



中原建業有限公司

CENTRAL CHINA MANAGEMENT COMPANY LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 9982

Global Offering

Joint Sponsors



Sole Financial Advisor



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



Joint Bookrunners and Joint Lead Managers (in alphabetical order)



IMPORTANT

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



CENTRAL CHINA MANAGEMENT COMPANY LIMITED 中原建業有限公司

(Incorporated in the Cayman Islands with limited liability)

GLOBAL OFFERING

Number of Offer Shares under the Global Offering	: 328,172,000 Shares (subject to the Over-allotment Option)
Number of Hong Kong Offer Shares	: 32,818,000 Shares (subject to reallocation)
Number of International Offer Shares	: 295,354,000 Shares (including 32,818,000 Reserved Shares under the Preferential Offering) (subject to reallocation and the Over-allotment Option)
Maximum Offer Price	: HK\$3.20 per Hong Kong Offer Share, plus brokerage fee of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% (payable in full on application in Hong Kong dollars and subject to refund)
Nominal value	: HK\$0.01 per Share
Stock code	: 9982

Joint Sponsors



Sole Financial Advisor



Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers

(in alphabetical order)



Joint Bookrunners and Joint Lead Managers

(in alphabetical order)



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

The Offer Price is expected to be fixed by agreement between the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters) and our Company on the Price Determination Date. The Price Determination Date is expected to be on or around Monday, May 24, 2021 and, in any event, no later than Thursday, May 27, 2021. The Offer Price will be no more than HK\$3.20 per Offer Share and is currently expected to be no less than HK\$2.40 per Offer Share unless otherwise announced. Investors applying for Offer Shares must pay, on application, the maximum Offer Price of HK\$3.20 per Share, unless otherwise announced, together with brokerage fee of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%, subject to refund if the Offer Price is less than HK\$3.20 per Offer Share.

The Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters) may, with the consent of our Company, reduce the number of Offer Shares being offered under the Global Offering and/or the indicative 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, an announcement will be published on the Stock Exchange's website at www.hkexnews.hk and on our Company's website at www.centralchinamgt.com no later than the morning of the day which is the last day for lodging applications under the Hong Kong Public Offering. Further details are set out in "Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares and Reserved Shares". If, for any reason, the Offer Price is not agreed between the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters) and our Company on or before Thursday, May 27, 2021, the Global Offering will not proceed and will lapse. For more information, see the section headed "Underwriting — Underwriting Agreement and Expenses — Hong Kong Public Offering — Grounds for Termination."

The Offer Shares have not been and will not be registered under the U.S. Securities Act or any state securities law in the United States and may not be offered, sold, pledged or transferred within the United States, except in transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act. The Offer Shares may be offered, sold or delivered outside of the United States in accordance with Regulation S under the U.S. Securities Act.

May 18, 2021

EXPECTED TIMETABLE⁽¹⁾

Despatch of BLUE Application Form to Qualifying CCRE Shareholders on or before	Tuesday, May 18, 2021
Hong Kong Public Offering commences and WHITE and YELLOW Application Forms are available from	9:00 a.m. on Tuesday, May 18, 2021
Latest time for completing electronic applications under White Form eIPO service through the designated website www.eipo.com.hk ⁽²⁾	11:30 a.m. on Monday, May 24, 2021
Application lists open ⁽³⁾	11:45 a.m. on Monday, May 24, 2021
Latest time for lodging WHITE, YELLOW and BLUE Application Forms	12:00 noon on Monday, May 24, 2021
Latest time for completing payment of White Form eIPO applications by effecting internet banking transfer(s) or PPS payment transfer(s)	12:00 noon on Monday, May 24, 2021
Latest time for giving electronic application instructions to HKSCC ⁽⁴⁾	12:00 noon on Monday, May 24, 2021
Application lists close ⁽³⁾	12:00 noon on Monday, May 24, 2021
Expected Price Determination Date ⁽⁵⁾	Monday, May 24, 2021
(1) Announcement of the final Offer Price, the results of applications in the Hong Kong Public Offering and the Preferential Offering, the level of indication of interest in the International Offering and the basis of allocation of the Hong Kong Offer Shares and the Reserved Shares under the Hong Kong Public Offering and the Preferential Offering to be published (i) on the website of the Stock Exchange at www.hkexnews.hk ; and (ii) on the website of our Company at www.centralchinamgt.com ⁽⁶⁾ on or before	Friday, May 28, 2021

EXPECTED TIMETABLE⁽¹⁾

(2) Results of allocations in the Hong Kong Public Offering and the Preferential Offering (with successful applicants' identification document numbers or Hong Kong business registration numbers) 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 — G. Publication of Results" in this prospectus from Friday, May 28, 2021

A full announcement of the Hong Kong Public Offering and the Preferential Offering containing (1) and (2) above to be published on the website of the Stock Exchange at www.hkexnews.hk and our Company's website at www.centralchinamgt.com⁽⁶⁾ from Friday, May 28, 2021

Results of allocations in the Hong Kong Public Offering and the Preferential Offering will be available at www.iporesults.com.hk (alternatively: English <https://www.eipo.com.hk/en/Allotment>; Chinese <https://www.eipo.com.hk/zh-hk/Allotment>) with a "search by ID" function from Friday, May 28, 2021

Despatch/collection of Share certificates of the Offer Shares or deposit of Share certificates of the Offer Shares into CCASS in respect of wholly or partially successful applications under the Hong Kong Public Offering and the Preferential Offering, and to Qualifying CCRE Shareholders who are entitled to receive Shares under the Distribution on or before on or before⁽⁷⁾⁽⁹⁾ Friday, May 28, 2021

Despatch/collection of **White Form** e-Refund payment instructions/refund cheques in respect of wholly successful (if applicable) and wholly and partially unsuccessful applications under the Hong Kong Public Offering and the Preferential Offering on or before⁽⁸⁾⁽⁹⁾ Friday, May 28, 2021

Dealings in the Shares on the Stock Exchange expected to commence at 9:00 a.m. on Monday, May 31, 2021

EXPECTED TIMETABLE⁽¹⁾

Notes:

- (1) All dates and times refer to Hong Kong local time, except as otherwise stated.
- (2) You will not be permitted to submit your application to the **White Form eIPO** Service Provider through the designated website at www.eipo.com.hk after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained an application reference number from the designated website at or before 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.
- (3) If there is a tropical cyclone warning signal number 8 or above or 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 Monday, May 24, 2021, the application lists will not open or close on that day. See “How to Apply for Hong Kong Offer Shares and Reserved Shares — F. Effect of Bad Weather on the Opening of the Application Lists” in this prospectus. If the application lists do not open and close on Monday, May 24, 2021, the dates mentioned in this section may be affected. A press announcement will be made by us in such event.
- (4) Applicants who apply for Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC via CCASS should refer to the section headed “How to Apply for Hong Kong Offer Shares and Reserved Shares — A. Applications for Hong Kong Offer Shares” in this prospectus.
- (5) The Price Determination Date is expected to be on or around Monday, May 24, 2021 and, in any event, not later than Thursday, May 27, 2021. 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 Thursday, May 27, 2021, the Global Offering will not proceed and will lapse.
- (6) None of the website or any of the information contained on the website forms part of this prospectus.
- (7) Share certificates will only become valid certificates of title at 8:00 a.m. on the Listing Date provided that (i) the Global Offering and the Distribution have become unconditional in all respects and (ii) none of the Underwriting Agreements has been terminated in accordance with its terms. Investors who trade Shares on the basis of publicly available allocation details prior to the receipt of Share certificates or the Share certificates becoming valid certificates of title do so at their own risk.
- (8) e-Refund payment instructions/refund cheques will be issued in respect of wholly or partially unsuccessful applications pursuant to the Hong Kong Public Offering and the Preferential Offering and also in respect of wholly or partially successful applications in the event that the final Offer Price is less than the price payable per Offer Share on application. Part of the applicant’s Hong Kong identity card number or passport number, or, if the application is made by joint applicants, part of the Hong Kong identity card number or passport number of the first-named applicant, provided by the applicant(s) may be printed on the refund cheque, if any. Such data would also be transferred to a third party for refund purposes. Banks may require verification of an applicant’s Hong Kong identity card number or passport number before encashment of the refund cheque. Inaccurate completion of an applicant’s Hong Kong identity card number or passport number may invalidate or delay encashment of the refund cheque.
- (9) Applicants who have applied on (i) **WHITE** Application Form or **White Form eIPO** for 1,000,000 or more Hong Kong Offer Shares under the Hong Kong Public Offering; or (ii) **BLUE** Application Form for 1,000,000 or more Reserved Shares under Preferential Offering and have provided all information required by the Application Form may collect any refund cheques and/or Share certificates in person from our Company’s Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong from 9:00 a.m. to 1:00 p.m. on Friday, May 28, 2021. Applicants being individuals who are eligible for personal collection may not authorize any other person to collect on their behalf. Applicants being corporations which are eligible for personal collection must attend by their authorized representatives bearing letters of authorization from their corporations stamped with the corporation’s chop. Both individuals and authorized representatives of corporations must produce identification and (where applicable) authorization documents acceptable to our Hong Kong Share Registrar at the time of collection.

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

EXPECTED TIMETABLE⁽¹⁾

Applicants who have applied for Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC should see “How to Apply for Hong Kong Offer Shares and Reserved Shares” in this prospectus for details. Uncollected Share certificates and/or refund cheques will be despatched by ordinary post, at the applicants’ own risk to the addresses specified in the relevant applications. See “How to Apply for the Hong Kong Offer Shares and Reserved Shares — A. Applications for Hong Kong Offer Shares — 6. Applying by Giving Electronic Application Instructions to HKSCC via CCASS” in this prospectus for details.

Applicants who have applied for less than 1,000,000 Hong Kong Offer Shares or Reserved Shares and any uncollected Share certificates and/or refund checks will be despatched by ordinary post at the applicant’s risk, to the address specified in the relevant applications.

See “How to Apply for Hong Kong Offer Shares and Reserved Shares — I. Refund of Application Monies” and “How to Apply for Hong Kong Offer Shares and Reserved Shares — J. Despatch/Collection of Share Certificates and Refund Monies” in this prospectus.

The above expected timetable is a summary only. You should see “Structure of the Global Offering” and “How to Apply for Hong Kong Offer Shares and Reserved Shares” for details of the structure of the Global Offering, including the conditions of the Global Offering, and the procedures for application for the Hong Kong Offer Shares and Reserved Shares.

The **BLUE** Application Forms have been despatched to all Qualifying CCRE Shareholders.

Qualifying CCRE Shareholders may also obtain a printed copy of this prospectus, free of charge, during normal business hours from any of the designated branches of the receiving banks and the designated offices of each of the Hong Kong Underwriters as set out in “How to Apply for the Hong Kong Offer Shares and Reserved Shares” in 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 in 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.

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This prospectus is issued by CENTRAL CHINA MANAGEMENT COMPANY LIMITED solely in connection with the Hong Kong Public Offering and does not constitute an offer to sell or a solicitation of an offer to buy any securities other than the Hong Kong Offer Shares and the Reserved Shares offered by this prospectus pursuant to the Hong Kong Public Offering and the Preferential Offering. This prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any other jurisdiction or in any other circumstances. No action has been taken to permit a public offering of the Offer Shares or the distribution of this prospectus in any jurisdiction other than Hong Kong. The distribution of this prospectus and the offering 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. Our Company has not authorized anyone to provide you with information that is different from what is contained in this prospectus. Any information or representation not made in this prospectus must not be relied on as having been authorized by our Company, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of their respective directors, officers, representatives, employees, agents or professional advisors or any other person or party involved in the Spin-off or the Global Offering. Information contained in our website, www.centralchinamgt.com, does not form part of this prospectus.

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SUMMARY

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

OVERVIEW

We are the leading and a fast-growing project management company for property development projects in China in terms of the aggregate GFA sold in 2020 and the CAGR for total contract sales amount for projects under our management from 2017 to 2020, according to China Index Academy. As a project management service provider, we manage property development projects on behalf of Project Owners throughout the entire property development process, and operate under an asset-light business model without bearing the land acquisition and construction costs. In 2020, our projects under management recorded an aggregate GFA sold of approximately 5.7 million sq.m., representing a market share of 29.2%, and the CAGR of total contract sales amount from 2017 to 2020 was 71.5%, both of which ranked No.1 among all of our peers in China. In addition, our newly contracted GFA in 2020 achieved 8.6 million sq.m., which ranked No. 2 amongst all project management companies in China and accounted for a market share of 10.6%, according to China Index Academy. We are well positioned to benefit from the fast growing PRC project management industry, which is driven by rapid urbanization in the PRC, the demand for quality property development and the development of the PRC real estate market. We experienced a rapid growth of our business during the Track Record Period, with the number of projects and GFA managed by us increasing from 67 and 11.5 million sq.m. as of January 1, 2018 to 206 and 25.5 million sq.m. as of December 31, 2020.

We strategically focused on Henan province, the largest province in China in terms of registered population in 2019. According to China Index Academy, the potential size of the commercial project management market in Henan province is expected to increase from approximately 29.7 million sq.m. in 2020 to approximately 62.8 million sq.m. in 2025, representing a CAGR of 16.2%. As of December 31, 2020, out of our 206 projects under management, 193 of which were in Henan province with an aggregate GFA of approximately 24.2 million sq.m. which covered a vast majority of cities in Henan province of the county-level or above. We devote ourselves to penetrating into Henan province with strong demand for quality property development and trustworthy project management services providers. Specifically, we focus on identifying property development projects in counties and county-level cities, and to a lesser extent, in prefecture-level cities or above. Deeply rooted in Henan province, our newly contracted GFA in Henan province reached 7.7 million sq.m., the aggregate GFA sold by us for our Project Owners in Henan province reached 5.5 million sq.m. and our contract sales amount reached RMB33.1 billion, each ranked No.1 in Henan province in 2020, according to China Index Academy. Leveraging our well established platform, we have also expanded our operations into Hebei, Shanxi, Shaanxi, Xinjiang, Anhui and Hainan provinces and autonomous region to pursue greater growth potential.

SUMMARY

We are committed to providing services and bringing value to our Project Owners and operate under an asset-light business model. As a result, Project Owners are responsible for the land acquisition cost and the funds needed for the project development and construction, thereby minimizing our capital requirement. During the Track Record Period and as of the Latest Practicable Date, we provided our project management services solely to commercial project management projects, and substantially all of the projects under our management were for the development of residential properties. We provide comprehensive and professional solutions to manage and optimize the entire property development and operation process for the Project Owners and create value for our Project Owners by developing high quality properties in a cost-effective manner. We allow our Project Owners to use the “Jianye (建業)” brand for promoting and marketing the properties in the development projects managed by us. Leveraging the well-recognized “Jianye (建業)” brand, the real estate projects managed by us generally have a higher standard of quality and enjoy a premium on selling price, and our Project Owners are entitled to the proceeds received from their investments in relevant projects.

In consideration for the project management services we provide to Project Owners throughout each stage of the property development and operation process, we receive management fees from the Project Owners according to pre-agreed terms, which typically include, (a) base management fees based on the type, location, size and price level of the properties; and (b) incentive fees based on the sales performance. Our base management fees are determined based on the fixed fee rate agreed between Project Owners and us and are typically paid by Project Owners in installments with reference to the pre-agreed milestones and/or the sales proceeds payment arrangement of the respective projects. On the contrary, our incentive fees are contingent upon whether the sales price of projects under our management exceed the targeted price level agreed by Project Owners and us. In 2018, 2019 and 2020, base management fees contributed to 84.5%, 85.6% and 94.5% of our revenue while the remaining portion was contributed by our incentive fees.

All projects under our management are directly managed by us, which ensures the consistent high quality of our services and enhances our operating efficiency. We do not delegate our projects to third party project management service providers. The management team of the project companies primarily comprises of personnel we second to the project companies that serves key functions of the project company covering design, construction, finance, sales, procurement etc. We are highly involved in the contractor/vendor selection and procurement process, and may recommend quality third-party contractors, design firms and suppliers in our network to the Project Owners who will enter into construction agreements, service agreements or supply agreements directly with such third party vendors. Personnel costs incurred by our employees seconded to the project companies are generally paid by the Project Owners to our seconded employees directly. According to China Index Academy, such arrangement is a common industry practice, and our PRC Legal Advisors are of the view that such arrangement does not violate applicable PRC laws and regulations. We do not recognize such expenses as our personnel cost, nor do they form part of our management fees or revenue. During the Track Record Period and up to the Latest Practicable Date, we did not have any material non-compliance incident. Our rapid growth during the Track Record Period was primarily driven by the strong demand for quality project management services and the wide market recognition of the “Jianye (建業)” brand in the Henan province, which led to significant increases in number of projects under our management and our revenue. We believe our self-operated business model, our focus on

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commercial project management, our cost efficiency resulted from economies of scale and geographic proximity and our pricing power supported by standardized and transparent fee rates have enabled us to achieve high profit margin.

CUSTOMERS AND SUPPLIERS

We have accumulated a large and growing base of Project Owners as our customers. A majority of our customers are small to medium-sized real estate developers focusing on local markets with registered capital ranging from RMB10.0 million to RMB50.0 million, which are less resourceful and less recognized by the ultimate property buyers due to their limited track record and exposure. As a result, they are willing to engage us as the project manager to create value for them by utilizing the well-recognized “Jianye (建業)” brand and our ability to manage their projects on a timely and cost-efficient manner. In the years of 2018, 2019 and 2020, revenue derived from project management services provided to our five largest customers accounted for approximately 40.9%, 33.9% and 24.3%, respectively, of our total revenue. For the same periods, revenue derived from our single largest customer accounted for approximately 14.7%, 13.0% and 10.5%, respectively, of our total revenue. Except for CCRE and its subsidiaries, joint ventures and associates, all of our five largest customers during the Track Record Period were Independent Third Parties. As of the Latest Practicable Date, none of our Directors, their close associates or any Shareholders who, to the knowledge of our Directors, owned more than 5% of our issued share capital, had any interest in any of our five largest customers. We typically enter into agreements with our customers on a project-by-project basis, and the tenure of such agreements depend on the duration of each project.

Our suppliers generally consist of third party vendors in connection with our office lease, office supplies and other administrative functions, and the products/services provided by these suppliers are freely available and are not relevant to our project management services provided to the Project Owners. Except for office lease agreements with lease terms ranging from one to five years, we generally do not enter into long-term supply agreements with our suppliers and we place supply orders on order basis. In the years of 2018, 2019 and 2020, purchases from our five largest suppliers accounted for approximately 67.1%, 48.6% and 27.3% respectively, of our total purchases. For the same periods, purchases from our single largest supplier accounted for approximately 27.3%, 19.5% and 8.6%, respectively, of our total purchases. To the best of our Directors’ knowledge, save as Mr. Wu’s equity interests in Central China New Life, which provided property management and travel agency services to our Group and was one of our five largest suppliers throughout the Track Record Period, none of our Directors, their respective close associates or any person who, owned more than 5% of our issued share capital, had any interest in any of our five largest suppliers during the Track Record Period.

OUR INDUSTRY

Over the past two decades, the real estate market experienced rapid growth due to the economic surge and huge domestic demand in the market. Real estate developers with a high degree of brand influence have gradually tapped into the low-investment-high-return project management business, and project management services are now widely accepted in the real estate industry in China with rapid growth. According to China Index Academy, there were 28 major project management companies in the PRC in 2020, 8 of them are mainly engaged in

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government project management and 20 of them are mainly engaged in commercial project management. From 2010 to 2020, both the number and GFA of newly contracted projects in the PRC project management market increased at CAGRs of over 24%, respectively.

Depending on the identity and the nature of Project Owners, project management services in the PRC are generally divided into three categories:

- Commercial project management (房地產商業代建): Project management service providers are engaged by non-government and non-financial institution principals (typically small to medium-sized real estate developers) to carry out the activities of development, construction and sales of various types of real estate properties, including residential properties, apartments, office buildings and commercial complexes. Commercial project management service providers generally charge their fees under the pure management fee model or the minority interest model. Under the pure service fee model, project management companies utilize their expertise and brand recognition and provide services throughout the development process and receive management fees in accordance with the pre-agreed fee rate and milestone bonuses. Under the minority interest model, in addition to the pre-agreed management fees, project management companies hold a small portion of equity interest (typically below 30%) in the project companies, and shares the proceeds from such minority interest upon completion of relevant projects. Please see the section headed “Industry Overview — Overview of the PRC Project Management Industry — Fee Structure and Cost Sharing Mechanism” of this prospectus for further details.
- Government project management (房地產政府代建): Project management service providers are engaged by the government entities by way of invitation, public bidding, designation or other tendering processes to manage the entire construction process of relevant real estate development projects. Upon completion of the construction works, the projects will be transferred to relevant governmental authorities for use and therefore typically no sale activities are involved.
- Capital project management (房地產資本代建): Project management service providers are engaged by principals that are financial institutions which do not have relevant expertise in real estate development and may not yet obtain the land use rights of the subject land parcels by the time they launch a new project. Therefore, project management service providers will also provide investment consultancy, formation of project company and other ancillary services to the principals in addition to the general project management services provided in commercial project management.

Our business focuses on the commercial project management, which generally enjoys a higher fee rate compared to that of government project management. Our major competitors include large national and regional project management companies as well as real estate developers that also engage in project management business in the PRC. For further discussion of our competitive landscape, see the sections headed “Industry Overview” and “Risk Factors — Risks Relating to Our Business and Our Industry — Increasing competition of project management market in the PRC and in Henan province may adversely affect our business and financial condition” in this prospectus.

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The following tables set forth (i) the market share in terms of aggregate GFA sold for Project Owners by top five PRC project management companies in 2020, which reflected these companies' revenue generating capabilities, (ii) the market share in terms of revenue in 2019, (iii) the market share in terms of newly contracted GFA of the top five PRC project management companies in 2020, which reflected these companies' growth potential, and (iv) the market share in terms of the accumulated contracted GFA from 2018 to 2020 by top five PRC project management companies, which reflected these companies' track record.

