisfied to the extent that there are sufficient Available Reserved Shares as described below.

Where a Qualifying CR Land Shareholder applies for excess Reserved Shares only under the Preferential Offering, such application will only be satisfied to the extent that there are sufficient Available Reserved Shares as described below.

Qualifying CR Land Shareholders (other than HKSCC Nominees) who intend to apply for less than their Assured Entitlement either using the **BLUE** Application Forms or through the **HK eIPO Blue Form** service for Assured Entitlement or who intend to apply for excess Reserved Shares either using the **BLUE** Application Forms or through the **HK eIPO Blue Form** service for excess Reserved Shares, should apply for a number which is one of the numbers set out in the table of numbers and payments in the **BLUE** Application Form or the **HK eIPO Blue Form** service at **www.hkeipo.hk** and make a payment of the corresponding amount. 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 or the **HK eIPO Blue Form** service at **www.hkeipo.hk**.

To the extent that excess applications for the Reserved Shares are:

(a) less than the Available Reserved Shares (as defined in the section headed "Structure of the Global Offering — The Preferential Offering" in this prospectus), 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 Global Coordinators, to the International Offering;

(b) equal to the Available Reserved Shares, the Available Reserved Shares will be allocated to satisfy such excess applications for the Reserved Shares in full; or

(c) more than the Available Reserved Shares, the Available Reserved Shares will be allocated on an allocation basis which will be consistent with the allocation basis commonly used in the case of over-subscription in public offerings in Hong Kong, where a higher allocation percentage will be applied in respect of smaller applications. If there are any Shares remaining after satisfying the excess applications, such Shares will be reallocated, at the discretion of the Joint Global Coordinators, to the International Offering. No preference will be given to any excess applications made to top up odd lot holdings to whole lot holdings of Shares.

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 as described in the section "Structure of the Global Offering — The Hong Kong Public Offering — Reallocation and clawback" in this prospectus.

Qualifying CR Land Shareholders who have applied for Reserved Shares under the Preferential Offering either using the **BLUE** Application Form or the **HK eIPO Blue Form** service, 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 **HK eIPO White Form** service for the Hong Kong Offer Shares in the Hong Kong Public Offering. However, Qualifying CR Land 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 **HK eIPO White Form** service under the Hong Kong Public Offering.

Persons who held their CR Land 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 CR Land Shares on the Record Date in CCASS directly as a CCASS Investor Participant, and wish to participate in the Preferential Offering, should give their instruction to HKSCC via the CCASS Phone System or CCASS Internet System by no later than the deadline set by HKSCC or HKSCC Nominees.

3. Distribution of this Prospectus and the BLUE Application Forms

BLUE Application Forms have been dispatched to all Qualifying CR Land Shareholders to their address recorded on the register of members of CR Land on the Record Date.

Qualifying CR Land Shareholders who require a replacement **BLUE** Application Form should contact Tricor Investor Services Limited at Level 54, Hopewell Center, 183 Queen's Road East, Hong Kong or on its hotline 2980 1333.

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

Receipt of this prospectus and/or the **BLUE** Application Forms does not and will not constitute an offer in those jurisdictions in which it would be illegal to make an offer and, in those circumstances, this prospectus and/or the **BLUE** Application Forms must be treated as sent for information only and should not be copied or redistributed. Persons (including, without limitation, agents, custodians, nominees and trustees) who receive a copy of this prospectus and/or the **BLUE** Application Forms should not, in connection with the Preferential Offering, distribute or send the same in, into or from, any of the Specified Territories. If the **BLUE** Application Form is received by any person in any such territory, or by his/her/its agent or nominee, he/she/it should not apply for any Reserved Shares unless the directors of CR Land and our Company determine that such actions would not violate applicable legal or regulatory requirements. Any person (including, without limitation, agents, custodians, nominees and trustees) who forwards this prospectus and/or the **BLUE** Application Form(s) in, into or from any Specified Territory (whether under a contractual or legal obligation or otherwise) should draw the recipient's attention to the contents of this section.

4. Applying Through the HK eIPO Blue Form Service

If you apply for Reserved Shares online through the **HK eIPO Blue Form** service:

(a) detailed instructions for application through the **HK eIPO Blue Form** service are set out on the designated website at **www.hkeipo.hk**. You should read these instructions carefully. If you do not follow the instructions, your application may be rejected by the **HK eIPO Blue Form** Service Provider and may not be submitted to the Company;

(b) you must also be willing to provide a valid e-mail address; and

(c) once payment is completed via **electronic application instructions** given by you or for your benefit, an actual application is deemed to have been made. If you submit applications both via the **HK eIPO Blue Form** service and by using a **BLUE** Application Form, only the application submitted via the **HK eIPO Blue Form** service will be accepted and the other will be rejected.

The application for Reserved Shares through the **HK eIPO Blue Form** service is only a facility provided by the **HK eIPO Blue Form** Service Provider to Qualifying CR Land Shareholders for application for Reserved Shares. Such facility is subject to capacity limitations and potential service interruptions and you are advised not to wait until the last day for application to make your electronic application. The Company, the Relevant Persons and the **HK eIPO Blue Form** Service Provider take no responsibility for such applications.

5. Applying by Using Blue Application Forms

(a) You may choose one of the four options on the **BLUE** Application From when applying for Reserved Shares:

(i) Option 1: apply for a number of Reserved Shares that is equal to your Assured Entitlement.

(ii) Option 2: apply for a number of Reserved Shares up to your Assured Entitlement and excess Reserved Shares.

(iii) Option 3: apply for a number of Reserved Shares that is less than your Assured Entitlement.

(iv) Option 4: Apply for a number of excess Reserved Shares only (e.g. if you hold less than 130 CR Land Shares on the Record Date and therefore do not have an Assured Entitlement but are still entitled to participate in the Preferential Offering by applying for excess Reserved Shares).

(b) The **BLUE** Application Form will be rejected by our Company if:

- the **BLUE** Application Form is not completed in accordance with the instructions as stated in the **BLUE** Application Form;

- the **BLUE** Application Form has not been duly signed (only written signatures are acceptable) (or in the case of a joint application, not all applicants have signed);

- in respect of applicants who are corporate entities, the **BLUE** Application Form has not been duly signed (only written signature is acceptable) by an authorized officer or affixed with a company chop;

- the check/banker's cashier order/**BLUE** Application Form is defective;

- the **BLUE** Application Form for either Reserved Shares pursuant to the Assured Entitlement or excess Reserved Shares is not accompanied with a check/banker's cashier order or is accompanied by more than one check/banker's cashier order for each of the application for Assured Entitlement and excess application for Reserved Shares;

- the account name on the check/banker's cashier order is not pre-printed or certified by the issuing bank;

- the banker's cashier order was not issued by a licensed bank in Hong Kong, or did not have the applicant's name certified on the back by a person authorized by the bank;

- the check/banker's cashier order is not drawn on a Hong Kong dollar bank account in Hong Kong;

- the name of the payee indicated on the check/banker's cashier order is not "BANK OF CHINA (HONG KONG) NOMINEES LIMITED — CHINA RESOURCES MIXC LIFESTYLE PREFERENTIAL OFFER;"

- the check has not been crossed "Account Payee Only;"

- the check was post-dated;

- the applicant's payment is not made correctly or if the applicant pays by check or banker's cashier order the check or banker's cashier order is dishonored on its first presentation;

- the applicant's name/the first applicant's name on the joint application is not the same as the name pre-printed or certified/endorsed by the drawee bank on the check/banker's cashier order;

- any alteration(s) to the application details on the **BLUE** Application Form has or have not been authorized by the signature(s) of the applicant(s);

- the application is completed by pencil;

- the applicant does not fill in all the boxes in the option he/she/it chooses;

- the applicant chooses more than one of the options on the **BLUE** Application Form;

- our Company believes that by accepting the application, our 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

- our Company and the Joint Global Coordinators, 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 our 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 our 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 our 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.

(f) If you are applying for a number of excess Reserved Shares only (Option 4):

- You are recommended to apply for Reserved Shares in one of the numbers set 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 our 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 our 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.

6. When may Applications be made

(a) Application through the HK eIPO Blue Form Service

You may submit your application through the **HK eIPO Blue Form** service through the designated website at **www.hkeipo.hk** (24 hours daily, except on the last day for applications) from 9:00 a.m. on Wednesday, November 25, 2020 until 11:30 a.m. on Tuesday, December 1, 2020 and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Tuesday, December 1, 2020, the last day for applications, or such later time as described in "— D. Effect of Bad Weather on the Opening and Closing of the Application Lists" below.

(b) Applications on BLUE Application Form(s)

Your completed **BLUE** Application Form, together with a check or a banker's cashier order attached and marked payable to "BANK OF CHINA (HONG KONG) NOMINEES LIMITED — CHINA RESOURCES MIXC LIFESTYLE PREFERENTIAL OFFER" for the payment, should be deposited in the special collection boxes provided at Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong at the following times:

Wednesday, November 25, 2020 — 9:00 a.m. to 4:30 p.m.

Thursday, November 26, 2020 — 9:00 a.m. to 4:30 p.m.

Friday, November 27, 2020 — 9:00 a.m. to 4:30 p.m.

Monday, November 30, 2020 — 9:00 a.m. to 4:30 p.m.

Tuesday, December 1, 2020 — 9:00 a.m. to 12:00 noon

Completed **BLUE** Application Forms, together with payment attached, must be lodged by 12:00 noon on Tuesday, December 1, 2020, the last day for applications, or such later time as described in "— D. Effect of Bad Weather on the Opening and Closing of the Application Lists" below.

(c) Application Lists

The application lists will be open from 11:45 a.m. to 12:00 noon on Tuesday, December 1, 2020, the last day for applications, or such later time as described in "— D. Effect of Bad Weather on the Opening and Closing of the Application Lists" below.

7. How many Applications may be made

You should refer to "— A. Applications for Hong Kong Offer Shares — 8. How Many Applications Can You Make" above for the situations where you may make an application for Hong Kong Offer Shares under the Hong Kong Public Offering in addition to application(s) for Reserved Shares under the Preferential Offering.

8. Additional Terms and Conditions and Instructions

You should refer to the **BLUE** Application Form for details of the additional terms and conditions and instructions which apply to applications for Reserved Shares.

C. HOW MUCH ARE THE HONG KONG OFFER SHARES AND THE RESERVED SHARES

The maximum Offer Price is HK$22.30 per Offer Share. You must also pay brokerage of 1.0%, SFC transaction levy of 0.0027% and Hong Kong Stock Exchange trading fee of 0.005%. This means that for one board lot of 200 Hong Kong Offer Shares or one board lot of 200 Reserved Shares, you will pay HK$4,504.94.

You must pay the maximum Offer Price, together with brokerage, SFC transaction levy and Hong Kong Stock Exchange trading fee, in full upon application for Hong Kong Offer Shares or Reserved Shares under the terms and conditions set out in the Application Forms.

The Application Forms have tables showing the exact amount payable for the numbers of Offer Shares that may be applied for.

You may submit an application using a **WHITE** or **YELLOW** Application Form or through the **HK eIPO White Form** service in respect of a minimum of 200 Hong Kong Offer Shares. Each application or **electronic application instruction** in respect of more than 200 Hong Kong Offer Shares must be in one of the numbers set out in the table in the Application Form, or as otherwise specified on the designated website at **www.hkeipo.hk** or the IPO App.

For applicants on the **BLUE** Application Form or through the **HK eIPO Blue Form** service, 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 or the **HK eIPO Blue Form** at **www.hkeipo.hk**.

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 Hong Kong Stock Exchange trading fee will be paid to the Hong Kong Stock Exchange (in the case of the SFC transaction levy, collected by the Hong Kong 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" in this prospectus.

D. EFFECT OF BAD WEATHER ON THE OPENING AND CLOSING OF THE APPLICATION LISTS

The application lists will not open or close if there is/are:

- a tropical cyclone warning signal number 8 or above;
- a "black" rainstorm warning; and/or
- Extreme Conditions

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Tuesday, December 1, 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 force in Hong Kong at any time between 9:00 a.m. and 12:00 noon.

If the application lists do not open and close on Tuesday, December 1, 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" in this prospectus, an announcement will be made.

E. PUBLICATION OF RESULTS

Our Company expects to announce 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 allocations of the Hong Kong Offer Shares and Reserved Shares on Tuesday, December 8, 2020 on the websites of our Company at **www.crmixclifestyle.com.cn** and the Hong Kong 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 dates and in the manner set out below:

- in the announcement to be posted on the websites of our Company and the Hong Kong Stock Exchange at **www.crmixclifestyle.com.cn** and **www.hkexnews.hk**, respectively, by no later than Tuesday, December 8, 2020;

- from the designated results of allocations website at **www.tricor.com.hk/ipo/result** (alternatively: **www.hkeipo.hk/IPOResult**) with a "search by ID function" for the Hong Kong Public Offering and the Preferential Offering or at "Allotment Result" in the IPO App for the Hong Kong Public Offering on a 24 hour basis from 8:00 a.m. on Tuesday, December 8, 2020 to 12:00 midnight on Monday, December 14, 2020;

- from the allocation results telephone enquiry line by calling +852 3691 8488 between 9:00 a.m. and 6:00 p.m. from Tuesday, December 8, 2020 to Friday, December 11, 2020; and

- in the special allocation results booklets which will be available for inspection during the opening hours of the individual receiving banks' designated branches referred to above from Tuesday, December 8, 2020 to Thursday, December 10, 2020.

If our Company accepts your offer to purchase (in whole or in part), which it may do by announcing the basis of allocations and/or making available the results of allocations publicly, there will be a binding contract under which you will be required to purchase the Hong Kong Offer Shares and/or Reserved Shares (as the case may be) if the conditions of the Global Offering are satisfied and the Global Offering is not otherwise terminated. Further details are set out in the section headed "Structure of the Global Offering" in this prospectus.

You will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application. This does not affect any other right you may have.

F. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOCATED 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 allocated to you:

(a) **If your application is revoked:**

By completing and submitting an Application Form or giving **electronic application instructions** to HKSCC, 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 any day which is Saturday, Sunday or public holiday in Hong Kong). This agreement will take effect as a collateral contract with our Company.

Your application or the application made by HKSCC Nominees on your behalf may only be revoked on or before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong) in the following circumstances:

(i) if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance) gives a public notice under that section on or before the fifth day after the time of the opening of the application lists (excluding any day which is a Saturday, Sunday or public holiday in Hong Kong) which excludes or limits that person's responsibility for this prospectus; or

(ii) if any supplement to this prospectus is issued, in which case 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 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.

(b) If our Company or its agents exercise their discretion to reject your application:

Our Company, the Joint Global Coordinators, the **HK eIPO White Form** Service Provider, the **HK eIPO Blue Form** Service Provider and their respective agents or nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

(c) If the allocation of Hong Kong Offer Shares and/or Reserved Shares is void:

The allocation of Hong Kong Offer Shares and/or Reserved Shares will be void if the Hong Kong Stock Exchange does not grant permission to list the Shares either:

- within three weeks from the closing date of the applications lists; or
- within a longer period of up to six weeks if the Hong Kong Stock Exchange notifies our Company of that longer period within three weeks of the closing date of the application lists.

(d) If:

- you make multiple applications or are suspected of making multiple applications (other than an application (if any) either made on the **BLUE** Application Form or **HK eIPO Blue Form** service in your capacity as a Qualifying CR Land Shareholder);
- you or the person for whose benefit you apply for, 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 for Reserved Shares applied for pursuant to the Preferential Offering);
- your payment is not made correctly or the check or banker's cashier order paid by you is dishonored upon its first presentation;
- your Application Form is not completed in accordance with the stated instructions;
- your **electronic application instructions** through the **HK eIPO White Form** service/ **HK eIPO Blue Form** service are not completed in accordance with the instructions, terms and conditions on the designated website at **www.hkeipo.hk**;
- you apply for more than 13,750,000 Hong Kong Offer Shares, being 50% of the 27,500,000 Hong Kong Offer Shares initially available under the Hong Kong Public Offering;
- our Company or the Joint Global Coordinators believe that by accepting your application, it would violate applicable securities or other laws, rules or regulations; or
- the Underwriting Agreements do not become unconditional or are terminated.

G. REFUND OF APPLICATION MONIES

If an application is rejected, not accepted or accepted in part only, or if the Offer Price as finally determined is less than the maximum Offer Price per Offer Share (excluding brokerage, SFC transaction levy and Hong Kong Stock Exchange trading fee payable thereon) paid on application, or if the conditions of the Global Offering as set out in the section headed "Structure of the Global Offering — Conditions of the Global Offering" in this prospectus are not satisfied or if any application is revoked, the application monies, or the appropriate portion thereof, together with the related brokerage, SFC transaction levy and Hong Kong 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 Tuesday, December 8, 2020 unless otherwise notified.

H. DISPATCH/COLLECTION OF SHARE CERTIFICATES/E-AUTO REFUND PAYMENT INSTRUCTIONS/REFUND CHECKS

You will receive one Share certificate for all Hong Kong Offer Shares allocated 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 allocated to you under the Preferential Offering.

No temporary document of title will be issued in respect of the Offer Shares. No receipt will be issued for sums paid on application.

If you apply by **WHITE**, **YELLOW** or **BLUE** Application Form(s), 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:

(a) Share certificate(s) for all the Hong Kong Offer Shares allocated to you (for applicants on **YELLOW** Application Forms, Share certificate(s) for the Hong Kong Offer Shares and/or Reserved Shares allocated to you will be deposited into CCASS as described below); and

(b) 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 paid on application in the event that the Offer Price is less than the maximum Offer Price paid on application (including brokerage of 1.0%, SFC transaction levy of 0.0027% and Hong Kong Stock Exchange trading fee of 0.005% 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. Inaccurate completion of your Hong Kong identity card number/passport number may invalidate or delay encashment of your refund check.

Subject to arrangement on dispatch/collection of Share certificates and refund checks as mentioned below, any refund checks and Share certificate(s) are expected to be posted on or before Tuesday, December 8, 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 order(s).

Share certificates will only become valid at 8:00 a.m. on Wednesday, December 9, 2020, provided that the Global Offering has become unconditional in all respects at or before that time. Investors who trade Shares on the basis of publicly available allocation details or prior to the receipt of the Share certificates or prior to the Share certificates becoming valid do so entirely at their own risk.

Personal Collection

(a) ***If you apply using a WHITE or BLUE Application Form:***

- If you apply for (i) 1,000,000 Hong Kong Offer Shares or more on a **WHITE** Application Form or (ii) 1,000,000 Reserved Shares or more on a **BLUE** Application Form, and in each case have provided all information required by your Application Form, you may collect your refund check(s) and/or Share certificate(s) (where applicable) from Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong from 9:00 a.m. to 1:00 p.m. on Tuesday, December 8, 2020, or any other place or date notified by our Company 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 who is eligible for personal collection, your authorized representative must provide 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 Share Registrar.

- If you do not personally collect your refund check(s) and/or Share certificate(s) (where applicable) within the time specified for collection, they will be dispatched promptly to you to the address specified in your Application Form by ordinary post and at your own risk.

- If you apply for (i) less than 1,000,000 Hong Kong Offer Shares on a **WHITE** Application Form or (ii) less than 1,000,000 Reserved Shares on a **BLUE** Application Form, your refund check(s) and/or Share certificate(s) (where applicable) will be sent to the address specified in your Application Form on or before Tuesday, December 8, 2020 by ordinary post and at your own risk.

(b) ***If you apply using a YELLOW Application Form:***

- If you apply for 1,000,000 Hong Kong Offer Shares or more and have provided all information required by your Application Form, please follow the same instructions as described above for the collection of refund cheque(s), if any. If you have applied for less than 1,000,000 Hong Kong Offer Shares, your refund check(s) will be sent to the address specified in the Application Form on or before Tuesday, December 8, 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 your designated CCASS Participant's stock account as stated in your Application Form on Tuesday, December 8, 2020 or, in the event of a 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 a CCASS Investor Participant), you can check the number of Hong Kong Offer Shares allocated to you with that CCASS Participant.

- If you apply as a CCASS Investor Participant, our Company expects to publish the results of CCASS Investor Participants' applications together with the results of the Hong Kong Public Offering on Tuesday, December 8, 2020 in the manner as described in "— Publication of Results" above.

- You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Tuesday, December 8, 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 the CCASS Internet System. 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.

(c) ***If you apply through HK eIPO White Form service or HK eIPO Blue Form service:***

- If you apply for 1,000,000 Hong Kong Offer Shares or more through the **HK eIPO White Form** service or **HK eIPO Blue Form** service and your application is wholly or partially successful, you may collect your Share certificate(s) (where applicable) in person from the Share Registrar, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Tuesday, December 8, 2020, or any other place or date notified by our Company in the newspapers as the date of dispatch or collection of Share certificates.

- If you do not personally collect your Share certificate(s) within the time specified for collection, they will be sent to the address specified in your application instructions by ordinary post and at your own risk.

- If you apply for less than 1,000,000 Hong Kong Offer Shares through the **HK eIPO White Form** service or the **HK eIPO Blue Form** service, your Share certificate(s) (where applicable) will be sent to the address specified in your application instructions on or before Tuesday, December 8, 2020 by ordinary post and at your own risk.

- If you apply and pay the application monies from a single bank account, any refund monies will be dispatched to that bank account in the form of e-Auto Refund payment instructions. If you apply and pay the application monies from multiple bank accounts, any refund monies will be dispatched to the address specified in your application instructions in the form of refund check(s) by ordinary post and at your own risk.

(d) ***If you apply by giving electronic application instructions to HKSCC via CCASS***:

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 Tuesday, December 8, 2020 or on any other date determined by HKSCC or HKSCC Nominees.

- Our Company expects to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, our Company will include information relating to the relevant beneficial owner), your Hong Kong identity card/passport/Hong Kong business registration number or other identification code (Hong Kong business registration number for corporations) and the basis of allocations of the Hong Kong Offer Shares in the manner as described in "— Publication of Results" above on Tuesday, December 8, 2020. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Tuesday, December 8, 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 allocated 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 allocated to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time) on Tuesday, December 8, 2020. Immediately following the credit of the Hong Kong Offer Shares to your stock account and the credit of the 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

Hong Kong Stock Exchange trading fee but without interest) will be credited to your designated bank account or the designated bank account of your broker or custodian on Tuesday, December 8, 2020.

I. ADMISSION OF THE SHARES INTO CCASS

If the Hong Kong Stock Exchange grants the listing of, and permission to deal in, the Shares and our Company complies 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 Hong Kong Stock Exchange 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 arrangements as such arrangements may affect their rights and interests.

All necessary arrangements have been made to enable the Shares to be admitted into CCASS.

The following is the text of a report, prepared for inclusion in this prospectus, received from the independent reporting accountants of the Company, Ernst & Young, Certified Public Accountants, Hong Kong.

22nd Floor, CITIC Tower
1 Tim Mei Avenue
Central
Hong Kong

The Directors
China Resources Mixc Lifestyle Services Limited
CCB International Capital Limited
China International Capital Corporation Hong Kong Securities Limited
Citigroup Global Markets Asia Limited
Goldman Sachs (Asia) L.L.C.

