

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

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

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Year	Event
2009	<ul style="list-style-type: none">CR Land launched the “High-quality” brand strategy, which included our property management services business
2014	<ul style="list-style-type: none">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	<ul style="list-style-type: none">Incorporation of our Company
2019	<ul style="list-style-type: none">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 [●] 2020, our sole Shareholder resolved, among other things, that each issued and unissued ordinary share then of US\$1 par value will be subdivided into [REDACTED] Shares of US\$[REDACTED] par value each (“Share Subdivision”). So that, immediately after the Share Subdivision, CR Land will hold [REDACTED] Shares of US\$[REDACTED] par value each.

Our sole Shareholder also resolved that, subject to the share premium account of our Company being credited as a result of the issue of [REDACTED] pursuant to the [REDACTED], our Directors are authorized to allot and issue a total of [REDACTED] Shares credited as fully paid at par on [REDACTED] 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 [REDACTED] (the “Capitalization Issue”).

As a consequence of the Share Subdivision and the Capitalization Issue, and immediately before the completion of the [REDACTED], the authorized share capital of the Company shall be US\$50,000 divided into [REDACTED] ordinary shares of par value US\$[REDACTED] each, of which [REDACTED] are issued and fully paid-up.

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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 would take 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 all of the shares of Huan Le Song HK will be completed prior to the [REDACTED]. To the best knowledge of the Directors, there is no material impediment to complete the transfer.

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

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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 26 August 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 will be completed prior to the [REDACTED]. To the best knowledge of the Directors, there is no material impediment to complete the transfer.

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

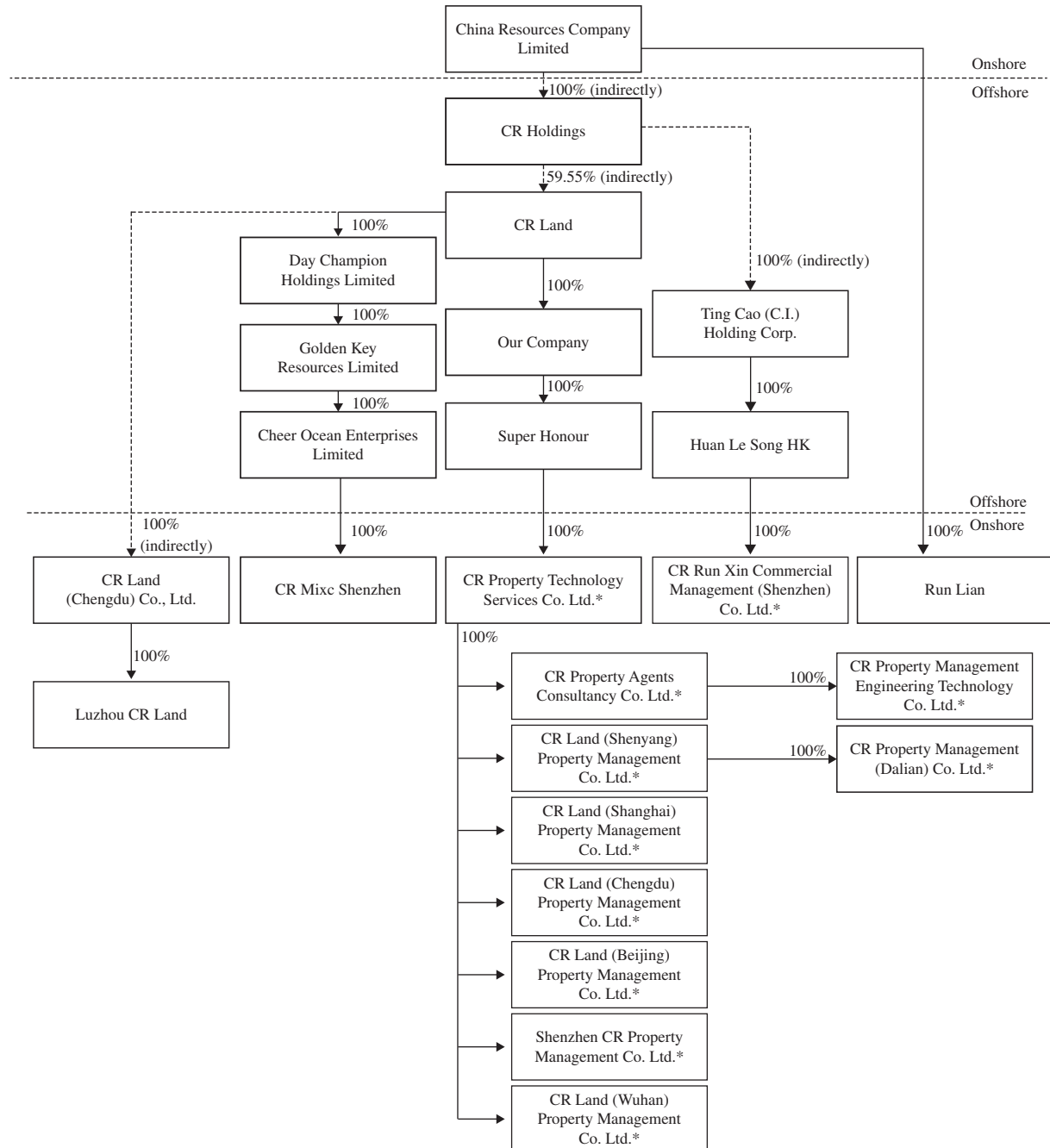
As of the Latest Practicable Date, we had 3 principal subsidiaries operating our core businesses. The table below sets forth the details of our principal subsidiaries as of the Latest Practicable Date:

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

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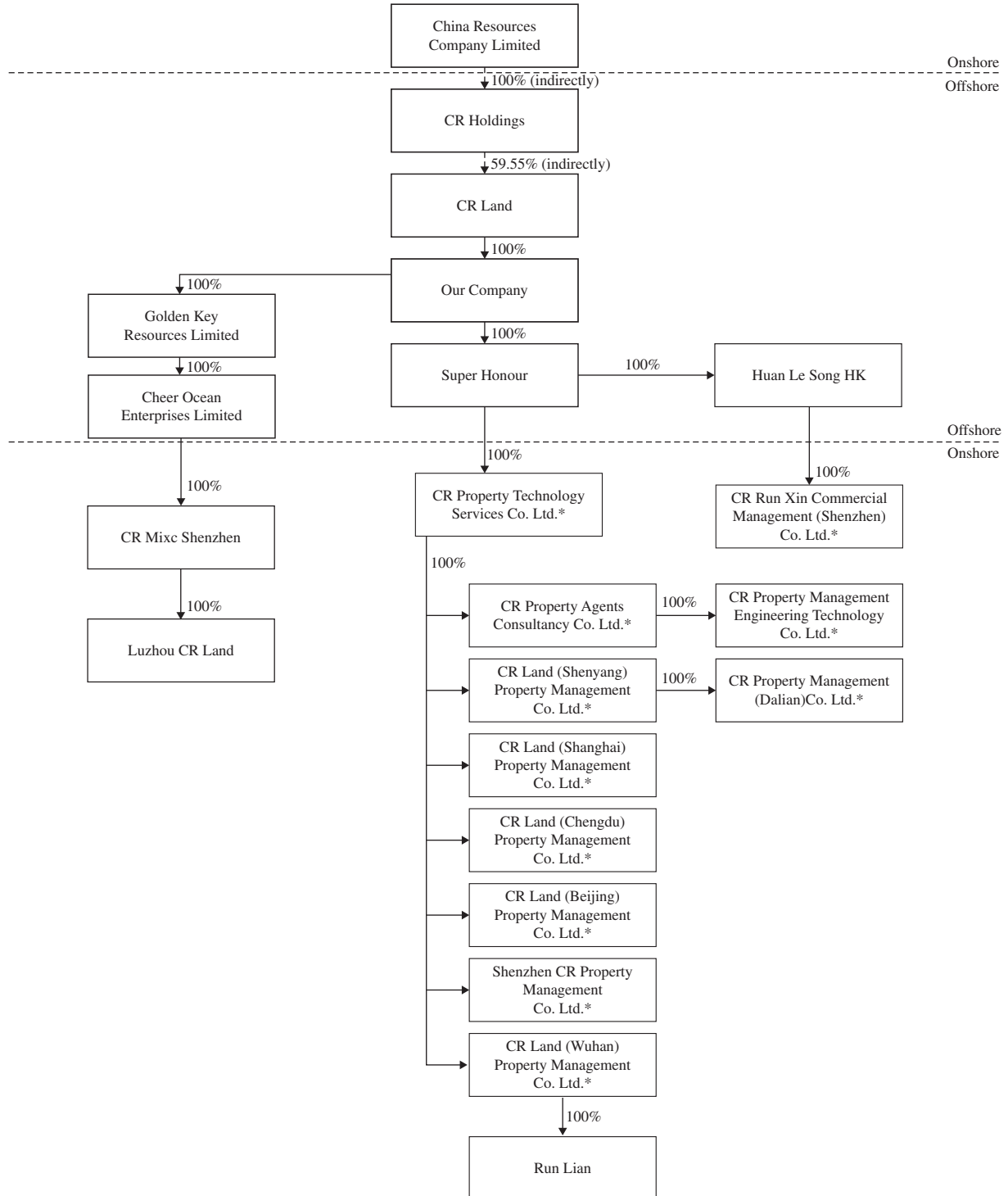
The following diagram sets forth the corporate structure of our Group immediately before the Reorganization:



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

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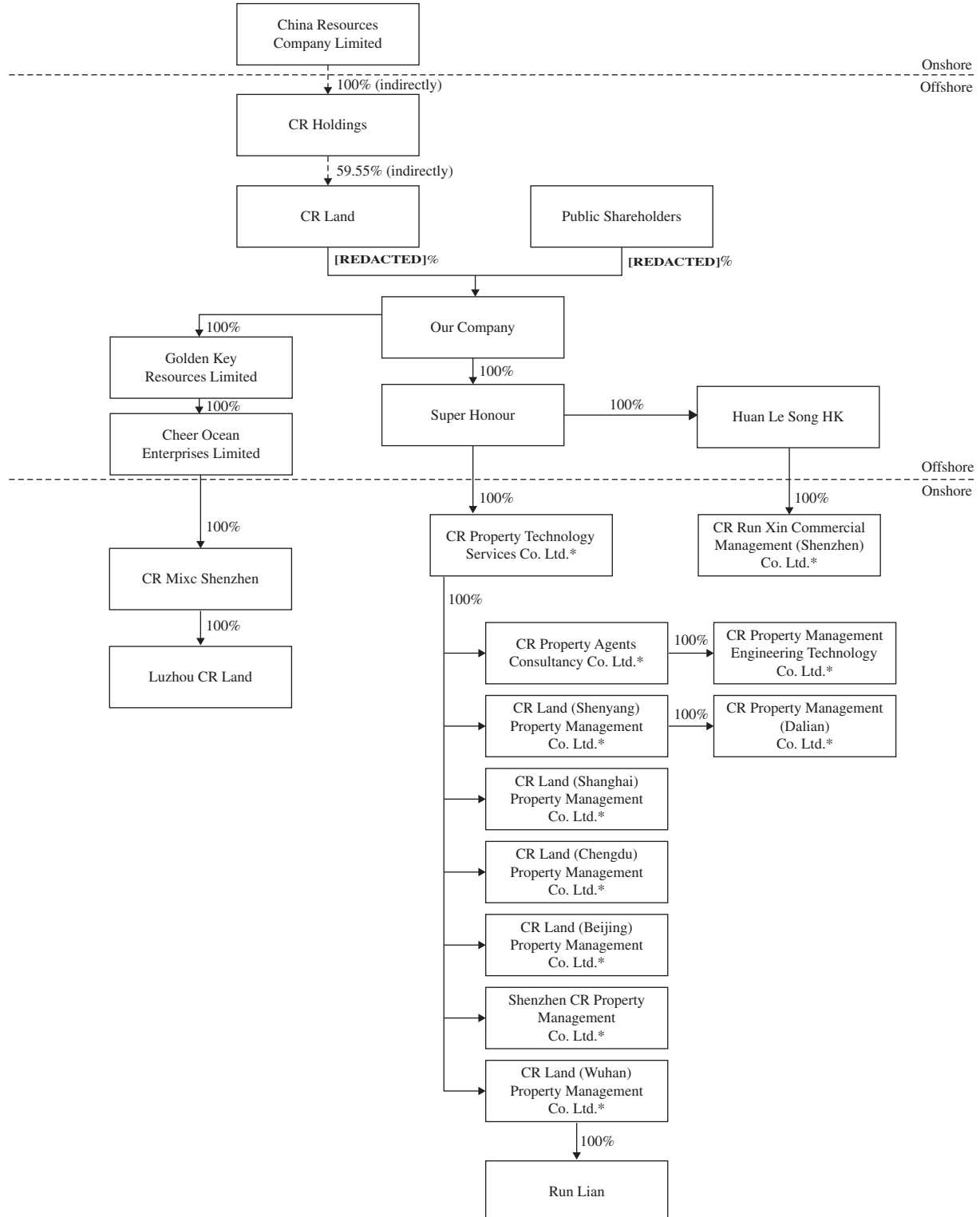
The following diagram sets forth the corporate structure of our Group immediately following the completion of the Reorganization and before the [REDACTED]:



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

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The following diagram sets forth the corporate structure of our Group immediately after the [REDACTED] (assuming the [REDACTED] is not exercised):



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REASONS FOR THE PROPOSED SPIN-OFF

Pursuant to the Listing Rules and in accordance with the corporate structure and ownership of our Company, the [REDACTED] 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 [REDACTED] 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.

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- (g) The Spin-off will allow the Group to position ourselves as an independent [REDACTED] 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.