<i>In terms of aggregate GFA sold for Project Owners in 2020</i>		<i>In terms of revenue in 2019**</i>		<i>In terms of newly contracted GFA in 2020</i>		<i>In terms of 2018 to 2020 accumulated newly contracted GFA</i>	
Top Five Project Management Companies	Market Share	Top Five Project Management Companies	Market Share	Top Five Project Management Companies	Market Share	Top Five Project Management Companies	Market Share
Our Group	29.2%	Company A	22.0%	Company A*	23.1%	Company A*	28.0%
Company A	28.6%	Company D	11.6%	Our Group	10.6%	Company B*	10.3%
Company B	12.0%	Our Group	11.4%	Company E*	9.5%	Our Group	10.1%
Company C	8.8%	Company E	6.2%	Company B*	8.4%	Company E*	6.4%
Company D	3.2%	Company J	4.3%	Company F*	7.7%	Company F	6.2%

* Including (i) newly contracted GFA for government project management projects and (ii) newly contracted GFA managed by third party business partners.

** According to CIA, the 2020 revenue of certain project management companies are not yet available.

OUR COMPETITIVE STRENGTHS

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

- the leading project management company in China with a strategic focus on Henan province;
- well-recognized “Jianye (建業)” brand to create greater value for Project Owners;
- unique asset-light business model which drives rapid growth and further enhances profitability with reduced risk;
- standardized products and operations to ensure strong execution capabilities and enhance the operating efficiency; and
- visionary and experienced management team supported by a dedicated talent pool.

OUR GROWTH STRATEGIES

We plan to pursue the following strategies:

- maintain our leadership position by further enhancing our penetration in Henan province and expanding into the “Greater Central China” region;
- expand our services offerings to become a comprehensive project management platform;

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- continue to improve the quality of our products and services to meet evolving market needs and preferences and enhance our competitiveness;
- strengthen market recognition of “Jianye (建業)” brand through multiple marketing channels to enhance our ability to attract Project Owners and win new projects; and
- continue to attract, train and retain talents to support our long-term and sustainable growth.

RISK FACTORS

We are subject to various risks related to our business, our industry and the Listing. These risks primarily include:

- the future growth and prospects of our project management business are dependent on, and may be adversely affected by, the economic conditions in China and the performance of the real estate market in China, in particular in Henan province;
- increasing competition of the project management market in the PRC and in Henan province may adversely affect our business and financial condition;
- we may not be able to maintain our business growth and net margin at the same level we had during the Track Record Period;
- if our Project Owners fail to fulfill their contractual obligations owed to us, our reputation, business, financial condition and results of operations could be adversely affected;
- we may be materially and adversely affected by the performance of third-party contractors and suppliers during our project management process;
- any inappropriate use of any of the “Jianye (建業)” related trademarks and deterioration in the “Jianye (建業)” brand image could adversely affect our business; and
- the projects we manage may not progress according to our planned development schedule or budget, which may lead to deterioration of our reputation as well as loss of or delay in recognizing our revenue that adversely affect our results of operation.

A detailed discussion of these and other risks relating to our business, our industry and the Listing are set out in “Risk Factors” of this prospectus.

SUMMARY

SUMMARY OF HISTORICAL OPERATING DATA

The table below sets forth the breakdown and changes of number of projects under our management for the periods indicated:

	Number of Projects Under Management			
	At the Beginning of the Period	Newly Contracted	Completed⁽¹⁾	At the End of Period
2018	67	39	1	105
2019	105	58	16	147
2020	147	80	21	206
From December 31, 2020 to the Latest Practicable Date	<u>206</u>	<u>30</u>	<u>2</u>	<u>234</u>

Note: (1) A project under our management is considered completed only when all phases of such project are completed.

The table below sets forth the breakdown of GFA information of projects under our management for the periods indicated:

	GFA Under Management⁽¹⁾					
	At the Beginning of the Period	Newly Contracted	Completed	At the end of the Period	Under Construction⁽²⁾	To be Constructed
	(in thousands of sq.m)					
2018	11,493	4,588	984	15,097	9,838	5,259
2019	15,097	8,349	2,312	21,134	16,152	4,982
2020	21,134	8,581	4,172	25,543	21,839	3,704
From December 31, 2020 to the Latest Practicable Date	<u>25,543</u>	<u>3,237</u>	<u>387</u>	<u>28,393</u>	<u>24,176</u>	<u>4,217</u>

Notes:

- (1) The number of GFA under our management as disclosed in the preceding table is calculated based on the GFA set forth in the respective project management agreements.
- (2) The GFA of projects under construction as disclosed in the preceding table only included those projects for which the respective Project Owner had received the construction permit.

During each of the years ended December 31, 2018, 2019 and 2020, our newly contracted GFA, being the incremental portion of total GFA under our management, was 4.6 million sq.m., 8.3 million sq.m. and 8.6 million sq.m.. Subsequent to the Track Record Period and up to the Latest Practicable Date, we have newly contracted 30 projects with GFA amounted to 3.2 million sq. m., representing an increase of approximately 11.4% as compared to the amount of newly contracted GFA during the corresponding period in 2020. Our newly contracted GFA in 2019 was higher than that in 2018 and our newly contracted GFA in 2020 was similar to that in 2019 because, despite we had already accumulated a substantial amount of backlog, we exercised cautions in selecting projects and expanding our workforce amid the potential impact on macro economy by COVID-19. We consider that there is still great potential for us to explore growth opportunities in the industry. According to the

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CIA Report, the revenue of the PRC project management market is expected to grow from RMB9.1 billion in 2019 to RMB31.7 billion in 2025. Please refer to the section headed “Industry Overview — Development of the PRC Project Management Industry” and “Outlook and Drivers of the PRC Project Management Industry” for details. By implementing our growth strategies to (i) further penetrate into Henan province and expand into other provinces in the “Greater Central China” region by setting up more local subsidiaries or branches where our employees will carry out business development in such strategic locations, (ii) expand our service offerings to include provision of stand-alone service modules, government project management and capital project management in addition to our current comprehensive and integrated commercial project management services, (iii) continuously improve our service quality and efficiency by applying new technologies, (iv) further strengthen our brand recognition through marketing activities, and (v) recruit more talents and conduct strategic acquisition, we believe we are well-positioned to capture opportunities in the PRC project management market in the future and achieve a sustainable growth. We also believe that we are well supported by our positive cashflow from operation and our net proceeds from the Global Offering to carry out the aforesaid growth strategies, and therefore we do not expect that our growth strategies would have material financial or operational impact on us.

The table below sets forth the number of GFA sold, contract sales amount average selling price per sq.m. for projects under our management during the Track Record Period.

	<u>GFA Sold</u> sq.m. in thousands	<u>Contract Sales Amount</u> RMB in millions	<u>Average Selling Price per sq.m.</u> RMB
2018	3,591	18,691	5,205
2019	5,153	29,349	5,696
2020	5,702	34,303	6,016

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

The following tables set out selected financial data from our consolidated financial information for the Track Record Period, extracted from the Accountants’ Report set out in Appendix I to this prospectus. The selected financial data set out below should be read together with our consolidated financial statements and the related notes, as well as the section headed “Financial Information” of this prospectus.

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Summary of Consolidated Statements of Profit or Loss and Other Comprehensive income

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

	Year ended December 31,		
	2018	2019	2020
	RMB'000	RMB'000	RMB'000
Revenue	676,399	1,028,995	1,152,082
Other income	649	1,545	5,787
Personnel cost	(69,650)	(134,151)	(168,468)
Depreciation and amortization expenses	(2,025)	(8,272)	(12,916)
Listing expenses	—	—	(10,448)
Other operating expenses	(55,385)	(26,692)	(38,539)
Expected credit losses on trade and other receivables and contract assets	(5,605)	(2,967)	(13,774)
Finance costs	(45)	(242)	(389)
Share of profit/(loss) of an associate	—	8	(998)
Profit before taxation	544,338	858,224	912,337
Income tax	(140,461)	(217,127)	(230,867)
Profit for the year	<u>403,877</u>	<u>641,097</u>	<u>681,470</u>

During the Track Record Period, we generated revenue and received management fees from the provision of project management services, which was primarily contributed by projects managed by us in Henan province, representing 100.0%, 99.4% and 96.6% of our revenue for relevant periods. Our revenue increased from RMB676.4 million in 2018 to RMB1,029.0 million in 2019 and further to RMB1,152.1 million in 2020. The increases in our revenue during the Track Record Period were primarily attributable to the increased number of projects and total contracted GFA under our management. Our net profit increased from RMB403.9 million in 2018 to RMB641.1 million in 2019 and further to RMB681.5 million in 2020. Our net profit margin for 2018, 2019 and 2020 was 59.7%, 62.3% and 59.2%, respectively.

Our project management service fee income is recognized on a straight-line basis over the estimated service period. We estimate the length of the service period in view of uncertainties surrounding the project completion date, taking into account its historical experience and other external information including project development plan, the property sales and purchase agreements, notice of delivery and etc. The estimated service period is reassessed at the end of each reporting period and cumulative catch-up adjustment on revenue is recognized in the period in which the service period is revised. During the years ended December 31, 2018, 2019 and 2020, we recorded such adjustments, which resulted in decreases of our revenue by RMB8.2 million, RMB29.2 million and RMB25.7 million, respectively, representing 1.2%, 2.8% and 2.2% of the revenue recognized for the respective years.

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During the Track Record Period, substantially all of our revenue was generated under the pure management fee model, and we only generated revenue under the minority interest model of RMB9,000 in 2019 and RMB3.1 million in 2020. In addition, the following table sets forth a summary of our revenue broken down by types of property for the periods indicated.

	Year ended December 31,		
	2018	2019	2020
	RMB'000	RMB'000	RMB'000
Revenue contributed by residential property projects	676,399	1,020,576	1,136,920
Revenue contributed by commercial property projects	—	8,419	15,162
Total revenue for the year	<u>676,399</u>	<u>1,028,995</u>	<u>1,152,082</u>

The following table sets forth a summary of our revenue broken down by projects under our management owned by Independent Third Parties or by the related parties and respective profit margins for the periods indicated.

	2018		2019		2020	
	Revenue	Net profit margin	Revenue	Net profit margin	Revenue	Net profit margin
	RMB'000		RMB'000		RMB'000	
Revenue/net profit margin contributed by projects owned by Independent Third Parties	576,728	60.8%	895,037	62.8%	1,027,767	59.7%
Revenue/net profit margin contributed by projects owned by						
— CCRE and its subsidiaries, joint ventures and associates	99,671	61.4%	133,949	61.7%	121,247	61.1%
— the Group's associate.	—	—	9	61.7%	3,068	58.3%
Total revenue/net profit margin for the year	<u>676,399</u>	59.7%	<u>1,028,995</u>	62.3%	<u>1,152,082</u>	59.2%

The following table sets forth a summary of our revenue from project management services and average management fee rate broken down by management fee from Independent Third Parties or from the related parties for the periods indicated. When we first commenced our project management business, we adopted an uniformed fee model with a fixed management fee rate of RMB200 per sq.m. Subsequently, we adjusted and optimized our fee model and charged different fee rate for different properties type. For example, fee rate of residential properties are generally lower than commercial properties, and fee rate for projects in county-level cities are generally lower than those in prefecture-level cities. The projects from our related parties were mostly entered into in our early stage of development, with over 60% of such projects were entered into in or before 2017 and only two projects were

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entered into in 2020, which led to a lower average management fee rate. On the other hand, average management fee per project is largely affected by the size (in terms of GFA) of each project.

	2018			2019			2020		
	Revenue RMB'000	Average Management Fee per project RMB'000	Average Fee Rate per sq.m. RMB	Revenue RMB'000	Average Management Fee per project RMB'000	Average Fee Rate per sq.m. RMB	Revenue RMB'000	Average Management Fee per project RMB'000	Average Fee Rate per sq.m. RMB
Management fee from Independent Third Parties	576,728	7,690	218.8	895,037	8,063	218.0	1,027,767	6,332	216.0
Management fee from the related parties Total revenue for the year	<u>99,671</u>	8,306	204.2	<u>133,958</u>	8,931	201.6	<u>124,315</u>	8,566	195.7
	<u>676,399</u>			<u>1,028,995</u>			<u>1,152,082</u>		

Summary of Consolidated Statements of Financial Position

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

	As at December 31,		
	2018 RMB'000	2019 RMB'000	2020 RMB'000
Non-current assets	5,278	33,277	35,011
Current assets	1,193,244	1,343,960	1,640,040
Current liabilities	522,146	625,978	662,588
Net current assets	671,098	717,982	977,452
Non-current liabilities	—	4,528	5,071
Net assets	676,376	746,731	1,007,392
Total equity	676,376	746,731	1,007,392

We recorded net current assets of RMB977.5 million as of December 31, 2020 as compared to net current assets of RMB718.0 million as of December 31, 2019, primarily reflecting an increase in amount due from related parties and trade receivables.

We recorded net current assets of RMB718.0 million as of December 31, 2019 as compared to net current assets of RMB671.1 million as of December 31, 2018, primarily reflecting an increase in our cash and cash equivalents as a result of our business expansion, partially offset by an increase in amount due to related parties and a decrease in amount due from related parties.

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Summary Financial Data from Consolidated Cash Flow Statements

The table below summarizes our consolidated cash flow statements for the periods indicated:

	Year ended December 31,		
	2018	2019	2020
	RMB'000	RMB'000	RMB'000
Net cash generated from operating activities . . .	519,240	671,724	614,716
Net cash used in investing activities	(608,146)	(42,998)	(373,722)
Net cash generated from/(used in) financing activities	49,619	(368,729)	(201,776)
Net (decrease)/increase in cash and cash equivalents	(39,287)	259,997	39,218
Cash and cash equivalents at the end of the year	85,384	345,381	384,599

KEY FINANCIAL RATIOS

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

	As at December 31,		
	2018	2019	2020
Current ratio ⁽¹⁾	228.5%	214.7%	247.5%
Return on equity ⁽²⁾	87.1%	90.1%	77.7%
Net profit margin ⁽³⁾	59.7%	62.3%	59.2%
Gearing ratio ⁽⁴⁾	—	—	—

Notes:

- (1) Current ratio is calculated by dividing current assets by current liabilities at the end of each year and multiplied by 100%.
- (2) Return on equity is our profit for the year attributable to the owners of our Company as a percentage of the arithmetic mean of the total equity at the beginning and the end of each year and multiplied by 100%.
- (3) Net profit margin is our net profit for the year divided by revenue for the same period and multiplied by 100%.
- (4) Gearing ratio is based on total debt (including bank and other borrowings — due within one year) at the end of the period divided by total equity at the end of the same period. As we did not have interest-bearing borrowing during the Track Record Period, our gearing ratio is nil and our management does not use such ratio for evaluating our business.

Our net profit margin maintained relatively stable at 59.7%, 62.3% and 59.2% in 2018, 2019 and 2020, respectively.

USE OF PROCEEDS

The net proceeds from the Global Offering which our Company will receive, after deducting the underwriting commissions, the discretionary incentive fee (assuming the full payment of the discretionary incentive fee of 0.5% of the aggregate Offer Price of all the Offer Shares under the Global Offering) and the estimated expenses in relation to the Global

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Offering (assuming the Over-allotment Option is not exercised), will be approximately HK\$852.6 million, assuming an Offer Price of HK\$2.80 (being the mid-point of the Offer Price range).

Our Company intends to use the net proceeds from the Global Offering (assuming the Over-allotment Option is not exercised) for the following purposes:

Percentage and Amount of Net Proceeds	Intended Application
Approximately 40.0%, or HK\$341.0 million	for expanding into new markets in the “Greater Central China” region and enriching our service offerings
Approximately 36.0%, or HK\$306.9 million	for potential acquisitions of other industry participants in the project management value chain
Approximately 14.0%, or HK\$119.4 million	for further enhancing our information technology system and infrastructure
Approximately 10.0%, or HK\$85.3 million	for our general corporate and working capital purposes

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

RECENT DEVELOPMENT

Our business model remains unchanged since December 31, 2020 (being the date of our latest audited consolidated financial statements as set out in the Accountants’ Report in Appendix I to this prospectus). After December 31, 2020, we had 30 newly contracted projects up to the Latest Practicable Date, which had an aggregate GFA under management of approximately 3.2 million sq.m. representing a 11.4% increase compared to the same period last year. In the three months ended March 31, 2021, the projects under our management recorded an aggregate GFA sold of approximately 999,297 sq.m., representing a 102.8% increase compared to the same period last year, and recorded an aggregate contract sales of RMB5.8 billion, representing a 111.0% increase compared to the same period last year. During the three months ended March 31, 2021, both of our revenue and financial performance increased as compared to the same period in 2020, whereas our margin decreased slightly as affected by the listing expenses incurred during the period.

Our Directors have confirmed that, since December 31, 2020 and up to the date of this prospectus, there has been no material adverse change in our financial or trading position or prospects and no event has occurred that would materially and adversely affect the information shown in our consolidated financial statements set out in the Accountants’ Report included in Appendix I to this prospectus.

Impact of COVID-19 Outbreak on Our Business

On January 30, 2020, the World Health Organization declared that the global outbreak of COVID-19 constitutes a Public Health Emergency of International Concern. In anticipation to the possible effects that the pathogen could have to the country and the healthcare infrastructures, preventative measures implemented by the relevant Chinese national and local authorities including lock-down, extension of public holidays, restrictions on enterprises from resuming work, traffic control, travel bans, management and control over commencement schedules of construction in new and existing construction sites, which

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had resulted in temporary disruption to our businesses. As a result, our Group has not officially resumed onsite work until February 2020, and a majority of the projects managed by us that are under construction had resumed their onsite work by March 2020. As of December 31, 2020, all projects managed by us that are under construction had already resumed onsite work.

The outbreak of COVID-19 has caused (i) temporary suspension, and shortage of labor and raw materials, of certain projects under our management that are under construction or to be constructed; (ii) delays in construction, sales and delivery of projects under our management in the first quarter of 2020; (iii) increasing pressure on operational costs and expenses as well as cash flow positions of certain Project Owners which led to an increase in our trade receivables; and (iv) potential adverse impact on the PRC real estate industry. Accordingly, while we continued to record revenue growth in 2020, our revenue increased only by 12.0% from RMB1,029.0 million in 2019 to RMB1,152.1 million in 2020, which is significantly lower than the annual growth rate of 52.1% for the year ended December 31, 2019. The slower growth rate in 2020 was primarily due to a 59.2% decrease in the incentive fees that we received from Project Owners in 2020 which are determined based on the selling price of the properties when they are sold to the market. Our trade debtors and bills receivable, net of loss allowance increased from RMB34.4 million as of December 31, 2019 to RMB142.0 million as of December 31, 2020. As of the Latest Practicable Date, we had collected RMB50.6 million (representing approximately 35.7%) of the trade debtors and bills receivable, net of loss allowance outstanding as of December 31, 2020. Nevertheless, given that we have our cash reserve and that we are operating in an asset-light model, there is no material impact on our liquidity. See “Risk factors — Risks Relating to Our Business and Our Industry — The national and regional economies in China and the world and our prospects may be adversely affected by COVID-19 or occurrence of other epidemics,” “Industry Overview — The Potential Impact from the Outbreak of COVID-19 Pandemic” and “Business — Impact of COVID-19 Outbreak on our Business” for details.

We are constantly monitoring the situations of the COVID-19 outbreak as well as various regulatory and administrative measures adopted by the local governments to prevent and control the epidemics. If the situations deteriorate, we will continue to evaluate the impact from this outbreak on us and may enhance our measures to mitigate any adverse effect on our business operations, results of operations, financial positions and prospects. Assuming the worst-case scenario where all of our business would cease operations due to the extended COVID-19 outbreak with the following factors taken into account: (i) no revenue would be generated; (ii) trade and other receivables would be collected based on historical settlement pattern; (iii) accounts payables continue to be settled based on historical settlement pattern; (iv) only 10% net proceeds would be collected from Global Offering and (v) there would be no dividend payment, the Directors are of the view that the Group can remain financially viable for approximately 238 months from April 2021 to February 2041, which is calculated by adding up the closing cash balance of RMB377.8 million and subsequent settlement of trade and other receivables of RMB1.0 billion as of March 31, 2021, and net proceeds of RMB70.5 million to be collected from the Global Offering, divided by monthly fixed cost estimated at RMB6.2 million including basic personnel costs and office related expenditures in order to maintain minimal operations. Based on the current information available to us and assuming that the outbreak of COVID-19 in the PRC will not be prolonged significantly, our Directors are of the view that the COVID-19 outbreak does not have a material adverse impact on our continuing business operation, results of operations, financial positions and prospects.

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UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following unaudited pro forma statement of adjusted consolidated net tangible assets of our Group is prepared in accordance with paragraph 4.29 of the Listing Rules and is set out below to illustrate the effect of the Global Offering on the consolidated net tangible assets of our Group attributable to equity holders of our Company as at December 31, 2020 as if the Global Offering had taken place on that date.

	Consolidated net tangible assets attributable to equity shareholders of the Company as of 31 December 2020 ⁽¹⁾	Estimated net proceeds from the Global Offering ⁽²⁾⁽⁵⁾	Unaudited pro forma adjusted consolidated net tangible assets attributable to equity shareholders of the Company	Unaudited pro forma adjusted consolidated net tangible assets per Share	
	RMB'000	RMB'000	RMB'000	RMB ⁽³⁾	(HK\$) ⁽⁵⁾
Based on an Offer Price of HK\$2.40 per Share	1,006,264	610,516	1,616,780	0.49	0.59
Based on an Offer Price of HK\$3.20 per Share	1,006,264	821,196	1,827,460	0.55	0.67

For further details on our unaudited pro forma adjusted net tangible assets, see Appendix II to this prospectus.

OFFERING STATISTICS

Number of Offer Shares: 328,172,000 Shares

Offer Price: Not more than HK\$3.20 per Offer Share and expected not less than HK\$2.40 per Offer Share (excluding brokerage, Stock Exchange trading fee and SFC transaction levy)

	<u>Based on an Offer Price of HK\$2.40</u> HK\$	<u>Based on an Offer Price of HK\$3.20</u> HK\$
Market capitalisation (assuming the Over-allotment Option is not exercised) .	HK\$7,908.7 million	HK\$10,544.9 million
Unaudited pro forma adjusted consolidated net tangible assets of the Group per Share (Note)	HK\$0.59	HK\$0.67

Note: Please refer to Appendix II headed Unaudited Pro Forma Financial Information to this prospectus for the bases and assumptions in calculating this figure.

THE SPIN-OFF AND THE LISTING

CCRE has submitted a proposal in relation to the Spin-off to the Stock Exchange pursuant to Practice Note 15 of the Listing Rules and the Stock Exchange has confirmed that CCRE may proceed with the Spin-off. On Wednesday, May 12, 2021, the CCRE Board declared a conditional special interim dividend to be satisfied by way of a distribution in specie to the Qualifying CCRE Shareholders of the entire issued share capital of our Company pursuant to the Distribution.