Dear Sirs,

We report on the historical financial information of China Resources Mixc Lifestyle Services Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages I-4 to I-84, which comprises the combined statements of profit or loss and other comprehensive income, combined statements of changes in equity and combined statements of cash flows of the Group for each of the years ended 31 December 2017, 2018 and 2019, and the six months ended 30 June 2020 (the "Relevant Periods"), and the combined statements of financial position of the Group as at 31 December 2017, 2018 and 2019 and 30 June 2020 and the statements of financial position of the Company as at 31 December 2017, 2018 and 2019 and 30 June 2020 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-84 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 25 November 2020 (the "Prospectus") in connection with the initial listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange").

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and the basis of preparation set out in note 2.1 and note 2.2 to the Historical Financial Information, respectively, and for such internal control as the directors determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment

Circular Reporting Engagements 200 *Accountants' Reports on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' 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 presentation and the basis of preparation set out in note 2.1 and note 2.2 to the Historical Financial Information, respectively, in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the financial position of the Group and the Company as at 31 December 2017, 2018 and 2019 and 30 June 2020 and of the financial performance and cash flows of the Group for each of the Relevant Periods in accordance with the basis of presentation and the basis of preparation set out in note 2.1 and note 2.2 to the Historical Financial Information, respectively.

Review of interim comparative financial information

We have reviewed the interim comparative financial information of the Group which comprises the combined statement of profit or loss and other comprehensive income, combined statement of changes in equity and combined statement of cash flows for the six months ended 30 June 2019 and other explanatory information (the "Interim Comparative Financial Information"). The directors of the Company are responsible for the preparation and presentation of the Interim Comparative Financial Information in accordance with the basis of presentation and the basis of preparation set out in note 2.1 and note 2.2 to the Historical Financial Information, respectively. Our responsibility is to express a conclusion on the Interim Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Interim Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of presentation and the basis of preparation set out in note 2.1 and note 2.2 to the Historical Financial Information, respectively.

Report on matters under the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-4 have been made.

Dividends

We refer to note 12 to the Historical Financial Information which contains information about the dividends paid by the Company in respect of the Relevant Periods.

No historical financial statements for the Company

As at the date of this report, no statutory financial statements have been prepared for the Company since its date of incorporation.

Yours faithfully,

Ernst & Young
Certified Public Accountants
Hong Kong
25 November 2020

I. HISTORICAL FINANCIAL INFORMATION

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The financial statements of the Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by Ernst & Young in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA (the "Underlying Financial Statements").

The Historical Financial Information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Year ended 31 December			Six months ended 30 June	
		2017	2018	2019	2019	2020
		RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
REVENUE	5	3,129,425	4,431,727	5,868,103	2,640,607	3,134,000
Cost of sales		(2,722,113)	(3,766,301)	(4,925,797)	(2,165,947)	(2,378,689)
Gross profit		407,312	665,426	942,306	474,660	755,311
Gain/(loss) on changes in fair value of investment property	16	343,660	312,922	47,691	19,500	(30,300)
Other income and gains	6	28,466	55,040	77,150	23,096	62,009
Marketing expenses		(25,572)	(54,019)	(71,325)	(29,051)	(19,569)
Administrative expenses		(204,594)	(334,693)	(432,201)	(188,261)	(264,220)
Other expenses		(4,692)	(4,448)	(2,872)	(2,732)	(1,678)
Finance costs	7	(28,418)	(68,263)	(64,241)	(32,283)	(33,427)
PROFIT BEFORE TAXATION	8	516,162	571,965	496,508	264,929	468,126
Income tax expenses	11	(127,819)	(149,047)	(131,580)	(72,711)	(129,561)
PROFIT FOR THE YEAR/PERIOD		388,343	422,918	364,928	192,218	338,565
Attributable to:						
Owners of the parent		388,343	422,918	364,928	192,218	338,565
		388,343	422,918	364,928	192,218	338,565
TOTAL COMPREHENSIVE INCOME FOR THE YEAR/PERIOD		388,343	422,918	364,928	192,218	338,565
Attributable to:						
Owners of the parent		388,343	422,918	364,928	192,218	338,565
		388,343	422,918	364,928	192,218	338,565

COMBINED STATEMENTS OF FINANCIAL POSITION

	Notes	As at 31 December 2017	2018	2019	As at 30 June 2020
		RMB'000	RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS					
Property, plant and equipment	14	132,748	179,544	202,867	201,475
Investment property	16	1,733,000	2,168,200	2,217,800	2,187,500
Intangible assets		1,888	1,451	1,556	2,367
Right-of-use assets	15	21,687	22,032	46,545	57,122
Deferred tax assets	23	12,841	10,121	4,937	6,422
Prepayments	19	13,131	314	4,416	12,107
Total non-current assets		1,915,295	2,381,662	2,478,121	2,466,993
CURRENT ASSETS					
Inventories	17	36,969	105,964	105,761	173,097
Trade receivables	18	190,965	422,846	588,961	1,238,171
Prepayments, deposits and other receivables	19	860,782	1,509,892	2,598,678	2,407,118
Restricted bank deposits	20	5,316	184,863	723,968	602,988
Pledged deposits	20	—	150	300	304
Cash and cash equivalents	20	871,462	1,136,237	605,489	366,392
Total current assets		1,965,494	3,359,952	4,623,157	4,788,070
CURRENT LIABILITIES					
Trade payables	21	167,528	383,135	448,789	541,304
Other payables and accruals	22	1,537,938	2,515,127	3,289,767	3,394,247
Contract liabilities	5	447,249	711,291	798,154	768,797
Lease liabilities	15	74,131	75,093	82,048	98,444
Tax payable		23,590	456	18,589	81,581
Total current liabilities		2,250,436	3,685,102	4,637,347	4,884,373
NET CURRENT LIABILITIES		(284,942)	(325,150)	(14,190)	(96,303)
TOTAL ASSETS LESS CURRENT LIABILITIES		1,630,353	2,056,512	2,463,931	2,370,690
Non-current liabilities					
Lease liabilities	15	1,224,881	1,213,776	1,222,507	1,211,607
Deferred income		—	—	7,910	11,607
Deferred tax liabilities	23	91,014	176,080	201,930	212,093
Total non-current liabilities		1,315,895	1,389,856	1,432,347	1,435,307
NET ASSETS		314,458	666,656	1,031,584	935,383
Equity attributable to owners of the parent					
Share capital	24	88	88	88	88
Reserves	25	314,370	666,568	1,031,496	935,295
Total equity		314,458	666,656	1,031,584	935,383

COMBINED STATEMENTS OF CHANGES IN EQUITY

	Share capital	Merger reserve*	Statutory surplus reserve*	Retained profits*	Total equity
	RMB'000 (note 24)	RMB'000 (note 25)	RMB'000 (note 25)	RMB'000	RMB'000
At 1 January 2017	—	86,313	11,029	229,119	326,461
Profit for the year	—	—	—	388,343	388,343
Total comprehensive income for the year	—	—	—	388,343	388,343
Issuance of shares	88	—	—	—	88
Appropriation of retained profits	—	—	7,068	(7,068)	—
Capital injection upon establishment of a subsidiary by the then shareholders	—	38,382	—	—	38,382
Deemed distribution to CR Land upon group reorganisation	—	(125,525)	—	—	(125,525)
Dividends declared by the subsidiaries to the then shareholders	—	—	—	(313,291)	(313,291)
At 31 December 2017 and 1 January 2018	88	(830)	18,097	297,103	314,458
Profit for the year	—	—	—	422,918	422,918
Total comprehensive income for the year	—	—	—	422,918	422,918
Appropriation of retained profits	—	—	12,476	(12,476)	—
Deemed distribution to CR Land upon group reorganisation	—	(45,407)	—	—	(45,407)
Dividends declared by the subsidiaries to the then shareholders	—	—	—	(25,313)	(25,313)
At 31 December 2018 and 1 January 2019	88	(46,237)	30,573	682,232	666,656
Profit for the year	—	—	—	364,928	364,928
Total comprehensive income for the year	—	—	—	364,928	364,928
Deregistration of a subsidiary	—	—	(1,013)	1,013	—
Appropriation of retained profits	—	—	68,451	(68,451)	—
At 31 December 2019 and 1 January 2020	88	(46,237)	98,011	979,722	1,031,584

	Share capital	Merger Reserve*	Statutory surplus reserve*	Retained profits*	Total equity
	RMB'000 (note 24)	RMB'000 (note 25)	RMB'000 (note 25)	RMB'000	RMB'000
At 31 December 2019 and 1 January 2020	88	(46,237)	98,011	979,722	1,031,584
Profit for the period	—	—	—	338,565	338,565
Total comprehensive income for the period	—	—	—	338,565	338,565
Dividends declared by the Company to the shareholder	—	—	—	(434,766)	(434,766)
At 30 June 2020	88	(46,237)	98,011	883,521	935,383

* These reserve accounts comprise the reserves of RMB314,370,000, RMB666,568,000, RMB1,031,496,000 and RMB935,295,000 in the combined statements of financial position as at 31 December 2017, 2018 and 2019 and 30 June 2020, respectively.

	Share capital	Merger Reserve	Statutory surplus reserve	Retained profits	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 31 December 2018 and 1 January 2019	88	(46,237)	30,573	682,232	666,656
Profit for the period	—	—	—	192,218	192,218
Total comprehensive income for the period	—	—	—	192,218	192,218
Deregistration of a subsidiary	—	—	(1,013)	1,013	—
At 30 June 2019 (unaudited)	88	(46,237)	29,560	875,463	858,874

COMBINED STATEMENTS OF CASH FLOWS

	Notes	Year ended 31 December			Six months ended 30 June	
		2017	2018	2019	2019	2020
		RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES						
Profit before taxation:						
From continuing operations		516,162	571,965	496,508	264,929	468,126
Adjustments for:						
Finance costs	7	28,418	68,263	64,241	32,283	33,427
Interest income	6	(7,521)	(9,937)	(8,124)	(4,229)	(1,615)
Impairment /(reversal of impairment) of trade and other receivables	8	1,871	1,727	(3)	2,479	1,238
(Gain)/loss on changes in fair value of investment property	16	(343,660)	(312,922)	(47,691)	(19,500)	30,300
Depreciation of property, plant and Equipment	8	28,339	33,358	40,812	16,243	22,660
Depreciation of right-of-use assets	8	2,999	6,172	10,893	4,326	7,461
Amortization of intangible assets	8	1,705	2,041	1,052	443	656
Loss/(gain) on disposal of property, plant and equipment		88	274	(10,134)	(499)	(18,131)
		228,401	360,941	547,554	296,475	544,122
Increase in trade receivables		(41,232)	(232,702)	(166,769)	(178,861)	(651,783)
Increase in prepayments, deposits and other receivables		(404,042)	(85,958)	(55,288)	(563,936)	(16,530)
(Increase)/decrease in inventories		(11,574)	(68,995)	203	(4,493)	(67,336)
Increase in trade payables		70,753	215,607	65,654	49,510	92,515
Increase/(decrease) in other payables and accruals		651,821	773,290	51,011	67,158	(74,326)
Increase/(decrease) in contract liabilities		87,687	264,042	86,863	16,780	(29,357)
Increase in deferred income		—	—	8,280	8,280	3,697
Cash generated from/(used in) operations		581,814	1,226,225	537,508	(309,087)	(198,998)
Income tax paid		(52,963)	(84,394)	(82,414)	(51,168)	(57,889)
Net cash flows generated from/(used in) operating activities		528,851	1,141,831	455,094	(360,255)	(256,887)

	Note	Year ended 31 December 2017	2018	2019	Six months ended 30 June 2019	2020
		RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest received		7,466	9,670	8,445	4,550	1,615
Purchases of property, plant and equipment		(59,571)	(79,708)	(75,959)	(64,377)	(30,219)
Purchases of investment property		(138,537)	(103,993)	—	—	(20,194)
Purchases of intangible assets		(1,258)	(1,603)	(1,157)	(869)	(1,569)
Advances to China Resources Land Investment Limited		(111,093)	(181,060)	(1,062,435)	(763,108)	(165,928)
Advances to related parties		(109,083)	(466,616)	(700,492)	(314,845)	(1,419,482)
Repayment from related parties		99,687	83,883	729,396	667,781	1,645,116
Proceeds from disposal of property, plant and equipment		1,590	12,097	17,858	2,288	19,492
Net cash flows (used in)/generated from investing activities		(310,799)	(727,330)	(1,084,344)	(468,580)	28,831
CASH FLOWS FROM FINANCING ACTIVITIES						
Dividends paid		(35,773)	(70,000)	—	—	(129,347)
Advances from related parties		237,010	572,780	561,933	437,398	1,461,692
Repayment to related parties		(199,725)	(499,426)	(371,076)	(193,336)	(1,289,421)
Principal portion of lease payment		(2,236)	(16,659)	(19,720)	(9,401)	(12,542)
Cash payment to CR Land upon group reorganisation		(5,932)	(69,825)	(5,000)	(5,000)	(7,756)
Interest paid		(905)	(66,596)	(67,635)	(35,675)	(33,667)
Net cash flows (used in)/generated from financing activities		(7,561)	(149,726)	98,502	193,986	(11,041)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		210,491	264,775	(530,748)	(634,849)	(239,097)
Cash and cash equivalents at beginning of year / period		660,971	871,462	1,136,237	1,136,237	605,489
CASH AND CASH EQUIVALENTS AT END OF YEAR / PERIOD		871,462	1,136,237	605,489	501,388	366,392
CASH AND CASH EQUIVALENTS AS STATED IN THE STATEMENT OF CASH FLOWS	20	871,462	1,136,237	605,489	501,388	366,392

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

		As at 31 December			As at 30 June
	Note	2017	2018	2019	2020
		RMB'000	RMB'000	RMB'000	RMB'000
NON-CURRENT ASSET					
Investment in a subsidiary		87	87	87	87
Total non-current asset		87	87	87	87
CURRENT ASSET					
Prepayments, deposits and other receivables	32	95	68,247	144,855	593,771
Total current asset		95	68,247	144,855	593,771
Total assets		182	68,334	144,942	593,858
CURRENT LIABILITY					
Other payables and accruals	32	124	68,276	144,884	592,627
Total current liability		124	68,276	144,884	592,627
NET CURRENT (LIABILITIES)/ASSETS		(29)	(29)	(29)	1,144
TOTAL ASSETS LESS CURRENT LIABILITIES		58	58	58	1,231
NET ASSETS		58	58	58	1,231
Equity attributable to owners of the parent					
Share capital		88	88	88	88
(Accumulated losses)/retained profits		(30)	(30)	(30)	1,143
Total equity		58	58	58	1,231

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands on 18 May 2017. The registered office address of the Company is PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

The Company is an investment holding company. During the Relevant Periods, the Company's subsidiaries were involved in the provision of residential property management services and commercial operational and property management services in the People's Republic of China (the "PRC").

In the opinion of the Company's directors, the immediate holding company of the Company is China Resources Land Limited ("CR Land"), a public limited company incorporated in the Cayman Islands and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange"). The ultimate holding company of the Company is China Resources Company Limited ("CRCL"), a company incorporated in the People's Republic of China (the "PRC").

The Company and its subsidiaries now comprising the Group underwent the Reorganisation as set out in the paragraph headed "Reorganisation" in the section headed "History, Reorganisation and Corporate Structure" in the Prospectus.

As at the date of this report, the Company had direct and indirect interests in its subsidiaries, the particulars of which are set out below:

Name	Place and date of incorporation/ place of operation	Registered Capital	Percentage of equity attributable to the Company					Principal activities
			As at 31 December			As at 30 June	At date of this report	
			2017	2018	2019	2020		
Super Honor Development Limited (2)#	Hong Kong, 2017/5/18	CNY20,000,000	100	100	100	100	100	Investment holding
Golden Key Resources Limited ("Golden Key") (1)(6)	Hong Kong, 2019/9/27	USD10,000	—	—	100	100	100	Investment holding
Cheer Ocean Enterprises Limited ("Cheer Ocean") (1)(6)	Hong Kong, 2019/5/3	HKD100,000	—	—	100	100	100	Investment holding
China Resources Huan Le Song (Hong Kong) Limited ("Huan Le Song") (4)(7)	Hong Kong, 2017/2/10	HKD100	100	100	100	100	100	Investment holding
瀘州華潤置地商業管理有限公司Luzhou CR Land Commercial Management Co. Ltd. ("Luzhou Commercial") (3)(6)	China, 2014/12/22	CNY10,000,000	100	100	100	100	100	Commercial operational management services
華潤萬象商業（深圳）有限公司CR Mixc Commercial (Shenzhen) Co. Ltd. ("Mixc Commercial") (1)(6)	China, 2019/11/8	CNY300,000,000	—	—	100	100	100	Commercial operational management services
華潤物業科技服務有限公司 CR Property Technology Services Co. Ltd. (3)	China, 2017/8/15	CNY600,000,000	100	100	100	100	100	Property management services
華潤物業經紀顧問有限公司CR Property Agents Consultancy Co. Ltd. (3)	China, 1995/11/9	CNY 30,000,000	100	100	100	100	100	Thermal energy supply services

Name	Place and date of incorporation/ place of operation	Registered Capital	Percentage of equity attributable to the Company					Principal activities
			As at 31 December			As at 30 June	At date of this report	
			2017	2018	2019	2020		
華潤置地（瀋陽）物業服務有限公司CR Land (Shenyang) Property Management Co. Ltd. (3)	China, 2009/4/28	CNY 20,000,000	100	100	100	100	100	Property management services
華潤置地（上海）物業管理有限公司CR Land (Shanghai) Property Management Co. Ltd. (3)	China, 2004/11/4	CNY 20,000,000	100	100	100	100	100	Property management services
華潤置地（成都）物業服務有限公司CR Land (Chengdu) Property Management Co. Ltd. (3)	China, 2003/11/23	CNY 20,000,000	100	100	100	100	100	Property management services
華潤置地（北京）物業管理有限責任公司CR Land (Beijing) Property Management Co. Ltd. (3)	China, 1997/5/5	CNY 20,000,000	100	100	100	100	100	Property management services
深圳華潤物業管理有限公司Shenzhen CR Property Management Co. Ltd. (3)	China, 2001/11/8	CNY 20,000,000	100	100	100	100	100	Property management services
華潤置地（武漢）物業管理有限公司CR Land (Wuhan) Property Management Co. Ltd. (3)	China, 2005/9/6	CNY 20,000,000	100	100	100	100	100	Property management services
華潤潤欣商業管理（深圳）有限公司CR Run Xin Commercial Management (Shenzhen) Co. Ltd. ("Run Xin Commercial") (5)(7)	China, 2017/3/9	CNY 10,000,000	100	100	100	100	100	Commercial operational management services
湖北潤聯物業管理有限公司Hubei Run Lian Property Management Co. Ltd. ("Hubei Run Lian") (3)(7)	China, 2017/10/16	CNY 3,000,000	100	100	100	100	100	Property management services
華潤物業工程科技有限公司CR Property Management Engineering Technology Co. Ltd. (3)	China, 2011/11/3	CNY 10,000,000	100	100	100	100	100	Construction services and decoration services
華潤物業（大連）有限公司CR Property Management (Dalian) Co. Ltd. (3)	China, 2008/5/22	CNY 10,000,000	100	100	100	100	100	Property management services

Except for Super Honor Development Limited, which is directly held by the Company, all the other companies are indirectly held by the Company.

The English names of all group companies registered in the PRC represent the best efforts made by the directors of the Company to translate the Chinese names of these companies as they do not have official English names.

(1) No audited financial statements have been prepared and issued for these entities as the entities were established in 2019 and not subject to any statutory audit requirement under the relevant rules and regulations in its jurisdiction of incorporation or establishment.

(2) The statutory financial statements of the entity for the year ended 31 December 2017 prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") have been audited by Deloitte Touche Tohmatsu Limited. The statutory financial statements of the entity for the years ended 31 December 2018 and 2019 prepared in accordance with HKFRSs have been audited by Ernst & Young.

(3) The statutory financial statements of the entity for the year ended 31 December 2017 prepared in accordance with PRC accounting principles and regulations ("PRC GAAP")

have been audited by Deloitte Touche Tohmatsu Hua Yong LLP Guangzhou branch. The statutory financial statements of the entity for the years ended 31 December 2018 and 2019 prepared in accordance with PRC GAAP have been audited by Ernst & Young Hua Ming LLP Shenzhen Branch.

(4) The statutory financial statements of the entity for the years ended 31 December 2017, 2018 and 2019 prepared in accordance with HKFRSs have been audited by PricewaterhouseCoopers.

(5) The statutory financial statements of the entity for the years ended 31 December 2017, 2018 and 2019 prepared in accordance with PRC GAAP have been audited by PricewaterhouseCoopers Zhong Tian LLP Shanghai Branch.

(6) Golden Key, Cheer Ocean and Mixc Commercial were acquired by the Group subsequent to the Relevant Periods on 18 July 2020. Luzhou Commercial was acquired by the Group subsequent to the Relevant Periods on 12 August 2020. As these entities and the Company are under common control of CR Land, the financial results of these entities in the Relevant Periods and the six months ended 30 June 2019 were included in the Historical Financial Information.

(7) Huan Le Song and Run Xin Commercial were acquired by the Group subsequent to the Relevant Periods on 15 September 2020. Hubei Run Lian was acquired by the Group subsequent to the Relevant Periods on 22 September 2020. As these entities and the Company are under common control of CRCL, the financial results of these entities in the Relevant Periods and the six months ended 30 June 2019 were included in the Historical Financial Information.

2.1 BASIS OF PRESENTATION

Pursuant to the Reorganisation, as more fully explained in the paragraph headed "REORGANISATION" in the section headed "HISTORY, REORGANISATION AND CORPORATE STRUCTURE" in the Prospectus, the Company was incorporated on 18 May 2017. The Company and the subsidiaries now comprising the Group except for Huan Le Song, Run Xin Commercial and Hubei Run Lian were under the common control of CR Land before and after the Reorganisation. Accordingly, for the purpose of this report, the Historical Financial Information has been prepared by applying the principles of merger accounting as if the Reorganisation had been completed at the beginning of the Relevant Periods.

The combined statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group for the Relevant Periods and the six months ended 30 June 2019 include the results and cash flows of all companies now comprising the Group from the earliest date presented or since the date when the subsidiaries and/or businesses first came under the common control of CR Land, where this is a shorter period. The combined statements of financial position of the Group as at 31 December 2017, 2018 and 2019 and 30 June 2020 have been prepared to present the assets and liabilities of the subsidiaries using the existing book values from CR Land's perspective. No adjustments are made to reflect fair values, or recognize any new assets or liabilities as a result of the Reorganisation.

Regarding the acquisitions of Huan Le Song, Run Xin Commercial and Hubei Run Lian from CRCL in 2020, the Group has accounted for these business combinations using the pooling of interest method as these entities and the Company are under common control of CRCL. The results of these entities are combined from the beginning of the Relevant Periods or the date on which the entity first came under the common control of CRCL, whichever is later, and continue to be consolidated until the date that the Company's control ceases. The assets and liabilities of these entities are reflected at their existing carrying values at the date of combination. No amount is recognised in respect of goodwill or excess of the acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, which, instead, is recorded as part of equity.

All intra-group transactions and balances have been eliminated on combination.

2.2 BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with HKFRSs (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the HKICPA and accounting principles generally accepted in Hong Kong. Except for Amendments to HKFRS 3 *Definition of a Business* which is applied prospectively to the transactions that occur on or after 1 January 2020, all HKFRSs effective for the accounting period commencing from 1 January 2020, together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the Historical Financial Information throughout the Relevant Periods and in the period covered by the Interim Comparative Financial Information. The Group also early adopted Amendment to HKFRS 16 *Covid-19-Related Rent Concessions* on 1 January 2020 and elected not to apply lease modification accounting for all rent concessions granted by the lessors as a result of the covid-19 pandemic during the six months ended 30 June 2020.

As at 31 December 2017, 2018 and 2019 and 30 June 2020, the Group had net current liabilities of approximately RMB284,942,000, RMB325,150,000, RMB14,190,000 and RMB96,303,000, respectively.

The directors of the Company believe that the Group has adequate resources to continue operations and meet its abilities as at when they fall due for the foreseeable future of not less than 12 months from the end of the reporting period, by taking into account: (a) the Group's expected cash inflows from operating activities; (b) the repayment from China Resources Land Investment Limited, a cash pooling entity within CR Land Group; (c) the bank facilities obtained subsequent to the reporting date. Therefore, the directors of the Company are of the opinion that it is appropriate to prepare the Historical Financial Information on a going concern basis.

The Historical Financial Information has been prepared under the historical cost convention, except for investment properties which have been measured at fair value.

2.3 ISSUED BUT NOT YET EFFECTIVE HKFRS

The Group has early adopted the Amendment to HKFRS 16 *Covid 19-Related Rent Concessions* that has been issued but not yet effective, on 1 January 2020. The impact of this amendment upon initial application is disclosed in note 2.4 to the Historical Financial Information.

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in the Historical Financial Information. The Group intends to adopt them, if applicable, when they become effective:

Amendments to HKFRS 3	*Reference to Conceptual Framework*[2]
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	*Interest Rate Benchmark Reform - Phase 2*[1]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
HKFRS 17	*Insurance Contract*[3]
Amendments to HKFRS 17	*Insurance Contract*[3, 6]
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current*[3, 5]
Amendments to HKAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*[2]
Amendments to HKAS 37	*Onerous Contracts - Costs of Fulfilling a Contract*[2]
Annual Improvements to HKFRSs 2018-2020	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41[2]

1 Effective for annual periods beginning on or after 1 January 2021

2 Effective for annual periods beginning on or after 1 January 2022

3 Effective for annual periods beginning on or after 1 January 2023

4 No mandatory effective date yet determined but available for adoption

5 As a consequence of the amendments to HKAS 1, Hong Kong Interpretation 5 *Presentation of Financial Statements - Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause* was revised in October 2020 to align the corresponding wordings with no change in conclusion

6 As a consequence of the amendments to HKFRS 17 issued in October 2020, HKFRS 4 was amended to extend the temporary exemption that permits insurers to apply HKAS 39 rather than HKFRS 9 for annual periods beginning before 1 January 2023

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. So far, the Group considers that these new and revised HKFRSs may result in changes in accounting policies but are unlikely to have a significant impact on the Group's result of operation and financial position.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Subsidiaries

A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. The results of subsidiaries are included in the Company's profit or loss to the extent of dividends received and receivable. The Company's investments in subsidiaries are stated at cost less any impairment losses.

Business combination of entities under common control

Business combinations of entities under common control are accounted for using the pooling of interests method. The results of subsidiaries are combined from the beginning of the Relevant Periods or the date on which a subsidiary first came under the common control of the controlling shareholders, whichever is later, and continue to be combined until the date that the Company's control ceases. The assets and liabilities of the combining entities are reflected at their existing carrying values at the date of combination. No amount is recognised in respect of goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, which, instead, is recorded as part of equity.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — based on quoted prices (unadjusted) in active markets for identical assets or liabilities

- Level 2 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

- Level 3 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, contract assets, deferred tax assets, financial assets, investment properties and non-current assets/a disposal group classified as held for sale), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each of the Relevant Periods as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortization) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group; and the sponsoring employers of the post-employment benefit plan;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalized in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognizes such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Buildings	3.17% to 5.00%
Machinery equipment	5.00% to 33.33%
Motor vehicles	10.00% to 23.75%
Other equipment	6.33% to 33.33%
Leasehold improvements	Over the shorter of relevant lease term and 20.00% to 50.00%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.

Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress represents plant and machinery under construction or installation, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Computer software is stated at cost less any impairment losses and is amortized on the straight-line basis over their estimated useful life of 2 years.

Investment properties

Investment properties are interests in land and buildings including the leasehold property held as a right-of-use asset held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the reporting period.

Gains or losses arising from changes in the fair values of investment properties are included in the statement of profit or loss in the year in which they arise.

Any gains or losses on the retirement or disposal of an investment property are recognised in the statement of profit or loss in the year of the retirement or disposal.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Land use rights	20 years
Buildings	2 to 8 years
Motor vehicles	2 to 3 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments or a change in assessment of an option to purchase the underlying asset.

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option, elected by class of underlying asset). It also applies the recognition exemption for leases of low-value assets (elected on a lease-by-lease basis). Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease terms and is included in revenue in profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, are accounted for as finance leases.

At the commencement date, the cost of the leased asset is capitalized at the present value of the lease payments and related payments (including the initial direct costs) and presented as a receivable at an amount equal to the net investment in the lease. The finance income of such leases is recognised in the statement of profit or loss so as to provide a constant periodic rate of charge over the lease terms.

When the Group is an intermediate lessor, a sublease is classified as a finance lease or operating lease with reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the Group applies the recognition exemption in the statement of financial position, the Group classifies the sublease as an operating lease.

Early adoption of amendment to HKFRS 16 Covid 19-Related Rent Concessions issued in June 2020

Amendment to HKFRS 16 provides a practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the covid-19 pandemic. The practical expedient applies only to rent concessions occurring as a direct consequence of the covid-19 pandemic and only if (i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; (ii) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and (iii) there is no substantive change to other terms and conditions of the lease. The amendment is effective retrospectively for annual periods beginning on or after 1 June 2020 with earlier application permitted.

During the six months ended 30 June 2020, certain monthly lease payments for the leases of the Group's shopping malls have been reduced or waived by the lessors as a result of the covid-19 pandemic and there are no other changes to the terms of the leases. The Group has early adopted the amendment on 1 January 2020 and elected not to apply lease modification accounting for all rent concessions granted by the lessors as a result of the covid-19 pandemic during the period ended 30 June 2020. Accordingly, a reduction in the lease payments arising from the rent concessions of RMB7,468,000 has been accounted for as a variable lease payment by derecognizing part of the lease liabilities and crediting to profit or loss for the six months ended 30 June 2020.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under HKFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortized cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortized cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortized cost (debt instruments)

Financial assets at amortized cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's combined statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or

- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognizes an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortized cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

Stage 1 — Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 — Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 — Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For trade receivables that contain a significant financing component and lease receivables, the Group chooses as its accounting policy to adopt the simplified approach in calculating ECLs with policies as described above.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, and payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade payables and other payables and accruals and lease liabilities.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortized cost

After initial recognition, trade payables and other payables and accruals are subsequently measured at amortized cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortization is included in finance costs in the statement of profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or canceled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

Inventories

Parking spaces

Parking spaces are stated at the lower of cost and net realizable value. Net realizable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Other inventories

Other inventories, comprising ornamental plants and other materials, are stated at the lower of cost and net realizable value. Cost is determined on the first-in, first-out basis. Net realizable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

For the purpose of the combined statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the combined statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilized, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to profit or loss over the expected useful life of the relevant asset by equal annual installments or deducted from the carrying amount of the asset and released to profit or loss by way of a reduced depreciation charge.

Revenue recognition

Revenue from contracts with customers

The Group provides residential property management services and commercial operational and property management services. Revenue from contracts with customers is recognised when services are rendered to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange of those services.

When the consideration in a contract include a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

Residential property management services

Residential property management services comprise: (i) property management services; (ii) value-added services to property developers; and (iii) community value-added services.

Property management services mainly includes security, cleaning and greening, repair and maintenance services and customer services to residential properties and other non-commercial properties. For property management services, the Group bills a fixed amount for services provided on a monthly basis and recognizes as revenue in the amount to which the Group has a right to invoice and that corresponds directly with the value of performance completed. Property management service income from residential properties are managed under lump sum basis, where the Group acts as principal. The Group entitles to revenue at the value of property management services fee received or receivable.

Value-added services to property developers mainly include pre-delivery marketing services, preliminary planning and preparation services, preliminary consultancy services and other services including housing trust and vacant units management. The Group agrees the price for each service with the customers upfront and issues the monthly bill to the customers which varies based on the actual level of service completed in that month. Revenue from value added services is recognised over time, in the amount to which the Group has a right to invoice, because the customer simultaneously receives and consumes the benefits provided by the Group.

For community value-added services including community living services and brokerage and asset services, revenue is recognised when the related services are rendered. Payment of the transaction is due immediately when the community value-added services are rendered to the customer. Sales of goods are included in asset services. Revenue from sales of goods is recognised at the point in time when control of the goods is transferred to the customer, generally on the acceptance of the goods by the customer. Revenue from brokerage services is recognised at the point in time when the services are rendered and accepted by the customers.

Commercial operational and property management services

Commercial operational and property management services are provided to property developers, owners or tenants of (i) shopping malls and (ii) office buildings.

For shopping malls, the Group provide:

- Property management and other services, mainly including security, cleaning and greening, repair and maintenance and customer services for shopping malls. Property management fees are charged on a lump sum basis. The Group bills a fixed amount for services provided on a monthly basis and recognizes it as revenue in the amount to which the Group has a right to invoice and that corresponds directly with the value of performance completed.

- Commercial operational services, including pre-opening management and post-opening operation management services. The Group charges pre-opening management services fees at a fixed rate per square meter or per monthly rent or a fixed fee depending on the nature of services rendered. The Group collects fees from providing post-opening operation management services typically as a percentage of the rental income, operating income, and/or operating profit of the relevant shopping malls. Revenue from commercial operational services are recognised in the amount to which the Group has a right to invoice and that corresponds directly with the value of performance completed.

For office buildings, the Group provides property management and other services, mainly including security, cleaning and repair and maintenance services. Property management fees are charged on a lump sum basis. The Group bills a fixed amount for services provided on a monthly basis and recognizes it as revenue in the amount to which the Group has a right to invoice and that corresponds directly with the value of performance completed.

Revenue from other sources

The Group provides commercial subleasing services with respect to units located within certain shopping malls. The Group receive rental income from tenants primarily on a monthly basis. Rental income is recognised on a time proportion basis over the lease terms. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are incurred.

Other income

Interest income is recognised, on an accrual basis using the effective interest method by applying the rate that discounts the estimated future cash receipts over the expected life of the financial instrument of the net carrying amount of the financial asset.

Dividend income is recognised when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract.

Employee retirement benefits

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a certain proportion of their payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

Borrowing costs

Borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Foreign currencies

The Historical Financial Information is presented in RMB, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial information of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of each of the Relevant Periods. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

The functional currencies of certain overseas subsidiaries are currencies other than RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of each of the Relevant Periods and their statements of profit or loss and other comprehensive income are translated into RMB at the weighted average exchange rates for the year.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

For the purpose of the combined statements of cash flows, the cash flows of certain overseas subsidiaries are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of certain overseas subsidiaries which arise throughout the year are translated into RMB at the weighted average exchange rates for the year.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Provision for expected credit losses on trade receivables and other receivables

The Group uses a provision matrix to calculate ECLs for trade receivables and other receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, service type, customer type and rating).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade receivables and other receivables is disclosed in note 18 and note 19 to the Historical Financial Information, respectively.

Net realizable value of inventories

Net realizable value of inventories is the estimated selling price in the ordinary course of business, less estimated selling expenses. Net realizable value of parking spaces is estimated by the directors based on the prevailing market prices. These estimates are based on the current market conditions and the historical experience of selling merchandise of a similar nature. It could change significantly as a result of changes in customer taste or competitor actions. The Group reassesses these estimates at the end of the reporting period.

Fair value of investment properties

Investment properties, including the leasehold property held as a right-of-use asset, are carried in the combined statement of financial position at their fair value, details of which are disclosed in note 16. The fair value of the investment properties was determined by reference to valuations conducted on these properties by an independent and professionally qualified valuer using property valuation techniques which involve certain assumptions of prevailing market conditions. Favorable or unfavorable changes to these assumptions may result in changes in the fair value of the Group's investment properties included in the combined statement of financial position and the corresponding adjustments to the changes in fair value reported in the combined statements of profit or loss and other comprehensive income. Details of the fair value of investment properties are disclosed in note 16 to the Historical Financial Information.

Deferred tax assets

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The carrying value of deferred tax assets relating to recognised tax losses were RMB3,736,000, RMB4,551,000, RMB217,000 and RMB468,000 as at 31 December 2017, 2018 and 2019, and 30 June 2020, respectively. The amounts of unrecognised tax losses were RMB2,968,000, RMB3,667,000, RMB6,473,000, RMB7,752,000 at 31 December 2017, 2018 and 2019, and 30 June 2020, respectively. Further details are contained in note 23 to the Historical Financial Information.

Recognition of deferred tax liabilities for withholding taxes

Deferred tax liabilities are recognised for withholding tax levied on dividends declared to foreign investors from the foreign investment enterprise established in Mainland China. Significant management judgment is required to determine the amount of deferred tax liabilities that can be recognised, based upon the likely dividends declared. Further details are contained in note 23 to the Historical Financial Information.

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value-in-use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Useful lives of property, plant and equipment

The Group's management determines the estimated useful lives. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. Management will increase the depreciation charge where useful lives are less than previously estimated lives, or will write off or write down technically obsolete or non-strategic assets that have been abandoned or sold. Periodic review could result in a change in depreciable lives and, therefore, depreciation charge in the future periods.

Leases — Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease.

4. OPERATING SEGMENT INFORMATION

Information reported to the executive directors of the Company, being the chief operating decision makers ("CODM") of the Group, was specifically focused on the segments of the residential property management services and commercial operational and property management services. These divisions are the basis on which the Group reports its segment information under HKFRS 8 Operating Segments.

Residential property management services

The Group provides residential property management services of residential properties and other properties. Such services include (i) property management services; (ii) value-added services to property developers; and (iii) community value-added services.

Commercial operational and property management services

Commercial operational and property management services are provided to property developers, owners or tenants of shopping malls and office buildings. For shopping malls, the Group provide property management and other services, commercial operational services and commercial subleasing services. For office buildings, the Group provides property management and other services.

Segment results represent the profit earned or loss incurred before taxation by each segment without allocation of income or expenses which are not recurring in nature or unrelated to the CODM's assessment of the Group's operating performance, e.g., other income, other gains and losses, gain on changes in fair value of investment properties, administration expenses, other expenses, and finance costs. Segment revenues and results are the measures reported to the CODM for the purposes of resource allocation and performance assessment.

Segment assets exclude unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

The following is an analysis of the Group's revenue and results by operating and reportable segments:

Year ended 31 December 2017

	Residential property management services	Commercial operational and property management services	Combined
	RMB'000	RMB'000	RMB'000
Revenue			
Revenue from contracts with customers			
Recognised at a point in time	50,749	—	50,749
Recognised over time	2,050,619	983,864	3,034,483
Revenue from other sources			
Rental income	—	44,193	44,193
Revenue from external customers	2,101,368	1,028,057	3,129,425
Result			
Segment results	261,452	145,860	407,312
Gain on changes in fair value of investment property			343,660
Other income and gains			28,466
Unallocated expenses			(234,858)
Finance costs			(28,418)
Profit before taxation			516,162

Year ended 31 December 2018

	Residential property management services	Commercial operational and property management services	Combined
	RMB'000	RMB'000	RMB'000
Revenue			
Revenue from contracts with customers			
Recognised at a point in time	120,335	—	120,335
Recognised over time	2,610,857	1,518,230	4,129,087
Revenue from other sources			
Rental income	32,169	150,136	182,305
Revenue from external customers	2,763,361	1,668,366	4,431,727
Result			
Segment results	316,380	349,046	665,426
Gain on changes in fair value of investment property			312,922
Other income and gains			55,040
Unallocated expenses			(393,160)
Finance costs			(68,263)
Profit before taxation			571,965

Year ended 31 December 2019

	Residential property management services	Commercial operational and property management services	Combined
	RMB'000	RMB'000	RMB'000
Revenue			
Revenue from contracts with customers			
Recognised at a point in time	145,011	—	145,011
Recognised over time	3,293,828	2,170,402	5,464,230
Revenue from other sources			
Rental income	32,729	226,133	258,862
Revenue from external customers	3,471,568	2,396,535	5,868,103
Result			
Segment results	420,199	522,107	942,306
Gain on changes in fair value of investment property			47,691
Other income and gains			77,150
Unallocated expenses			(506,398)
Finance costs			(64,241)
Profit before taxation			496,508

Six months ended 30 June 2019 (unaudited)

	Residential property management services	Commercial operational and property management services	Combined
	RMB'000	RMB'000	RMB'000
Revenue			
Revenue from contracts with customers			
Recognised at a point in time	72,801	—	72,801
Recognised over time	1,451,861	993,407	2,445,268
Revenue from other sources			
Rental income	13,830	108,708	122,538
Revenue from external customers	1,538,492	1,102,115	2,640,607
Result			
Segment results	183,010	291,650	474,660
Gain on changes in fair value of investment property			19,500
Other income and gains			23,096
Unallocated expenses			(220,044)
Finance costs			(32,283)
Profit before taxation			264,929

Six months ended 30 June 2020

	Residential property management services	Commercial operational and property management services	Combined
	RMB'000	RMB'000	RMB'000
Revenue			
Revenue from contracts with customers			
Recognised at a point in time	71,685	—	71,685
Recognised over time	1,604,741	1,367,232	2,971,973
Revenue from other sources			
Rental income	4,368	85,974	90,342
Revenue from external customers	1,680,794	1,453,206	3,134,000
Result			
Segment results	235,218	520,093	755,311
Loss on changes in fair value of investment property			(30,300)
Other income and gains			62,009
Unallocated expenses			(285,467)
Finance costs			(33,427)
Profit before taxation			468,126

(1) No geographical information is presented as the Group's revenue from the external customers is derived solely from its operation in Mainland China and no non-current assets of the Group are located outside Mainland China.

(2) For the years ended 31 December 2017, 2018 and 2019, the six months ended 30 June 2019 and 2020, revenue from the ultimate holding company and the fellow subsidiaries contributed 31%, 32%, 32%, 31% and 36% of the Group's revenue, respectively. Other than the revenue from the ultimate holding company and the fellow subsidiaries, no revenue derived from sales to a single customer or a group of customers under common control accounted for 10% or more of the Group's revenue for each of the Relevant Periods and the six months ended 30 June 2019.

The following is an analysis of the Group's assets and liabilities by operating and reportable segment:

As at 31 December 2017

	Residential property management services	Commercial operational and property management services	Combined
	RMB'000	RMB'000	RMB'000
Segment assets	318,453	1,987,283	2,305,736
Reconciliation			
Corporate and other unallocated assets			1,575,053
Total assets			3,880,789
Segment liabilities	659,104	2,005,606	2,664,710
Reconciliation			
Corporate and other unallocated liabilities			901,621
Total liabilities			3,566,331
Capital expenditure (Note)	54,718	144,648	199,366

As at 31 December 2018

	Residential property management services	Commercial operational and property management services	Combined
	RMB'000	RMB'000	RMB'000
Segment assets	664,560	2,472,294	3,136,854
Reconciliation			
Corporate and other unallocated assets			2,604,760
Total assets			5,741,614
Segment liabilities	3,375,826	611,427	3,987,253
Reconciliation			
Corporate and other unallocated liabilities			1,087,705
Total liabilities			5,074,958
Capital expenditure (Note)	78,543	106,761	185,304

As at 31 December 2019

	Residential property management services	Commercial operational and property management services	Combined
	RMB'000	RMB'000	RMB'000
Segment assets	926,465	2,517,813	3,444,278
Reconciliation			
Corporate and other unallocated assets			3,657,000
Total assets			7,101,278
Segment liabilities	2,513,808	2,207,464	4,721,272
Reconciliation			
Corporate and other unallocated liabilities			1,348,422
Total liabilities			6,069,694
Capital expenditure (Note)	73,766	3,350	77,116

As at 30 June 2020

	Residential property management services	Commercial operational and property management services	Combined
	RMB'000	RMB'000	RMB'000
Segment assets	1,670,923	2,554,965	4,225,888
Reconciliation			
Corporate and other unallocated assets			3,029,175
Total assets			7,255,063
Segment liabilities	2,310,974	2,394,190	4,705,164
Reconciliation			
Corporate and other unallocated liabilities			1,614,516
Total liabilities			6,319,680
Capital expenditure (Note)	45,017	6,965	51,982

Note: The capital expenditure consists of additions to property, plant and equipment, investment property, intangible assets and right-of-use assets.

5. REVENUE

Revenue mainly comprises proceeds from residential property management services and commercial operational and property management services. An analysis of the Group's revenue and cost of services by category for the Relevant Periods and the six months ended 30 June 2019 is as follows:

An analysis of revenue is as follows:

	Year ended 31 December			Six months ended 30 June	
	2017	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Revenue from contracts with customers	3,085,232	4,249,422	5,609,241	2,518,069	3,043,658
Revenue from other sources:					
— Variable lease payments that do not depend on an index or rate	22,791	37,523	47,285	24,472	20,523
— Other lease payments, including fixed payments	21,402	144,782	211,577	98,066	69,819
	44,193	182,305	258,862	122,538	90,342
	3,129,425	4,431,727	5,868,103	2,640,607	3,134,000

Revenue from contracts with customers

	Year ended 31 December			Six months ended 30 June	
	2017	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Type of goods and services					
Residential property management services					
Property management services	1,643,644	2,105,952	2,667,177	1,195,175	1,317,109
Community value-added services	147,493	186,529	264,428	115,284	122,112
Value-added services to property developers	310,231	438,711	507,234	214,203	237,205
	2,101,368	2,731,192	3,438,839	1,524,662	1,676,426
Commercial operational and property management services					
Shopping malls	673,138	993,016	1,332,174	605,166	919,045
Office buildings	310,726	525,214	838,228	388,241	448,187
	983,864	1,518,230	2,170,402	993,407	1,367,232
Total revenue from contracts with customers	3,085,232	4,249,422	5,609,241	2,518,069	3,043,658
Timing of revenue recognition					
Goods transferred at a point in time	12,863	43,967	39,722	24,404	20,485
Services transferred at a point in time	37,886	76,368	105,289	48,397	51,200
Services transferred over time	3,034,483	4,129,087	5,464,230	2,445,268	2,971,973
Total revenue from contracts with customers	3,085,232	4,249,422	5,609,241	2,518,069	3,043,658

Contract liabilities

The Group recognised the following revenue-related contract liabilities:

	As at 31 December			As at 30 June
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Contract liabilities				
— Related parties	876	16,257	826	8,449
— Third parties	446,373	695,034	797,328	760,348
	447,249	711,291	798,154	768,797

Contract liabilities of the Group mainly arise from the advance payments received from customers while the underlying services are yet to be provided. Such liabilities increased as a result of the growth of the Group's business.