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Pursuant to the Distribution, the Qualifying CCRE Shareholders will be entitled to one Share for every one CCRE Share held as at the Record Date. Accordingly, the Qualifying CCRE Shareholders will hold the same proportionate interests in our Company as they hold in CCRE as at the Record Date. Fractional entitlements of Qualifying CCRE Shareholders to our Shares under the Distribution will be disregarded and will instead be aggregated and sold by CCRE on the market and the aggregate proceeds of such sale (net of expense and taxes) will be retained for the benefit of CCRE.

The Distribution is conditional on the Global Offering becoming unconditional. If this condition is not satisfied, the Distribution will not be made and the Spin-off will not take place.

The Spin-off will be implemented in compliance with the Listing Rules, including Practice Note 15 to the Listing Rules. The Distribution does not constitute a transaction for CCRE under Chapter 14 and 14A of the Listing Rules and the Global Offering, if materialized, will constitute a deemed disposal of the interest in a subsidiary of CCRE under Rule 14.29 of the Listing Rules. As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules for the Spin-off will be at least 5% but all will be less than 25%, the Spin-off will constitute a discloseable transaction for CCRE under Chapter 14 of the Listing Rules. Accordingly, the approval of the shareholders of CCRE will not be required for the Spin-off.

SHAREHOLDER INFORMATION AND RELATIONSHIP WITH CCRE

Immediately upon completion of the Spin-off (assuming the Reserved Shares under the Preferential Offering are fully taken up by Qualifying CCRE Shareholders): (1) our Company will cease to be a subsidiary of the CCRE Group; and (2) Joy Bright (which is an investment holding company wholly-owned by Mr. Wu) will directly hold approximately 62.73% of the issued share capital of our Company. Accordingly, each of Mr. Wu and Joy Bright is our Controlling Shareholders.

We consider that there is sufficient business delineation between us and the Remaining Group. The principal business of the Remaining Group focuses primarily on property development (i.e., the asset-heavy model) and, to a lesser extent, property leasing business where the Remaining Group leases property to commercial tenants and hotel operations business where the Remaining Group acts as hotel owner and serves hotel guests. We undertake a line of business that is distinct from that of the Remaining Group, given that our Group and the Remaining Group separately operate distinct business models, with distinct businesses that target different customers and offer different products and services. Further, we believe that we are capable of carrying on our business independently of our Controlling Shareholders after the Listing due to our management independence, operational independence and financial independence. For further details, please see section headed "Relationship with Controlling Shareholders" of this prospectus.

CONTINUING CONNECTED TRANSACTIONS

In the ordinary and usual course of our project management business, we have entered into certain transactions with entities controlled by Mr. Wu (our Director and Controlling Shareholder), which will constitute our continuing connected transactions upon Listing. These continuing connected transactions include sharing of administrative services with the Remaining Group (with costs to be identifiable and allocated to the parties on a fair and equitable basis), a trademark license (as elaborated in the below paragraph) and property management services provided for our headquarters and various branch offices. We have

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applied for, and the Stock Exchange has granted us, a waiver from strict compliance with the announcement requirement under Chapter 14A of the Listing Rules in respect of our relevant continuing connected transactions. See “Waivers from Strict Compliance with the Listing Rules” and “Connected Transactions”.

Trademark Licensing Agreement

In anticipation of the Listing and to ensure that we will continue to be able to use “Jianye (建業)” or related trademarks and brand that we have been using in our project management business, on May 13, 2021, we and CCRE entered into a trademark licensing agreement for a term of ten years commencing from the Listing Date. Pursuant to the trademark licensing agreement, there are licensing fees payable by us to CCRE upon Listing in the following manner: (i) for the first year to the third year: RMB15 million per year; (ii) for the fourth year to the sixth year: RMB20 million per year; and (iii) for the seventh year to the tenth year: RMB25 million per year. Fees will be calculated on a pro-rated basis for less than an entire calendar year. Please see the section headed “Connected Transactions” of this prospectus for further information. Our Directors are of the view that the RMB15 million licensing fee, which represents approximately 1.3% of our revenue and 2.2% of our net profit for 2020, will not have a material impact on the Group’s financial results after the Listing.

THE PREFERENTIAL OFFERING

In order to enable CCRE Shareholders to participate in the Global Offering on a preferential basis as to allocation only, subject to the Stock Exchange granting approval for the listing of, and permission to deal in, the Shares on the Main Board of the Stock Exchange and the Global Offering becoming unconditional, Qualifying CCRE Shareholders are being invited to apply for an aggregate of 32,818,000 Reserved Shares in the Preferential Offering, representing approximately 11.1% and 10.0% of the Offer Shares available under the International Offering and the Global Offering, respectively (assuming the Over-allotment Option is not exercised) as Assured Entitlement. The Reserved Shares are being offered out of the International Offer Shares under the International Offering and are not subject to reallocation as described in the section entitled “Structure of the Global Offering — The Hong Kong Public Offering — Reallocation” in this prospectus. In the event the Over-allotment Option is exercised, the number of Reserved Shares will not change.

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》), CSDCC does not provide services relating to the subscription of newly issued shares. Accordingly, Beneficial CCRE Shareholders who hold CCRE Shares through 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 Shenzhen-Hong Kong Stock Connect. For details, see “Structure of the Global Offering — The Preferential Offering” in this prospectus.

LISTING EXPENSES

Based on the mid-point of the indicative Offer Price range of HK\$2.80 per Share and assuming no Over-allotment Option will be exercised, the total listing expenses in connection with the Spin-off and the Global Offering, including underwriting commission, is estimated to be approximately RMB84.1 million, of which (i) RMB29.2 million is borne by CCRE; and (ii)

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the remaining RMB54.9 million is borne by us (representing approximately 7.2% of the gross proceeds from the Global Offering), among which (a) RMB10.4 million has been charged to our consolidated statements of profit or loss in 2020, (b) RMB18.9 million is expected to be charged to our consolidated statements of profit or loss for the year ending December 31, 2021, and (c) RMB25.6 million is expected to be accounted for as a deduction from equity upon the Listing. Our Directors do not expect that our listing expenses will have a material adverse impact on our financial performance for the year ending December 31, 2021.

DIVIDEND POLICY

In May 2019, cash dividends of RMB526 million, attributable to the previous financial years, were approved and declared by Zhongyuan Jianye, of which RMB320 million was paid in cash in 2019. The remaining dividends were settled by offsetting with other receivables from CCRE.

In June 2020, cash dividends of RMB470 million, attributable to the previous financial years, were approved and declared by Zhongyuan Jianye, of which RMB200 million was paid in cash in 2020. The remaining dividends were settled by offsetting with other receivables from CCRE.

After completion of the Listing, we expect to declare and distribute approximately 50% of our net profit for a given year as dividends to our Shareholders. Any future determination to declare and pay any dividends would require the approval of the Board and will be at their discretion. Our Board will review dividend policy from time to time and determine whether dividends are to be declared and paid based on our future results of operations, capital requirements and surplus, general business and financial conditions and other factors that our Directors consider relevant. In addition, any final dividend for a financial year will be subject to shareholders' approval and the relevant laws. Please refer to a Summary of the Constitution of the Company and Cayman Islands Company Law set out in Appendix III to this prospectus.

DEFINITIONS

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

“Accountants’ Report”	the accountants’ report for our Group for the three financial years ended December 31, 2020 issued by KPMG, the text of which is set out in Appendix I to this prospectus
“affiliate(s)”	any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
“Anyang Zhiteng”	Anyang Zhiteng Real Estate Co., Ltd.* (安陽置騰置業有限公司), a limited liability company established in the PRC on September 14, 2017 and an Independent Third Party after our Reorganization
“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 in relation to the Hong Kong Public Offering and BLUE Application Form(s) in relation to the Preferential Offering
“Articles” or “Articles of Association”	the amended and restated articles of association of the Company conditionally adopted on May 12, 2021, which will be effective upon the Listing and as amended from time to time, a summary of which is set out in “Appendix III — Summary of the Constitution of the Company and Cayman Islands Company Law” to this prospectus
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Assured Entitlement”	the entitlement of the Qualifying CCRE Shareholders to apply for the Reserved Shares on an assured basis pursuant to the Preferential Offering to be determined on the basis of their respective shareholdings in CCRE at 4:30 p.m. on the Record Date
“Available Reserved Shares”	has the meaning ascribed to it in the section headed “Structure of the Global Offering — The Preferential Offering — Basis of Allocation for Applications for Reserved Shares” in this prospectus
“Beneficial CCRE Shareholder(s)”	beneficial owner(s) of CCRE Shares whose CCRE Shares are registered in the name of a Registered CCRE Shareholder at 4:30 p.m. on the Record Date
“ BLUE Application Form(s)”	the application form(s) to be sent to Qualifying CCRE Shareholders to subscribe for the Reserved Shares pursuant to the Preferential Offering
“Board” or “Board of Directors”	the board of directors of the Company

DEFINITIONS

“business day”	any day on which the Stock Exchange is open for the business of dealing in securities
“BVI”	the British Virgin Islands
“CAGR”	compound annual growth rate
“Capitalization Issue”	the issue of 2,967,116,119 Shares to be made upon capitalization of all amounts due from the Company to CCRE as referred to in the section headed “Appendix IV — Statutory and General Information — A. Further Information about our Group — 4. Written resolutions of our sole Shareholder passed on May 12, 2021” in this prospectus
“Cayman Companies Act” or “Companies Act”	the Companies Act of the Cayman Islands, as amended, 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 Operational Procedures”	the operational procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to the operation and functions of CCASS as from time to time in force
“CCASS Participant”	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant
“CCMGT(HK)”	Central China Management (Hong Kong) Limited (中原建業(香港)有限公司), a limited liability company incorporated in Hong Kong on October 22, 2020 and our wholly-owned subsidiary
“CCRE”	Central China Real Estate Limited (建業地產股份有限公司*), an exempted company incorporated in the Cayman Islands with limited liability on November 15, 2007, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 832), our holding company as at the Latest Practicable Date and our connected person upon completion of the Spin-off
“CCRE Board”	the board of directors of CCRE

DEFINITIONS

“CCRE China”	Central China Residence Group (China) Co., Ltd.* (建業住宅集團(中國)有限公司) (formerly known as Henan Central China (Group) Co., Ltd.* (河南建業(集團)有限公司)), a limited liability company established in the PRC on May 22, 1992 and a wholly-owned subsidiary of CCRE
“CCRE Group”	CCRE and its subsidiaries prior to completion of the Spin-off, which includes our Group
“CCRE Investments”	Central China Real Estate Investments Limited (建業地產投資股份有限公司), a limited liability company incorporated in Hong Kong on September 28, 2007 and a wholly-owned subsidiary of CCRE
“CCRE PRC Stock Connect Investor(s)”	the PRC southbound investor(s) trading through the Shenzhen-Hong Kong Stock Connect who hold(s) CCRE Shares through ChinaClear as nominee
“CCRE Shareholder(s)”	holder(s) of CCRE Share(s)
“CCRE Shares”	ordinary share(s) with a nominal value of HK\$0.10 each in the share capital of CCRE
“Central China New Life” or “CCNL”	Central China New Life Limited (建業新生活有限公司), an exempted company incorporated in the Cayman Islands with limited liability on October 16, 2018, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 9983), and our connected person
“Chairman”	chairman of the Board
“China”, “mainland China”, “PRC” or “State”	the People’s Republic of China, and for the purpose of this prospectus and for geographical reference only and except where the context requires otherwise, excludes Hong Kong, Macau and Taiwan
“ChinaClear”	China Securities Depository and Clearing Corporation Limited
“China Index Academy” or “CIA”	China Index Academy (中指研究院), an independent industry consultant engaged by us
“CIA Report”	the independent industry report prepared by China Index Academy commissioned by us
“close associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Companies Ordinance”	the Companies Ordinance, (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time

DEFINITIONS

“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
“Company”, “our Company”, “the Company”	CENTRAL CHINA MANAGEMENT COMPANY LIMITED (中原建業有限公司), a company incorporated in the Cayman Islands with limited liability on October 22, 2020 and the holding company of our Group upon completion of the Reorganization and the proposed vehicle of the Listing
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“connected transaction(s)”	has the meaning ascribed to it under the Listing Rules
“Controlling Shareholders”	has the meaning ascribed to it under the Listing Rules and, unless the context requires otherwise, refers to Mr. Wu and Joy Bright
“core connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Cornerstone Placing”	the conditional placing of such number of Offer Shares (rounded down to the nearest whole board lot of 2,000 Shares) at the Offer Price which may be purchased with an aggregate amount of US\$6.0 million, excluding brokerage, SFC transaction levy and Stock Exchange trading fee, pursuant to the Cornerstone Investment Agreement, which will form part of the International Offering. The Cornerstone Placing is further described in the section headed “Cornerstone Investor” in this prospectus
“COVID-19”	coronavirus disease 2019
“CSDCC”	China Securities Depository and Clearing Corporation Limited
“Deed of Indemnity”	the deed of indemnity dated May 12, 2021 executed by Mr. Wu, Joy Bright and our Company, particulars of which are set out in “Appendix IV — Statutory and General Information — D. Other Information” in this prospectus
“Director(s)”	director(s) of our Company

DEFINITIONS

“Distribution”	the conditional special interim dividend declared by the CCRE Board on Wednesday, May 12, 2021 to be satisfied by way of the distribution in specie of such number of Shares held by CCRE representing all issued shares of our Company after the Capitalization Issue but immediately prior to the Spin-off to Qualifying CCRE Shareholders, in the proportion of one Share for every one CCRE Share held by them on the Record Date, further details of which are set out in the section headed “The Distribution and the Spin-off” in this prospectus
“ECL”	expected credit loss
“Extreme Conditions”	extreme conditions caused by a super typhoon as announced by the government of Hong Kong
“GDP”	gross domestic product
“GFA”	gross floor area
“Global Offering”	the Hong Kong Public Offering and the International Offering
“Greater Central China”	a vast area in central China within a radius of approximately 500 kilometers from Zhengzhou covering eight provinces, Henan, Hubei, Shaanxi, Shanxi, Hebei, Anhui, Jiangsu and Shandong
“ GREEN Application Form(s)”	the application form(s) to be completed by the White Form eIPO Service Provider, Computershare Hong Kong Investor Services Limited
“Group”, “our Group”, “we” or “us”	our Company and our subsidiaries
“Henan Start Ahead”	Henan Start Ahead Commercial Management Co., Ltd.* (河南前啟商業管理有限公司), a limited liability company and a wholly foreign-owned enterprise established in the PRC on October 27, 2020 and our wholly-owned subsidiary
“HKSCC”	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
“HKSCC Nominees”	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Offer Shares”	the 32,818,000 Shares being initially offered by our Company for subscription at the Offer Price pursuant to the Hong Kong Public Offering, subject to reallocation as described in the section headed “Structure of the Global Offering” in this prospectus

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“Hong Kong Public Offering”	the offer of the Hong Kong Offer Shares for subscription by the public in Hong Kong at the Offer Price on and subject to the terms and conditions described in this prospectus and the Application Forms, as further described in the section headed “Structure of the Global Offering” in this prospectus
“Hong Kong Share Registrar”	Computershare Hong Kong Investor Services Limited
“Hong Kong Underwriters”	the underwriters of the Hong Kong Public Offering listed in the section headed “Underwriting — Hong Kong Underwriters” in this prospectus
“Hong Kong Underwriting Agreement”	the underwriting agreement dated May 17, 2021 relating to the Hong Kong Public Offering and entered into by our Company, our Controlling Shareholders, the Joint Sponsors, the Joint Global Coordinators and the Hong Kong Underwriters, as further described in the section headed “Underwriting — Underwriting Agreement and Expenses” in this prospectus
“International Offer Shares”	the 295,354,000 Shares being initially offered by our Company for subscription at the Offer Price pursuant to the International Offering, together with, where relevant, any additional Shares which may be issued by our Company pursuant to the exercise of the Over-allotment Option, subject to reallocation as described in the section headed “Structure of the Global Offering” in this prospectus
“International Offering”	the offer of the International Offer Shares by the International Underwriters at the Offer Price outside the United States in offshore transactions in reliance on Regulation S, as further described in the section headed “Structure of the Global Offering” in this prospectus
“Independent Third Party(ies)”	an entity which, to the best of our Directors’ knowledge, information and belief, having made all reasonable enquiries, is not a connected person of our Company within the meaning of the Listing Rules
“International Underwriters”	the underwriters of the International Offering, that are expected to enter into the International Underwriting Agreement to underwrite the International Offering
“International Underwriting Agreement”	the international underwriting agreement relating to the International Offering which is expected to be entered into by our Company, our Controlling Shareholders, the Joint Sponsors, the Joint Global Coordinators and the International Underwriters, on or about the Price Determination Date, as further described in the section headed “Underwriting — International Offering — International Underwriting Agreement” in this prospectus

DEFINITIONS

“Joint Bookrunners”	the joint bookrunners as named in the section headed “Directors and Parties Involved in the Global Offering” in this prospectus
“Joint Global Coordinators”	the joint global coordinators as named in the section headed “Directors and Parties Involved in the Global Offering” in this prospectus
“Joint Lead Managers”	the joint lead managers as named in the section headed “Directors and Parties Involved in the Global Offering” in this prospectus
“Joint Sponsors”	ICBC International Capital Limited and CCB International Capital Limited
“Joy Ascend”	Joy Ascend Holdings Limited (昇熹控股有限公司), a limited liability company incorporated in the BVI on July 18, 2006 and a wholly-owned subsidiary of CCRE
“Joy Bright”	Joy Bright Investments Limited (恩輝投資有限公司), a limited liability company incorporated in the BVI on May 11, 2006 and is wholly-owned by Mr. Wu, and one of our Controlling Shareholders
“Latest Practicable Date”	May 11, 2021 being the latest practicable date for the purpose of ascertaining certain information contained in this prospectus prior to its publication
“Lianhe Jianshe”	Henan Zhongyuan Central China Lianhe Jianshe Development Co., Ltd.* (河南中原建業聯合建設發展有限公司), a limited liability company established in the PRC on May 15, 2019 and an Independent Third Party after our Reorganization
“Listing”	the listing of our Shares on the Main Board of the Stock Exchange
“Listing Committee”	the listing committee of the Stock Exchange
“Listing Date”	the date, expected to be on or about Monday, May 31, 2021, on which dealings in our Shares first commence on the Main Board of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended or supplemented from time to time
“Lushi Lingchuang”	Lushi Lingchuang Real Estate Co., Ltd.* (盧氏領創置業有限公司), a limited liability company established in the PRC on December 27, 2017 and an Independent Third Party after our Reorganization
“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the GEM of the Stock Exchange. For the avoidance of doubt, the Main Board excludes the GEM of the Stock Exchange

DEFINITIONS

“Memorandum of Association” or “Memorandum”	the amended and restated memorandum of association of the Company conditionally adopted on May 12, 2021, which will be effective upon the Listing and as amended from time to time, a summary of which is set out in “Appendix III — Summary of the Constitution of the Company and Cayman Islands Company Law” to this prospectus
“MOFCOM”	the Ministry of Commerce of the PRC (中華人民共和國商務部)
“Mr. Wu”	Mr. Wu Po Sum (胡葆森先生), our Chairman and a non-executive Director, and one of our Controlling Shareholders
“Offer Price”	the final offer price per Offer Share (exclusive of brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%) of not more than HK\$3.20 and expected to be not less than HK\$2.40, at which the Offer Shares are to be subscribed pursuant to the Global Offering and to be determined in the manner further described in the section headed “Structure of the Global Offering — Pricing and Allocation” in this prospectus
“Offer Shares”	the Hong Kong Offer Shares and the International Offer 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 which our Company may be required to issue and allot up to an aggregate of 49,224,000 Shares at the Offer Price to cover over-allocations in the International Offering, if any, as further described in the section headed “Structure of the Global Offering” in this prospectus
“plot ratio”	the ratio of a property’s gross floor area to the size of the piece of land upon which the property is built
“PRC Legal Advisors”	Commerce & Finance Law Offices, being the legal advisors to the Company as to the PRC laws
“Preferential Offering”	the preferential offering to the Qualifying CCRE Shareholders of 32,818,000 Reserved Shares (representing approximately 10% of the Offer Shares initially being offered under the Global Offering) in the form of the Assured Entitlement out of the Shares offered under the International Offering at the Offer Price, as further described in the section headed “Structure of the Global Offering — The Preferential Offering” in this prospectus and subject to the terms and conditions stated in this prospectus and in the BLUE Application Form

DEFINITIONS

“Price Determination Agreement”	the agreement to be entered into by the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and our Company on the Price Determination Date to record and fix the Offer Price
“Price Determination Date”	the date, expected to be on or about Monday, May 24, 2021, on which the Offer Price will be determined, or such later time as the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and our Company may agree, but in any event, not later than Thursday, May 27, 2021
“Principal Share Registrar”	Conyers Trust Company (Cayman) Limited
“Project Owner(s)”	the owner of a property development project who utilizes project management services to complete property development, typically small to mid-sized real estate developers with less expertise and brand recognition and therefore is in need of our Group’s professional project management services
“Qingfeng Jianhong”	Qingfeng Jianhong Urban Development Co., Ltd.* (清豐建宏城市發展有限公司), a limited liability company established in the PRC on December 26, 2017 and an Independent Third Party after our Reorganization
“Qualifying CCRE Shareholder(s)”	CCRE Shareholder(s) whose name(s) appear on the register of members of CCRE on the Record Date
“Record Date”	the record date for determining entitlements to the Distribution and the Assured Entitlement of Qualifying CCRE Shareholders to the Reserved Shares, being 4:30 p.m. on Friday, May 14, 2021
“Registered CCRE Shareholder(s)”	in respect of a Beneficial CCRE Shareholder, any nominee, trustee, depositary or any other authorized custodian or third party whose name is entered in the register of members of CCRE as the holder of the CCRE Shares in which the Beneficial CCRE Shareholder is beneficially interested
“Regulation S”	Regulation S under the U.S. Securities Act
“Remaining Group”	CCRE and its subsidiaries upon completion of the Spin-off, which excludes our Group
“Renminbi” or “RMB”	the lawful currency of the PRC
“Reorganization”	the corporate reorganization of our Group in preparation for the Listing as set out in the section headed “History, Development and Reorganization — Reorganization” in this prospectus, pursuant to which our Company became the holding company of our subsidiaries