The following table shows the revenue recognised during the Relevant Periods and the six months ended 30 June 2019 related to carried-forward contract liabilities:

	Year ended 31 December			Six months ended 30 June	
	2017	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Revenue recognised that was included in contract liabilities at the beginning of the year/ period:					
— Residential property management services	312,971	410,195	637,764	575,732	670,791
— Commercial operational and property management services	14,657	34,893	68,722	64,384	60,087
	327,628	445,088	706,486	640,116	730,878

Performance obligations

For residential property management services (except for brokerage services and sales of goods) and commercial operational and property management services, the Group recognizes revenue in the amount that equals the right to invoice which corresponds directly with the value to the customer of the Group's performance to date on a monthly basis. The Group bills the amount for services provided on a monthly basis or pre-charges service fee on a half year basis and payment is due within 30 days of invoice. The Group has elected the practical expedient as described in HKFRS 15.121(b) for not to disclose the remaining performance obligations for these types of contracts.

For brokerage services, the services are rendered in a short period of time which is generally less than a year and there is no satisfied performance obligation at the end of the respective periods. The payment is due immediately when the services are rendered to the customer.

For sales of goods, the performance obligation is satisfied when customers obtain the physical possession or the legal title of the parking spaces and the Group has right to payment and the collection of the consideration is probable. The payment is due immediately when the customers obtain the physical possession or the legal title of the parking spaces. There are no remaining performance obligations unsatisfied or partially satisfied as at 31 December 2017, 2018, 2019 and 30 June 2020.

6. OTHER INCOME AND GAINS

	Year ended 31 December			Six months ended 30 June	
	2017	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Interest income	7,521	9,937	8,124	4,229	1,615
Government grants*	16,293	15,303	41,367	15,227	34,379
Gains on disposal of items of property, plant and equipment	14	31	10,276	499	18,131
Operating subsidies**	—	21,837	9,864	—	5,725
Others	4,638	7,932	7,519	3,141	2,159
	28,466	55,040	77,150	23,096	62,009

* Government grants received for which related expenditure has not yet been incurred are included in deferred income in the combined statements of financial position. There are no unfulfilled conditions or contingencies relating to these grants.

** Operating subsidies refer to cash received for managing certain property projects in relation to the Reform of state-owned enterprises ("SOE Reform projects").

7. FINANCE COSTS

An analysis of finance costs is as follows:

	Year ended 31 December			Six months ended 30 June	
	2017	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Other interest expense (note 28(2)(a))	1,974	5,057	656	656	1,354
Interest on lease liabilities	26,444	63,206	63,585	31,627	32,073
	28,418	68,263	64,241	32,283	33,427

8. PROFIT BEFORE TAXATION

The Group's profit before taxation is arrived at after charging/(crediting):

	Notes	Year ended 31 December 2017	2018	2019	Six months ended 30 June 2019	2020
		RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Cost of services provided		2,714,824	3,740,089	4,901,529	2,147,788	2,368,305
Cost of inventories sold		7,289	26,212	24,268	18,159	10,384
Depreciation of property, plant and equipment	14	28,339	33,358	40,812	16,243	22,660
Depreciation of right-of-use assets	15	2,999	6,172	10,893	4,326	7,461
Amortization of intangible assets		1,705	2,041	1,052	443	656
Listing expenses		—	—	—	—	9,859
Auditor's remuneration		72	63	80	40	87
Employee benefit expense (excluding directors' and chief executive's remuneration):						
Wages and salaries		1,494,812	1,993,589	2,601,187	1,210,513	1,446,431
Pension scheme contributions*		112,355	174,085	197,125	105,217	53,851
		1,607,167	2,167,674	2,798,312	1,315,730	1,500,282
Impairment of trade receivables**	18	16	821	654	3,499	2,573
Impairment/(reversal of impairment) of financial assets included in prepayments, deposits and other receivables**	19	1,855	906	(657)	(1,020)	(1,335)
Variable lease payments not included in the measurement of lease liabilities		4,519	12,856	37,730	12,483	7,786
Lease payments for short-term leases and leases of low-value assets		1,823	3,731	6,942	1,532	4,897
Impact of Amendments to HKFRS 16 — Covid-19 Related Rent Concessions		—	—	—	—	(7,468)
Loss/(gain) on disposal of property, plant and equipment		88	274	(10,134)	(499)	(18,131)

* During the Relevant Periods and the six months ended 30 June 2019, the Group had no forfeited contributions available to reduce its contributions to the pension schemes in future years.

** Included in "Other expenses" in the combined statement of profit or loss and other comprehensive income.

9. DIRECTORS' REMUNERATION

The directors of the Company during the Relevant Periods and the six months ended 30 June 2019 are Mr. LI Xin (resigned with effect from 23 April 2019), Mr. SHEN Tongdong (resigned with effect from 23 April 2019), Mr. YU Jian (resigned with effect from 28 December 2018), Mr. XIE Ji (appointed with effect from 11 June 2018 and resigned with effect from 9 July 2020), Mr. GUO Shiqing (appointed with effect from 28 December 2018) and Mr. CHI Feng (appointed with effect from 23 April 2019 and resigned with effect from 9 July 2020). No emolument was paid or payable to any of the directors during the Relevant Periods and the six months ended 30 June 2019.

On 9 July 2020, Mr. LI Xin is re-designated as a non-executive director of the Company.

On 9 July 2020 and 3 August 2020, the following executive directors are appointed:

Mr. YU Linkang
Mr. WANG Haimin
Ms. WEI Xiaohua
Ms. YANG Hongxia

On 25 November 2020, the following non-executive directors are appointed:

Mr. CHEUNG Kwok Ching
Mr. LAU Ping Cheung Kaizer
Ms. QIN Hong
Mr. CHAN Chung Yee Alan

No directors waived any emoluments during the years ended 31 December 2017, 2018 and 2019 and the six months ended 30 June 2019 and 2020.

No directors received any emoluments as inducement to join or upon joining the Company or as compensation for loss of office during the years ended 31 December 2017, 2018 and 2019 and the six months ended 30 June 2019 and 2020.

10. FIVE HIGHEST PAID EMPLOYEES

Details of the remuneration for the years ended 31 December 2017, 2018 and 2019, the six months ended 30 June 2019 and 2020 of the five highest paid employees, respectively, are as follows:

	Year ended 31 December			Six months ended 30 June	
	2017	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Salaries, allowances and benefits in kind	1,626	2,619	3,751	1,793	1,735
Performance related bonuses	1,688	4,542	3,693	1,847	7,500
Pension scheme contributions	392	561	537	280	269
	3,706	7,722	7,981	3,920	9,504

The number of non-director highest paid employees whose remuneration fell within the following bands is as follows:

	Year ended 31 December			Six months ended 30 June	
	2017	2018	2019	2019	2020
Nil to HK$1,000,000	5	—	—	4	—
HK$1,000,001 to HK$1,500,000	—	—	—	1	—
HK$1,500,001 to HK$2,000,000	—	4	4	—	3
HK$2,000,001 to HK$2,500,000	—	1	—	—	1
HK$2,500,001 to HK$3,000,000	—	—	1	—	1

During the Relevant Periods and the six months ended 30 June 2019, no highest paid employees waived or agreed to waive any remuneration.

11. INCOME TAX EXPENSES

The Group is subject to income tax on an entity basis on profits arising in or derived from the tax jurisdictions in which members of the Group are domiciled and operate. Pursuant to the rules and regulations of the Cayman Islands and British Virgin Islands, the entities within the Group incorporated in the Cayman Islands and British Virgin Islands are not subject to any income tax. The Group's subsidiaries incorporated in Hong Kong are subject to Hong Kong profits tax at the rate of 16.5% on the estimated assessable profits arising in Hong Kong for each of the Relevant Periods and the six months ended 30 June 2019. No provision for Hong Kong profits tax has been made as the Group had no assessable profits arising in Hong Kong during the Relevant Periods and the six months ended 30 June 2019.

Subsidiaries of the Group operating in Mainland China are generally subject to the PRC corporate income tax ("CIT") rate of 25% for the Relevant Periods and the six months ended 30 June 2019, excluding certain subsidiaries of the Group in the PRC which are either located in western cities or qualified as Small and Micro Enterprises and subject to a preferential income tax rate of 15% or 20% during the Relevant Periods and the six months ended 30 June 2019.

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 5%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008. The aggregate amounts of temporary differences associated with investments in subsidiaries in Mainland China for which deferred tax liabilities have not been recognised at 31 December 2017, 2018 and 2019, and 30 June 2020 amounted to nil, RMB911,000, RMB5,493,000 and RMB211,926,000, respectively. There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

The provision for PRC Land Appreciation Tax (LAT) is estimated according to the requirements set forth in the relevant PRC tax laws and regulations. LAT has been provided at ranges of progressive rates of the appreciation value, with certain allowable deductions.

The major components of income tax expenses for the years/periods are as follows:

		Year ended 31 December			Six months ended 30 June	
	Note	**2017**	**2018**	**2019**	**2019**	**2020**
		RMB'000	**RMB'000**	**RMB'000**	**RMB'000 (unaudited)**	**RMB'000**
Current income tax		43,893	60,805	99,230	61,754	120,250
PRC Land Appreciation Tax ("LAT")		—	456	1,316	164	633
Deferred income tax	23	83,926	87,786	31,034	10,793	8,678
Total tax charge for the year/period		127,819	149,047	131,580	72,711	129,561

A reconciliation of the tax expense applicable to profit before taxation at the statutory rate to the tax expense at the effective rate is as follows:

	Year ended 31 December			Six months ended 30 June	
	2017	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Profit before taxation	516,162	571,965	496,508	264,929	468,126
Tax at the statutory tax rate	129,041	142,991	124,127	66,232	117,032
Effect of withholding tax at 5% on the distributable profits of the Group's PRC subsidiaries	5,099	6,836	11,530	7,888	15,000
Effect of different tax levies enacted by local authorities*	(3,831)	(7,183)	(8,843)	(6,439)	(7,284)
Expenses not deductible for tax	2,526	3,644	2,001	1,869	3,066
Tax losses utilized from previous periods	(5,589)	—	(21)	—	(479)
Tax losses and temporary difference not recognised	742	1,241	720	1,959	799
Adjustments in respect of current tax of previous periods	(169)	1,176	1,079	1,079	952
Provision for LAT	—	456	1,316	164	633
Tax effect of LAT	—	(114)	(329)	(41)	(158)
Total tax charge for the year/period	127,819	149,047	131,580	72,711	129,561
Effective rate	24.76%	26.06%	26.50%	27.45%	27.68%

* The amount includes the effect of lower tax levies under deemed method of assessment applicable to certain subsidiaries enacted by local authorities.

12. DIVIDENDS

In June 2020, the Company declared a dividend in the amount of RMB434,766,000 to the shareholder, CR Land which was paid on 23 October 2020.

13. EARNINGS PER SHARE

Earnings per share information is not presented as its inclusion, for the purpose of this report, is not considered meaningful due to the Reorganisation and the basis of presentation of the results of the Group for the Relevant Periods and the six months ended 30 June 2019 as disclosed in note 2.1 to the Historical Financial Information.

14. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Machinery equipment	Motor vehicles	Other equipment	Leasehold improvements	Construction in process	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2017:							
Cost	9,661	39,555	4,746	81,543	22,274	127	157,906
Accumulated depreciation	(612)	(14,957)	(3,079)	(49,034)	(8,885)	—	(76,567)
Net carrying amount	9,049	24,598	1,667	32,509	13,389	127	81,339
At 1 January 2017, net of accumulated depreciation	9,049	24,598	1,667	32,509	13,389	127	81,339
Additions	54,304	4,767	1,656	17,013	3,617	68	81,425
Disposals	(229)	(271)	(127)	(984)	(66)	—	(1,677)
Depreciation provided during the year	(3,433)	(4,727)	(966)	(14,502)	(4,711)	—	(28,339)
At 31 December 2017, net of accumulated depreciation	59,691	24,367	2,230	34,036	12,229	195	132,748
At 1 January 2018:							
Cost	63,732	43,784	5,513	95,751	25,822	195	234,797
Accumulated depreciation	(4,041)	(19,417)	(3,283)	(61,715)	(13,593)	—	(102,049)
Net carrying amount	59,691	24,367	2,230	34,036	12,229	195	132,748
At 1 January 2018, net of accumulated depreciation	59,691	24,367	2,230	34,036	12,229	195	132,748
Additions	—	23,642	2,236	37,039	8,842	20,767	92,526
Transfer	—	13,371	—	—	—	(13,371)	—
Disposals	—	(76)	(122)	(11,850)	(324)	—	(12,372)
Depreciation provided during the year	(6,377)	(6,420)	(828)	(15,142)	(4,591)	—	(33,358)
At 31 December 2018, net of accumulated depreciation	53,314	54,884	3,516	44,083	16,156	7,591	179,544

	Buildings	Machinery equipment	Motor vehicles	Other equipment	Leasehold improvements	Construction in process	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2019:							
Cost	63,732	80,233	7,202	118,771	34,042	7,591	311,571
Accumulated depreciation	(10,418)	(25,349)	(3,686)	(74,688)	(17,886)	—	(132,027)
Net carrying amount	53,314	54,884	3,516	44,083	16,156	7,591	179,544
At 1 January 2019, net of accumulated depreciation	53,314	54,884	3,516	44,083	16,156	7,591	179,544
Additions	—	9,760	1,985	38,394	13,536	8,184	71,859
Transfer	—	6,618	—	—	—	(6,618)	—
Disposals	—	(323)	(47)	(6,529)	(825)	—	(7,724)
Depreciation provided during the year	(6,343)	(8,087)	(1,247)	(20,528)	(4,607)	—	(40,812)
At 31 December 2019, net of accumulated depreciation	46,971	62,852	4,207	55,420	24,260	9,157	202,867
At 1 January 2020:							
Cost	63,212	95,744	8,845	147,915	46,752	9,157	371,625
Accumulated depreciation	(16,241)	(32,892)	(4,638)	(92,495)	(22,492)	—	(168,758)
Net carrying amount	46,971	62,852	4,207	55,420	24,260	9,157	202,867
At 1 January 2020 net of accumulated depreciation	46,971	62,852	4,207	55,420	24,260	9,157	202,867
Additions	1,288	2,278	667	11,432	3,418	3,444	22,527
Disposals	—	(162)	(14)	(812)	(271)	—	(1,259)
Depreciation provided during the period	(2,685)	(4,568)	(1,081)	(11,594)	(2,732)	—	(22,660)
At 30 June 2020, net of accumulated depreciation	45,574	60,400	3,779	54,446	24,675	12,601	201,475

15. LEASES

The Group as lessee

The Group has lease contracts for various items of land use rights, buildings, motor vehicles and other equipment used in its operations. Lump sum payments were made upfront to acquire the leased land from the owners with lease periods of 20 years. Leases of buildings generally have lease terms between 2 and 8 years, while motor vehicles generally have lease terms between 2 and 3 years. Other equipment generally has lease terms of 12 months or less and/or is individually of low value. Set out below are the carrying amounts of the Group's right-of-use assets and lease liabilities and the movements during the Relevant Periods:

	Right-of-use assets				
	Land use rights	Buildings	Motor vehicles	Total	Lease liabilities
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2017	2,480	4,963	—	7,443	8,329
Additions	—	17,243	—	17,243	1,268,045
Depreciation charge	(152)	(2,847)	—	(2,999)	—
Interest expense	—	—	—	—	26,444
Payments	—	—	—	—	(3,806)
At 31 December 2017	2,328	19,359	—	21,687	1,299,012
At 1 January 2018	2,328	19,359	—	21,687	1,299,012
Additions	—	6,306	211	6,517	6,516
Depreciation charge	(152)	(6,002)	(18)	(6,172)	—
Interest expense	—	—	—	—	63,206
Payments	—	—	—	—	(79,865)
At 31 December 2018	2,176	19,663	193	22,032	1,288,869
At 1 January 2019	2,176	19,663	193	22,032	1,288,869
Additions	—	35,388	18	35,406	35,406
Depreciation charge	(152)	(10,636)	(105)	(10,893)	—
Interest expense	—	—	—	—	63,585
Payments	—	—	—	—	(83,305)
At 31 December 2019	2,024	44,415	106	46,545	1,304,555
At 1 January 2020	2,024	44,415	106	46,545	1,304,555
Additions	—	18,038	—	18,038	18,038
Depreciation charge	(75)	(7,333)	(53)	(7,461)	—
Interest expense	—	—	—	—	32,073
Payments	—	—	—	—	(44,615)
At 30 June 2020	1,949	55,120	53	57,122	1,310,051

The lease liabilities are analyzed as follows:

	As at 31 December			As at 30 June
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Within one year	74,131	75,093	82,048	98,444
Over one year	1,224,881	1,213,776	1,222,507	1,211,607
	1,299,012	**1,288,869**	**1,304,555**	**1,310,051**

The amounts recognised ecognized in profit or loss in relation to leases are as follows:

	Year ended 31 December			Six months ended 30 June	
	2017	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Interest on lease liabilities	26,444	63,206	63,585	31,627	32,073
Depreciation charge on right of assets	2,999	6,172	10,893	4,326	7,461
Expense relating to short-term leases and leases of low-value assets	1,823	3,731	6,942	1,532	4,897
Variable lease payment not included in the measurement of lease liabilities	4,519	12,856	37,730	12,483	7,786
Impact of Amendments to HKFRS 16 — *Covid-19 Related Rent Concessions*	—	—	—	—	(7,468)
	35,785	**85,965**	**119,150**	**49,968**	**44,749**

The maturity analysis and total cash outflow of lease liabilities is disclosed in note 31 to the Historical Financial Information.

The Group as lessor

The Group leases its investment property (note 16) under operating lease arrangements. The terms of the leases generally require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions.

At the end of the reporting period, the Group had contracted with lessees for the following future undiscounted lease payments under non-cancellable operating leases which fall due as follows:

	As at 31 December			As at 30 June
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Within one year	51,505	172,680	173,034	179,797
In the second to fifth year, inclusive	214,095	381,099	257,589	330,799
After five years	209,227	206,320	192,920	201,316
	474,827	**760,099**	**623,543**	**711,912**

The sublease revenue of non-cancellable operating leases for the years ended 31 December 2017, 2018, 2019, the six months ended 30 June 2019 and 2020 was RMB44,193,000, RMB182,305,000, RMB258,862,000, RMB122,538,000 and RMB90,342,000, respectively.

16. INVESTMENT PROPERTY

	Held under leases
	RMB'000
At 1 January 2017	—
Additions	1,389,340
Gain on changes in fair value of investment property	343,660
At 31 December 2017	1,733,000
At 1 January 2018	1,733,000
Additions	122,278
Gain on changes in fair value of investment property	312,922
At 31 December 2018	2,168,200
At 1 January 2019	2,168,200
Additions	1,909
Gain on changes in fair value of investment property	47,691
At 31 December 2019	2,217,800
At 1 January 2020	2,217,800
Additions	—
Loss on changes in fair value of investment property	(30,300)
At 30 June 2020	2,187,500

Notes:

(a) Valuation processes of the Group

The Group's investment property is situated in Mainland China. The Group measures its investment property at fair value. The fair value of the Group's investment property as at the end of each of the Relevant Periods has been determined on the basis of valuation carried out by Colliers International (Hong Kong) Limited, an independent and professionally qualified valuer.

(b) Valuation techniques

The valuation methodology adopted in valuation is the income approach.

The income approach operates by taking into account the rental income of the property derived from the existing tenancy with due allowance for the reversionary income potential of the tenancy, which is then capitalized into the value at an appropriate capitalization rate.

In estimating the fair value of the properties, the highest and best use of the properties is their current use.

(c) Information about fair value measurements using significant unobservable inputs (level 3)

	As at 31 December			As at 30 June
	2017	**2018**	**2019**	**2020**
Fair value (RMB'000)	1,733,000	2,168,200	2,217,800	2,187,500
Capitalization rate (%)	8.4%	8.4%	8.4%	8.4%
Assessed prevailing market rents (RMB per square meter per month)	231	235	243	239

Relationship of unobservable inputs to fair value:

- The higher the capitalization rate, the lower the fair value;
- The higher the prevailing market rents, the higher the fair value.

(d) During the Relevant Periods there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3.

17. INVENTORIES

	As at 31 December			As at 30 June
	2017	**2018**	**2019**	**2020**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Parking spaces	9,554	76,764	71,293	138,125
Other Inventories	27,415	29,200	34,468	34,972
	36,969	**105,964**	**105,761**	**173,097**

18. TRADE RECEIVABLES

	As at 31 December			As at 30 June
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables				
— Related parties (note 28(3))	143,981	286,419	431,603	741,481
— Third parties	50,673	140,937	162,522	504,427
	194,654	427,356	594,125	1,245,908
Less: Allowance for impairment	(3,689)	(4,510)	(5,164)	(7,737)
	190,965	422,846	588,961	1,238,171

Trade receivables mainly arise from property management services managed on a lump sum basis and value-added services.

Property management services income on a lump sum basis are received in accordance with the term of the relevant property service agreements. Service income from property management services is due for payment by the property owners upon rendering of services. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

The aging analysis of the trade receivables based on invoice date were as follows:

	As at 31 December			As at 30 June
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year	180,616	409,746	546,654	1,216,440
1 to 2 years	7,063	7,848	44,455	26,758
2 to 3 years	4,379	5,137	1,625	2,414
Over 3 years	2,596	4,625	1,391	296
	194,654	**427,356**	**594,125**	**1,245,908**
Less: Allowance for impairment	(3,689)	(4,510)	(5,164)	(7,737)
	190,965	**422,846**	**588,961**	**1,238,171**

The movements in the loss allowance for impairment of trade receivables are as follows:

	As at 31 December			As at 30 June
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
At beginning of year/period	3,673	3,689	4,510	5,164
Impairment losses	16	821	654	2,573
At end of year/period	3,689	4,510	5,164	7,737

The trade receivables were denominated in RMB, and the fair values of trade receivables approximated to their carrying amounts.

An impairment analysis is performed at each reporting date using a provision matrix to measure ECLs. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e. customer type and service type). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. The expected credit loss rate for related parties is calculated as 0.1% by considering the default rates and adjusting for forward-looking macroeconomic data. It remained the same during the Relevant Periods as there were no significant changes in credit risks of the related parties or forecasts of economic conditions in the real estate industry.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

	Third parties					
	Less than 1 year	1 to 2 years	2 to 3 years	Over 3 years	Related parties	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 31 December 2017						
Expected credit loss rate	1.73%	18.28%	41.02%	100.00%	0.10%	
Gross carrying amount	44,699	3,356	779	1,839	143,981	194,654
Expected credit losses	773	614	319	1,839	144	3,689
At 31 December 2018						
Expected credit loss rate	1.32%	16.15%	35.35%	100.00%	0.10%	
Gross carrying amount	134,882	3,103	1,572	1,380	286,419	427,356
Expected credit losses	1,787	501	556	1,380	286	4,510
At 31 December 2019						
Expected credit loss rate	1.09%	14.53%	30.32%	100.00%	0.10%	
Gross carrying amount	151,192	8,327	1,626	1,377	431,603	594,125
Expected credit losses	1,652	1,210	493	1,377	432	5,164
At 30 June 2020						
Expected credit loss rate	1.15%	15.26%	31.84%	100.00%	0.10%	
Gross carrying amount	499,531	2,841	1,800	255	741,481	1,245,908
Expected credit losses	5,734	434	573	255	741	7,737

19. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at 31 December			As at 30 June
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Current				
Prepayments	51,395	108,082	98,305	110,757
Deposits	10,713	14,861	12,891	15,902
Other receivables	70,277	119,753	133,655	138,236
Amounts due from related parties (note 28(3))	733,954	1,273,659	2,359,633	2,146,694
Less: Allowance for impairment	(5,557)	(6,463)	(5,806)	(4,471)
	860,782	1,509,892	2,598,678	2,407,118
Non-current				
Prepayments	13,131	314	4,416	12,107

The other receivables were denominated in RMB, and the fair value of other receivables approximated to their carrying amounts. Other receivables with third parties are unsecured, non-interest-bearing and repayable on demand. Certain of other receivables with related parties are interest-bearing, details of which are disclosed in note 28.

The internal credit rating of amounts due from related parties and other receivables was regarded as the grade of performing. The Group has assessed that the credit risk of these receivables has not increased significantly since initial recognition. At the end of each reporting period, these receivables were categorized in stage 1 and 12-month expected losses are calculated. During the Relevant Periods, except for the receivables from China Resources Land Investment Limited (華潤置地投資有限公司) for which the expected loss is insignificant, the Group calculated the ECL rate for other receivables from related parties as 0.1% by considering the default rates and adjusting for forward-looking macroeconomic data. A provision matrix was used to measure expected credit losses for other receivables from third parties based on days past due, repayment history, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on the Group's other receivables using a provision matrix:

	Third parties					
	Less than 1 year	1 to 2 years	2 to 3 years	Over 3 years	Related parties	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 31 December 2017						
Expected credit loss rate	1.73%	14.87%	24.52%	100.00%	0.10%	
Gross carrying amount	58,028	2,462	3,591	3,105	201,479	268,665
Expected credit losses	1,003	366	882	3,105	201	5,557
At 31 December 2018						
Expected credit loss rate	1.32%	10.90%	19.03%	100.00%	0.10%	
Gross carrying amount	105,243	9,537	1,327	3,552	225,286	344,945
Expected credit losses	1,394	1,040	252	3,552	225	6,463
At 31 December 2019						
Expected credit loss rate	1.09%	8.88%	17.69%	100.00%	0.10%	
Gross carrying amount	105,375	17,047	3,437	2,290	241,408	369,557
Expected credit losses	1,152	1,514	609	2,290	241	5,806
At 30 June 2020						
Expected credit loss rate	1.15%	9.32%	18.57%	100.00%	0.10%	
Gross carrying amount	111,939	3,965	7,425	1,256	181,404	305,989
Expected credit losses	1,285	370	1,379	1,256	181	4,471

The movements in the loss allowance for impairment of other receivables are as follows:

	As at 31 December			As at 30 June
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
At beginning of year/period	3,702	5,557	6,463	5,806
Impairment losses/(reversal of impairment)	1,855	906	(657)	(1,335)
At end of year/period	5,557	6,463	5,806	4,471

20. CASH AND CASH EQUIVALENTS

	As at 31 December			As at 30 June
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Cash and bank balances	876,778	1,321,250	1,329,757	969,684
Less: Restricted bank deposits	(5,316)	(184,863)	(723,968)	(602,988)
Pledged deposits	—	(150)	(300)	(304)
Cash and cash equivalents	871,462	1,136,237	605,489	366,392

The cash and bank balances of the Group are denominated in RMB. The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorized to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default. The carrying amounts of the cash and cash equivalents approximated to their fair values.

In accordance with relevant government requirements, certain companies of the Group are required to place the amounts received from the government for "SOE Reform projects" in designated bank accounts for the constructions of the related properties (note 22). The restricted cash can only be used for payments for construction costs of the relevant properties when approval from the related government authority has been obtained. As at 31 December 2017, 2018 and 2019 and 30 June 2020, such restricted cash amounted to nil, RMB167,491,000, RMB702,226,000 and RMB599,214,000, respectively. The restricted bank deposits also included cash received from property owners that is restricted to use in construction of properties amounting to RMB5,316,000, RMB17,372,000, RMB21,742,000 and RMB3,774,000, as at 31 December 2017, 2018 and 2019 and 30 June 2020, respectively.

Bank deposits of nil, RMB150,000, RMB300,000 and RMB304,000 were pledged as security at 31 December 2017, 2018 and 2019 and 30 June 2020, respectively, for the brokerage service conducted by a subsidiary of the Group.

21. TRADE PAYABLES

	As at 31 December			As at 30 June
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables				
— Related parties (note 28(3))	10,846	73,919	44,011	65,440
— Third parties	156,682	309,216	404,778	475,864
	167,528	383,135	448,789	541,304

The aging analysis of the trade payables based on the invoice date are as follows:

	As at 31 December			As at 30 June
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year	156,316	376,562	407,088	499,753
1 to 2 years	9,338	6,364	40,419	31,469
2 to 3 years	892	128	1,128	9,644
Over 3 years	982	81	154	438
	167,528	383,135	448,789	541,304

The trade payables are unsecured, non-interest-bearing and are normally settled within 90 days.

The fair values of trade payables as at the end of each of the Relevant Periods approximated to their corresponding carrying amounts due to their relatively short maturity terms.

22. OTHER PAYABLES AND ACCRUALS

	As at 31 December			As at 30 June
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Other payables and accruals				
— Related parties (note 28(3))	810,609	911,628	1,146,495	1,402,427
— Third parties	536,919	1,298,174	1,759,609	1,603,113
	1,347,528	2,209,802	2,906,104	3,005,540
Salaries payables	171,592	271,624	356,080	345,161
Tax payables other than current income tax liabilities	18,818	33,701	27,583	43,546
	1,537,938	2,515,127	3,289,767	3,394,247

Other payables and accruals with third parties are unsecured, non-interest-bearing and repayable on demand. Certain of other payables with related parties are interest-bearing, details of which are disclosed in note 28. The fair values of other payables at the end of each of the Relevant Periods approximated to their corresponding carrying amounts.

The amount due to related parties includes the dividends payable of RMB277,518,000, RMB232,831,000, RMB232,831,000 and RMB538,250,000 as at 31 December 2017, 2018, 2019 and 30 June 2020, respectively.

The amount due to third parties includes the payable related to "SOE Reform projects" (note 20) of nil, RMB167,491,000, RMB702,226,000 and RMB599,214,000 as at 31 December 2017, 2018, 2019 and 30 June 2020 and the payable related to construction of properties on behalf of property owners of RMB5,316,000, RMB17,372,000, RMB21,742,000 and RMB3,774,000 as at 31 December 2017, 2018, 2019 and 30 June 2020, respectively.

23. DEFERRED TAX

The movements in deferred tax assets during the Relevant Periods are as follows:

	Allowance for impairment of receivables	Impact of HKFRS 16	Tax Losses	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2017	1,844	—	3,350	559	5,753
Deferred tax credited to/ (charged to) profit or loss during the year	468	6,491	386	(257)	7,088
At 31 December 2017 and 1 January 2018	2,312	6,491	3,736	302	12,841
Deferred tax credited to/ (charged to) profit or loss during the year	432	(3,665)	815	(302)	(2,720)
At 31 December 2018 and 1 January 2019	2,744	2,826	4,551	—	10,121
Deferred tax credited to/(charged to) profit or loss during the year	(2)	(2,826)	(4,334)	1,978	(5,184)
At 31 December 2019 and 1 January 2020	2,742	—	217	1,978	4,937
Deferred tax credited to profit or loss during the period	310	—	251	924	1,485
At 30 June 2020	3,052	—	468	2,902	6,422

The movements in deferred tax liabilities during the Relevant Periods are as follows:

	Impact of HKFRS 16	Withholding tax	Fair value gains from investment property	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2017	—	—	—	—
Deferred tax charged to profit or loss during the year	—	5,099	85,915	91,014
At 31 December 2017 and 1 January 2018	—	5,099	85,915	91,014
Deferred tax charged to profit or loss during the year	—	6,835	78,231	85,066
At 31 December 2018 and 1 January 2019	—	11,934	164,146	176,080
Deferred tax charged to profit or loss during the year	2,398	11,530	11,922	25,850
At 31 December 2019 and 1 January 2020	2,398	23,464	176,068	201,930
Deferred tax charged to/(credited to) profit or loss during the period	2,738	15,000	(7,575)	10,163
At 30 June 2020	5,136	38,464	168,493	212,093

As at 31 December 2017, 2018, 2019 and 30 June 2020, the Group had unused tax losses of RMB17,914,000, RMB21,871,000, RMB7,341,000 and RMB9,624,000 available to offset against future taxable profits, of which RMB14,946,000, RMB18,204,000, RMB868,000 and RMB1,872,000, respectively, have been recognised as deferred tax assets. No deferred tax asset has been recognised on the remaining tax losses and deductible temporary differences of RMB2,968,000, RMB3,667,000, RMB6,473,000 and RMB7,752,000, respectively, as in the opinion of the directors of the Company, the future profit streams of these subsidiaries are uncertain. The tax losses could be carried forward for a maximum of five years.

24. SHARE CAPITAL

The Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 18 May 2017 with an authorized share capital of USD$50,000, divided into 50,000 shares of USD$1 each. Upon incorporation, the Company issued one Share to Vistra (Cayman) Limited, which was transferred to CR Land on 30 June 2017. On 30 June 2017, the Company issued 12,999 Shares to CR Land, at par value. Immediately after this allotment, the Company was owned 100% by CR Land.

	As at 31 December						As at 30 June	
	2017	2017	2018	2018	2019	2019	2020	2020
	USD'000	RMB'000	USD'000	RMB'000	USD'000	RMB'000	USD'000	RMB'000
Authorized share capital	50	338	50	338	50	338	50	338
Issued share capital	13	88	13	88	13	88	13	88

Save for the aforesaid and the Reorganisation as more fully explained in the Prospectus, the Company has not conducted any business since the date of its incorporation.

25. RESERVES

The amounts of the Group's reserves and the movements therein for the Relevant Periods and the six months ended 30 June 2019 are presented in the combined statements of changes in equity on page I-7 to page I-8 of the Historical Financial Information.

(a) Merger reserve

The merger reserve of the Group represents the difference between the aggregate of the paid-up share capital of the subsidiaries now comprising the Group and the consideration paid by the Group for the business combination under common control.

(b) Statutory surplus reserve

In accordance with the Company Law of the PRC and the respective articles of association of the group companies, each of the companies that is domiciled in the PRC is required to allocate 10% of its profit after tax, as determined in accordance with PRC GAAP, to the statutory surplus reserve until the reserve reaches 50% of the registered capital. The transfer to this reserve must be made before the distribution of a dividend to shareholders.

The statutory surplus reserve is non-distributable except that in the event of liquidation and, subject to certain restrictions set out in the relevant PRC regulations, can be used to offset accumulated losses or be capitalized as paid-up capital.

26. NOTES TO THE COMBINED STATEMENTS OF CASH FLOWS

(a) Changes in liabilities arising from financing activities

	Other payables	Lease Liabilities
	RMB'000	RMB'000
At 1 January 2017	192,453	8,329
Changes from financing cash flows	(3,755)	(3,806)
Interest expense	1,974	26,444
Other non-cash movements	382,782	1,268,045
At 31 December 2017	573,454	1,299,012
At 1 January 2018	573,454	1,299,012
Changes from financing cash flows	(69,861)	(79,865)
Interest expense	5,057	63,206
Other non-cash movements	70,720	6,516
At 31 December 2018	579,370	1,288,869
At 1 January 2019	579,370	1,288,869
Changes from financing cash flows	181,807	(83,305)
Interest expense	656	63,585
Other non-cash movements	—	35,406
At 31 December 2019	761,833	1,304,555
At 1 January 2020	761,833	1,304,555
Changes from financing cash flows	33,574	(44,615)
Interest expense	1,354	32,073
Other non-cash movements	285,048	18,038
At 30 June 2020	1,081,809	1,310,051
At 1 January 2019	579,370	1,288,869
Changes from financing cash flows	235,014	(41,028)
Interest expense	656	31,627
Other non-cash movements	—	30,727
At 30 June 2019 (unaudited)	815,040	1,310,195

(b) Total cash outflow for leases

The total cash outflow for leases included in the statement of cash flows is as follows:

	Year ended 31 December			Six months ended 30 June	
	2017	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Within operating activities	6,342	16,587	44,672	14,015	12,683
Within financing activities	3,806	79,865	83,305	41,028	44,615
	10,148	96,452	127,977	55,043	57,298

(c) The Group had non-cash additions to right-of-use assets and lease liabilities of RMB1,268,045,000, RMB6,516,000, RMB35,406,000, RMB30,727,000 and RMB18,038,000 in respect of lease arrangements for buildings for the years ended 31 December 2017, 2018, and 2019, and the six months ended 30 June 2019 and 2020, respectively.

27. COMMITMENTS

The Group has the following material commitments, which are contracted but not provided for in the combined financial statements as follows:

	Year ended 31 December			Six months ended 30 June	
	2017	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Capital expenditure in respect of:					
— Investment property	120,021	—	—	—	—
— Construction in progress	18,056	17,747	24,054	17,940	21,917
	138,077	17,747	24,054	17,940	21,917

28. RELATED PARTY TRANSACTIONS AND BALANCES

(1) Name and relationship with a related party

The ultimate holding company is China Resources Company Limited and the immediate holding company is China Resources Land Limited.

(2) Transactions with related parties

In addition to the transactions detailed elsewhere in the Historical Financial Information, the Group had the following transactions with related parties during the Relevant Periods and the six months ended 30 June 2019:

a)

	Year ended 31 December			Six months ended 30 June	
	2017	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Residential property management and value added services					
Property management services					
— The ultimate holding company and its subsidiaries (the "CRH Group"), and its associates (excluding the CR Land Group)	13,715	14,655	25,389	6,040	17,390
— The immediate holding company and its subsidiaries (the "CR Land Group"), joint venture and associates	152,912	217,146	280,194	103,947	84,108
	166,627	231,801	305,583	109,987	101,498
Value-added services to non-property owners					
— The CRH Group and its associates and joint ventures (excluding the CR Land Group)	4,334	13,480	14,862	6,752	5,722
— The CR Land Group and its associates and joint ventures	302,919	407,480	471,558	194,656	217,974
	307,253	420,960	486,420	201,408	223,696
Value-added services for property owners					
— The CRH Group and its associates and joint ventures (excluding the CR Land Group)	276	9	311	—	38
— The CR Land Group and its associates and joint ventures	26,971	10,502	25,481	8,805	4,307
	27,247	10,511	25,792	8,805	4,345
Property management and operational services for retail properties					
— The CRH Group and its associates and joint ventures (excluding the CR Land Group)	7,237	21,415	34,819	7,918	15,327
— The CR Land Group and its associates and joint ventures	373,468	543,442	687,910	319,766	620,835
	380,705	564,857	722,729	327,684	636,162

	Year ended 31 December			Six months ended 30 June	
	2017	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Property management services for office properties					
— The CRH Group and its associates and joint ventures (excluding the CR Land Group)	2,318	48,148	128,154	59,585	66,436
— The CR Land Group and its associates and joint ventures	90,652	149,204	226,427	115,199	99,009
	92,970	197,352	354,581	174,784	165,445
Purchase of goods and services					
— The CRH Group and its associates and joint ventures (excluding the CR Land Group)	13,376	29,951	85,704	28,606	40,364
— The CR Land Group and its associates and joint ventures	243,904	208,665	270,798	70,647	146,706
	257,280	238,616	356,502	99,253	187,070
Interest expense					
— The CRH Group and its associates and joint ventures (excluding the CR Land Group)	294	3,820	540	540	1,354
— The CR Land Group and its associates and joint ventures	1,680	1,237	116	116	—
	1,974	5,057	656	656	1,354
Interest income					
— The CR Land Group and its associates and joint ventures	1,879	2,227	705	705	—
Advances to China Resources Land Investment Limited (Note (i))	111,093	181,060	1,062,435	763,108	165,928
Advances to related parties (Note (ii))					
— The CRH Group and its associates and joint ventures (excluding the CR Land Group)	37,814	404,832	602,434	286,548	1,372,049
— The CR Land Group and its associates and joint ventures	71,269	61,784	98,058	28,297	47,433
	109,083	466,616	700,492	314,845	1,419,482

	Year ended 31 December			Six months ended 30 June	
	2017	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Repayment from related parties (Note (ii))					
— The CRH Group and its associates and joint ventures (excluding the CR Land Group)	29,650	18,447	639,197	635,149	1,009,359
— The CR Land Group and its associates and joint ventures	70,037	65,436	90,199	32,632	635,757
	99,687	83,883	729,396	667,781	1,645,116
Advances from related parties (Note (iii))					
— The CRH Group and its associates and joint ventures (excluding the CR Land Group)	204,891	461,312	502,088	414,010	1,338,346
— The CR Land Group and its associates and joint ventures	32,119	111,468	59,845	23,388	123,346
	237,010	572,780	561,933	437,398	1,461,692
Repayment to related parties (Note (iii))					
— The CRH Group and its associates and joint ventures (excluding the CR Land Group)	81,891	90,186	307,987	148,680	1,018,073
— The CR Land Group and its associates and joint ventures	117,834	409,240	63,089	44,656	271,348
	199,725	499,426	371,076	193,336	1,289,421

Note:

(i) The deposits with China Resources Land Investment Limited, a cash pooling entity within CR Land are unsecured, interest-bearing and due on demand. From 1 January 2017 to 31 January 2019, the deposits bear an interest rate of 0.35% per annum. From 1 February 2019 to 30 June 2020, the deposits bear no interest.

(ii) The loans to related parties are unsecured and due on demand. From 1 January 2017 to 31 January 2019, the loans to related parties bear interests at interest rates from 1.61% to 3.05% per annum. From 1 February 2019 to 30 June 2020, the loans to related parties bear no interest.

(iii) The loans from related parties are unsecured and due within one year or on demand. From 1 January 2017 to 31 January 2019, the loans from related parties bear interest from 2.80% to 3.50% per annum. From 1 February 2019 to 31 December 2019, the loans from related parties bear no interest. From 1 January 2020 to 30 June 2020, a loan from a related party bears an interest rate of 3.48% per annum.

b) Deposits with Zhuhai China Resources Bank Co., Ltd. ("CR Bank"), a fellow subsidiary of the Group

As at 31 December 2017, 31 December 2018, 31 December 2019, 30 June 2019 and 30 June 2020, cash and bank balances included deposits of RMB12,567,000, RMB221,527,000, RMB411,463,000, RMB170,231,000 and RMB332,908,000 respectively, which were made by the Group to CR Bank. The aggregate interest income arising from such deposits amounted to RMB28,000, RMB150,000, RMB112,000, RMB107,000 and RMB4,000 for the years ended 31 December 2017, 2018 and 2019 and for the six months end 30 June 2019 and 2020, respectively.

c) During the six months ended 30 June 2020, CR Land offered office space of 3,842 square meters for the use by CR Mixc Commercial (Shenzhen) Co. Ltd for free.

d) For the six months ended 30 June 2020, the employee salaries of CR Mixc Commercial (Shenzhen) Co. Ltd amounted to RMB31,398,000 were paid on behalf by related parties.

e) For the six months ended 30 June 2020, CR Mixc Commercial (Shenzhen) Co. Ltd was entitled to use some trademarks of CR Land for free.

f) During the Relevant Periods and the six months ended 30 June 2019, the Group was entitled to use some softwares developed by CR Land for free.

The prices for the above service fees and other transactions were determined in accordance with the terms mutually agreed by the contracted parties.

The related party transactions listed above excluding addition of lease liabilities also constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Rules Governing of the Listing of Securities on the Stock Exchange.

(3) Balances with related parties

	Year ended 31 December			Six months ended 30 June
	2017	**2018**	**2019**	**2020**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Receivables from related parties				
Trade receivables				
— The CRH Group and its associates and joint ventures (excluding the CR Land Group)	106	4,466	18,976	23,223
— The CR Land Group and its associates and joint ventures	143,875	281,953	412,627	718,258
	143,981	286,419	431,603	741,481

	Year ended 31 December			Six months ended 30 June
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Other receivables *(Note (i))*				
— The CRH Group and its associates and joint ventures (excluding the CR Land Group)	21,496	66,051	13,151	7,812
— The CR Land Group and its associates and joint ventures (excluding China Resources Land Investment Limited)	203,104	565,355	604,782	174,765
— Due from China Resources Land Investment Limited	461,012	642,072	1,704,507	1,870,435
	685,612	1,273,478	2,322,440	2,053,012
Prepayments				
— The CRH Group and its associates and joint ventures (excluding the CR Land Group)	30	181	113	13
— The CR Land Group and its associates and joint ventures	48,312	—	37,080	93,669
	48,342	181	37,193	93,682
Total receivables from related parties	877,935	1,560,078	2,791,236	2,888,175
Payables to related parties				
Trade payables				
— The CRH Group and its associates and joint ventures (excluding the CR Land Group)	3,603	8,219	4,352	6,491
— The CR Land Group and its associates and joint ventures	7,243	65,700	39,659	58,949
	10,846	73,919	44,011	65,440
Other payables *(Note (ii))*				
— The CRH Group and its associates and joint ventures (excluding the CR Land Group)	127,388	135,629	272,077	189,533
— The CR Land Group and its associates and joint ventures	405,703	543,168	641,587	674,644
— Dividend payable to the CR Land Group	277,518	232,831	232,831	538,250
	810,609	911,628	1,146,495	1,402,427
Total payables to related parties	821,455	985,547	1,190,506	1,467,867
Lease liabilities				
— The CR Land Group and its associates and joint ventures	1,779	694	25,213	37,317

(i) Other receivables due from entities controlled by the immediate holding company are unsecured and expected to be settled within one year. As at 31 December 2017 and 2018, except for the aggregate amounts of RMB482,421,861 and RMB1,044,888,704, respectively, which bear interest at interest rates from 1.61% to 3.05% per annum, the amounts were interest-free. From 1 February 2019 to 30 June 2020, the other receivables due from entities controlled by the ultimate holding company were interest-free.

(ii) Other payables due to entities controlled by the ultimate holding company are unsecured and repayable on demand or within one year. As at 31 December 2017 and 2018, except for the aggregate amounts of RMB170,890,000 and RMB175,649,000, respectively, which bear interest with interest rates from 2.80% to 3.50% per annum, the amounts were interest-free. From 1 February 2019 to 31 December 2019, the other payables due to entities controlled by the ultimate holding company were interest-free. As at 30 June 2020, except for the aggregate amount of RMB74,681,000 which bears interest at an interest rate of 3.48% per annum, the amounts were interest-free.