DEFINITIONS

“Reserved Shares”	the 32,818,000 Shares being offered to the Qualifying CCRE Shareholders as the Assured Entitlement pursuant to the Preferential Offering at the Offer Price, representing approximately 10% of the Offer Shares being offered under the Global Offering (without taking into account any Shares which may be issued and allotted pursuant to the Over-allotment Option) which are to be allocated out of the Shares being offered under the International Offering
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance, (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary shares in the share capital of our Company of HK\$0.01 each
“Shareholder(s)”	holder(s) of our Share(s)
“Spin-off”	the proposed spin-off of our Company and the separate listing of our Shares on the Main Board of the Stock Exchange by way of the Distribution and the Global Offering
“sq.m.”	square meters
“Stabilizing Manager”	BNP Paribas Securities (Asia) Limited
“Start Ahead”	Start Ahead Investment Limited (前啟投資有限公司), a limited liability company incorporated in the BVI on October 22, 2020 and our wholly-owned subsidiary
“Stock Borrowing Agreement”	the stock borrowing agreement expected to be entered into between Joy Bright and the Stabilizing Manager on or about the Price Determination Date
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Takeovers Code”	The Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC, as amended, supplemented or otherwise modified from time to time
“Track Record Period”	the financial years ended December 31, 2018, 2019 and 2020
“Underwriters”	the Hong Kong Underwriters and the International Underwriters

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“Underwriting Agreements”	the Hong Kong Underwriting Agreement and the International Underwriting Agreement
“U.S. Securities Act”	the United States Securities Act of 1933, as amended and supplemented or otherwise modified from time to time, and the rules and regulations promulgated thereunder
“ WHITE Application Form(s)”	the application form(s) for the Hong Kong Offer Shares for use by the public who require(s) such Hong Kong Offer Shares to be issued in the applicant’s/applicants’ own name(s)
“ White Form eIPO ”	the application for Hong Kong Offer Shares to be issued in the applicant’s own name by submitting applications online through the designated website of the White Form eIPO Service Provider at www.eipo.com.hk
“ White Form eIPO Service Provider”	Computershare Hong Kong Investor Services Limited
“ YELLOW Application Form(s)”	the application form(s) for the Hong Kong Offer Shares for use by the public who require(s) such Hong Kong Offer Shares to be deposited directly into CCASS
“Zhongyuan Jianye”	Henan Zhongyuan Central China City Development Co., Ltd.* (河南中原建業城市發展有限公司) (formerly known as Henan Xuanlong Real Estate Development Co., Ltd.* (河南軒隆房地產開發有限公司) and Henan Zhongxin Real Estate Development Co., Ltd.* (河南中信房地產開發有限公司)), a limited liability company established in the PRC on December 26, 1992 and our wholly-owned subsidiary
“Zhongyuan Jianye (Hainan)”	Zhongyuan Central China (Hainan) Management Services Co., Ltd.* (中原建業(海南)管理服務有限公司), a limited liability company established in the PRC on March 22, 2021 and our wholly-owned subsidiary

In this prospectus:

1. Unless otherwise stated, certain amounts denominated in Renminbi have been translated into HK\$ at an exchange rate of RMB0.82736 = HK\$1.00, respectively, for illustration purpose only. Such conversions shall not be construed as representations that amounts in Renminbi were or could have been or could be converted into HK\$ at such rates or any other exchange rates on such date or any other date.
2. The English or Chinese titles marked with “*” are unofficial English or Chinese translations of the titles of natural persons, legal persons or entities, governmental authorities, institutions, laws, rules, regulations and other entities for which no official English or Chinese translation exists. These titles are for identification purpose only.

DEFINITIONS

3. We use certain technical terms that are relevant to our business and the industry we operate in. These terms and their meanings set out above may not always correspond to standard industry meaning or usage of these terms.
4. Unless expressly stated or otherwise required by the context, all data are as of the Latest Practicable Date.
5. Unless otherwise specified, all references to any shareholding in our Company does not take into account any CCRE Shares to be issued upon exercise of any outstanding options granted pursuant to the share option schemes of CCRE adopted on May 14, 2008 and April 19, 2018, and assumes the Over-allotment Option has not been exercised.
6. Certain amounts and percentage figures included in this prospectus have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.

FORWARD-LOOKING STATEMENTS

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

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

are intended to identify forward-looking statements.

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

Subject to the requirements of applicable laws, rules and regulations, we do not have any obligation, and undertake no obligation, to update or otherwise revise the forward-looking statements in this prospectus, whether as a result of new information, future events or developments or otherwise. As a result of these and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this prospectus might not occur in the way we expect or at all. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements contained in this prospectus are qualified by reference to the cautionary statements set out in this section.

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

THE DISTRIBUTION AND THE SPIN-OFF

THE DISTRIBUTION

Information on the Distribution

On Wednesday, May 12, 2021, the CCRE Board declared the Distribution to the Qualifying CCRE Shareholders, being registered holders of CCRE Shares whose names appear on the register of members of CCRE as of the Record Date. The Distribution will be satisfied wholly by way of a distribution in specie to Qualifying CCRE Shareholders of an aggregate of 2,967,116,120 Shares, representing all the issued Shares of our Company as held by CCRE immediately following the Capitalization Issue and before completion of the Global Offering, pro rata to their respective shareholdings in CCRE on the Record Date on the basis of one Share for every one CCRE Share held on the Record Date.

Any fractional entitlements of Qualifying CCRE Shareholders to our Shares under the Distribution will be disregarded and will instead be aggregated and sold by CCRE on the market and the aggregate proceeds of such sale (net of expenses and taxes) will be retained for the benefit of CCRE. CCRE Shareholders should note that they will not be required to pay any consideration to CCRE or us for the Shares received pursuant to the Distribution or complete any application form to receive the Shares pursuant to the Distribution.

Subject to the Distribution becoming unconditional, we expect to despatch share certificates to Qualifying CCRE Shareholders who are entitled to receive Shares under the Distribution on May 28, 2021. Share certificates will only become valid provided that the Global Offering has become unconditional in all respects and the Underwriting Agreements have not been terminated in accordance with its terms, which is expected to be at around 8:00 a.m. on May 31, 2021. Investors who trade Shares on the basis of publicly available allocation details before the receipt of share certificates and before they become valid do so entirely of their own risk.

Our Shares will be traded in board lots of 2,000 Shares each. As a result of the Distribution, Qualifying CCRE Shareholders may receive our Shares in odd lots. For details, please refer to “Information about this prospectus and the Global Offering — Odd Lot Arrangements”.

Condition to the Distribution

The Distribution is conditional on the Global Offering becoming unconditional. If this condition is not satisfied, the Distribution will not be made and the Spin-off will not take place.

Information for CCRE PRC Stock Connect Shareholders

According to the “Stock Connect Shareholding Search” available on the Stock Exchange’s website (www.hkexnews.hk), as at Latest Practicable Date, ChinaClear held 153,554,000 CCRE Shares, representing approximately 5.18% of the total issued CCRE Shares. ChinaClear is a CCASS Participant with HKSCC Nominees.

The CCRE Board and the Board have made the relevant enquiries and have been advised by our PRC Legal Advisors that the CCRE PRC Stock Connect Investors may hold our Shares pursuant to the Distribution through ChinaClear. Pursuant to the Shenzhen Stock Exchange Measures for the Implementation of Shenzhen-Hong Kong Stock Connect Program (《深圳證券交易所深港通業務實施辦法》) promulgated and effective on September 30, 2016

THE DISTRIBUTION AND THE SPIN-OFF

and last amended on January 22, 2021, the CCRE PRC Stock Connect Investors (or the relevant ChinaClear participants, as the case may be) whose stock accounts in ChinaClear are credited with our Shares may only sell them on the Stock Exchange under the Shenzhen Stock Connect.

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

THE SPIN-OFF

CCRE has submitted a proposal in relation to the Spin-off to the Stock Exchange pursuant to Practice Note 15 of the Listing Rules and the Stock Exchange has confirmed that CCRE may proceed with the Spin-off.

The Spin-off will be implemented in compliance with the Listing Rules, including Practice Note 15 to the Listing Rules. The Distribution does not constitute a transaction for CCRE under Chapter 14 and 14A of the Listing Rules and the Global Offering, if materialized, will constitute a deemed disposal of the interest in a subsidiary of CCRE under Rule 14.29 of the Listing Rules. As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules for the Spin-off will be at least 5% but all will be less than 25%, the Spin-off will constitute a discloseable transaction for CCRE under Chapter 14 of the Listing Rules. Accordingly, the approval of the shareholders of CCRE will not be required for the Spin-off.

Immediately upon completion of the Spin-off (assuming the Reserved Shares under the Preferential Offering are fully taken up by Qualifying CCRE Shareholders): (1) our Company will cease to be a subsidiary of the CCRE Group; and (2) Joy Bright (which is an investment holding company wholly-owned by Mr. Wu) will directly hold approximately 62.73% of the issued share capital of our Company. Accordingly, each of Mr. Wu and Joy Bright is our Controlling Shareholders.

We consider that there is sufficient business delineation between us and the Remaining Group. The principal business of the Remaining Group focuses primarily on property development (i.e., the asset-heavy model) and, to a lesser extent, property leasing business where the Remaining Group leases property to commercial tenants and hotel operations business where the Remaining Group acts as hotel owner and serves hotel guests. We undertake a line of business that is distinct from that of the Remaining Group, given that our Group and the Remaining Group separately operate distinct business models, with distinct businesses that target different customers and offer different products and services. Further, we believe that we are capable of carrying on our business independently of our Controlling Shareholders after the Listing due to our management independence, operational independence and financial independence. For further details, please see section headed "Relationship with Controlling Shareholders" of this prospectus.

REASONS FOR AND BENEFITS OF THE SPIN-OFF

The Spin-off is a demerger effecting the separation of the project management business from the other businesses of the CCRE Group by demerging the CCRE Group into our Group and the Remaining CCRE Group.

THE DISTRIBUTION AND THE SPIN-OFF

The boards of directors of CCRE and our Company consider that the Spin-off is in the interests of CCRE, our Company and their/our respective shareholders as a whole for the following reasons:

- (i) **More defined business and investor focus:** the Spin-off and listing of our Group will create a more defined business focus for both our Group and the Remaining Group. This will further enhance their branding and provide investors with greater investment focus for each group;
- (ii) **Enhanced corporate profile and transparency for investors:** the Spin-off will enhance our corporate profile and brand awareness, while increasing the operational and financial transparency of our Group and provide investors, the market and rating agencies with greater clarity on the businesses and financial status of our Group;
- (iii) **Better clarity and focus for management:** the Spin-off will enable the respective management of our Group and the Remaining Group to improve resource allocation, better focus on their respective businesses and enhance their decision-making process as well as responsiveness to market changes; and
- (iv) **Better access to capital markets and improved financing flexibility:** the Spin-off will allow our Group to gain direct access to the capital markets for equity and/or debt financing to fund its existing operations and future expansion without reliance on CCRE, thereby accelerating its expansion and improving its operating and financial performance.

In accordance with the requirements of Practice Note 15, CCRE will give due regard to the interests of its shareholders by providing Qualifying CCRE Shareholders with an assured entitlement to the Shares by way of the Distribution, being a distribution in specie of the Shares and the Preferential Offering if the Spin-off proceeds. Details of the Distribution have been set out above in this section. Under the Preferential Offering, each Qualifying CCRE Shareholder is entitled pursuant to the Assured Entitlement to apply on the basis of one Reserved Share for every 90 CCRE Shares held on the Record Date. For details of the Preferential Offering, please see the section headed “Structure of the Global Offering — The Preferential Offering” in this prospectus.

RISK FACTORS

An investment in our Shares involves various risks. You should carefully consider the following information about risks, together with the other information contained in this prospectus, including our consolidated financial statements and related notes, before you decide to purchase our Shares. If any of the circumstances or events described below actually arises or occurs, our business, results of operations, financial position and prospects would likely suffer. In any such case, the market price of our Shares could decline, and you may lose all or part of your investment. You should also pay particular attention to the fact that our subsidiaries in China are located in a legal and regulatory environment that in some respects differ significantly from that of other countries. For more information concerning the PRC legal and regulatory system and certain related matters discussed below, see “Regulatory Overview” in this prospectus.

We believe that there are certain risks and uncertainties involved in our operations, some of which are beyond our control. We have categorized these risks and uncertainties into: (i) risks relating to our business and our industry; (ii) risks relating to doing business in China; (iii) risks relating to the Spin-off and the Global Offering. Additional risks and uncertainties that are not presently known to us or that we currently deem immaterial may develop and become material and could also harm our businesses, financial position and results of operations.

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

RISKS RELATING TO OUR BUSINESS AND OUR INDUSTRY

The future growth and prospects of our project management business are dependent on, and may be adversely affected by, the economic conditions in China and the performance of the real estate market in China, in particular in Henan province.

We are the leading project management company in China in terms of the aggregate GFA sold in 2020, as well as the CAGR for total contract sales amount from 2017 to 2020 in connection with our projects under management, according to China Index Academy. We focus on the commercial project management business, generating revenue of RMB676.4 million, RMB1,029.0 million and RMB1,152.1 million, respectively, in 2018, 2019 and 2020. Our future growth and prospects, in particular the number of projects managed and our revenue growth, depend on the performance of the real estate market in China. In particular, we strategically focused on Henan province, and we had an aggregate of 193 commercial projects under management in Henan province with an aggregate GFA of approximately 24.2 million sq.m. as of December 31, 2020, which covered a vast majority of cities in Henan province of the county-level or above. Social, political, economic, legal and other factors will continue to affect the overall development of the real estate market in China. Any market downturn, any oversupply of properties or potential decline in demand for, or prices of, properties in China generally or in the regions where we operate could adversely affect our business, financial condition and results of operations.

RISK FACTORS

The PRC real estate market has been affected by a slowdown in China's economic growth in recent years. There have been increasing concerns over the sustainability of the real estate market growth in China, as the real GDP growth in China has been decelerating in recent years from 7.7% in 2013 to 6.1% in 2019 and the fixed asset investment growth rate in China has also experienced a general downtrend, with a persisting decline from 19.6% in 2013 to 5.4% in 2019. In addition, the GDP growth in Henan province has also been decelerating in recent years from 9.0% in 2013 to 7.0% in 2019 while the fixed asset investment growth rate in Henan province experienced a general downtrend, with a persisting decline from 23.2% in 2013 to 8.0% in 2019. Factors resulting in such changes include, among others, tightened regulatory measures on financings which affect housing demands, as well as decreases in investor confidence which may influence demand and consumer spending for real estate properties. As a result, the real estate market may experience over supply of properties and slow moving or idle housing inventory. Any oversupply of properties or any potential decline in the demand or prices for real estate properties in the cities where we have or plan to have operations may affect the investment plans of our existing or prospective Project Owners, which in turn could have a material and adverse impact on our cash flows, financial condition and results of operations.

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

The PRC project management market is still in an early stage of development. The choice of the Project Owners on whether to develop the projects by themselves or by a project management company and, if they choose the latter, their selection of a project management company depends on a number of factors, including but not limited to the brand reputation, quality of services, the level of pricing, the operating scales and the operating history and track record of the project management company in the real estate industry. The project management market in the PRC, including Henan province where substantially all of our projects under management locate, is still in the early stage of development and is highly competitive as many real estate developers have entered into, or plan to enter into, this market. According to China Index Academy, in 2019, there are 28 sizeable project management companies undertaking projects in the real estate industry in China with an aggregate contracted GFA of approximately 68.6 million sq.m., 59.6% of which are managed by the top five companies in the project management industry. Our competitors may have greater financial, technical and other resources, better brand recognition and larger customer bases, and may be able to devote more resources to the development, promotion and sale of their services and solutions. There is no assurance that we will be able to procure new project management service contracts in the future as planned or at a desirable pace or price, or at all, as a result of the factors discussed above. If we cannot respond to changes in customer preferences more swiftly or more effectively than our competitors, or increased competition arising from new market participants, our business, results of operations and financial condition could be adversely affected.

RISK FACTORS

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

We experienced significant growth during the Track Record Period. Our revenue increased from RMB676.4 million in 2018 to RMB1,029.0 million in 2019 and further to RMB1,152.1 million in 2020. Our net profit increased from RMB403.9 million in 2018 to RMB641.1 million in 2019 and further to RMB681.5 million in 2020. Our net profit margin for 2018, 2019 and 2020 was 59.7%, 62.3% and 59.2%, respectively. Our growth during the Track Record Period was mainly driven by the expansion of our project management business. Our asset-light business model is relatively new as compared to traditional business model adopted by property developers in the PRC and continues to evolve. If competition in the project management business continues to intensify or if market demand for project management services decreases during market downturn in the real estate industry in the PRC, or if potential project owners choose to develop the projects by themselves rather than by engaging project management companies when they gradually gain more experience and brand recognition, or for any other reasons, this may lead to potential saturation of project management markets in Henan province and/or any other provinces in the PRC that we plan to expand our business into, thereby resulting in potential slowdown in our growth. We cannot assure you that we will be able to continue to grow our business at the same pace, or at all, because our business is affected by various factors, many of which are beyond our control, such as the macroeconomic condition of the PRC, the state of PRC property development, the demand for project management services and the competition from other project management companies in the PRC. Also, there is no assurance that we can maintain our net margin at the same level in the future.

Our expansion is based on our assessment of market demand and prospects. We cannot assure you that our assessments will always be accurate. In addition, we may not be able to recruit and train sufficient project managers and other employees in the same pace as our rapid expansion. When entering into new markets, we may not have sufficient knowledge of the conditions of local real estate markets, and may not have the same level of familiarity with contractors, suppliers, business practices and customs and customer tastes, behavior and preferences as compared to the cities where we have an established project management business. In addition, when we enter into new geographical areas, we may face intense competition from local or regional project management companies with an established presence and market share in those areas and may not be able to build our operations and reputation in such local markets within a relatively short period of time. Therefore, we cannot assure you that we can execute our expansion plan successfully or that we will succeed in effectively integrating our expanding operations, or that our expanding operations will generate adequate returns on our investments or positive operating cash flows. Furthermore, our business expansion may place a substantial strain on our managerial and financial resources and any failure in effectively managing our expanding operations may materially and adversely affect our business, prospects, results of operations and financial condition.

RISK FACTORS

We rely on the “Jianye (建業)” related trademarks for our project management business. Failure to maintain or renew the trademark licensing arrangement between CCRE and us could adversely affect our business.

In anticipation of the Listing and to ensure that we will continue to be able to use certain “Jianye (建業)” related trademarks that we have been using in our project management business, we and CCRE entered into a trademark license agreement on May 13, 2021 (the “**Trademark Licensing Agreement**”) for a term of 10 years commencing from the Listing Date, subject to renewal based on the parties’ negotiation. Any such renewal would be subject to compliance with relevant laws and regulations, including the Listing Rules, and may hence be subject to approval by independent Shareholders in the future. The interests of CCRE may not align with our interests, and therefore there is no guarantee that we will be able to renew such agreement in a timely manner, or at favorable terms, or at all, in the future. In the event that we fail to renew or encounter significant delays in renewing such agreement, we may not be able to undertake certain project management projects or allow the Project Owners to use or continue to use the “Jianye (建業)” brand as part of our project management services, and therefore our business, financial condition and results of operations may be adversely affected.

Moreover, licensing fees are payable by us to CCRE under the Trademark Licensing Agreement upon Listing. The licensing fees payable by us to CCRE shall be paid in the following manner: (i) for the first year to the third year: RMB15 million per year; (ii) for the fourth year to the sixth year: RMB20 million per year; and (iii) for the seventh year to the tenth year: RMB25 million per year. Fees will be calculated on a pro-rated basis for less than an entire calendar year. Such trademark licensing fee, which does not exist prior to the Listing, may have an adverse effect on our profit margin, financial condition and results of operations after Listing. Moreover, while we have been advised by our PRC Legal Advisors that we would be granted by CCRE with sufficient licensing rights to use the relevant “Jianye (建業)” related trademarks pursuant to the Trademark Licensing Agreement for our businesses, there is no assurance that there would be no person who alleges that we do not possess all sufficient rights to use all relevant “Jianye (建業)” related trademark in engaging in our businesses. Any such allegations, whether or not ultimately be substantiated, may harm our reputation, draw our resources in responding to any such allegations and may have an adverse effect on our operation, business, financial condition or prospect.

Any inappropriate use of any of the “Jianye (建業)” related trademarks and deterioration in the “Jianye (建業)” brand image could adversely affect our business.

We have benefited significantly and expect to continue to benefit significantly from Jianye’s strong brand recognition and brand image. Any negative incident or negative publicity concerning any of the “Jianye (建業)” related trademarks or the “Jianye (建業)” brand image could adversely affect the brand value and accordingly our reputation and business. Currently, various “Jianye (建業)” and related trademarks have been registered respectively under the name of CCRE for various classes and categories of services and products in accordance with PRC law. The projects managed by us use the “Jianye (建業)” or related trademarks which are licensed by CCRE to us. CCRE also allows several of its related entities or other authorized third parties to use the “Jianye (建業)” trademark in their business operations. Such parties are engaged in businesses such as property development, property management and interior decoration businesses. If such entities use such trademarks in ways that negatively affect the “Jianye (建業)” brand images, our reputation could be damaged, which in turn may have an adverse effect on our financial condition and results of operations.

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In addition, the respective efforts (if any) of the owners or licensees to protect the “Jianye (建業)” related trademark or brand name may not be adequate, and they or we may fail to identify any unauthorized use of the “Jianye (建業)” brand name or to take appropriate steps to enforce the rights on a timely basis, or at all, resulting in the “Jianye (建業)” brand’s misappropriation or misuse. Any unauthorized use of “Jianye (建業)” related trademarks or infringement of the “Jianye (建業)” or related brand name may impair its value and in turn reduce the incentive for a Project Owner to mandate us to manage their property development projects. Any deterioration in the “Jianye (建業)” or related brand name may ultimately damage our reputation and have a material adverse effect on our business, financial position and results of operations. Our operations and financial results would be adversely affected if we are unable to win new projects or secure new projects from existing customers, which may lead to a decrease in the number of projects under our management.