(iii) Trade receivables from related parties, prepayments to related parties and trade payables to related parties are trade in nature.

Other receivables of RMB484,133,000, RMB1,048,192,000, RMB2,081,032,000 and RMB1,871,609,000 as at 31 December 2017, 2018 and 2019 and 30 June 2020, respectively, are non-trade in nature and will be settled prior to the Listing. The remaining balances of other receivables from related parties are trade in nature.

Other payables of RMB571,358,000, RMB571,224,000, RMB752,821,000 and RMB1,074,402,000 as at 31 December 2017, 2018 and 2019 and 30 June 2020, respectively, are non-trade in nature and will be settled prior to the Listing. The remaining balances of other payables to related parties are trade in nature.

29. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of each of the Relevant Periods are as follows:

	Financial assets at amortized cost			
	As at 31 December			**As at 30 June**
Financial assets	**2017**	**2018**	**2019**	**2020**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Trade receivables	190,965	422,846	588,961	1,238,171
Financial assets included in prepayments, other receivables and other assets	761,045	1,401,629	2,463,180	2,202,680
Restricted bank deposits	5,316	184,863	723,968	602,988
Pledged deposits	—	150	300	304
Cash and cash equivalents	871,462	1,136,237	605,489	366,392
	1,828,788	3,145,725	4,381,898	4,410,535

Financial liabilities	Financial liabilities at amortized cost			
	As at 31 December			As at 30 June
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables	167,528	383,135	448,789	541,304
Financial liabilities included in other payables and accruals	1,067,323	1,925,923	2,618,294	2,403,876
Lease liabilities	1,299,012	1,288,869	1,304,555	1,310,051
	2,533,863	3,597,927	4,371,638	4,255,231

30. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The Group's finance department headed by the chief financial officer is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At each reporting date, the finance manager analyzes the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer.

Management has assessed that the fair values of cash and cash equivalents, financial assets included in prepayments and other receivables, trade receivables, trade payables and financial liabilities included in other payables and accruals approximate to their carrying amounts largely due to the short term maturities of these instruments.

The fair values of lease liabilities have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair value as a result of the Group's own non-performance risk for interest-bearing bank and other borrowings as at 31 December 2017, 2018 and 2019 and 30 June 2020 were assessed to be insignificant.

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments mainly include restricted bank deposits, cash and cash equivalents, trade and other receivables, trade and other payables, which arise directly from its operations. The Group has other financial assets and liabilities such as lease liabilities, amounts due to related parties and amounts due from related parties. The main purpose of these financial instruments is to raise finance for the Group's operations.

The main risks arising from the Group's financial instruments are credit risk and liquidity risk. Generally, the Group introduces conservative strategies on its risk management. To keep the Group's exposure to these risks to a minimum, the Group has not used any derivatives and other instruments for hedging purposes. The Group does not hold or issue derivative financial instruments for trading purposes. The board of directors of the Company reviews and agrees policies for managing each of these risks and they are summarized below:

Credit risk

The Group is exposed to credit risk in relation to its trade receivables and other receivables, cash and cash equivalents and restricted bank deposits.

The Group expects that there is no significant credit risk associated with cash and cash equivalents and restricted bank deposits since they are substantially deposited at state-owned banks and other medium or large-sized listed banks. Management does not expect that there will be any significant losses from non-performance by these counterparties.

The Group expects that the credit risk associated with trade receivables and other receivables due from related parties to be low, since the related parties have strong capacity to meet contractual cash flow obligations in the near term.

The Group trades only with recognised and creditworthy third parties. Concentrations of credit risk are managed by analysis by customer/counterparty. There are no significant concentrations of credit risk within the Group as the customer bases of the Group's trade receivables and other receivables are widely dispersed. In addition, receivable balances are monitored on an ongoing basis.

Maximum exposure and year/period-end staging as at 31 December 2017, 2018 and 2019 and 30 June 2020

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year/period-end staging classification as at 31 December 2017, 2018 and 2019 and 30 June 2020. The amounts presented are gross carrying amounts for financial assets.

	12-month ECLs	Lifetime ECLs			
As at 31 December 2017	**Stage 1**	**Stage 2**	**Stage 3**	**Simplified approach**	**Total**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**
Trade receivables*	—	—	—	190,965	190,965
Financial assets included in prepayments, other receivables and other assets					
— Normal**	761,045	—	—	—	761,045
Restricted bank deposits					
— Not yet past due	5,316	—	—	—	5,316
Cash and cash equivalents					
— Not yet past due	871,462	—	—	—	871,462
	1,637,823	—	—	190,965	1,828,788

	12-month ECLs	Lifetime ECLs			
As at 31 December 2018	**Stage 1**	**Stage 2**	**Stage 3**	**Simplified approach**	**Total**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**
Trade receivables*	—	—	—	422,846	422,846
Financial assets included in prepayments, other receivables and other assets					
— Normal**	1,401,629	—	—	—	1,401,629
Restricted bank deposits					
— Not yet past due	184,863	—	—	—	184,863
Pledged deposits					
— Not yet past due	150	—	—	—	150
Cash and cash equivalents					
— Not yet past due	1,136,237	—	—	—	1,136,237
	2,722,879	—	—	422,846	3,145,725

As at 31 December 2019	12-month ECLs Stage 1	Lifetime ECLs Stage 2	Stage 3	Simplified approach	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables*	—	—	—	588,961	588,961
Financial assets included in prepayments, other receivables and other assets					
— Normal**	2,463,180	—	—	—	2,463,180
Restricted bank deposits					
— Not yet past due	723,968	—	—	—	723,968
Pledged deposits					
— Not yet past due	300	—	—	—	300
Cash and cash equivalents					
— Not yet past due	605,489	—	—	—	605,489
	3,792,937	—	—	588,961	4,381,898

As at 30 June 2020	12-month ECLs Stage 1	Lifetime ECLs Stage 2	Stage 3	Simplified approach	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables*	—	—	—	1,238,171	1,238,171
Financial assets included in prepayments, other receivables and other assets					
— Normal**	2,202,680	—	—	—	2,202,680
Restricted bank deposits					
— Not yet past due	602,988	—	—	—	602,988
Pledged deposits					
— Not yet past due	304	—	—	—	304
Cash and cash equivalents					
— Not yet past due	366,392	—	—	—	366,392
	3,172,364	—	—	1,238,171	4,410,535

* For trade receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 18 to the Historical Financial Information.

** The credit quality of the financial assets included in prepayments, other receivables and other assets is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short-term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by management and directors when the borrowings exceed certain predetermined levels of authority.

The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer terms.

The following tables show the remaining contractual maturities at the end of each of the Relevant Periods of the Group's non-derivative financial liabilities, based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group can be required to pay.

	Within 1 Year or on demand	1 to 5 years	Over 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2017				
Lease liabilities	77,764	309,199	1,959,762	2,346,725
Trade payables	167,528	—	—	167,528
Financial liabilities included in other payables and accruals	1,067,323	—	—	1,067,323
	1,312,615	309,199	1,959,762	3,581,576

	Within 1 Year or on demand	1 to 5 years	Over 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2018				
Lease liabilities	78,772	317,690	1,877,476	2,273,938
Trade payables	383,135	—	—	383,135
Financial liabilities included in other payables and accruals	1,925,923	—	—	1,925,923
	2,387,830	317,690	1,877,476	4,582,996

	Within 1 Year or on demand	1 to 5 years	Over 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2019				
Lease liabilities	86,068	354,352	1,791,152	2,231,572
Trade payables	448,789	—	—	448,789
Financial liabilities included in other payables and accruals	2,618,294	—	—	2,618,294
	3,153,151	354,352	1,791,152	5,298,655

	Within 1 Year or on demand	1 to 5 years	Over 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000
30 June 2020				
Lease liabilities	103,268	391,394	1,727,706	2,222,368
Trade payables	541,304	—	—	541,304
Financial liabilities included in other payables and accruals	2,403,876	—	—	2,403,876
	3,048,448	391,394	1,727,706	5,167,548

Capital 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 directors of the Company review the liability to asset ratio, which is total liabilities divided by total assets, on a continuous basis taking into account the cost of capital and the risks associated with each class of capital. The Group will balance its overall capital structure through the raising of new debts as well as the redemption of the existing debts, and manage the liability to asset ratio. The Group's overall strategy remained unchanged during the Relevant Periods.

The liability to asset ratios as at the end of each of the Relevant Periods are as follows:

	As at 31 December			As at 30 June
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Total assets	3,880,789	5,741,614	7,101,278	7,255,063
Total liabilities	3,566,331	5,074,958	6,069,694	6,319,680
Liability to asset ratio	92%	88%	85%	87%

32. NOTES TO THE STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

(i) Prepayments, deposits and other receivables

	As at 31 December			As at 30 June
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Capitalized listing expenses	—	—	—	3,121
Amounts due from a subsidiary	95	68,247	144,855	144,855
Dividend receivable from a subsidiary	—	—	—	445,795
	95	68,247	144,855	593,771

The above receivables are unsecured, non-interest-bearing and repayable on demand.

(ii) Other payables and accruals

	As at 31 December			As at 30 June
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Accrued listing expenses	—	—	—	7,076
Amounts due to CR Land	124	68,276	144,884	150,785
Dividend payable to CR Land	—	—	—	434,766
	124	68,276	144,884	592,627

Other payables and accruals are unsecured, non-interest-bearing and repayable on demand.

33. EVENTS AFTER THE REPORTING PERIOD

(a) An outbreak of respiratory illness caused by a novel coronavirus (COVID-19) was reported in early 2020 and continues to spread across the PRC and globally. To the best of the Group's knowledge, given the nature of the Group's business operations, the risks of the Group having to suspend its operations or terminate its provision of property management services to customers, and reduce the property management fees as a result of the COVID-19 outbreak are remote. The Group will pay close attention to the development of the COVID-19 outbreak, perform further assessment of its impact and take relevant measures.

(b) In October 2020, the Company entered into loan agreements with China Construction Bank (Asia) Corporation Limited for the amounts of HKD400,000,000 and HKD620,000,000 which bear interests at 12-month Hibor+1.50% per annum and 12-month Hibor+1.65% per annum, respectively. The loans are unsecured and due within one year.

34. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company, the Group or any of the companies now comprising the Group in respect of any period subsequent to 30 June 2020.

The information set out in this Appendix does not form part of the Accountants' Report prepared by our Company's reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong, as set out in Appendix I to this prospectus, and is included 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 Accountants' Report set out in Appendix I to this prospectus.

A. UNAUDITED PRO FORMA ADJUSTED COMBINED NET TANGIBLE ASSETS

The following unaudited pro forma adjusted combined net tangible assets attributable to the owners of the Company has been prepared in accordance with 4.29 of the Listing Rules and with reference to Accounting Guideline 7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* issued by the HKICPA for illustration purposes only, and is set out below to illustrate the effect of the Global Offering on our combined net assets attributable to the owners of the Company as of 30 June 2020 as if it had taken place on 30 June 2020.

The unaudited pro forma adjusted combined net tangible assets attributable to the owners of the Company has been prepared for illustration purpose only and because of its hypothetical nature, it may not give a true picture of the combined net tangible assets of the Group had the Global Offering been completed as of 30 June 2020 or any future date. It is prepared based on our combined net tangible assets attributable to the owners of the Company as of 30 June 2020 as set out in the Accountants' Report in Appendix I to this prospectus, and adjusted as described below. The unaudited pro forma adjusted combined net tangible assets attributable to the owners of the Company does not form part of the Accountants' Report in Appendix I to this prospectus.

	Combined net tangible assets attributable to owners of the Company as of 30 June 2020	Estimated net proceeds from the Global Offering	Unaudited pro forma adjusted combined net tangible assets attributable to owners of the Company	Unaudited pro forma adjusted combined net tangible assets per Share	
	RMB'000	RMB'000	RMB'000	RMB	HK$
	(Note 1)	*(Note 2)*		*(Note 3)*	*(Note 4)*
Based on an Offer Price of HK$18.60 per Share	933,016	8,532,690	9,465,706	4.30	5.05
Based on an Offer Price of HK$22.30 per Share	933,016	10,236,255	11,169,271	5.08	5.96

Notes:

(1) The combined net tangible assets attributable to owners of our Company as of 30 June 2020 is extracted from the Accountants' Report as set out in Appendix I to this prospectus, which is based on the audited combined net assets attributable to owners of the Company of approximately RMB935.4 million after deducting other intangible asset of approximately RMB2.4 million as of 30 June 2020.

(2) The estimated net proceeds from the Global Offering are based on the Offer Price of HK$18.60 per Share or HK$22.30 per Share, after deduction of the underwriting fees and other related expenses payable by the Group. The estimated net proceeds from the Global Offering are converted from Hong Kong dollars into Renminbi at an exchange rate of HK$1.00 to RMB0.85187.

(3) The unaudited pro forma adjusted combined net tangible assets attributable to owners of the Company per Share is calculated based on 2,200,000,000 shares in issue immediately following the Capitalisation Issue and the Global Offering.

(4) The unaudited pro forma adjusted combined net tangible assets attributable to owners of the Company per Share is converted into Hong Kong dollars at an exchange rate of HK$1 to RMB0.85187.

(5) No adjustment has been made to reflect any trading results or other transactions entered into by our Group subsequent to 30 June 2020.

B. LETTER FROM THE REPORTING ACCOUNTANTS ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report received from our independent accountants, Ernst & Young, Certified Public Accountants, Hong Kong, prepared for the purpose of incorporation in this document, in respect of unaudited pro forma financial information of the Group.

EY 安永

22nd Floor, CITIC Tower
1 Tim Mei Avenue
Central
Hong Kong

To the Directors of China Resources Mixc Lifestyle Services Limited

We have completed our assurance engagement to report on the compilation of pro forma financial information of China Resources Mixc Lifestyle Services Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The pro forma financial information consists of the pro forma adjusted combined net tangible assets as at 30 June 2020, and related notes as set out on pages II-1 and II-2 of the prospectus dated 25 November 2020 issued by the Company (the "Pro Forma Financial Information"). The applicable criteria on the basis of which the Directors have compiled the Pro Forma Financial Information are described on pages II-1 and II-2 to the prospectus.

The Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the global offering of shares of the Company on the Group's financial position as at 30 June 2020 as if the transaction had taken place at 30 June 2020. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's financial statements for the period ended 30 June 2020, on which an accountants' report has been published.

Directors' responsibility for the Pro Forma Financial Information

The Directors are responsible for compiling the Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline ("AG") 7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Our independence and quality control

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting accountants' responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus* issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Financial Information.

The purpose of the Pro Forma Financial Information included in the Prospectus is solely to illustrate the impact of the global offering of shares of the Company on unadjusted financial information of the Group as if the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the transaction would have been as presented.

A reasonable assurance engagement to report on whether the Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the transaction in respect of which the Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the Pro Forma Financial Information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purpose of the Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully,

Ernst & Young
Certified Public Accountants
Hong Kong

25 November 2020

The following is the text of a letter and a valuation report prepared by Colliers International (Hong Kong) Limited, an independent valuer, in connection with its valuation as at 30 September 2020 of the Property leased by the Group, for inclusion in an IPO document. The terms defined in this appendix apply to this appendix only.

Colliers International (Hong Kong) Limited
Valuation & Advisory Services
Company License No. C-006052

Suite 5701 Central Plaza
18 Harbour Road,
Wan Chai,
Hong Kong

November 25, 2020

The Directors
China Resources Mixc Lifestyle Services Limited
PO Box 309, Ugland House,
Grand Cayman, KY1-1104,
Cayman Islands

Dear Sirs,

Re: Valuation of Shenzhen Buji MIXONE located at No. 2 Xiangge Road, Buji Area, Longgang District, Shenzhen, Guangdong Province, The People's Republic of China (the Property)

INSTRUCTIONS, PURPOSE AND VALUATION DATE

In accordance with the instructions for us to value the Property in which China Resources Mixc Lifestyle Services Limited (the **Company**) and its subsidiaries (hereinafter together referred to as the **Group**) have interests in the People's Republic of China (the **PRC**), we confirm that we have carried out physical inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for providing you with our opinion of the Market Value of the Property, as at 30 September 2020 (the **Valuation Date**) for incorporation in an initial public offering document.

We hereby confirm that:

- We have no present or prospective interest in the Property and are not a related corporation of nor do we have a relationship with the Company.

- We are authorized to practice as valuers and have the necessary expertise and experience in valuing similar types of properties.

The valuation has been prepared on a fair and unbiased basis.

VALUATION BASIS

Our valuations are on the basis of Market Value, which we define as the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.

Market Value is understood as the value of an asset or liability estimated without regard to costs of sale or purchase (or transaction) and without offset for any associated taxes or potential taxes.

This estimate specifically excludes an estimated price inflated or deflated by special considerations or concessions granted by anyone associated with the sale, or any element of special value.

The outbreak of the novel coronavirus (COVID-19), declared a global pandemic by the World Health Organization on 11 March 2020, has impacted global financial markets, and market activity is being impacted in many sectors. As at the valuation date, we consider that we can attach less weight to previous market evidence for comparison purposes to inform opinions of value. Indeed, the current response to COVID-19 means that we are faced with an unprecedented set of circumstances on which to base a judgment.

Our valuation is therefore reported on the basis of *material valuation uncertainty* as defined by the prevailing Royal Institution of Chartered Surveyors' valuation standards. Consequently, less certainty — and a higher degree of caution — should be attached to our valuation than would normally be the case. Given the unknown future impact that COVID-19 might have on the real estate market, we recommend that you keep the valuation of the Property under frequent review.

VALUATION STANDARDS

The valuation has been carried out in accordance with the prevailing RICS Valuation — Global Standards, incorporating the latest IVSC International Valuation Standards published by the Royal Institution of Chartered Surveyors and with reference to the HKIS Valuation Standards 2017 published by the Hong Kong Institute of Surveyors. We have also complied with the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited.

PROPERTY CATEGORIZATION AND VALUATION METHODOLOGY

In valuing the Property, which is leased by the Group for investment in the PRC, we have assigned no commercial value to the Property due to the prohibition against assignment.

TITLE INVESTIGATIONS

We have been provided with copies of the title documents relating to the Property. However, we have not searched the original documents to verify ownership or to ascertain the existence of any amendments that may not appear on the copies provided to us. In the course of our valuation, we have relied to a considerable extent on the information given by the Group and the legal opinion issued by the Group's legal adviser, Jingtian & Gongcheng (競天公誠律師事務所), regarding the title to the Property.

SOURCES OF INFORMATION

We have relied to a considerable extent on the information provided by the Company on such matters as tenancy schedules, tenure, floor areas, building plans and all other relevant matters. Dimensions, measurements and areas included in the valuation are based on information contained in the documents provided to us and are, therefore, only approximations.

We have also been advised by the Company that no material factors or information have been omitted or withheld from the information supplied and we consider that we have been provided with sufficient information to reach an informed view. We believe that the assumptions used in preparing our valuation are reasonable.

SITE MEASUREMENT

All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurement has been taken.

We have not carried out detailed site measurements to verify the correctness of the site/floor areas in respect of the Property but have assumed that the site/floor areas shown on the documents and official site/floor plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations.

SITE INSPECTION

Ms. Miao Jiang (MSc in Hotel Management), Manager of Valuation and Advisory Services, who also assisted in this valuation assignment, inspected the exterior and, where possible, the interior of the Property on 10 May 2020. However, we have not carried out investigations to determine the suitability of the ground conditions and the services or other aspects for any future development. Our valuations have been prepared on the assumption that these aspects are satisfactory. We are not, however, able to report whether the Property is free of rot, infestation or any other structural defects. No tests were carried out on any of the services.

VALUATION ASSUMPTIONS

Our valuation has been made on the assumption that the Property would be sold in the open market in its existing state, subject to existing tenancies or otherwise with the benefit of vacant possession, without the benefit of deferred term contracts, leasebacks, joint ventures, management agreements or any similar arrangements which could affect the value of the Property.

In valuing the Property in the PRC, unless otherwise stated, we have assumed that transferable land use rights of the Property for their respective specific terms at nominal annual land use fees have been granted and that any land grant premium payable has already been fully paid.

In addition, we have made the following assumptions:

- All information on the Property provided by the Company is correct.
- Proper ownership titles of and relevant planning approvals for the Property have been obtained, the Property can be freely transferred, sub-let, mortgaged or otherwise disposed of.
- The Property is free of contamination.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the Property valued nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the Property is free from encumbrances, restrictions and outgoings of any onerous nature which could affect its value.

CURRENCY

All monetary figures stated in this report are in Chinese Renminbi (**RMB**).

Our valuation of the Property is set out in the Valuation Particulars attached hereto, which together with this covering letter, form our valuation report.

Yours sincerely,
For and on behalf of
Colliers International (Hong Kong) Limited

Hannah Jeong
MSc (Real Estate) MRICS MHKIS RPS(GP)
Head
Valuation & Advisory Services

Note: *Hannah Jeong holds a Master of Science Degree and is a Member of The Royal Institution of Chartered Surveyors with over 15 years' experience in the real estate industry. Her valuation experience covers the United Kingdom, Central and West Asia, Greater China, Korea, Hong Kong and other regions. Hannah is also a Member of The Hong Kong Institute of Surveyors and a Registered Professional Surveyor (General Practice).*

VALUATION PARTICULARS

Property leased by the Group for investment in the PRC

Property	Description and tenancy particulars	Particulars of occupancy	Market Value of Property as at 30 September 2020
Shenzhen Buji MIXONE located at No. 2 Xiangge Road, Buji Area, Longgang District, Shenzhen, Guangdong Province, The PRC	The Property comprises a 4-storey shopping mall over a single-storey basement for retail use together with some ancillary office space erected on a parcel of land with a site area of approximately 94,966.00 square metres (sq.m.). It was completed in 2016. The total floor area of the Property is approximately 124,514.16 sq.m. (**Master Lease Area**). Details of the approximate floor areas of the Property are as follows: Level — Approximate Floor Area (sq.m.) Level 1 — 20,458.55 Level 2 — 28,940.87 Level 3 — 23,840.89 Level 4 — 31,248.83 Basement 1 — 18,933.02 Ancillary offices — 1,092.00 **Total: — 124,514.16** As per the information provided by the Company, the gross lettable area of the Property is approximately 68,522.24 sq.m. as at the Valuation Date. The property is leased by CR Run Xin Commercial (Shenzhen) Co., Ltd. (華潤潤欣商業管理（深	As at the Valuation Date, the Property is sublet to various tenants with the latest lease expiring on 30 September 2042 at a total base rent of approximately RMB12,500,000 per month. As per the information provided, the Property also yielded a total turnover rental of approximately RMB20,280,000 for the first nine months of 2020. The major anchor tenants of the Property include Vanguard Supermarket, GAP, Calvin Klein Jeans and Uniqlo.	No commercial value (refer to Note 4)

Property	Description and tenancy particulars	Particulars of occupancy	Market Value of Property as at 30 September 2020
	圳）有限公司) (**CR Runxin**), an indirectly wholly owned subsidiary of the Company, for a term of 15 years expiring on 31 December 2032 and renewable for another 10 years. The head rent payable as at the Valuation Date is approximately RMB77,200,000 per annum (exclusive of service fees).		