Our business is generally project based and non-recurring in nature and any decrease in the number of projects and/or any decrease in the demand of project management services would affect our operations and financial results.

During the Track Record Period, we generated revenue and received management fees from the provision of project management services. Our engagements with our customers are on a project basis and are generally non-recurring in nature. A customer that accounts for a significant portion of our revenue for a particular period may not contribute to any of our revenue in subsequent periods. After completion of our services, our customers are not obliged to engage us or use our project management services again for their new projects. As such, our revenue derived from a given project is non-recurring in nature. There is no guarantee that we will win new project management agreements from existing customers in the future, and there is no assurance that our existing customers will invite us when they have new projects.

If our Project Owners fail to fulfill their contractual obligations owed to us, our reputation, business, financial condition and results of operations could be adversely affected.

Based on the project management agreements entered into between Project Owners and us, Project Owners are generally required to pay our fee in installments within the pre-agreed period based on the project milestones achieved. Delays in or failures to make payment by our Project Owners may negatively affect our cash flow position and our ability to meet our working capital requirements. As of December 31, 2018, 2019 and 2020, our trade debtors and bills receivables, net of loss allowance amounted to RMB17.7 million, RMB34.4 million and RMB142.0 million, respectively, and our amounts due from related parties which are trade in nature amounted to RMB8.6 million, RMB3.4 million and RMB0.8 million on the same dates, respectively. Any default in payments of receivables and progress payments by our Project Owners may lead to a decrease in working capital available for our other operations. While we may file claims against Project Owners for any outstanding payment owed to us pursuant to our contracts, dispute resolutions may require significant time, financial and other resources, and the outcome is uncertain. We cannot assure you that Project Owners will make payments to us in full on a timely basis, or at all, or that we will be able to efficiently manage the level of bad debt arising from late payments.

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

We may be materially and adversely affected by the performance of third-party contractors and suppliers during our project management process.

As part of our project management process, we identify and advise our Project Owners on the selection of third-party contractors and suppliers to provide various services, including design, construction, equipment installation, interior decoration, electromechanical, pipeline or other engineering. The ability of a third-party contractor or supplier to perform its functions in relation to a project effectively and efficiently will affect our ability to meet the quality expectations, budget, timetable and milestones set out in our project development plan. We generally select these third-party contractors and suppliers for the Project Owners through tender processes and taking into account factors including their demonstrated competence, market reputation, track records, our prior relationships with them, and adequate human resources assigned for projects managed by us. We also adopt and follow our own quality control procedures and routinely monitor works performed and materials provided by these third-party contractors and suppliers. However, we cannot assure you that third-party contractors and suppliers will provide services and products pursuant to our required standard of quality or fully comply with the applicable PRC laws and regulations. If the performance of any third-party contractor or supplier during our project management process is not satisfactory or does not comply with the applicable laws and regulations, we may need to assist the Project Owners to replace such contractor or supplier or take other remedial actions, which could increase the cost and lengthen the time required to complete the work and the project as a whole. In addition, as we plan to expand our business operations into other regional markets in China, and there may be a shortage of contractors and suppliers that meet our quality requirements in such local markets.

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Moreover, third-party contractors and suppliers may suffer liquidity constraints or financial distress or otherwise be negatively impacted by the credit market, which may prevent them from fulfilling their obligations under our agreements and adversely affect the projects managed by us. If any such contractor or supplier is unable to perform their obligations to us, we may be required to make alternate arrangements on less favorable terms with other contractors or suppliers to ensure adequate performance and delivery of services to us. Moreover, we may be subject to disputes brought by the Project Owners or contractors and suppliers that seek to avoid payment to us of costs exceeding forecasted expenditures or who deny their obligation to perform certain duties under their contracts with us. The occurrence of any of the above factors could have a material adverse effect on our reputation, business, results of operations and financial condition.

We may be subject to liquidity risk associated with our investment in associates.

Our investment in associates is subject to liquidity risk. Our investments in associates are not as liquid as other investment products as there is no cash flow until dividends are received even if our associates reported profits under the equity accounting. Furthermore, our ability to promptly sell one or more of our interests in the associates in response to changing economic, financial and investment conditions is limited. The market is affected by various factors, such as general economic conditions, availability of financing, interest rates and supply and demand, many of which are beyond our control. We cannot predict whether we will be able to sell any of our interests in the associates for the price or on the terms set by us, or whether any price or other terms offered by a prospective purchaser would be acceptable to us. We also cannot predict the length of time needed to find a purchaser and to complete the relevant transaction. Therefore, the illiquidity nature of our investment in associates may significantly limit our ability to respond to adverse changes in the performance of our associates. In addition, if there is no share of results or dividends from our associates, we will also be subjected to liquidity risk and our financial condition or result of operations could be materially affected. Our financial performance may also be adversely impacted in the event that our associates record losses as we share the results of operations of our associates in accordance with relevant accounting policies.

We may be subject to liquidity risk associated with our performance and fulfillment of contractual obligations under the project management agreements.

Pursuant to our project management agreements, we typically receive from Project Owners prepayments of a portion of our management fees for projects under our management, which we account for as contract liabilities. In the event that we fail to provide project management services to Project Owners or fulfill our contractual obligations under relevant project management agreements, we will need to return the prepaid management fees we received to Project Owners, which might have an adverse impact on our cash position, and our business and financial position may be materially and adversely affected.

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

On January 30, 2020, the World Health Organization declared that the outbreak of COVID-19 constitutes a Public Health Emergency of International Concern (PHEIC). In February and March 2020, an increasing number of additional cases were confirmed in many other countries and regions around the world. In March 2020, the World Health Organization declared COVID-19 as a global pandemic. Many foreign countries have also implemented a variety of measures, such as travel bans and closing of borders, to help contain the spread of the virus. The accelerated spread of the virus globally caused extreme volatility in the global financial market, including the repeated triggering of stock market “circuit breakers” in the U.S. and many other countries.

In China, the outbreak of COVID-19 has endangered the health of many people, resulting in numerous confirmed cases and deaths and significantly disrupted travels and local economies in and outside of China. In order to prevent and control the outbreak of COVID-19, the local governments of various provinces and cities in which we operate may introduce a series of continuous control measures, including but not limited to restrictions on enterprises from resuming work, traffic control, travel bans, management and control over commencement schedules of construction in new and exiting construction sites. See “Business — Impact of COVID-19 Outbreak on Our Business” for further details relating to the impact of COVID-19 on our business operations and financial positions. The COVID-19, or other adverse public health developments, could, among others, significantly disrupt our businesses and cause temporary suspension and shortage of labor and raw materials of our projects under management that are under construction and to be constructed as well as delays in sales and delivery of our projects under management that are ready for sale and delivery. For example, the outbreak of COVID-19 has caused (i) temporary suspension, and shortage of labor and raw materials, of certain projects under our management that are under construction or to be constructed; (ii) delays in construction, sales and delivery of projects under our management in the first quarter of 2020 which led to an increase in our trade receivables; (iii) increasing pressure on operational costs and expenses as well as cash flow positions of certain Project Owners; and (iv) potential adverse impact on the PRC real estate industry. Accordingly, while we continued to record revenue growth in 2020, our revenue increased only by 12.0% from RMB1,029.0 million in 2019 to RMB1,152.1 million in 2020, which is significantly lower than the annual growth rate of 52.1% for full year 2019. Our trade debtors and bills receivable, net of loss allowance increased from RMB34.4 million as of December 31, 2019 to RMB142.0 million as of December 31, 2020.

In addition, if any of our employees were suspected of contracting or contracted an epidemic disease, it could adversely affect or disrupt our operations, as we may be required to quarantine some or all of our employees, disinfect the buildings or sites or even close some or all of our business to prevent the spread of the disease. The spread of any severe communicable disease in China may also affect the business operations and financial performance of the relevant Project Owners, the contractors and suppliers and our business partners in our projects under management, which could in turn adversely affect our business, financial condition, results of operations and growth prospects. Moreover, although our agreements with Project Owners and other contractual counterparties generally contain typical force majeure clause which may excuse each party from performing its obligations, either entirely or partially, under the relevant agreements if it is unable to do so due to force majeure, there is no assurance that the outbreak of any severe communicable diseases constitutes a force majeure event under the governing laws of our existing legal agreements,

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nor can we assure that we can be exempted from our obligations thereunder pursuant to such clause or renegotiating terms and other arrangements with these counterparties at commercially acceptable terms or at all. Our failure to resolve any potential dispute with the counterparties in this regard may lead to litigations or legal proceedings which may therefore have a material adverse impact on our reputation, business, financial conditions and results of operations. Furthermore, such adverse epidemics may severely affect and restrict the level of economic activity in China as a result of the government measures adopted for disease control purposes, which together with the disruption of business in major industries, may adversely affect the overall business sentiment and environment in China, which in turn may lead to slower overall economic growth, recession or other negative developments in the social, political, economic or legal environment of the PRC, causing a decrease in real estate investments, fewer new property development projects, a decline in the purchasing power of potential purchasers and lower demand for our services. Any contraction or slowdown in the economic growth of China and the world could adversely affect our business, financial condition, results of operations and growth prospects.

The projects we manage may not progress according to our planned development schedule or budget, which may lead to deterioration of our reputation as well as loss of or delay in recognizing our revenue that adversely affect our results of operation.

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

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

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- adverse weather conditions;
- changes in governmental practices and policies, including reclamation of land for public works or facilities; and
- other unforeseen problems or circumstances.

Construction delays or failure to complete construction of a project according to its planned specifications, schedule or budget may materially and adversely affect our reputation as a project manager in the real estate industry and our brand recognition among the ultimate property buyers, further causing loss of or delay in recognizing revenues and generating positive cash flows of the Project Owners, which in turn may adversely affect our business, results of operations and financial condition. If a property project is not completed on time, the purchasers of pre-sold units may be entitled to late delivery compensation or even terminate the pre-sale agreements and claim damages. We may then be subject to penalty charges caused by delays due to claim of the Project Owners, the limit of which is up to the total management fee we actually collected. During the Track Record Period, five projects under our management experienced delays due to various reasons which were not attributable to us, and therefore we were not subject to any liability for such delay. In addition to such five projects, an aggregate of 14 projects under our management experienced delays in 2020 in their respective construction or delivery due to the COVID-19 situation, which led to a delay in revenue recognized for our project management service fees of approximately RMB18.5 million.

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

The growth and success of our business has depended significantly on certain members of our Directors and senior management, in particular, Mr. Wu Po Sum, our Chairman, and Mr. Hu Bing and Mr. Ma Xiaoteng, our executive Directors. See “Directors and Senior Management” for further details. In addition, several other members of our management have served us for many years and have played, and are expected to continue to play, key roles in making major business decisions. If we lose the services of any of our senior management for any reason, we may not be able to find suitable replacements for them in the short time. As competition in the PRC for senior management and key personnel with experience in project management industry is intense and the pool of qualified candidates is limited, we may not be able to retain the services of key personnel, or hire, train and retain high quality senior executives or other skilled employees in the future. Furthermore, as our business continues to grow, we will need to recruit and train additional qualified persons. If we are unable to successfully retain the services of our current key personnel and hire, train and retain senior executives and other skilled employees, our ability to develop and successfully market our products could be harmed and our business and prospects could be adversely affected.

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

Our ability to continue to grow our business will depend on our ability to successfully implement our business strategies as planned. We plan to further penetrate into other cities within Henan province to maintain our leadership position. We expect to expand our operations in Shaanxi, Shanxi, Hebei, Xinjiang, and Anhui and Hainan and enter into more projects in these provinces and autonomous region, and plan to expand into provinces adjacent to Henan province, such as Shandong, Hubei and Jiangsu provinces. For further details, see the section headed “Business — Our Growth Strategies” in this prospectus. However, our expansion plans are based on our current assessment of market prospects and are subject to change. We cannot assure you that our assessment will prove to be correct or that we can grow our business as planned. Our ability to implement our business strategies depends on, among other things, the general economic conditions in the PRC, our ability to continue to maintain close relationships with our key customers, the increasing spending by the PRC government on public works projects, the current growth prospects for private development projects, the availability of management, financial, technical, operational and other resources, and competition. The implementation of these strategies is therefore subject to factors beyond our control, thus we cannot assure you that our future growth will be at a rate comparable to that in the past, or at all. Consequently, if we fail to effectively implement our business strategies, our business, financial position and results of operations may be materially and adversely affected.

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

As we are a project management service provider, our growth potential is, and will likely continue to be, affected by developments in the project management industry and the real estate industry in the PRC in general. The PRC government promulgates new laws and regulations from time to time in relation to these industries. Among these measures, the PRC government may reduce the land available for property development, implement tightening measures including restriction policies on sales and loans of commodity housing to suppress the level of increase in property prices, impose foreign exchange restrictions on cross-border investment and financing, restrict foreign investment and taxation. Such policies are introduced to curb overheating or speculation in the real estate industry and may reduce market demand for properties overall. In the event that they decelerate the overall growth of property development in the PRC, we may experience slower growth in the project management service market, which could in turn restrict our potential and efforts to expand our business. For example, the PRC government recently promulgated some tightened measures, such as the three red lines under the proposed PBOC standards, for property developers to obtaining financings in the PRC. While we lay great emphasis on our Project Owners and potential customers’ financial soundness before entering into project management agreements with them, there is no guarantee that these Project Owners or potential customers will remain financially viable. In the event the financial condition of any such Project Owners or potential customers deteriorates, there may be a material adverse impact on the the project under our management and our business, financial conditions and prospects. Furthermore, the PRC government implements macro-economic control measures from time to time to ensure the orderly development of the real estate market. The control measures implemented by the PRC government will affect the development of real estate projects, reducing the demand to hire project managers for their management of projects, and thus affecting the operation of our project management business. Any adverse changes in the

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regulatory environment, economic slowdown, recession or other developments in the social, political, economic or legal environment of the PRC could result in fewer new property development projects, or a decline in the purchasing power of potential purchasers, resulting in lower demand for our services and lower revenue for us. As such, our business, financial condition and results of operations could be materially and adversely affected.

Our business may be adversely affected if we fail to obtain or renew, or encounter material delays in obtaining or renewing, requisite approvals, licenses and permits to provide project management services.

We have obtained and maintained certain approvals, licenses and permits and fulfilled registration and filing requirements in order to provide project management services to Project Owners. We must meet various specific conditions in order for the competent government authorities to issue or renew any such certificate or permit. We cannot guarantee that we will be able to adapt to the evolving rules and regulations that may come into effect from time to time with respect to our business operations or that we will not encounter material delays or difficulties in fulfilling the necessary conditions to obtain and/or renew all requisite licenses and permits for our operations in a timely manner, or at all, in the future. Therefore, in the event that we fail to obtain or renew, or encounter significant delays in obtaining or renewing the necessary approvals, licenses and permits, we may not be able to conduct our operations and provide relevant project management services, and our business, financial condition and results of operations may be adversely affected.

The risk management and internal control policies and procedures adopted by us may not be adequate or sufficient.

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

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

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We are subject to credit risks for our trade and other receivables and contract assets.

Our credit risk is primarily attributable to our trade and other receivables and contract assets. We recorded expected credit losses on trade and other receivables and contract assets of RMB5.6 million, RMB3.0 million and RMB13.8 million in 2018, 2019 and 2020, respectively. Our trade receivables mainly represented trade receivables from our Project Owners. As of December 31, 2018, 2019 and 2020, our trade debtor and bills receivable, net of loss allowance amounted to RMB17.7 million, RMB34.4 million and RMB142.0 million, respectively. Our trade debtors and bills receivable, net of loss allowance increased primarily because of the growth of our project management business. Our contract assets mainly represented our right to consideration for work completed but not billed because such right remains subject to our future performance in achieving specified milestones stipulated in the relevant project management agreements. The contract assets will be transferred to trade receivables when the rights become unconditional. Our contract assets were RMB134.9 million, RMB194.1 million and RMB238.1 million as of December 31, 2018, 2019 and 2020. The increase of our contract assets mainly reflected the state of our billing, the development stages of projects under our management and the continued expansion of our business. We are subject to the credit risk of our Project Owners in connection with our business, which could, in turn, adversely affect our results of operations and financial conditions.

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

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

We may from time to time be involved in disputes with various parties involved in the construction, development and the sale of the projects managed by us, including contractors, suppliers, construction workers, Project Owners and residents, partners and purchasers. These disputes may lead to protests, legal or other proceedings and may result in damage to our reputation, incurrence of substantial costs, delay in development of projects managed by us and the diversion of resources and management's attention. As advised by our PRC legal advisers, if there are any material non-compliance by the project companies or the Project Owners, and that they are subject to administrative penalties by competent authorities, in serious cases, our management or employees serving as the directors, legal representative and senior management of the project companies may also be subject to administrative penalties by competent authorities together with relevant project companies. The judicial process may distract us from devoting our attention to normal and customary operating functions. In addition, we may have compliance issues with regulatory bodies in the course of our operations, which may subject us to administrative proceedings and unfavorable decrees that result in liabilities, fines or sanctions and cause damage to our reputation and delays to our projects under management. The occurrence of any of the above events, and failure to

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comply with any applicable PRC laws or regulations, may have a material adverse effect on our business, results of operations and financial condition. Finally, any failure or alleged failure by us or any of our directors, officers, employees or other agents to fully adhere to the PRC or other applicable laws and regulations, or any investigation in relation to such failure or alleged failure by any regulatory body, could also materially and adversely affect our reputation and our business, results of operations and financial condition.

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

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

As advised by our PRC legal advisers and pursuant to our project management agreements with Project Owners, if our Project Owners suffer any penalties, claims, losses or damages that are proven to be directly caused by us or our employees, we could be liable to compensate to the Project Owners despite such compensation is typically capped at the management service fee that had been received by our Group. Although we have limited control over the behavior of any of these parties, we may be viewed as at least partially responsible for their conduct on contractual or tortious grounds. We may become, or be joined as, a defendant in litigation or other administrative or investigative proceedings and be held accountable for injuries or damages sustained by our customers or third parties. In the event that we cannot recover related costs from the employees or third parties involved in the misconduct, our business, financial condition and results of operations could be materially and adversely affected. Such misconduct could also attract or result in negative publicity on our Group and damage our reputation.

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

We lease certain properties from third parties for use as office space. As of the Latest Practicable Date, we entered into 64 lease agreements as tenants and we did not register such lease agreements. Pursuant to the Administrative Measures for Commodity House Leasing (商品房屋租賃管理辦法), which became effective on February 1, 2011, parties to a lease agreement are required to file the lease agreements for registration and obtain property leasing filing certificates for their leases. Although we have been taken all practicable and reasonable steps to request the landlords of such properties to cooperate with us to complete the registration in a timely manner, we cannot assure you that such landlords will do so. Our PRC Legal Advisors have advised us that the lack of registration of the lease agreements does not affect the validity of the lease agreements under the relevant PRC laws and regulations. However, we may be required by relevant government authorities to file the lease agreements to complete the registration formalities and may be subject to a fine for non-registration, which may range from RMB1,000 to RMB10,000 per lease agreement if we fail to complete the lease registration after we are requested to do so by the competent PRC government authorities. As of the Latest Practicable Date, we had not received any

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rectification order or been subject to any fines in respect of non-registration of any of our lease agreements. The imposition of the above fines could require us to make additional efforts and/or incur additional expenses, any of which could impact our business, financial condition and results of operations. The registration of these lease agreements to which we are a party requires additional steps to be taken by the respective other parties to the lease agreement which are beyond our control. There can be no assurance that the other parties to our lease agreements will be cooperative and that we can complete the registration of these lease agreements and any other lease agreements that we may enter into in the future. See “Business — Properties — Leased Properties” for details.

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

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

During the Track Record Period, we did not pay in full the required contributions to the social insurance plans and the housing provident fund for a certain number of our employees in accordance with the relevant PRC laws and regulations. Our Directors considered the total amount of such outstanding contributions was immaterial. Our PRC Legal Advisors have advised us that in respect of our underpayment of social insurance contributions, if the competent authority is of the view that the social insurance contributions we made for our employees do not satisfy the requirements under the relevant PRC laws and regulations, we might be ordered to pay the unpaid amount within a certain period and a late fee that equals to 0.05% of the total unpaid amount per day, failing which we may be subject to a fine ranging from one to three times of the total unpaid amount of the social security fund. In respect of the outstanding housing provident fund contributions, if the competent authority is of the view that the housing provident fund contributions we made for our employees do not satisfy the requirements under the relevant PRC laws and regulations, it can order us to pay the outstanding balances to the relevant local authority within a prescribed period, failing which it can apply to the local people’s court for compulsory enforcement. As of the Latest Practicable Date, we had not received any notice from the local authorities or any claim or request from the relevant employees that require us to make payments for insufficient contributions.

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

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We may need additional external financings to fund our working capital requirements and we may not be able to obtain such financings on acceptable terms or at all.

Although we had net current assets as of December 31, 2020 and continued to record cash inflow from our operations, we cannot guarantee if we will be able to maintain such position in the future. We cannot assure you that we will have sufficient financial resources to meet our anticipated cash needs, including capital requirements, capital expenditure, repayment of our future indebtedness, if any, when it falls due and various contractual obligations. In the event that we are unable to maintain adequate cash inflows from our operating activities, or if we fail to obtain alternative bank and credit facilities, or fail to obtain them on reasonable terms, or at all, our business, financial condition and results of operations may be materially and adversely affected.

We maintain limited insurance coverage.

In line with industry practice, we do not carry comprehensive insurance against all potential losses or damages with respect to real properties of the projects managed by us before their delivery to customers. In addition, the level of insurance coverage acquired for such properties may not be adequate to cover all potential losses or liability from tortious acts, property damage or personal injury relating to the construction and maintenance of such real properties. Although we expect our third-party construction companies to maintain appropriate insurance coverage and we also recommend the Project Owners to maintain necessary engineering insurances, we cannot assure you that their insurance would cover or be sufficient to satisfy all claims, or that we would not be sued or held liable for damages notwithstanding their insurance coverage. Moreover, there are certain losses for which insurance is not available on commercially practicable terms in China, such as losses suffered due to earthquake, typhoon, flooding, war and civil disorder. If we suffer from any losses, damages or liabilities in the course of our business, we may not have sufficient financial resources to cover such losses, damages or liabilities or to satisfy our related obligations. Any payment we make to cover any losses, damages or liabilities may have a material and adverse effect on our business, results of operations and financial condition.

We are uncertain about the recoverability of our deferred tax assets, which may affect our financial position in the future.