Notes:

1. Pursuant to 175 Realty Ownership Certificates, the building ownership of the Property with a total gross floor area of 102,363.43 sq.m. (**Title Area**) is vested in Shenzhen Xinwang Real Estate Development Co., Ltd. (深圳市信旺房地產開發有限公司) (**Shenzhen Xinwang** or **Lessor**) together with the granted land use rights for a term expiring on 9 April 2084 for residential and commercial uses.

2. Pursuant to the Tenancy Agreement signed between Shenzhen Xinwang and China Resources Vanguard Co., Ltd. (華潤萬家有限公司) (**CR Vanguard**) dated 15 November 2013 and the Supplementary Agreement No. 2 between Shenzhen Xinwang, CR Vanguard and CR Runxin dated 30 July 2017 together with other supplementary agreements (collectively referred as the **Master Lease Agreement**), the commercial property (Basement 1 to Level 4) of Block Nos. 1 to 9 located at Lot No. E-01 Xinyi Lijing Yuyuan (信義荔景禦園), i.e. the Property with a total floor area of approximately 124,514.16 sq.m. is leased to CR Runxin for operation of a shopping mall at a unit monthly rent of RMB55/sq.m. with a 5% increase every 36 months. This rental is exclusive of service fees, which are calculated at RMB2.5/sq.m. per month. A rental concession of RMB5,000,000 per annum is provided for the first five years under the terms of the Master Lease Agreement.

3. We have been provided with a legal opinion on the title to the Property issued by the Group's PRC legal advisor, which includes, inter alia, the following information:

   In respect of the Master Lease Agreement entered into between Shenzhen Xinwang and CR Runxin, except for the difference area issue as disclosed hereafter:

   a. The Master Lease Agreement is lawful, effective and legally binding on its signing parties;

   b. Shenzhen Xinwang has obtained the legal rights to possess, use, receive earnings from and dispose of the Property and is also entitled to lease the Property to CR Runxin for operational purpose;

In respect of the subletting agreements entered into between CR Runxin and various tenants:

c. CR Runxin is entitled to use and to sublet the Property in accordance with PRC laws and regulations, except for the difference area issue as disclosed hereafter; and

d. As advised by CR Runxin, the sublet tenancy agreements have not been registered and filed with the relevant housing administrative authority. According to the *Explanation on Problems in Legal Application regarding Dispute Trials for Urban Property Tenancy Agreements by Supreme People's Court* (《最高人民法院關于審理城鎮房屋租賃合同糾紛案件具體應用法律若干問題的解釋》), the validity of the sublet tenancy agreements is not affected by non-registration. However, according to the *Administrative Measures for Commodity Property Leasing* (《商品房屋租賃管理辦法》), both parties may be required by the relevant housing administration authority to register and file the sublet tenancy agreements within a prescribed period, failing which both parties may be subject to a rectification order and a penalty of RMB1,000 to RMB10,000. The Company is committed to making reasonable efforts to urge CR Runxin to register and file the sublet tenancy agreements within the period required by the housing authority. Should a rectification order be made, the risk of CR Runxin being required to pay a fine is low. As confirmed by CR Runxin, no rectification order has been received so far.

There is floor area difference of approximately 22,150.73 sq.m. (**Area Difference**) between the Master Lease Area under the Master Lease Agreement and the Title Area as mentioned in Note 1 above. It is unable to ascertain whether Shenzhen Xinwang has the legal right or requisite authority to lease the Area Difference portion under the Property. As confirmed by CR Runxin and Shenzhen Xinwang, the Area Difference is not calculated under plot ratio floor area and Shenzhen Xinwang has committed that they will ensure CR Runxin to use the Area Difference and assume the responsibilities and obligations under the Master Lease Agreement.

4. In the course of valuation, we have assigned no commercial value to the Property due to prohibition against assignment.

SUMMARY OF THE CONSTITUTION OF THE COMPANY

1 Memorandum of Association

The Memorandum of Association of the Company was conditionally adopted on November 19, 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 Companies Law or any other law of the Cayman Islands.

The Memorandum of Association is available for inspection at the address specified in "Documents Delivered to the Registrar of Companies in Hong Kong and Available for Inspection" in Appendix VI to this prospectus.

2 Articles of Association

The Articles of Association of the Company were conditionally adopted on November 19, 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 US$50,000 divided into 5,000,000,000 shares of US$0.00001 each.

2.2 Directors

(a) *Power to allot and issue Shares*

Subject to the provisions of the 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 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 of Association 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 of Association or the 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 Companies Law and of the Articles of Association and to any regulation from time to time made by the Company in general meeting not being inconsistent with such provisions or the Articles of Association, 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 of Association 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 of Association 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 of Association;

(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 of Association.

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 Articles of Association 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 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 of Association 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:

(a) 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;

(b) 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 Companies Law; and

(c) 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 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 Companies Law.

2.6 Special resolution — majority required

A "special resolution" is defined in the Articles of Association to have the meaning ascribed thereto in the 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 of Association 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 of Association 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 of Association 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 Hong Kong 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 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 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 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 of Association 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 of Association 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:

(a) 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

(b) 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 endeavor 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 Hong Kong 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:

(a) 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;

(b) the instrument of transfer is in respect of only one class of shares;

(c) the instrument of transfer is properly stamped (in circumstances where stamping is required);

(d) 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;

(e) the shares concerned are free of any lien in favor of the Company; and

(f) a fee of such amount not exceeding the maximum amount as the Hong Kong 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 Hong Kong 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 of Association 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 Companies Law and the Articles of Association 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 Hong Kong 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 of Association relating to the ownership of shares by a subsidiary.

2.15 Dividends and other methods of distribution

Subject to the Companies Law and the Articles of Association, 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 of Association 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 of Association 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 of Association 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 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 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 of Association, giving notice of its intention to sell such shares and a period of three months has elapsed since such advertisement and the Hong Kong 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 Companies Law is derived, to a large extent, from the older Companies Acts of England, although there are significant differences between the Companies Law and the current Companies Act of England. Set out below is a summary of certain provisions of the 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 18 May 2017 under the 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 Companies Law permits a company to issue ordinary shares, preference shares, redeemable shares or any combination thereof.

The Companies Law provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the value of the 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 cancellation of shares in any other company and issued at a premium. The Companies Law provides that the share premium account may be applied by 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:

(a) paying distributions or dividends to members;

(b) paying up unissued shares of the company to be issued to members as fully paid bonus shares;

(c) in the redemption and repurchase of shares (subject to the provisions of section 37 of the Companies Law);

(d) writing-off the preliminary expenses of the company;

(e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company; and

(f) 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 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 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 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 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 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 Companies Law requires that a company shall cause to be kept proper books of account with respect to:

(a) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place;

(b) all sales and purchases of goods by the company; and

(c) 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 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 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 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 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 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 may obtain an undertaking from the Financial Secretary of the Cayman Islands:

(a) 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

(b) 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:

  (i) on or in respect of the shares, debentures or other obligations of the Company; or

  (ii) 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 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 advisers 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 Companies Law, is available for inspection as referred to in "Documents Delivered to the Registrar of Companies in Hong Kong and Available for Inspection" in Appendix VI to this prospectus. Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he/she is more familiar is recommended to seek independent legal advice.

A. FURTHER INFORMATION ABOUT OUR GROUP

1. Incorporation

Our Company was incorporated in the Cayman Islands on May 18, 2017 as an exempted company with limited liability. Our registered office address is at PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. Accordingly, our Company's corporate structure and Memorandum and Articles of Association are subject to the relevant laws of the Cayman Islands. A summary of certain provisions of our Memorandum and Articles of Association and relevant aspects of the Cayman Companies Law is set out in Appendix IV to this prospectus.

Our registered place of business in Hong Kong is at 37/F, China Resources Building, 26 Harbor Road, Wanchai, Hong Kong. We were registered as a non-Hong Kong company under Part 16 of the Companies Ordinance on August 6, 2020 with the Registrar of Companies in Hong Kong. Mr. Yu Linkang has been appointed as the authorized representative of our Company for the acceptance of service of process in Hong Kong. The address for service of process is 37/F, China Resources Building, 26 Harbor Road, Wanchai, Hong Kong.

As at the date of this prospectus, our Company's head office was located at Block E, China Resources Land Building, 18 Dachong 1st Road, Nanshan District, Shenzhen, PRC.

2. Changes in Share Capital

On May 18, 2017, our Company was incorporated with an authorized share capital of US$50,000 divided into 50,000 shares of a par value of US$1 each.

The following changes in the share capital of our Company took place during the two years immediately preceding the date of this prospectus:

On July 18, 2020 and as part of the Reorganization, our Company issued one share to CR Land.

On October 19, 2020, our sole Shareholder resolved, among other things, that each issued and unissued ordinary share then of US$1 par value be subdivided into 100,000 Shares of US$0.00001 par value each ("**Share Subdivision**"), so that CR Land holds 1,300,100,000 Shares of US$0.00001 par value each.

3. Changes in the share capital of our subsidiaries

A summary of the corporate information and the particulars of our subsidiaries are set out in the Accountant's Report as set out in Appendix I to this prospectus.

The following sets out the changes in the share capital of our subsidiaries and the Operating Entities during the two years immediately preceding the date of this prospectus:

CR Property Agents Consultancy Co., Ltd.	On March 11, 2019, the registered capital of China Resources Agency Consulting Co., Ltd. increased from RMB2,500,000 to RMB30,000,000
CR Mixc Shenzhen	CR Mixc Shenzhen was incorporated on November 8, 2019 with a registered capital of RMB300,000,000

Save as set out above, there has been no alteration in the registered capital of our subsidiaries which took place within 2 years immediately preceding the date of this prospectus.

4. **Corporate reorganization**

The Group underwent the Reorganization in preparation for the Listing of Shares on the Hong Kong Stock Exchange. For details, see "History, Reorganization and Corporate Structure."

5. **Resolutions of the Sole Shareholder of Our Company dated October 19, 2020 and November 19, 2020**

On October 19, 2020, our sole Shareholder resolved, among other things, that the authorized share capital of our Company be changed from US$50,000 divided into 50,000 shares of a par value of US$1.00 each to US$50,000 divided into 5,000,000,000 Shares of a par value of US$0.00001 each by the sub-division of each share of a par value of US$1.00 each in the authorized share capital of our Company (including issued and unissued share capital) into 100,000 Shares of a par value of US$0.00001 each.

On November 19, 2020, the following resolutions of the Company were passed by the Sole Shareholder that, among other things, conditional upon the satisfaction (or, if applicable, waiver) of the conditions set out in "*Structure of the Global Offering — Conditions of the Global Offering*" and pursuant to the terms set out therein:

(i) the Company approved and adopted the amended and restated Memorandum and Articles of Association with effect from the Listing Date;

(ii) the Global Offering and the grant of the Over-allotment Option were approved and the Directors, were authorized to allot and issue new Shares pursuant to the Global Offering;

(iii) the Listing was approved and the Directors, or a committee of Directors duly authorized by the Directors or the Authorized Signatory, were authorized to implement the Listing;

(iv) subject to the "lock-up" provisions under Rule 10.08 of the Listing Rules, a general unconditional mandate was granted to the Directors pursuant to the Articles of Association to allot, issue and deal with the Shares or securities convertible into Shares or options, warrants or similar rights to subscribe for the Shares or such convertible securities and to make or grant offers, agreements or options which would or might require the exercise of such powers whether during or after the end of the Relevant Period (as defined below), provided that the aggregate number of Shares allotted or agreed to be allotted by the Directors other than pursuant to a (i) rights issue, (ii) any scrip dividend scheme or similar arrangement providing for the allotment of the Shares in lieu of the whole or part of a dividend on the Shares or (iii) a specific authority granted by the Shareholders in general meeting, shall not exceed the aggregate of:

(A) 20% of the aggregate nominal value of the Shares in issue immediately following the completion of the Global Offering; and

(B) the aggregate number of Shares repurchased by the Company (if any) under the general mandate to repurchase Shares referred to in paragraph below,

such mandate to remain in effect during the period from the passing of the resolution until the earliest of (I) the conclusion of the next annual general meeting of the Company, unless renewed by an ordinary resolution of our Shareholders in a general meeting, either unconditionally or subject to conditions, or (II) the expiration of the period within which the Company's next annual general meeting is required by the Memorandum of Association and the Articles of Association or any applicable laws to be held or (III) the date on which the mandate is varied or revoked by an ordinary resolution of the Shareholders in general meeting (the "**Relevant Period**"), and the Directors were authorized to exercise the powers of the Company referred to above in respect of the share capital of the Company referred to in paragraph (B) above; and

(v) a general unconditional mandate was granted to the Directors to exercise all the powers of the Company to repurchase the Shares on the Hong Kong Stock Exchange, or on any other stock exchange on which the Shares may be listed (and which is recognized by the SFC and the Hong Kong Stock Exchange for this purpose) not exceeding in aggregate 10% of the total number of Shares in issue immediately following the completion of the Global Offering in accordance with all applicable laws and the requirements of the Listing Rules, such mandate to remain in effect during the period from the passing of the resolution until the earliest of (I) the conclusion of the next annual general meeting of the Company unless renewed by an ordinary resolution of our Shareholders in a general meeting, either unconditionally or subject to conditions, (II) the expiration of the period within which our Company's next annual general meeting is required by the Memorandum of Association and Articles of Association or any other applicable laws to be held and (III) the date on which the mandate is varied or revoked by an ordinary resolution of the Shareholders in general meeting; and

(vi) conditional further upon the share premium account of our Company being credited with the proceeds of the Global Offering, the Directors were authorized to allot and issue a total of

349,900,000 Shares, credited as fully-paid at par, to the Shareholder(s) whose name(s) appear on the register of members of our Company at the close of business on the business day immediately preceding the Listing Date (or any such other date as the Directors may direct) in proportion (as nearly as possible without involving fractions) to the then existing Shareholding(s) by way of capitalization of the sum of US$3,499 standing to the credit of the share premium account of our Company, and the Shares to be allotted and issued pursuant to the Capitalization Issue shall rank *pari passu* in all respects with the existing issued Shares, and the Directors were authorized to allot and issue the Shares under the Capitalization Issue and give effect to such capitalization and allotment and issue of Shares.

6. Repurchase of Our Own Securities

The following paragraphs include, among others, certain information required by the Hong Kong 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 Hong Kong Stock Exchange to repurchase their own securities on the Hong Kong Stock Exchange subject to certain restrictions, the most important of which are summarized below:

(i) *Shareholders' Approval*

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 Hong Kong 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 Sole Shareholder on November 19, 2020, the Repurchase Mandate was granted to our Directors authorizing them to exercise all powers of our Company to repurchase Shares on the Hong Kong 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 Hong Kong Stock Exchange for this purpose, with a total nominal value up to 10% of the aggregate nominal value of our Shares in issue immediately following the completion of the Global Offering (excluding any Shares which may be issued under the Over-allotment Option), with such mandate to expire at the earliest of (i) 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), (ii) 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, and (iii) the date when it is varied or revoked by an ordinary resolution of our Shareholders in general meeting.

(ii) *Source of Funds*

Purchases must be funded out of funds legally available for the purpose in accordance with the Memorandum and Articles of Association and the applicable laws and regulations of Hong Kong and the Cayman Islands. A listed company may not purchase its own securities on the Hong Kong Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Hong Kong Stock Exchange as amended from time to time. As a matter of Cayman law, any purchases by the Company may be made out of profits or out of the proceeds of a new issue of shares made for the purpose of the purchase or from sums standing to the credit of our share premium account or out of capital, if so authorized by the Articles of Association and subject to the Cayman Companies Law. Any premium payable on the purchase over the par value of the shares to be purchased must have been provided for out of profits or from sums standing to the credit of our share premium account or out of capital, if so authorized by the Articles of Association and subject to the Cayman Companies Law.

(iii) *Trading Restrictions*

The total number of shares which a listed company may repurchase on the Hong Kong 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 Hong Kong Stock Exchange. In addition, a listed company is prohibited from repurchasing its shares on the Hong Kong 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 Hong Kong 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 Hong Kong Stock Exchange. A company is required to procure that the broker appointed by it to effect a repurchase of securities discloses to the Hong Kong Stock Exchange such information with respect to the repurchase as the Hong Kong Stock Exchange may require.

(iv) *Status of Repurchased Shares*

The listing of all purchased securities (whether on the Hong Kong Stock Exchange or, otherwise) is automatically canceled and the relative certificates must be canceled and destroyed. Under the laws of the Cayman Islands, unless, prior to the purchase the directors of the Company resolve to hold the shares purchased by the Company as treasury shares, shares purchased by the Company shall be treated as canceled and the amount of the Company's issued share capital shall be diminished by the nominal value of those shares. However, the purchase of shares will not be taken as reducing the amount of the authorized share capital under Cayman Companies Law.

(v) *Suspension of Repurchase*

A listed company may not make any repurchase of securities after a price sensitive development has occurred or has been the subject of a decision until such time as the price sensitive 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 Hong Kong 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 Hong Kong Stock Exchange other than in exceptional circumstances. In addition, the Hong Kong Stock Exchange may prohibit a repurchase of securities on the Hong Kong Stock Exchange if a listed company has breached the Listing Rules.

(vi) *Reporting Requirements*

Certain information relating to repurchases of securities on the Hong Kong Stock Exchange or otherwise must be reported to the Hong Kong 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) *Core Connected Persons*

The Listing Rules prohibit a company from knowingly purchasing securities on the Hong Kong 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 a close associate of any of them (as defined in the Listing Rules) and a core connected person shall not knowingly sell his securities to the company.

(b) ***Reasons for Repurchases***

Our Directors believe that it is in the best interests of our Company and Shareholders for our Directors to have a general authority from the Shareholders to enable our Company to repurchase Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be made where our Directors believe that such repurchases will be in the interest of our Company and Shareholders.

(c) ***Funding of Repurchases***

Repurchase of the Shares must be funded out of funds legally available for such purpose in accordance with the Articles of Association and the applicable laws of the Cayman Islands. Our Directors may not repurchase the Shares on the Hong Kong Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Hong Kong Stock Exchange. Subject to the foregoing, our Directors may make repurchases with profits of the Company or out of a new issuance of shares made for the purpose of the repurchase or, if authorized by the

Articles of Association and subject to the Cayman Companies Law, out of capital and, in the case of any premium payable on the repurchase, out of profits of the Company or from sums standing to the credit of the share premium account of the Company or, if authorized by the Articles of Association and subject to Cayman Companies Law, out of capital.

However, our Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of our Company or its 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 2,200,000,000 Shares in issue immediately following the completion of the Global Offering, but the Over-allotment Option is not exercised, could accordingly result in up to approximately 220,000,000 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.

Our Directors have undertaken to the Hong Kong 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.

None of our Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their respective close associates, have any present intention, if the Repurchase Mandate is exercised, to sell any Shares to our Company.

No core connected person (as defined in the Listing Rules) has notified us that he/she or it has a present intention to sell Shares to us, or has undertaken not to do so, if the Repurchase Mandate is exercised.

If, as a result of any repurchase of Shares, a Shareholder's proportionate interest in the voting rights of our Company increases, 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, depending on the level of increase of Shareholders' interest, 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 23.37% of the Shares then in issue could only be implemented if the Hong Kong 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.

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) a sale and purchase agreement dated June 22, 2020 entered into between Super Honour Development Limited ("Super Honour") and Ting Cao (C.I.) Holding Corp., pursuant to which Super Honour acquired the entire issued share capital of China Resources Huan Le Song (Hong Kong) Limited from Ting Cao (C.I.) Holding Corp. at a total consideration of RMB522,827,800;

(b) a share transfer agreement dated July 17, 2020 entered into between the Company and CR Land, pursuant to which the Company acquired the entire issued share capital of Golden Key Resources Limited from CR Land at a consideration of one ordinary share in the Company issued to CR Land;

(c) an equity transfer agreement dated July 24, 2020 entered into between China Resources Mixc Commercial (Shenzhen) Co., Ltd. (華潤萬象商業(深圳)有限公司) ("CR Mixc Shenzhen") and CR Land (Chengdu) Co., Ltd. (華潤置地(成都)有限公司) pursuant to which CR Mixc Shenzhen acquired 100% equity interest in Luzhou CR Land Commercial Management Co., Ltd. (瀘州華潤置地商業管理有限公司) from CR Land (Chengdu) Co., Ltd. (華潤置地(成都)有限公司) at a consideration of RMB22,000,000;

(d) an equity transfer agreement dated August 26, 2020 entered into between China Resources Company Limited (中國華潤有限公司) and CR Land (Wuhan) Property Management Co., Ltd. (華潤置地(武漢)物業管理有限公司), pursuant to which CR Land (Wuhan) Property Management Co., Ltd. (華潤置地(武漢)物業管理有限公司) acquired 100% equity interest in Hubei Run Lian Property Management Co., Ltd. (湖北潤聯物業管理有限公司) from China Resources Company Limited (中國華潤有限公司) at a consideration of RMB47,122,100;

(e) a non-competition undertaking agreement dated November 20, 2020 entered into between our Company and CR Land;

(f) the Hong Kong Underwriting Agreement;

(g) the cornerstone investment agreement dated November 20, 2020 entered into among our Company, Matthews International Capital Management, LLC (for its own account and as agent for and on behalf of the investors set out therein), CCB International Capital Limited, China International Capital Corporation Hong Kong Securities Limited, Citigroup Global Markets Asia Limited and Goldman Sachs (Asia) L.L.C., details of which are included in the section headed "Our Cornerstone Investors" in this prospectus;

(h) the cornerstone investment agreement dated November 20, 2020 entered into among our Company, Cephei Capital Management (Hong Kong) Limited, Cephei QFII China Total Return Fund Ltd., Cephei China Equity Index Enhanced Fund Ltd., Cephei China Equity Growth Fund Ltd., CCB International Capital Limited, China International Capital Corporation Hong Kong Securities Limited, Citigroup Global Markets Asia Limited, Goldman Sachs (Asia) L.L.C. and ABCI Capital Limited, details of which are included in the section headed "Our Cornerstone Investors" in this prospectus;

(i) the cornerstone investment agreement dated November 20, 2020 entered into among our Company, Ping An of China Asset Management (Hong Kong) Company Limited, CCB International Capital Limited, China International Capital Corporation Hong Kong Securities Limited, Citigroup Global Markets Asia Limited and Goldman Sachs (Asia) L.L.C., details of which are included in the section headed "Our Cornerstone Investors" in this prospectus;

(j) the cornerstone investment agreement dated November 20, 2020 entered into among our Company, Gaoling Fund, L.P., CCB International Capital Limited, China International Capital Corporation Hong Kong Securities Limited, Citigroup Global Markets Asia Limited and Goldman Sachs (Asia) L.L.C., details of which are included in the section headed "Our Cornerstone Investors" in this prospectus;

(k) the cornerstone investment agreement dated November 20, 2020 entered into among our Company, China Structural Reform Fund Corporation Limited (中國國有企業結構調整基金股份有限公司), CCB International Capital Limited, China International Capital Corporation Hong Kong Securities Limited, Citigroup Global Markets Asia Limited and Goldman Sachs (Asia) L.L.C., details of which are included in the section headed "Our Cornerstone Investors" in this prospectus;

(l) the cornerstone investment agreement dated November 20, 2020 entered into among our Company, GIC Private Limited, CCB International Capital Limited, China International Capital Corporation Hong Kong Securities Limited, Citigroup Global Markets Asia Limited and Goldman Sachs (Asia) L.L.C., details of which are included in the section headed "Our Cornerstone Investors" in this prospectus;

(m) the cornerstone investment agreement dated November 20, 2020 entered into among our Company, GLP China Capital Investment 15 Limited, GLP China Holdings Limited, CCB International Capital Limited, China International Capital Corporation Hong Kong Securities Limited, Citigroup Global Markets Asia Limited and Goldman Sachs (Asia) L.L.C., details of which are included in the section headed "Our Cornerstone Investors" in this prospectus; and

(n) the cornerstone investment agreement dated November 20, 2020 entered into among our Company, UBAN Capital I, L.P., GLP China Holdings Limited, CCB International Capital Limited, China International Capital Corporation Hong Kong Securities Limited, Citigroup Global Markets Asia Limited and Goldman Sachs (Asia) L.L.C., details of which are included in the section headed "Our Cornerstone Investors" in this prospectus.