As of December 31, 2020, we had recognized a deferred tax asset of RMB6.5 million. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. If we suffer losses in the future, we may not be able to utilize all of our deferred tax assets, which could affect our financial position in the future.

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

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

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

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

RISKS RELATING TO DOING BUSINESS IN CHINA

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

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

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

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

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

The PRC government imposes controls on the convertibility of Renminbi into foreign currencies and, in certain cases, the remittance of currency out of China. See the section entitled “Regulatory Overview — VI. Legal Regulations on Foreign Exchange” in this prospectus. We receive substantially all our revenue in Renminbi. Under our current structure, our income is primarily derived from dividend payments from our PRC subsidiaries. The foreign exchange control system may prevent us from obtaining sufficient foreign currency to satisfy our currency demands. Shortages in the availability of foreign currency may restrict our ability to remit sufficient foreign currency to pay dividends or other payments to our shareholders, or otherwise satisfy our foreign currency denominated obligations, if any.

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

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

The value of the Renminbi against the Hong Kong dollar and the U.S. dollar and other currencies fluctuates, is subject to changes resulting from the PRC government's policies and depends to a large extent on domestic and international economic and political developments as well as supply and demand in the local market. In July 2005, the PRC government changed its decade-old policy of pegging the value of the Renminbi to the U.S. dollar, and adopted a more flexible managed floating exchange rate system to allow the value of the Renminbi to fluctuate within a regulated band that is based on market supply and demand with reference to a basket of currencies. The PRC government has since then introduced various further changes to the exchange rate system, and the floating band was gradually widened to 2% in March 2014. In August 2015, the PBOC authorized market-makers to provide central parity quotations to the China Foreign Exchange Trading Center with reference to the interbank foreign exchange market closing rate of the previous trading date, the supply and demand for foreign exchange, as well as changes in major international currency exchange rates. Shortly after the announcement, the central parity rate of the Renminbi against the U.S. dollar depreciated substantially. In November 2015, the International Monetary Fund approved to add Renminbi to its Special Drawing Rights basket, which took effect in October 2016. This represented a major step in the internationalization of the Renminbi. With the development of foreign exchange market and progress towards interest rate liberalization and Renminbi internationalization, the PRC government may in the future announce further changes to liberalize the exchange rate system. With an increased floating range of the Renminbi value against foreign currencies, the Renminbi may further appreciate or depreciate significantly in value against the Hong Kong dollar and the U.S. dollar or other foreign currencies in the long-term. Any depreciation of the Renminbi may adversely affect the value of, and any dividends payable on, our Shares in foreign currency. As we do not have a foreign currency hedging policy, we cannot assure you that we will be able to reduce our foreign currency risk exposure relating to our foreign currency-dominated assets. In addition, there are limited instruments available for us to reduce our foreign currency risk exposure at reasonable costs. Furthermore, we are also currently required to obtain the SAFE's approval before converting significant sums of foreign currencies into Renminbi. All of these factors could materially and adversely affect our business, financial condition, results of operations and prospects, and could reduce the value of, and dividends payable on, our Shares in foreign currency terms.

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

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

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

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

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

A majority of our Directors and senior management members reside in the PRC, and substantially all of the assets of those people and of our Group are located in the PRC. Therefore, it may be difficult for investors to effect service of process upon those persons inside mainland China or to enforce against us or them in mainland China any judgments obtained from non-PRC courts. China does not have treaties providing for the reciprocal recognition and enforcement of judgments of courts with the Cayman Islands, the United

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States, the United Kingdom, Japan and many other developed countries. Therefore, recognition and enforcement in China of judgments of a court in any of these jurisdictions in relation to any matter not subject to a binding arbitration provision may be difficult or even impossible. The PRC and Hong Kong have entered into certain arrangements on the reciprocal recognition and enforcement of judgments in civil and commercial matters (the “**Reciprocal Arrangements**”) which allow for a final court judgment (relating to the payment of money or other civil or commercial proceedings) rendered by a Hong Kong court or PRC court (as the case may be) to be recognized and enforced in the PRC or Hong Kong (as the case may be), provided certain conditions are met. However, certain matters may be excluded under the Reciprocal Arrangements and a judgment may be refused to be recognized and enforced by the requested place in certain circumstances such as for public policy reasons or where the judgment was obtained by fraud. As a general matter, a judgment of a court of another jurisdiction may be reciprocally recognized or enforced if the jurisdiction has a treaty with the PRC or if judgments of the PRC courts have been recognized before in that jurisdiction, subject to the satisfaction of other requirements. However, investors are reminded that only an enforceable final judgment requiring payment of money arising out of a commercial contract with an exclusive jurisdiction clause and granted by Hong Kong courts may be recognized by the PRC courts, subject to the requirements and restrictions set forth in the arrangement.

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

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

The PRC Labor Contract Law and the Implementation Rules on PRC Labor Contract Law took effect in January 2008 and September 2008, respectively. The PRC Labor Contract Law was further amended in December 2012, which became effective in July 2013. These labor laws and rules impose stringent requirements on employers in relation to entering into employment contracts, hiring of temporary employees and dismissal of employees. According to the PRC Labor Contract Law, an employer is obligated to sign a non-fixed term labor contract with an employee if the employer continues to employ the employee after two consecutive fixed term labor contracts or the employee has already worked for the employer for ten years consecutively. The employer also has to pay compensation to employees if the employer terminates a non-fixed term labor contract or in the event of employer’s dismissals. Unless an employee refuses to extend an expired labor contract, financial compensation is also required when the labor contract expires and the employer does not extend the labor contract with the employee under the same terms or terms which are better than those in the original labor contract. A minimum wage requirement has also been imposed by the PRC Labor Contract Law. In addition, under the Regulations on Paid Annual Leave for Employees and its implementation measures, which became effective in January 2008 and September 2008, respectively, employees who have worked continuously for more than one year are entitled to a paid vacation ranging from five to 15 days, depending on the length of the employees’ work time. Employees who waive their vacation time at the request of employers shall be compensated for three times their normal daily salaries for each vacation day being

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waived. Such laws and regulations may increase our staff costs. In addition, certain companies operating in the PRC have experienced labor unrest conditions in recent years. We cannot assure you that labor disputes, work stoppages or strikes will not arise in the future. Increases in our staff costs and future disputes with our employees could significantly disrupt our operations and expansion plans, and thus materially and adversely affect our business, financial condition or results of operations.

We may be treated as a resident enterprise for PRC tax purposes under the Enterprise Income Tax Law and we may therefore be subject to PRC income tax on our worldwide taxable income. Dividends payable to foreign investors may become subject to PRC withholding tax and gains on the sale of our Shares by our foreign investors may become subject to PRC tax.

Under the Enterprise Income Tax Law, an enterprise established outside the PRC with “de facto management bodies” within China is considered a “resident enterprise,” meaning that it is treated in a manner similar to a Chinese enterprise for the PRC enterprise income tax (“EIT”) purposes. The implementing rules of the Enterprise Income Tax Law define “de facto management bodies” as “management bodies that exercise substantial and overall management and control over the production and operations, personnel, accounting, and properties” of the enterprise. In addition, the Notice Regarding the Determination of Chinese-Controlled Offshore Incorporated Enterprises as PRC Tax Resident Enterprises on the Basis of De Facto Management Bodies, or Circular 82, specifies that certain Chinese-controlled offshore incorporated enterprises, defined as enterprises incorporated under the laws of foreign countries or territories and that have PRC enterprises or enterprise groups as their primary controlling shareholders, will be classified as resident enterprises if all of the following are located or resident in China: (i) senior management personnel and departments that are responsible for daily production, operation and management; (ii) financial and personnel decision-making bodies; (iii) key properties, accounting books, company seal and minutes of board meetings and shareholders’ meetings; and (iv) half or more of senior management or directors having voting rights. State Administration of Taxation of the PRC has subsequently provided further guidance on the implementation of Circular 82.

If the PRC tax authorities determine that our Cayman Islands holding company is a resident enterprise for PRC EIT purposes, a number of unfavorable PRC tax consequences could follow and we may be subject to EIT at a rate of 25% on our worldwide taxable income, as well as to PRC EIT reporting obligations, which could materially adversely affect our business, financial condition, results of operations and prospects. If we are deemed a PRC resident enterprise, dividends paid on our Shares, and any gain realized from the transfer of our Shares, may be treated as income derived from sources within China. As a result, dividends paid to non-PRC resident enterprise shareholders may be subject to PRC withholding tax at a rate of 10% (or 20% in the case of non-PRC individual shareholders) and gains realized by non-PRC resident enterprise shareholders from the transfer of our Shares may be subject to PRC tax at a rate of 10% (or 20% in the case of non-PRC individual shareholders). Any PRC tax liability on gains or dividends described above may be reduced under applicable tax treaties. However, it is unclear whether in practice non-resident shareholders would be able to obtain the benefits of income tax treaties entered into between PRC and their countries.

RISK FACTORS

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

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

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

Our dividend income from our PRC subsidiaries may be subject to a higher rate of withholding tax than what we currently anticipate.

The Enterprise Income Tax Law and its implementation rules provide that China-sourced income of foreign enterprises, such as dividends paid by a PRC subsidiary to its equity holders that are non-PRC resident enterprises, will normally be subject to PRC withholding tax at a rate of 10%, unless any such foreign investor's jurisdiction of incorporation has a tax treaty with China that provides for a different withholding arrangement. As a result, dividends paid to us by our PRC subsidiaries are expected to be subject to the PRC withholding tax at a rate of 10%.

Pursuant to the Arrangement between Mainland China and Hong Kong Special Administrative Region for the Avoidance of Double Taxation and Prevention of Fiscal Evasion with respect to Taxes on Income, or the Hong Kong Tax Treaty, CCMGT(HK) may be subject to a withholding tax at a rate of 5% on dividends received from our PRC operating subsidiaries if it is a Hong Kong tax resident. Pursuant to the Hong Kong Tax Treaty, subject to certain conditions, this reduced withholding tax rate will be available for dividends from PRC entities provided that the recipient can demonstrate it is a Hong Kong tax resident and it is the beneficial owner of the dividends. However, there is no assurance that the reduced withholding tax rate will be available.

RISK FACTORS

Any failure by the Shareholders or beneficial owners of our Shares to comply with PRC foreign exchange or other regulations relating to offshore investment activities could restrict our ability to distribute profits, restrict our overseas and cross-border investment activities and subject us to liability under PRC laws.

The State Administration of Foreign Exchange (SAFE) has promulgated several regulations requiring PRC residents to register with local qualified banks before engaging in direct or indirect offshore investment activities, including Circular of the State Administration of Foreign Exchange on the Administration of Foreign Exchange Involved in Overseas Investment, Financing and Roundtrip Investment through Special Purpose Vehicles Conducted by domestic Residents in China via Special-Purpose Companies (關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知), or SAFE Circular 37, issued and effective on July 4, 2014. SAFE Circular 37 requires PRC residents to register with local branches of the SAFE in connection with their direct establishment or indirect control of an offshore entity, for the purpose of overseas investment and financing, with assets or equity interests of onshore companies or offshore assets or interests held by the PRC residents, referred to in SAFE Circular 37 as a “special purpose vehicle.” SAFE Circular 37 further requires amendment to the registration in the event of any significant changes with respect to the special purpose vehicle. If a shareholder who is a PRC citizen or resident does not complete the registration with the local SAFE branches, the PRC subsidiaries of the special purpose vehicle may be prohibited from distributing their profits and proceeds from any reduction in capital, share transfer or liquidation to the special purpose vehicle, and the special purpose vehicle may be restricted to contribute additional capital to its PRC subsidiaries. Moreover, failure to comply with the various SAFE registration requirements described above may result in liabilities for the PRC subsidiaries of the special purpose vehicle under PRC laws for evasion of applicable foreign exchange restrictions, including (1) the requirement by the SAFE to return the foreign exchange remitted overseas within a period of time specified by the SAFE, with a fine of up to 30% of the total amount of foreign exchange remitted overseas and deemed to have been evasive, and (2) in circumstances involving serious violations, a fine of no less than 30% of and up to the total amount of remitted foreign exchange deemed evasive.

According to the Notice of the State Administration of Foreign Exchange on Issuing the Provisions on the Foreign Exchange Administration of the Overseas Direct Investments (國家外匯管理局關於發布境內機構境外直接投資外匯管理規定的通知) (SAFE Circular 30) and other regulations, if our shareholders who are PRC entities do not complete their registration with the competent SAFE, NDRC or MOFCOM branches, our PRC subsidiaries may be prohibited from distributing their profits and proceeds from any reduction in capital, share transfer or liquidation to us, and we may be restricted in our ability to contribute additional capital to our PRC subsidiaries. In addition, our shareholders may be required to suspend or stop the investment and complete the registration within a specified time, and may be warned or prosecuted for relevant liability. Moreover, failure to comply with the SAFE registration described above could result in liability under PRC laws for evasion of applicable foreign exchange restriction.

RISK FACTORS

On February 13, 2015, SAFE promulgated the Notice on Further Simplifying and Improving Policies for the Foreign Exchange Administration of Direct Investment (國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知), or SAFE Circular 13, which came into effect on June 1, 2015, pursuant to which local banks shall review and handle foreign exchange registration for overseas direct investment, including the initial foreign exchange registration and amendment registration under SAFE Circular 37 and SAFE Circular 30, while the application for remedial registrations shall still be submitted to, reviewed and handled by the relevant local branches of SAFE.

There remains uncertainty as to the interpretation and implementation of the latest SAFE rules at practice level. We are committed to complying with and to ensuring that our Shareholders who are subject to the regulations will comply with the relevant SAFE rules and other regulations; however, due to the inherent uncertainty in the implementation of the regulatory requirements by the PRC authorities, such registration might not be always practically available in all circumstances as prescribed in those regulations. In addition, we may not always be fully aware or informed of the identities of our beneficiaries who are PRC nationals or entities, and may not be able to compel them to comply with SAFE Circular 37, SAFE Circular 30 or other regulations. We cannot assure you that all of our Shareholders or beneficiaries will at all times comply with, or in the future make or obtain any applicable registrations or approvals required by SAFE rules or other regulations. We cannot assure you that the SAFE or its local branches will not release explicit requirements or interpret the relevant PRC laws and regulations otherwise. Failure by any such shareholders to comply with SAFE rules or other regulations may result in restrictions on the foreign exchange activities of our PRC subsidiaries and may also subject the relevant PRC resident or entity to penalties under the PRC foreign exchange administration regulations.

RISKS RELATING TO THE SPIN-OFF AND THE GLOBAL OFFERING

No public market currently exists for our Shares and an active and liquid trading market for our Shares may not develop.

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

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

RISK FACTORS

The price and trading volume of our Shares may be volatile, which could lead to substantial losses to our investors.

The price and trading volume of our Shares may be subject to significant volatility in response to various factors beyond our control, including the general market conditions of the securities in Hong Kong and elsewhere in the world. Factors that could cause volatility in the market price of our Shares include, but are not limited to:

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

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

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

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

RISK FACTORS

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

Future sales or perceived sales by our Controlling Shareholders, or issuance by us of significant amounts of our Shares after the Global Offering, could result in a significant decrease in the prevailing market prices of our Shares. Only a limited number of the Shares currently outstanding will be available for sale or issuance immediately after the Global Offering due to contractual and regulatory restrictions on disposal and new issuance. Nevertheless, after these restrictions lapse or if they are waived, future sales of significant amounts of our Shares in the public market or the perception that these sales may occur could significantly decrease the prevailing market price for our Shares and our ability to raise equity capital in the future.

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

Our management may use the net proceeds from the Global Offering in ways you may not agree with or that do not yield a favorable return to our Shareholders. We plan to use the net proceeds from the Global Offering to expand our project management business in existing and new markets, diversify our service offerings, acquire suitable participants in the project management value chain and further enhance our information technology system. Please see “Future Plans and Use of Proceeds — Use of Proceeds.” However, our management will have discretion as to the actual utilization of our net proceeds. You are entrusting your funds to our management, upon whose judgment you must depend, for the specific uses we will make of the net proceeds from this Global Offering.

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

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

RISK FACTORS

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

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

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

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

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

RISK FACTORS

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

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

Forward-looking information may prove inaccurate.

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

RISK FACTORS

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

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

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

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

In preparation for the Listing, our Group has sought the following waivers from strict compliance with the relevant provisions of the Listing Rules:

MANAGEMENT PRESENCE

Pursuant to Rule 8.12 of the Listing Rules, an issuer must have a sufficient management presence in Hong Kong, which normally means that at least two of its executive directors must be ordinarily resident in Hong Kong. Our business operations are located, managed and conducted in the PRC. Our Company currently does not and in the foreseeable future will not, have sufficient management presence in Hong Kong for the purpose of satisfying the requirements under Rule 8.12 of the Listing Rules, as none of our executive Directors are ordinarily resident in Hong Kong. Appointment of additional executive Directors who are ordinarily resident in Hong Kong, or relocation of our current executive Directors based in the PRC to Hong Kong would not be beneficial to or appropriate for the Company. Therefore, we have applied for, and the Stock Exchange has granted us a waiver from strict compliance with Rule 8.12 of the Listing Rules subject to the following conditions:

- (a) pursuant to Rule 3.05 of the Listing Rules, we have appointed two authorized representatives, Mr. Hu Bing (our executive Director) and Ms. Ho Wing Nga (our company secretary who is ordinarily resident in Hong Kong) who will act as our principal channel of communication with the Stock Exchange and ensure that we will comply with the Listing Rules at all times. Each of our authorized representatives will be available to meet with the Stock Exchange in Hong Kong within a reasonable time frame upon the request of the Stock Exchange and will be readily contactable by telephone, facsimile and email. Each of our authorized representatives is authorized to communicate on our behalf with the Stock Exchange. Our Company has been registered as a non-Hong Kong company under part 16 of the Companies Ordinance and our authorized representatives have also been authorized to accept service of process and notices in Hong Kong on our behalf;
- (b) both our authorized representatives have means to contact our Directors (including our independent non-executive Directors) promptly at all times as and when the Stock Exchange wishes to contact our Directors on any matters;
- (c) our Directors who are not ordinarily resident in Hong Kong possess or can apply for valid travel documents to visit Hong Kong and will be able to meet with the Stock Exchange within a reasonable period of time, when required;
- (d) each of our Directors and authorized representatives has provided or will provide his or her mobile phone numbers, office phone numbers, fax numbers and email addresses to the Stock Exchange; and
- (e) pursuant to Rule 3A.19 of the Listing Rules, we have appointed Opus Capital Limited as our compliance advisor, which will act as an additional channel of communication with the Stock Exchange.

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

CONNECTED TRANSACTIONS

We have entered into certain transactions which will constitute continuing connected transactions for our Company under the Listing Rules after Listing. We have applied for, and the Stock Exchange has granted us, waivers from strict compliance with the announcement requirement under Chapter 14A of the Listing Rules in respect of the continuing connected transactions as disclosed in “Connected Transactions — (C) Partially-exempt Continuing Connected Transactions”. Please see the section headed “Connected Transactions” of this prospectus for further information.

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

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

Our Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this prospectus misleading.

THE HONG KONG PUBLIC OFFERING AND THIS PROSPECTUS

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

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

The Listing is sponsored by the Joint Sponsors and the Global Offering is managed by the Joint Global Coordinators. 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 us and the Joint Global Coordinators (on behalf of themselves and the Hong Kong Underwriters) agreeing on the Offer Price. The International Offering is expected to be fully underwritten by the International Underwriters subject to the terms and conditions of the International Underwriting Agreement, which is expected to be entered into on or around the Price Determination Date.

If, for any reason, the Offer Price is not agreed among us and the Joint Global Coordinators (on behalf of themselves and the Hong Kong Underwriters), the Global Offering will not proceed and will lapse. For more information about the Underwriters and the underwriting arrangements, see "Underwriting".

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.

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

PROCEDURES FOR APPLICATION FOR THE HONG KONG OFFER SHARES

The procedures for applying for the Hong Kong Offer Shares are set forth in “How to Apply for Hong Kong Offer Shares and Reserved Shares” and in the Application Forms.

UNDERWRITING

The Listing is sponsored by the Joint Sponsors. Pursuant to the Hong Kong Underwriting Agreement, the Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters on a conditional basis, with one of the conditions being that the Offer Price is agreed between the Joint Global Coordinators (for itself and on behalf of the other Underwriters) and our Company. The International Offering is managed by the Joint Global Coordinators and is expected to be underwritten by the International Underwriters. The International Underwriting Agreement is expected to be entered into on or about the Price Determination Date, subject to agreement on the Offer Price between our Company and the Joint Global Coordinators, for itself and on behalf of the other Underwriters. If, for any reason, the Offer Price is not agreed between our Company and the Joint Global Coordinators (for itself and on behalf of the other Underwriters) on or before the Price Determination Date, or such later date or time as may be agreed between the Joint Global Coordinators (for itself and on behalf of the other Underwriters) and our Company, the Global Offering will not proceed and will lapse. Further details of the Underwriters and the underwriting arrangements are set out in the section headed “Underwriting.”

STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

Details of the structure of the Global Offering, including its conditions, are set forth in “Structure of the Global Offering”.

OVER-ALLOTMENT OPTION AND STABILIZATION

Details of the arrangements relating to the Over-allotment Option and stabilization are set forth in “Structure of the Global Offering”.

RESTRICTIONS ON OFFERS AND SALES OF SHARES

No action has been taken to permit a public offering of the Offer Shares or the general distribution of this prospectus and/or the Application Forms in any jurisdiction other than in Hong Kong. Accordingly, this prospectus and/or the Application Forms may not be used for the purposes of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this prospectus and the offering 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 and pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom. In particular, the Offer Shares were not under public offering or sale, directly or indirectly, in China or the U.S. prospective applicants for the Offer Shares should consult their financial advisers and seek legal advice, as appropriate, to inform themselves of, and to observe, all applicable laws, rules and regulations of any relevant jurisdiction. Prospective applicants for the Offer Shares should also inform themselves as to the relevant legal requirements and any applicable exchange control regulations and applicable taxes in the countries or their respective citizenship, residence or domicile.

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

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 Offer Shares to, confirm that he is aware of the restrictions on offers of the Offer Shares described in this prospectus.

INFORMATION IN THIS PROSPECTUS

We have not authorized any person to provide you with any information that is different from what is contained in this prospectus or make any representation not contained in this prospectus. Any information or representation not contained in this prospectus must not be relied on by you as having been authorized by CCRE, our Company, any of the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners and the Joint Lead Managers, any of their, our Company's or CCRE's respective directors, officers or representatives or any other person involved in the Listing or the Global Offering.

NO CHANGE IN BUSINESS

We do not contemplate that there will be any material change in our business immediately following completion of the Spin-off.

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

Our Company has made an application to the Stock Exchange for the listing of, and permission to deal in, our Shares in issue immediately following completion of the Spin-off and the Global Offering (including the Shares which may be issued pursuant to the exercise of the Over-allotment Option).

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

HONG KONG SHARE REGISTER AND THE STAMP DUTY

Our Company's Hong Kong branch register of members is maintained by the Hong Kong Branch Share Registrar in Hong Kong. Dealings in our Shares on the Stock Exchange will be registered on our Company's Hong Kong branch register of members maintained in Hong Kong. Our Company's principal register of members is maintained by the Principal Share Registrar, Conyers Trust Company (Cayman) Limited, in the Cayman Islands.

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

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the granting of the approval for listing of, and permission to deal in, our Shares on the Stock Exchange and our Company's compliance with the stock admission requirements of HKSCC, our Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or any other date as determined by HKSCC.

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

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

Investors should seek the advice of their stockbroker or other professional advisor for details of those settlement arrangements and how such arrangements will affect their rights and interests.

PROFESSIONAL TAX ADVICE RECOMMENDED

You are recommended to consult your professional advisors if you are in any doubt as to the taxation implications of purchasing, holding, disposing of, dealing in or exercising any rights in relation to our Shares. None of CCRE, our Company, any of the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners and the Joint Lead Managers, any of their, our Company's or CCRE's respective directors, officers or representatives or any other person involved in the Listing or the Global Offering, accepts responsibility for any tax effects on, or liabilities of, any person resulting from the purchase, holding, disposition of, dealing in, or exercising any rights in relation to our Shares.

COMMENCEMENT OF DEALINGS IN OUR SHARES

Dealings in our Shares on the Stock Exchange are expected to commence at 9:00 a.m. on Monday, May 31, 2021. Shares will be traded in board lots of 2,000 Shares each. The stock code for our Shares is 9982.

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the Shares and we comply with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or any other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second business day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

ODD LOT ARRANGEMENTS

Our Shares will be traded in board lots of 2,000 Shares each. As a result of the Distribution, Qualifying CCRE Shareholders may receive our Shares in odd lots. In order to facilitate the trading of odd lots (if any) in our Shares, our Company has appointed Computershare Hong Kong Investor Services Limited to provide matching services, on a best efforts basis, to our Shareholders to facilitate the acquisition or disposal of odd lots of our Shares to make up a full board lot of our Shares, during the period of 60 days commencing from and including the Listing Date. Our Shareholders who wish to take advantage of this service should contact Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong or at telephone number (852) 2862 8555 during office hours (i.e. 9:00 a.m. to 4:30 p.m.) of such period. Our

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

Shareholders who would like to match odd lots are recommended to make an appointment in advance by dialling the telephone number of Computershare Hong Kong Investor Services Limited set out above. Our Shareholders should note that successful matching of the sale and purchase of odd lots of our Shares is not guaranteed and that in the event of successful matching, the relevant Shareholder will be charged the standard brokerage fee of Computershare Hong Kong Investor Services Limited. Our Shareholders who are in doubt about this service are recommended to consult their professional advisors.

EXCHANGE RATE CONVERSION

Solely for convenience purposes, this prospectus includes translations among certain amounts denominated in Renminbi and Hong Kong dollars. No representation is made that the Renminbi amounts could actually be converted into another currency at the rates indicated, or at all. Unless otherwise indicated, the translation between Renminbi and Hong Kong dollars was made at the rate of RMB0.82736 to HK\$1, the exchange rate prevailing on the Latest Practicable Date published by the PBOC for foreign exchange transactions.

ROUNDING

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

LANGUAGE

If there is any inconsistency between this English prospectus and its Chinese translation, this English prospectus shall prevail, provided that if there is any inconsistency between the Chinese names of the entities or enterprises established in the PRC mentioned in this English prospectus and their English translations, the Chinese names shall prevail. The English translations of the Chinese names of such PRC entities or enterprises are provided for identification purposes only.

OTHER

Unless otherwise specified, all references to any shareholdings in our Company following the completion of the Global Offering assume that the Over-allotment Option is not exercised.

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

DIRECTORS

<u>Name</u>	<u>Address</u>	<u>Nationality</u>
Chairman and non-executive Director		
Mr. Wu Po Sum (胡葆森先生)	Flat C, 36/F The Cullinan I Luna Sky 1 Austin Road West Tsim Sha Tsui, Kowloon Hong Kong	Chinese
Executive Directors		
Mr. Hu Bing (胡冰先生)	No.10, Block 1 No.10, Dirun Road Jinshui District Zhengzhou City PRC	Chinese
Mr. Ma Xiaoteng (馬曉騰先生)	No. 10, Block 3 No. 36 Xinxixueyuan Road Jinshui District Zhengzhou City PRC	Chinese
Non-executive Director		
Ms. Wu Wallis (alias Li Hua) (李樺女士)	Flat B, 36/F The Cullinan I Luna Sky 1 Austin Road West Tsim Sha Tsui, Kowloon Hong Kong	Australian
Independent non-executive Directors		
Mr. Zhu Baoguo (朱保國先生)	No. 5 Yulan Road Silver Lake Yiyuan Villa Luohu District Shenzhen City PRC	Chinese
Mr. Xu Ying (徐穎先生)	17/F Flat 1702, Block 4 Sunny Siji 5 Shixia North First Street Futian District Shenzhen City PRC	Chinese
Mr. Siu Chi Hung (蕭志雄先生)	Flat C 5/F Block 18 PH C Village Gardens 44 Fa Po Street Kowloon Tong Hong Kong	Chinese

For more information on our Directors and members of senior management, please see “Directors and Senior Management” in this prospectus.

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

PARTIES INVOLVED IN THE GLOBAL OFFERING

Joint Sponsors

ICBC International Capital Limited
37/F, ICBC Tower
3 Garden Road
Hong Kong

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

Sole financial advisor to CCRE and our Company

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

Joint Global Coordinators (in alphabetical order)

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

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

ICBC International Capital Limited
37/F, ICBC Tower
3 Garden Road
Hong Kong

Joint Bookrunners

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

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

ICBC International Capital Limited
37/F, ICBC Tower
3 Garden Road
Hong Kong

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

ABCI Capital Limited

11/F, Agricultural Bank of China Tower
50 Connaught Road Central
Hong Kong

**China Galaxy International Securities
(Hong Kong) Co., Limited**

20/F Wing On Centre
111 Connaught Road Central
Hong Kong

CMB International Capital Limited

45/F, Champion Tower
3 Garden Road
Central
Hong Kong

CRIC Securities Company Limited

Room 2007 & 2403
Great Eagle Centre
23 Harbour Road
Wan Chai, Hong Kong

Joint Lead Managers

BNP Paribas Securities (Asia) Limited

59/F-63/F, Two International Finance Centre
8 Finance Street
Central
Hong Kong

CCB International Capital Limited

12/F., CCB Tower
3 Connaught Road Central
Central
Hong Kong

ICBC International Securities Limited

37/F, ICBC Tower
3 Garden Road
Hong Kong

ABCI Securities Company Limited

10/F, Agricultural Bank of China Tower
50 Connaught Road Central
Hong Kong

**China Galaxy International Securities
(Hong Kong) Co., Limited**

20/F Wing On Centre
111 Connaught Road Central
Hong Kong

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

CMB International Capital Limited

45/F, Champion Tower
3 Garden Road
Central
Hong Kong

CRIC Securities Company Limited

Room 2007 & 2403
Great Eagle Centre
23 Harbour Road
Wan Chai, Hong Kong

Co-Lead Managers

Livermore Holdings Limited

Unit 1214A 12/F
Tower II Cheung Sha Wan Plaza
833 Cheung Sha Wan Road
Kowloon, Hong Kong

I Win Securities Limited

Room 1916 Hong Kong Plaza
188 Connaught Road West
Sai Wan, Hong Kong

Legal advisors to our Company

As to Hong Kong law:

Hogan Lovells

11th Floor, One Pacific Place
88 Queensway
Hong Kong

As to PRC law:

Commerce & Finance Law Offices

6/F, NCI Tower
A12 Jianguomenwai Avenue
Chaoyang District
Beijing City
PRC

As to Cayman Islands law:

Conyers Dill & Pearman

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

**Legal advisors to the Joint
Sponsors and the Underwriters**

As to Hong Kong law:

O'Melveny & Myers

31/F, AIA Central
1 Connaught Road Central
Hong Kong

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

As to PRC law:

Tian Yuan Law Firm

10/F, China Pacific Insurance Plaza B
28, Fengsheng Lane
Xicheng District
Beijing
PRC

**Auditors and Reporting
Accountants**

KPMG

8th Floor
Prince's Building
10 Chater Road
Central
Hong Kong

Industry consultant

China Index Academy

Tower A
No. 20 Guogongzhuang Middle Street
Fengtai District
Beijing City
PRC

Compliance advisor

Opus Capital Limited

18/F, Fung House
19-20 Connaught Road Central
Central
Hong Kong

Receiving Bank

**Industrial and Commercial Bank of China (Asia)
Limited**

33/F, ICBC Tower
3 Garden Road
Central
Hong Kong

CORPORATE INFORMATION

Registered office in the Cayman Islands	Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
Principal place of business and headquarters in China	Room 212, 313, Block C Jianye Office Building Nongye East Road Zhengzhou City Henan Province PRC
Principal place of business in Hong Kong registered under Part 16 of the Companies Ordinance	Room 7701A, 77/F International Commerce Center No. 1 Austin Road West Kowloon Hong Kong
Company's website	<u>www.centralchinamgt.com</u> <i>(The contents on this website do not form part of this prospectus)</i>
Company secretary	Ms. Ho Wing Nga (<i>FCIS, FCS</i>) 46F, Hopewell Centre 183 Queen's Road East Wan Chai Hong Kong
Audit committee	Mr. Siu Chi Hung (<i>chairman</i>) Mr. Zhu Baoguo Mr. Xu Ying
Remuneration committee	Mr. Zhu Baoguo (<i>chairman</i>) Mr. Wu Po Sum Mr. Xu Ying
Nomination committee	Mr. Wu Po Sum (<i>chairman</i>) Mr. Zhu Baoguo Mr. Xu Ying

CORPORATE INFORMATION

Authorized representatives (under the Listing Rules)	Mr. Hu Bing No. 10, Block 1 No. 10, Dirun Road Jinshui District Zhengzhou City PRC
	Ms. Ho Wing Nga 46F, Hopewell Centre 183 Queen's Road East Wan Chai Hong Kong
Principal share registrar and transfer office in the Cayman Islands	Conyers Trust Company (Cayman) Limited Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
Hong Kong Share Registrar	Computershare Hong Kong Investor Services Limited Shops 1712-1716 17th Floor, Hopewell Centre 183 Queen's Road East Wanchai, Hong Kong
Principal banks	China Everbright Bank, Zhengzhou Tianyun Street Sub-branch Shops at 1-2 floors, Building 14 Yishang Garden, Southeast Corner Intersection of Jiuru Road and Tianyun Street Zhengdong New District, Zhengzhou City Henan Province PRC
	Bank of China, Zhengzhou Jianye Road Sub-branch No. 19, Jianye City Garden No. 88 Jianye Road Zhengzhou City Henan Province PRC
	Bank of China (Hong Kong) Limited 1 Garden Road Hong Kong
	Industrial and Commercial Bank of China (Asia) Limited 33/F, ICBC Tower 3 Garden Road, Central Hong Kong

INDUSTRY OVERVIEW

The information and statistics set forth in this prospectus have been derived from various official and government publications, publicly available market research sources and an industry report commissioned by us and independently prepared by CIA in connection with the Listing. Our Directors believe that the sources of the information are appropriate and have taken reasonable care in reproducing such information. Our Directors have no reason to believe that such information is false or misleading in any material respect or that any fact has been omitted that would render the information false or misleading in any material respect. The information has not been independently verified by us, the Joint Sponsors, the Joint Global Coordinators, the Underwriters, or any of our or their respective directors, officers, representatives, affiliates or advisors and any other party (other than CIA) involved in the Global Offering or the Listing and no representation is given as to its accuracy or completeness. The relevant information and statistics may not be consistent with other information and statistics available from other sources within or outside the PRC.

BACKGROUND AND METHODOLOGIES OF CHINA INDEX ACADEMY

In connection with the Listing, we commissioned China Index Academy (CIA), an Independent Third Party, to prepare the CIA Report as to the project management markets in China. CIA has charged us a total fee of RMB800,000 for the preparation of this report, which we believe is in line with the market rate.

CIA is a leading independent property research institution with offices in 75 cities nationwide and over 600 experienced research analysts covering real-time property transaction data. It has prepared the CIA Report based on its self-developed database, CREIS China Index Database, the database of fdc.fang.com and various government publications. These databases and government publications have been widely used and relied upon in the PRC real estate market.

While preparing the industry report and regional ranking information, CIA has relied on the assumptions that (i) all published data by the Statistics Bureaus are accurate; (ii) all collected information relating to residential sales transactions from the relevant local housing administrative bureaus are accurate; and (iii) where subscribed data is obtained from renowned public institutions, it has relied upon the expertise of such institutions. It has conducted research on data of Chinese project management companies meeting the criteria of (i) being legally established and duly incorporated, (ii) having more than five projects under construction or completed or with project management revenue over RMB100 million for the three years ended December 31, 2019, and (iii) having less than a 30% shareholding in any of their commercial project management projects. Based on the above criteria, CIA has collected data from 28 project management companies (the “**Major Project Management Companies**”) and 3 project management companies with business focus in Henan Province and utilized such data while preparing the industry report.

INDUSTRY OVERVIEW

THE DEVELOPMENT OF PROJECT MANAGEMENT INDUSTRY

According to the CIA Report, project management is a business model where a Project Owner with a need for real estate development delegates all or part of the design, development, construction, management or other functions of a real estate development project to a project management company with expertise in real estate development, and shares a portion of the proceeds from such real estate development project with the project management company. The key elements of this definition for project management, according to China Index Academy, include:

- the duties and responsibilities of the Project Owner and the project management company are clearly separated;
- the project management company does not hold majority equity interest in the real estate development project, but would be entitled to the rights to utilize its brand (or cooperate with the Project Owner under a co-brand mechanism) and manage the project pursuant to the project management agreement with the Project Owner;
- the project management company receives a management fee in consideration for the services it provides to the Project Owner; and
- the project management company shares the proceeds of a real estate development project primarily through the management fee received by it, rather than recognizing the proceeds from sales of property developed by it as its revenue.

Project management facilitated the separation of land acquisition and property development management, thereby improving the efficiency, quality and profitability of a given real property development project by delegating property development management to professional parties with relevant expertise.

OVERVIEW OF THE PRC PROJECT MANAGEMENT INDUSTRY

The project management industry in the PRC first started with government project management back in the 1990's. Along with the systematic reform of government project management and the marketization of the real estate industry in the PRC, the project management industry in the PRC has gradually developed as a separate industry from the property development industry. With the transformation of the PRC real estate industry from pursuing larger scale to pursuing higher quality and stronger capability, the project management industry gradually differentiates itself with its asset-light business model, high profitability and professional management capability. Driven by the market-oriented industry reform, these features and connotations of project management continue to evolve constantly from a narrowly defined project management focusing on the construction of real estates to a broadly defined service management with an aim to provide total solution to Project Owners.

In addition, certain real estate developers in the PRC also seek to enter into the project management market as part of their transformation and development in areas outside the traditional real estate development and sales businesses in order to create value with their own brands and professional development capacity. These new players in the market tend to take project management as a possible alternative to address the increasing challenges in the traditional real estate industry, such as high land acquisition costs, increasing competition, decreasing profit margin and intensifying regional differentiation.

Categories of Project Management in the PRC

Depending on the identity and the nature of Project Owners, project management services in the PRC are generally divided into three categories:

Government Project Management (房地產政府代建)

Government project management is the origin of the PRC project management industry. The Project Owners of government project management projects are various government agencies. These government agencies initiate relevant projects but do not directly participate in the construction and management of the projects. Unlike privately invested projects whose ultimate goal is to pursue economic profit, the projects under the government project management category focus more on meeting social needs and serving political goals, such as affordable housing, museums, gymnasiums, city squares, schools or hospitals.

Among the different types of projects under the government project management category, project management companies in the PRC primarily participated in the affordable, resettlement and relocation housing projects. Given the social welfare nature of these projects, the entire process from construction to distribution of relevant real properties are subject to the Project Owners' control, and the profit margins for government project management is generally lower than commercial project management.

Commercial Project Management (房地產商業代建)

Commercial project management has become the mainstream of the PRC project management industry in recent years. The Project Owners of commercial project management projects are persons or entities that are not a government agency nor a financial institution, which primarily consist of small to medium-sized real estate developers. Pursuant to the project managements entered into between the Project Owners and the project management companies, the project management companies take lead in the design, construction, management and sales of the projects to create value and generate proceeds for the Project Owners. The projects under the commercial project management category have a wide variety and cover residential properties, office buildings and commercial complex depending on the Project Owners' needs.

Based on whether the project management companies hold equity interests in the project they manage, commercial project management can be further divided into pure service fee model and minority interest model. Under the pure service fee model, project management companies utilize their brand and provide services throughout the development process and receive management fees in accordance with the pre-agreed fee rate and milestone bonuses. Under the minority interest model, in addition to the pre-agreed management fees, project management companies hold a small portion of equity interest in the project companies, and shares the proceeds from such minority interest upon completion of relevant projects.

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Capital Project Management (房地產資本代建)

At present, there is no clear definition of capital project management in the PRC project management industry. The key differences between capital project management and other categories of project management is that the Project Owners for capital project management (i) are mostly external capital and may not have actual operations in real property development and (ii) may not have obtained the land use right of the subject land, and therefore the services provided by the project management companies may also include investment consultation, establishment of project company, pre-operating management and other aspects. The target Project Owner candidates under capital project management are mainly various financial institutions that focus on real estate investment, which have strong fund raising capability but they lack property development experience and do not have an execution team. Project management companies can provide an end-to-end total solution to help these financial institutions realize efficient investment.

Major Differences between Project Management Companies and Traditional Real Property Developers

In general, project management companies in the PRC differ from traditional real estate developers in the following aspects:

Asset-light Operations

Traditional real estate development is a capital-intensive business calling for both investment and property development. The investment return is realized through land value appreciation and property sales. Hence, the traditional real estate development model requires higher capital expenditure upfront and is mainly driven by investment as the cost for land acquisition is high. Traditional real estate developers typically maintain a high-level of borrowings from banks or other third parties, and tend to increase their leverage when the economy is booming and deleverage when economic growth slows down. By contrast, project management companies are not driven by investment as they typically engage in offering project management services only and are not responsible for land acquisition. Therefore, project management companies are able to maintain a low leverage and are not dependent on external financing sources. Project management companies receive management fees or service fees in consideration for their project management services provided to the Project Owners based on the Project Owners' specific needs for different projects.

Resilient Business Model

The business development cycle of project management companies is also different from that of traditional real estate developers. The business of traditional real estate developers is cyclical. By contrast, although the business of project management companies may also be affected by the cycle of the real estate market, it is generally more resilient and less impacted during the market downturn. For example, when the real estate market is booming, project management companies benefit from strong pipeline of projects and abundant client resources. When the real estate market is in a downward trend, the scale of project management businesses generally continues to expand as small and medium-sized real estate developers tend to leverage the brand and professional services of project management companies to withstand the cyclical

INDUSTRY OVERVIEW

risks, which enables project management companies to maintain their business at a steady level during the market downturn. The asset-light business model also allows project management companies to be more resilient during the market downturn.

At present, China has a fragmented real estate market compared with developed countries. According to the research report of China Top 100 Real Estate Enterprises in 2020, the market share of China's top 100 real estate enterprises in terms of sales in 2020 is 63.2%. With intensified competition in the industry, it is becoming increasingly difficult for small and medium-sized enterprises to stand out and survive. It is also difficult for them to compete in light of fierce market competition due to high property development cost, weak product capability and low brand awareness. It has become increasingly difficult for real estate developers to obtain land appreciation premium from property development because of the decreasing profit margin of traditional real property developers. Therefore, project management has become an important way for real estate developers to react to these challenges. For small and medium-sized real estate enterprises, their market recognition and market competitiveness can be increased by cooperation with reputable project management companies with outstanding execution capabilities and brand recognition. The brand recognition of the project management company involved is also beneficial for the real estate developer's financing and sales performance of a given project. It is expected that project management will have a growing importance in the Chinese real estate market going forward, according to CIA Report.

Higher Profitability

According to the CIA Report, the net profit margin of project management business is much higher than that of traditional real estate development business, especially when the profit margin of the traditional real estate development business has been decreasing in recent years. In addition, project management can fully take advantage of the asset-light business model and brand authorization. The net profit margin of the project management industry increased steadily from 2015 to 2018, and decreased slightly in 2019 due to increased competition in the industry as a result of more project management companies entering into this market. Despite the slight decrease in the overall net profit margin of the PRC project management industry in 2019, our net profit margin increased in 2019 primarily due to (i) our market leadership as Project Owners generally prefer to work with reputable project management companies with good track record and well-recognized brand, in particular in the Henan province, and (ii) our economies of scale, which enabled us to enhance our operating efficiency and profit margin. Based on the development trend, the project management industry generally features high profitability and has a promising development potential in the future.

The higher profit margin of the project management business is primarily attributable to the asset-light business model adopted by project management service providers. In addition, cost efficiency resulted from economies of scale enables project management companies to further enhance their profit margin. At present, project management companies in the PRC have generally established a system of standardized operations and built their reputation and presence in the project management industry through replicating standardized operations in different projects. At the same time, project management companies can also provide customized services by adjusting product design and specifications to better fulfill Project Owners' needs.