2. Intellectual Property Rights

(a) *Trademarks*

(i) *Trademarks registered in the PRC*

As at the Latest Practicable Date, we had registered the following trademarks in the PRC which we consider to be or may be material to our business:

No.	Trademark	Registered Owner
1.	JOY LIFE	Shenzhen China Resources Property Management Co., Ltd. ("**Shenzhen CR Property**")
2.		Shenzhen CR Property
3.	JOY WORK	Shenzhen CR Property
4.		Shenzhen CR Property
5.	悦家	Shenzhen CR Property
6.	悦心	Shenzhen CR Property
7.	JOY SERVICE	Shenzhen CR Property
8.	悦服务	Shenzhen CR Property
9.		Shenzhen CR Property
10.		Shenzhen CR Property
11.		Shenzhen CR Property
12.		Shenzhen CR Property; China Resources Property Technology Service Limited

No.	Trademark	Registered Owner
13.		Shenzhen CR Property
14.	悉心生活	China Resources Land (Chengdu) Property Services Co., Ltd. (“**CR Land Property Chengdu**”)
15.	乐活绘	CR Land Property Chengdu
16.	鸭梨哥	China Resources Runxin Commercial Management (Shenzhen) Co., Ltd.
17.		China Resources Runxin Commercial Management (Shenzhen) Co., Ltd.

(ii) *Trademarks registered in Hong Kong*

As at the Latest Practicable Date, we had no trademarks in Hong Kong which we consider to be or may be material to our business.

(iii) *Trademarks applications pending in the PRC*

As at the Latest Practicable Date, we had not applied for the registration of any trademarks in the PRC which we consider to be or may be material to our business.

(iv) *Trademarks applications pending in Hong Kong*

As at the Latest Practicable Date, we had not applied for the registration of any trademarks in Hong Kong which we consider to be or may be material to our business.

(v) *Trademarks licensed*

As at the Latest Practicable Date, we were licensed to use the following registered trademarks which we consider to be or may be material to our business:

No.	Trademark	Registered Owner	Place of registration
1	華潤	China Resources Intellectual Property Management Co., Ltd.	PRC
2		China Resources Intellectual Property Management Co., Ltd.	PRC
3	華潤	China Resources Intellectual Property Management Co., Ltd.	PRC

No.	Trademark	Registered Owner	Place of registration
4	華潤	CR Holdings	Hong Kong
5		CR Holdings	Hong Kong
6	華潤	CR Holdings	Hong Kong
7	凤凰汇*	Beijing China Resources Shuguang Real Estate Development Co., Ltd.	PRC
8	凤凰汇*	Beijing China Resources Shuguang Real Estate Development Co., Ltd.	PRC
9	凤凰汇*	Beijing China Resources Shuguang Real Estate Development Co., Ltd.	PRC
10	[illegible]街*	Super Talent Resources Limited	PRC
11	皖巷*	Super Talent Resources Limited	PRC
12	萬象城*	China Resources (Shenzhen) Co., Ltd.	PRC
13	万象城*	China Resources (Shenzhen) Co., Ltd.	PRC
14	万象*	China Resources (Shenzhen) Co., Ltd.	PRC
15	萬象*	China Resources (Shenzhen) Co., Ltd.	PRC
16	the mixc*	China Resources (Shenzhen) Co., Ltd.	PRC
17	mixc*	China Resources (Shenzhen) Co., Ltd.	PRC
18	the mixc 萬象城*	China Resources (Shenzhen) Co., Ltd.	PRC
19	萬象匯*	China Resources (Shenzhen) Co., Ltd.	PRC
20	萬象匯*	China Resources (Shenzhen) Co., Ltd.	PRC
21	万象汇*	China Resources (Shenzhen) Co., Ltd.	PRC
22	万象天地*	China Resources (Shenzhen) Co., Ltd.	PRC

No.	Trademark	Registered Owner	Place of registration
23	万象前海*	China Resources (Shenzhen) Co., Ltd.	PRC
24	*	China Resources (Shenzhen) Co., Ltd.	PRC
25	一点万象*	China Resources (Shenzhen) Co., Ltd.	PRC
26	象果*	China Resources (Shenzhen) Co., Ltd.	PRC
27	万象食家*	China Resources (Shenzhen) Co., Ltd.	PRC
28	MIXC World*	China Resources (Shenzhen) Co., Ltd.	PRC
29	*	China Resources (Shenzhen) Co., Ltd.	PRC
30	Mixcate*	China Resources (Shenzhen) Co., Ltd.	PRC
31	MIXC Deluxe*	China Resources (Shenzhen) Co., Ltd.	PRC
32	Mixc Essence*	China Resources (Shenzhen) Co., Ltd.	PRC
33	officeasy*	China Resources (Shenzhen) Co., Ltd.	PRC
34	N次方公园*	China Resources Land (Shandong) Company Limited	PRC
35	太白小厂*	China Resources Land Holdings Limited (華潤置地控股有限公司)	PRC
36	润街*	China Resources Land Holdings Limited (華潤置地控股有限公司)	PRC
37	*	CR Land	PRC
38	五彩城*	CR Land	PRC
39	五彩城 dreamport*	Beijing China Resources New Town Property Co., Ltd.	PRC

* trademarks being transferred to the Group.

(b) ***Copyrights***

Copyrights registered

As at the Latest Practicable Date, we had registered the following copyrights which we consider to be or may be material to our business:

No.	Copyright	Registered Owner	Registration Number
1.	Yue+ (悦+)	Shenzhen CR Property	Yuezuodengzi (粵作登字) -2018-F-00025989
2.	JOJO Mascot (JOJO吉祥物)	Shenzhen CR Property	Yuezuodengzi (粵作登字) -2018-F-00025834
3.	"Jule New Talent" (聚礪新秀)	Shenzhen CR Property	Yuezuodengzi (粵作登字) -2018-F-00026047
4.	JOJO Mascot Emoji pack 1st edition (JOJO吉祥物表情包第一彈)	Shenzhen CR Property	Yuezuodengzi (粵作登字) -2018-F-00033920
5.	JOJO Mascot Emoji pack 2nd edition (JOJO吉祥物表情包第二彈)	Shenzhen CR Property	Yuezuodengzi (粵作登字) -2019-F-00004068
6.	CR Property – Yue+ Storefront trademark designs (華潤物業——悅+物業門戶商標設計圖)	Shenzhen CR Property	Yuezuodengzi (粵作登字) -2019-F-00014269
7.	Dr. Dong (懂博士)	China Resources Property Technology Service Limited	Yuezuodengzi (粵作登字) -2019-F-00029672

Software Copyrights registered

As at the Latest Practicable Date, we had registered the following software copyrights which we consider to be or may be material to our business:

No.	Copyright	Registered Owner	Registration Number
1.	CR Property Office Indoor Ventilation Monitoring System V1.0 (華潤物業管理寫字樓室內通風換氣監控系統V1.0)	Shenzhen CR Property	2019SR0145984
2.	CR Property Building Smoke Detector Monitoring System V1.0 (華潤物業管理樓宇室內煙感智能監控系統V1.0)	Shenzhen CR Property	2019SR0145945
3.	CR Property Smart Payments Terminal System V2.1 (華潤物業智能收費終端系統V2.1)	CR Property Engineering and Technology Co., Ltd. ("**CR Property Engineering**")	2018SR644769
4.	CR Property Payments Management System V1.5 (華潤物業收費管理系統V1.5)	CR Property Engineering	2018SR644706
5.	CR Property RMS Resources Management System V1.5 (華潤物業RMS資源管理系統V1.5)	CR Property Engineering	2018SR644764
6.	CR Property Integrated Financial Accounting System V1.0 (華潤物業收費財務核算一體化系統V1.0)	CR Property Engineering	2018SR644777

No.	Copyright	Registered Owner	Registration Number
7.	Yue+ Cloud Lorawan Gateway Equipment Data Transmission System V1.0 (悅+雲Lorawan網關設備數據傳輸控制系統V1.0)	CR Property Engineering	2018SR780380
8.	CR Property Fire Equipment Monitoring System V1.0 (華潤物業消防設備運行監控管理系統V1.0)	CR Property Engineering	2018SR779830
9.	CR Property Fire Equipment LAN System (華潤物業消防設備監控局域網系統軟件V1.0)	CR Property Engineering	2018SR779828
10.	CR Property Fees Reconciliation System V1.5 (華潤物業收費對賬系統V1.5)	CR Property Engineering	2018SR659991
11.	Yue+ Digital IoT Cloud Equipment Monitoring System V1.1 (悅+數字物聯雲設備監控管理系統V1.1)	CR Property Engineering	2018SR777305
12.	CR Property Yue Home Homeowner Services Management Software (Android) 1.0.2 (commonly known as "Yue Home") (華潤物業悅家業主服務管理軟件（安卓版）1.0.2｛簡稱：悅家｝)	CR Property Engineering	2018SR537717
13.	CR Property Yue Home Homeowner Services Management Software (IOS) 1.0.2 (commonly known as "Yue Home") (華潤物業悅家業主服務管理軟件（IOS版）1.0.2｛簡稱：悅家｝)	CR Property Engineering	2018SR537974
14.	CR Property Technology Office Entrance Management System V1.0 (華潤物業科技寫字樓閘機、門禁綜合管理系統V1.0)	China Resources Property Technology Service Limited	2019SR0143345
15.	CR Property Outdoor Power Saving Management System V1.0 (華潤物業科技室內外用電設備節能管理系統V1.0)	China Resources Property Technology Service Limited	2019SR0145976

Copyrights licensed

We are licensed to use the following copyrights which we consider to be or may be material to our business. For details, see "Business — Intellectual Property":

No.	Copyright	Registered Owner
1	E-MIXC (一點萬象)	Shenzhen Qianhai Chengcang Technology Internet Co., Ltd. (深圳前海橙倉科技互聯有限公司)
2	CR Union	China Resources Land (Beijing) Co., Ltd. (華潤置地(北京)股份有限公司)
3	Smart OE	China Resources Land (Shanghai) Limited (華潤置地(上海)有限公司)
4	Officeasy	Shenzhen Runwu Informational Technology Co., Ltd. (深圳潤物信息科技有限公司)

(c) ***Patents***

As at the Latest Practicable Date, we had registered the following copyrights which we consider to be or may be material to our business:

No.	Patent	Type	Registered Owner	Registration Number
1.	Certain Telecommunication signal collection gateway (一種電信號采集網關)	Utility Model	CR Property Engineering	ZL201821327689.9
2.	Certain sensor based on the LoRaWAN technology (一種基于LoRaWAN技術的傳感器)	Utility Model	CR Property Engineering	ZL201821327656.4
3.	Certain sensor based on NB-IoT technology (一種基于NB-IoT技術的傳感器)	Utility Model	CR Property Engineering	ZL201821327640.3
4.	Certain Wired Sensor 一種有線傳感器	Utility Model	CR Property Engineering	ZL201821335067.0
5.	Certain remote electric meter based on NB-IoT technology (一種基于NB-IoT技術的遠傳電錶)	Utility Model	CR Property Engineering	ZL201821335084.4
6.	Certain wired remote water meter (一種有線遠傳水錶)	Utility Model	CR Property Engineering	ZL201821335223.3
7.	Certain remote water meter based on the LoRaWAN technology (一種基于LoRaWAN技術的遠傳水錶)	Utility Model	CR Property Engineering	ZL201821335245.X

3. Domain names

As at the Latest Practicable Date, we owned the following domain names which we consider to be or may be material to our business:

No.	Domain Name	Registered Owner	Expiry Date
1	crlandpm.com.cn	CR Property Technology Services Co., Ltd.	December 14, 2027
2	crptsl.com.cn	CR Property Technology Services Co., Ltd.	July 25, 2023
3	crjojo.com.cn	CR Property Technology Services Co., Ltd.	July 25, 2023
4	crjojo.cn	CR Property Technology Services Co., Ltd.	July 25, 2023
5	crjojo.net	CR Property Technology Services Co., Ltd.	July 25, 2023
6	crjojo.com	CR Property Technology Services Co., Ltd.	July 25, 2023
7	rptsl.com	CR Property Technology Services Co., Ltd.	July 25, 2023
8	crptsl.cn	CR Property Technology Services Co., Ltd.	July 25, 2023
9	crptsl.net	CR Property Technology Services Co., Ltd.	July 25, 2023

No.	Domain Name	Registered Owner	Expiry Date
10	crlandpm.net	CR Property Technology Services Co., Ltd.	July 25, 2023
11	crlandpm.cn	CR Property Technology Services Co., Ltd.	July 25, 2023
12	crlandpm.com	CR Property Technology Services Co., Ltd.	July 25, 2023
13	crmixclifestyle.com.cn	CR Mixc Shenzhen	August 20, 2021
14	crmixclifestyle.com.hk	our Company	August 20, 2021

Save as aforesaid, as of the Latest Practicable Date, there were no other trade or service marks, patents, intellectual or industrial property rights which we consider to be material or may be material in relation to our business.

C. FURTHER INFORMATION ABOUT OUR DIRECTORS

1. Directors' service contracts

Each of our Director has entered into a service contract with our Company on November 19, 2020. The principal particulars of these service contracts are (a) for a term of three years commencing from the Listing Date until the day on which the next general meeting of the shareholders for re-election of Directors is held, and (b) are subject to termination in accordance with their respective terms. The service contracts may be renewed in accordance with our Articles of Association and the applicable laws, rules and regulations, including the Listing Rules.

Save as disclosed above, none of our Director has entered into, or has proposed to enter into, a service contract with us (other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation)).

2. Remuneration of Directors

(a) For the three years ended December 31, 2017, 2018 and 2019 and the six months ended June 30, 2020, no remuneration and benefits in kind were paid and granted to our Directors at that time.

(b) Under the arrangement currently in force, we estimate the total fixed remuneration (before tax) payable to Directors for the year ending December 31, 2020 will be approximately RMB9.90 million.

(c) During the Track Record Period, no fees were paid by the Group to any of the Directors, past Directors or the five highest paid individuals as an inducement to join us or as compensation for loss of office in connection with the management of the affairs of any members of the Group and none of the Directors has waived or agreed to waived any remuneration during the relevant period.

3. **Disclosure of interests**

(a) ***Interests and short positions of our Directors and chief executive in the share capital of our Company and its associated corporations following completion of the Global Offering***

Immediately following completion of the Global Offering (taking no account of any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option), the interests or short positions of our Directors and chief executives in the Shares, underlying shares and debentures of our Company and its associated corporations, within the meaning of Part XV of the SFO, which will have to be notified to our Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she is taken or deemed to have under such provisions of the SFO), or which will be required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein, or which will be required to be notified to our Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules, will be as follows:

Interest in CR Land

Name of Director or chief executive	*Nature of interest*	*Number of Shares(1)*	*Approximate percentage of Shareholding*
Mr. LI Xin	*beneficial owner*	*40,000(L)*	*0.00%*

(1) The letter "L" denotes the person's long position in our Shares

(b) ***Interests and short positions disclosable under Divisions 2 and 3 of Part XV of the SFO***

For information on the persons who had and will have an interest and/or a short position in our Shares or the underlying shares of our Company which will be required to be disclosed to our Company and the Hong Kong Stock Exchange pursuant to the provisions in Divisions 2 and 3 of Part XV of the SFO, or will be, directly or indirectly, interested in 10% or more of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company, please refer to the section headed "Substantial Shareholders" in this prospectus.

Save as set out above, as of the Latest Practicable Date, our Directors were not aware of any persons who would, immediately following the completion of the Global Offering, be interested, directly or indirectly, in 10% or more of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of our Group.

4. **Disclaimers**

Save as disclosed in this prospectus:

(a) none of the Directors or any experts named in the paragraph headed "E. Other Information — 4. Consents of Experts" below has any direct or indirect interest in the promotion of, or in any assets which have been, within the two years immediately preceding the date of this prospectus, acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group;

(b) none of the Directors or any experts named in the paragraph headed "E. Other Information — 4. Consents of Experts" below is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of our Group taken as a whole;

(c) none of our Directors or any of experts named in the paragraph headed "E. Other Information — 4. Consents of Experts" below has any existing or proposed service contracts with any member of our Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation));

(d) taking no account of any Shares which may be taken up under the Global Offering, so far as is known to any Director or chief executive of the Company, no other person (other than a Director or chief executive of the Company) will, immediately following completion of the Global Offering, have interests or short positions in the Shares and underlying Shares which would fall to be disclosed to the Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or (not being a member of the Group), be interested, directly or indirectly, in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group;

(e) none of the Directors or chief executive of the Company has any interests or short positions in the Shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered into the register referred to therein, or will be required, pursuant to the Model Code for Securities Transaction by Directors of Listed Issuers, to be notified to the Company and the Hong Kong Stock Exchange once the Shares are listed thereon; and

(f) so far as is known to our Directors, none of our Directors, their respective close associates or our Shareholders who are interested in more than 5% of the share capital of our Group has any interests in the five largest customers or the five largest suppliers 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**

During the Track Record Period and up to the Latest Practicable Date, save as disclosed in this prospectus and so far as our Directors are aware, no material litigation, arbitration or claim of material importance (to our Group's financial condition or operation) is pending or threatened against any member of our Group.

3. **Joint Sponsors**

The Joint Sponsors have made an application on our behalf to the Hong Kong Stock Exchange for the 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).

Each of the Joint Sponsors satisfies the independence criteria applicable to sponsors as set out in Rule 3A.07 of the Listing Rules. The Joint Sponsors will be paid by the Company a total fee of US$400,000 to act as joint sponsors to the Company in connection with the Global Offering.

4. **Consents of Experts**

The following experts have each given and have 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.

Name	Qualification
CCB International Capital Limited	A licensed corporation to conduct Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) of the regulated activities under the SFO
China International Capital Corporation Hong Kong Securities Limited	A licensed corporation to conduct Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts) and Type 6 (advising on corporate finance) of the regulated activities under the SFO
Citigroup Global Markets Asia Limited	A licensed corporation to conduct Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts), Type 6 (advising on corporate finance) and Type 7 (providing automated trading services) of the regulated activities under the SFO

Name	Qualification
Goldman Sachs (Asia) L.L.C.	A licensed corporation to conduct Type 1 (dealing in securities), Type 4 (advising on securities), Type 5 (advising on futures contracts), Type 6 (advising on corporate finance) and Type 9 (asset management) of the regulated activities under the SFO
Ernst & Young	Certified public accountants
Jingtian & Gongcheng	Legal advisors as to PRC law
Maples and Calder (Hong Kong) LLP	Legal advisors as to Cayman Islands law
Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.	Industry consultant
Colliers International (Hong Kong) Limited	Property valuer

As of the Latest Practicable Date, none of the experts named above has any legal or beneficial interest in our Shares or any shares of our subsidiaries or the right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

5. 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 Ordinance so far as applicable.

6. 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).

7. Preliminary Expenses

The preliminary expenses are estimated to be approximately HK$14,000 and are payable by our Company.

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 in connection with the issue or sale of any share or loan capital of our Company or any of its subsidiaries 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.

(b) Save as disclosed in this prospectus, there are no founder, management or deferred shares nor any debentures in our Company or any of our subsidiaries.

(c) We do not have any promoter. No cash, securities or other benefit has been paid, allotted or given nor are any proposed to be paid, allotted or given to any promoters in connection with the Global Offering and the related transactions described in this prospectus within the two years immediately preceding the date of this prospectus.

(d) No equity or debt securities of any company within our Group is presently listed on any stock exchange or traded on any trading system nor is any listing or permission to deal being or proposed to be sought.

(e) Our Company has no outstanding convertible debt securities or debentures.

(f) There is no arrangement under which future dividends are waived or agreed to be waived.

(g) Save as disclosed in this prospectus, there has not been any interruption in the business of our Company which may have or have had a material adverse effect on the financial position of our Company in the 12 months immediately preceding the date this prospectus.

(h) There is no restriction affecting the remittance of profits or repatriation of capital into Hong Kong and from outside Hong Kong.

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 the paragraph headed "Statutory and General Information — D. Other Information — 4. Consents of experts" in Appendix V to this prospectus; and

(c) copies of the material contracts referred to in the paragraph headed "Statutory and General Information — B. Further Information about Our Business — 1. Summary of Material Contracts" in Appendix V to this prospectus.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the office of Clifford Chance at 27/F, Jardine House, One Connaught Place, Central, Hong Kong during normal business hours from 9:00 a.m. to 5:00 p.m. up to and including the date which is 14 days from the date of this prospectus:

(a) the Memorandum of Association and the Articles of Association;

(b) the Accountant's Report of our Group from Ernst & Young, the text of which is set out in Appendix I to this prospectus;

(c) the report on the unaudited pro forma financial information of our Group from Ernst & Young, the text of which is set out in Appendix II to this prospectus;

(d) the audited combined financial statements of our Group for the three financial years ended December 31, 2017, 2018 and 2019 and the six months ended June 30, 2020;

(e) the summary of valuations and valuation report relating to the property interests of our Group prepared by Colliers International (Hong Kong) Limited, the texts of which are set out in Appendix III to this prospectus;

(f) the legal opinion issued by Jingtian & Gongcheng, our legal advisors as to PRC law, in respect of certain aspects of the Group;

(g) the letter of advice prepared by Maples and Calder (Hong Kong) LLP, our legal advisors as to Cayman Islands law, summarizing certain aspects of the Cayman Companies Law referred to in Appendix IV to this prospectus;

(h) the Cayman Companies Law;

(i) the report issued by Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., the summary of which is set forth in the section headed "Industry Overview" in this prospectus;

(j) the written consents referred to under the paragraph headed "Statutory and General Information — D. Other Information — 4. Consents of experts" in Appendix V to this prospectus;

(k) the material contracts referred to in "Statutory and General Information — B. Further Information about Our Business — 1. Summary of Material Contracts" in Appendix V to this prospectus; and

(l) the service contracts with our Directors referred to in "Statutory and General Information — C. Further Information about our Directors — 1. Directors' service contracts" in Appendix V to this prospectus.

華潤萬象生活有限公司
China Resources Mixc Lifestyle Services Limited