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Fee Structure and Cost Sharing Mechanism

Fee Structure

Project management companies generally charge their management fees for the services they provide under two models, which shall be specified in their respective project management agreements with Project Owners:

- *Pure management fee model:* Under pure management fee model, in which a project management company only receives the management fee for project management services it provides to the Project Owners; and
- *Minority interest model:* Under the minority interest model, project management companies hold a minority interest in their respective project companies (typically below 30%) and therefore are able to share the proceeds from sales of properties upon completion of the projects in addition to the management fees charged by them. Therefore, minority interest model is a combination of return on capital investment and project management fee, which enables project management companies to share potential upside and undertake development risks of a given project.

Regardless which fee structure is adopted, the project management companies are not required to undertake the cost for land acquisition and construction costs, thereby enabling the project management company to operate on an asset-light business model and enhance its capital efficiency.

Cost Sharing Mechanism

Project management companies generally operate under an asset-light business model. As such, Project Owners are responsible to raise funds needed for the entire project development and construction. As the project management service provider engaged by the Project Owners, project management companies are in charge of the overall project management and have the right to make suggestions and participate in the decision making process on some pre-agreed matters, such as determination of the third party contractors, design firms and suppliers. However, such third party vendors would enter into construction or supply agreements directly with the Project Owners, rather than with the project management companies, and the project management companies are not required to bear relevant costs of construction. As a result, the costs to be borne by the project management companies primarily consist of staff costs, office lease expenses, marketing expenses and administrative expenses, and staff costs in connection with employees (excluding salaries, travel and accommodation expenses, benefits and bonuses for personnel seconded to the project companies) are the core component which contribute to approximately 80% of the total costs.

INDUSTRY OVERVIEW

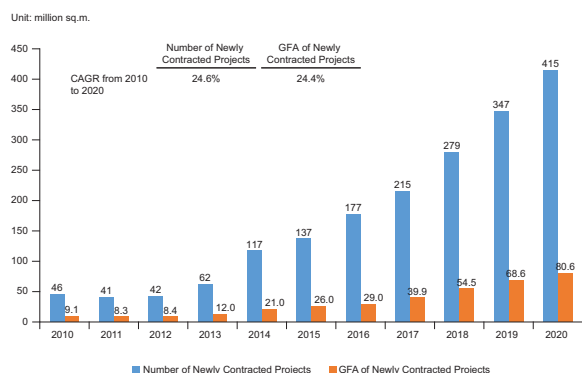
Project companies typically set up a dedicated management team comprised of their experienced employees and the project management companies would second such employees to respective project companies managed by them. The cost sharing mechanism for the staff costs may vary under different project management categories. As a common industry practice and in compliance with applicable regulations, the staff costs for commercial project management are borne and paid by the Project Owners to the seconded personnel directly. According to CIA, the personnel cost relating to the seconded employees are either (i) paid to the seconded employees directly by the project owners (“**Direct Payment Method**”) or (ii) paid by project owners first to the project management companies, who then settle relevant amounts with the seconded employees. These two models of payment arrangement are both commonly seen in the project management industry and it mainly depends on the commercial negotiation and agreement between project owners and project management companies to determine which model is adopted. On the contrary, the staff costs for government project management are typically undertaken by the project management companies who will pay the seconded personnel directly.

According to CIA, among the 28 Major Project Management Companies, 8 of them are mainly engaged in government project management and 20 of them are mainly engaged in commercial project management. Payment of seconded staff cost in government projects are usually centralised by the government. Among the 20 Major Project Management companies which mainly engage in commercial project management, 11 of them adopt Direct Payment Method, 4 of them do not adopt Direct Payment Method; and 5 of them do not have reliable or comparable information available.

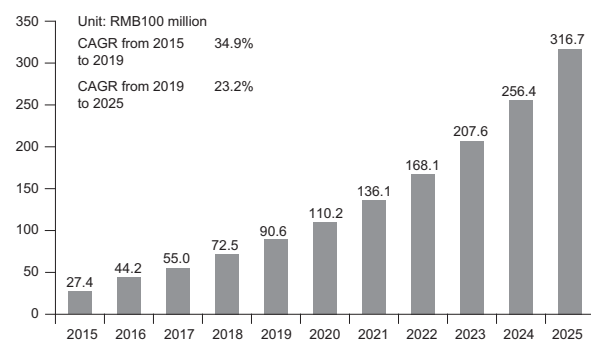
DEVELOPMENT OF THE PRC PROJECT MANAGEMENT INDUSTRY

The PRC project management industry is growing rapidly. From 2010 to 2020, both the number and GFA of newly contracted projects in the PRC project management market increased at CAGRs of over 24.0%, respectively. The following chart sets forth the number and GFA of newly contracted projects from 2010 to 2020 in China.

Number and GFA of Newly Contracted Projects from 2010 to 2020



Revenue Trend and Forecast of the PRC Project Management Market from 2015 to 2025



Source: China Index Academy

INDUSTRY OVERVIEW

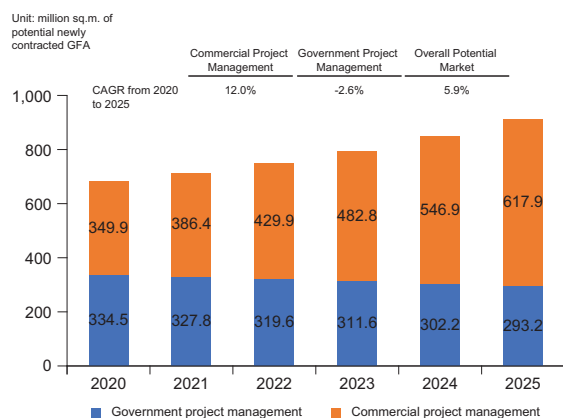
According to the CIA Report, the total revenue of the project management industry increased rapidly from RMB2.7 billion in 2015 to RMB9.1 billion in 2019, representing a CAGR of 34.9% from 2015 to 2019, and is expected to further grow to RMB31.7 billion in 2025, representing a CAGR of 23.2% from 2019 to 2025. In spite of the rapid development, despite the overall scale of the project management industry is still relatively small, it has high growth potential. The chart above sets forth the market size (in terms of revenue) of the PRC project management industry from 2015 to 2025.

OUTLOOK AND DRIVERS OF THE PRC PROJECT MANAGEMENT INDUSTRY

Overview

According to the CIA Report, the potential PRC project management market is expected to continue to grow from approximately 684.4 million sq.m. in 2020 to approximately 911.1 million sq.m. in 2025. In 2020, the PRC commercial project management market was 349.9 million sq.m. with 265.7 million sq.m. contributed by residential properties, which is expected to grow to 617.9 million sq.m. in 2025 with 486.9 million sq.m. contributed by residential properties. According to China Index Academy, the market forecast data were compiled based on (i) the potential demand for project management services from small/mid-sized real estate developers and financial institutions, (ii) the data published by the PRC government in connection with resettlement housing and (iii) the potential demand for project management services to develop idled land parcels with relevant assumptions. The following chart sets forth a forecast of the potential PRC project management market from 2020 to 2025.

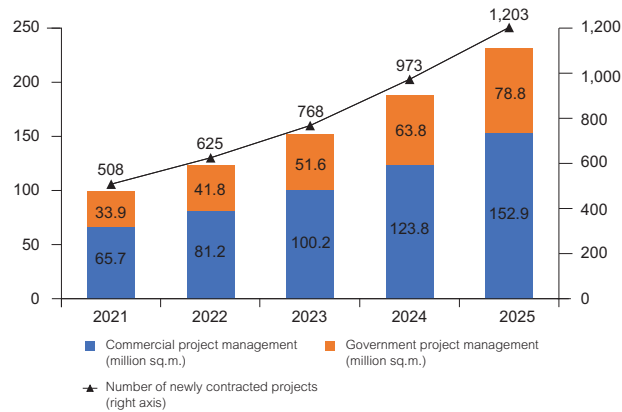
Forecast of Potential PRC Project Management Market from 2020 to 2025



Source: China Index Academy

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Forecast of Newly-Contracted GFA in the PRC Project Management Market from 2021 to 2025

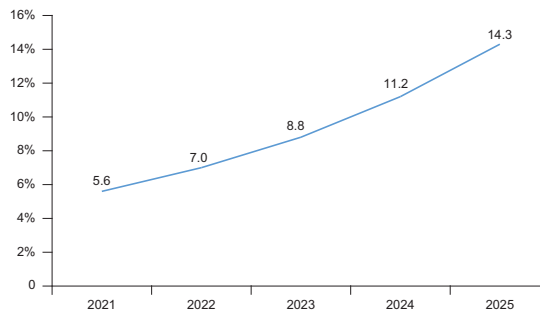


Source: China Index Academy

Going forward, it is expected that the newly-contracted GFA in the PRC Project Management Market will continue to grow. By 2025, it is expected that the newly-contracted GFA will reach 231.6 million sq.m. in 2025, among which approximately 66.0% were contributed by commercial project management.

Currently, the market size of project management in terms of newly contracted GFA represents 3.0% to 5.0% of the GFA of commodity properties sold according to China Index Academy. By 2025, the project management market in terms of accumulated newly contracted GFA is expected to reach 790.0 million sq.m., representing 14.3% of the commodity properties sold in the PRC. The following chart sets forth the proportion of the GFA of newly contracted project management to the GFA of commodity properties sold from 2021 to 2025.

Proportion of the GFA of Newly Contracted Project Management to the GFA of Commodity Properties Sold from 2021 to 2025



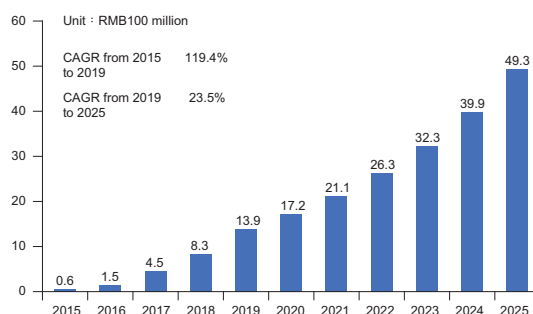
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Outlook for the Project Management Industry in Henan Province

Henan is located in the central China region, spanning across 122 cities at or above the county level. Henan had the largest registered population in the PRC in 2019. According to China Index Academy, the nominal GDP of Henan province increased from approximately RMB3,493.8 billion in 2014 to approximately RMB5,499.7 billion in 2020, representing a CAGR of 7.9%. In 2019, the urbanization rate in Henan province is 53.2%, which is 7.4% lower than the national average, which implies a great potential of future growth for the Henan real estate development and project management industries as the urbanization rate in Henan province approaches the national average going forward.

According to the CIA Report, the total revenue of the project management industry in Henan province increased rapidly from RMB60 million in 2015 to RMB1.4 billion in 2019, representing a CAGR of 119.4% as the market was in an early stage of development with lower base, which is expected to further increase to RMB4.9 billion in 2025, representing a CAGR of 23.5%. The chart below sets forth the market size (in terms of revenue) of the project management industry in Henan province from 2015 to 2025.

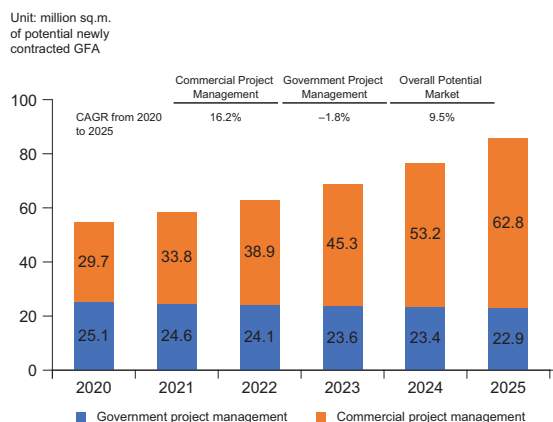
Revenue Trend and Forecast of the Henan Province Project Management Market from 2015 to 2025



According to CIA, the potential size of the project management market in Henan province is expected to increase from approximately 54.8 million sq.m. in 2020 to approximately 85.7 million sq.m. in 2025. In 2020, the commercial project management market in Henan province was 29.7 million sq.m. with 24.1 million sq.m. contributed by residential properties, which is expected to grow to 62.8 million sq.m. in 2025 with 52.6 million sq.m. contributed by residential properties. In addition, commercial project management contributed to approximately 54% of the total potential project management market in Henan in 2020, which is expected to further increase to approximately 73% of the total project management market in Henan in 2025, and the potential size of the commercial project management market in Henan province is expected to grow from approximately 29.7 million sq.m. in 2020 to approximately 62.8 million sq.m. in 2025, according to CIA. According to China Index Academy, the market forecast data were compiled not merely based on newly contracted GFA, but were compiled based on (i) the potential demand for project management services from small/mid-sized real estate developers and financial institutions, (ii) the data published by the PRC government in connection with resettlement housing and (iii) the potential demand for project management services to develop idled land parcels with relevant assumptions. The following chart sets forth a forecast of the potential project management market in Henan province from 2020 to 2025.

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Forecast of Potential Project Management Market in Henan Province from 2020 to 2025



Source: China Index Academy

Future Development of Project Management Value Chain

While the PRC project management industry was originated from government project management, commercial project management has become the mainstream and contributed to a majority of number and GFA of projects in recent years, according to the CIA Report. Going forward, it is expected that more financial institutions would participate in the industry along with the continued expansion of the PRC real estate market and increase in asset values, which will drive the emergence of capital project management.

In addition, project management companies are expanding their service scope gradually from residential properties to commercial and office properties. The expansion made through creating an industrial ecosystem of connecting the upstream and downstream of the real estate industry chain and providing and optimizing professional services will effectively improve the value of the project.

With the continued evolution of the project management market, project management companies gradually integrate all resources along the project management value chain to offer value-added services and further enhance operation efficiency. For instance, the “Jianye (建業)” standard developed by our Group is aimed to integrate all resources in the industry value chain through our established network of our contractors, suppliers, affiliated entities and business partners, Project Owners and ultimate property buyers in order to offer high quality products and services to ultimate property buyers and maximize the return for Project Owners. In the future, our Group will continue to cooperate with participants in the project management value chain and build a sustainable and healthy ecosystem.

Future Growth Drivers

The key factors driving growth of the PRC project management industry primarily include (i) strong demand from small to medium-sized real estate developers, (ii) demand for public housing and urban renovation, and (iii) participation by financial institutions.

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Strong Demand from Small to Medium-Sized Real Estate Developers

Small to medium-sized real estate developers contributed to a substantial portion of the PRC real estate market. However, such small to medium-sized real estate developers generally encounter challenges such as low brand awareness, weak product capability and high property development cost as the competition in the PRC real estate market continues to intensify. In addition, it has become increasingly difficult for property developers to obtain land appreciation premium from property development because of the decreasing profit margin of traditional property developers. As such, strong demand for project management by small and medium-sized property developers to react to these challenges has become an important driving force in the PRC project management market.

Demand from Non-Real Estate Developers

For companies that are not real estate developers but hold land parcels for development, either for residential, office or other commercial uses, may require professional support from project management companies that specialize in the construction of relevant properties and the operations of real estate company. These companies lack the capabilities and experience in real estate development and project management, providing a potential market for project management companies with good reputation.

Pursuit for High Quality Residential Properties

With the continued economic growth in China, property buyers in China are generally seeking to improve their living standard, which creates strong demand for a high quality residential properties. However, local/regional real estate companies with limited capabilities may not be able to meet the evolving needs and preferences of property buyers in China. This drives such local/regional real estate companies to seek cooperation with project management companies with more experience and stronger product innovation capabilities to develop higher end real estate products.

Demand for Public Housing and Urban Renovation

During the period of the 13th Five Year Plan (2016-2020), the construction of public housing has become an important goal of China's housing policy, and it was planned to renovate 20 million units of urban shantytowns. Since 2019, the PRC government further promulgated a series of administrative measures to support the initiatives of old town reconstruction and urban renovation, which will become an important pillar of the public housing development industry in the PRC in the future. According to CIA, old urban residential areas that need to be reconstructed in the PRC may involve millions of households, and the statistics published by the State Council in July 2020 indicated that 39,000 old urban communities, which involves approximately seven million households, had commenced renovation works in 2020. It is expected that the demand for public housing and urban renovation will continue to be a growth driver for the government project management in the PRC.

Participation by Financial Institutions

Based on the experience of real estate markets in developed countries, financial investors with capital resources are expected to become important participants in a mature real estate market. Financial institutions which invest in real estate development projects

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generally do not possess relevant property development experience. They are likely to seek project management service providers' assistance to manage the projects for them, thereby generating more business opportunities for project management companies. In addition, such financial institutions may also rely on leading project management companies' well-recognized brands to manage their projects and to market their real estate projects, which also helps drive the growth of project management business. In addition to overseeing and managing the construction of a real estate development project, project management companies may also provide investment advice and other consulting services to financial investors, thereby further increasing the number of projects under management and enlarging the overall size of the project management market. In the future, project management companies' access to capital and financial resources is expected to become one of the key factors for their continued development and expansion.

THE POTENTIAL IMPACT FROM THE OUTBREAK OF COVID-19 PANDEMIC

Due to the outbreak of COVID-19 pandemic, the PRC real estate market experienced a downward trend in the first half of 2020 with the GFA of commodity properties sold in the same period decreased by 8.4%. According to the CIA Report, the PRC real estate market gradually started to recover since March 2020 and the pace of recovery in Tier 1 and Tier 2 cities are generally faster than that in other cities. For the PRC project management market, the outbreak of COVID-19 pandemic resulted in delays in the timetable for certain projects under management for a short period of time. As of June 30, 2020, except for projects located in certain areas in China where the risk level of COVID-19 pandemic is still marked as mid to high, projects located in other areas have generally resumed their construction and development. While China's real estate development investment completed decreased 16.3% in January and February 2020 when compared to the same period in 2019, the real estate development investment completed in the first half of 2020 increased 1.9% when compared to the same period last year.

According to CIA, the asset-light business model adopted by project management companies has lower working capital and cash flow requirements, and therefore the liquidity of project management companies in the PRC are generally less impacted by the COVID-19 pandemic. According to CIA, the project management industry in China is expected to have strong market demand even after taking into account the outbreak of COVID-19 pandemic primarily because it becomes a more attractive way to develop property, compared to traditional property development, in that it offers featured products and strong execution capabilities to small and medium-sized property developers and helps them improve the return rate of the projects. As a result, the proportion of project management out of the overall real estate development in China is expected to continue to increase, which is expected to partially offset the potential adverse impact brought by the COVID-19 pandemic.

COMPETITIVE LANDSCAPE OF THE PRC PROJECT MANAGEMENT INDUSTRY

Competitive Landscape in the PRC

Due to the transformation of PRC real estate developers to establish project management business which lead to more participants entering into this market in recent years, the accumulated contracted GFA of the project management industry from 2010 to 2020 increased rapidly. In particular, the accumulated contracted GFA from 2018 to 2020 reached 203.7 million sq.m., representing 57.0% of the total accumulated contracted GFA of the project management industry from 2010 to 2020.

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The following tables set forth (i) the market share in terms of aggregate GFA sold for Project Owners by top five PRC project management companies in 2020, which reflected these companies' revenue generating capabilities, (ii) the market share in terms of revenue in 2019, (iii) the market share in terms of newly contracted GFA of the top five PRC project management companies in 2020, which reflected these companies' growth potential, and (iv) the market share in terms of the accumulated contracted GFA from 2018 to 2020 by top five PRC project management companies, which reflected these companies' track record. In addition, according to CIA, the CAGR of the total contract sales amount for projects under our management from 2017 to 2020 was 71.5%, which ranked No.1 among all of our peers in China.

<i>In terms of aggregate GFA sold for Project Owners in 2020</i>		<i>In terms of revenue in 2019**</i>		<i>In terms of newly contracted GFA in 2020</i>		<i>In terms of 2018 to 2020 accumulated newly contracted GFA</i>	
Top Five Project Management Companies	Market Share	Top Five Project Management Companies	Market Share	Top Five Project Management Companies	Market Share	Top Five Project Management Companies	Market Share
Our Group	29.2%	Company A	22.0%	Company A*	23.1%	Company A*	28.0%
Company A	28.6%	Company D	11.6%	Our Group	10.6%	Company B*	10.3%
Company B	12.0%	Our Group	11.4%	Company E*	9.5%	Our Group	10.1%
Company C	8.8%	Company E	6.2%	Company B*	8.4%	Company E*	6.4%
Company D	3.2%	Company J	4.3%	Company F*	7.7%	Company F*	6.2%

* Including (i) newly contracted GFA for government project management projects and (ii) newly contracted GFA managed by third party business partners.

** According to CIA, the 2020 revenue of certain project management companies are not yet available.

Source: China Index Academy

The key market players in the PRC project management industry are nationally or regionally brand project management companies and real estate developers according to the CIA Report. According to CIA, the top five project management companies in the PRC contributed 59.4% of newly contracted GFA in 2020, representing a high concentration of the market. In general, companies such as our Group which have made asset-light project management as their core development strategy have relatively higher market shares. Other players with relatively slower development and a smaller market share in real estate industry only conduct project management as a supplementary business and an additional source of income.

The regional layout of the project management companies is generally consistent with the national real estate policy and planning and business strategies of project management companies. It is expected that the five major metropolitan areas (Beijing-Tianjin-Hebei, Yangtze River Delta, Pearl River Delta, Middle Reach of Yangtze River, Chengyu) and regions with large population and convenient transportation network, such as Shandong Peninsula and Central Plains Urban Agglomeration, will become key development areas of project management in China.

Competitive Landscape in Henan Province

According to the CIA Report, land parcels for residential and commercial use in Henan province that were acquired by real estate developers with a total sale amount over RMB10 billion only represented 19% of the total site area of land parcels in Henan province for residential and commercial uses acquired by all real estate developers in 2019. As a result, small-sized real estate developers remain to be major players in the Henan real estate

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market. As the intensified competition in the local real estate market, it has become increasingly difficult for small-sized real estate developers to independently complete real estate development projects, and the demand for project management companies with strong brand recognition and execution capability continued to be high as these small-sized real estate developers seek to develop their land parcels in an efficient manner. Our Group has a long operating history in Henan province and is the dominant player in the market.

The following tables set forth (i) the market share in terms of aggregate GFA sold for Project Owners in Henan province by top three PRC project management companies in Henan province in 2020; (ii) the market share in terms of newly contracted GFA in Henan province by top three PRC project management companies in Henan province in 2020; and (iii) the market share in terms of the accumulated contracted GFA from 2018 to 2020 in Henan province by the top three PRC project management companies in Henan province.

<i>(i) in terms of aggregate GFA sold for Project Owners in 2020</i>		<i>(ii) in terms of newly contracted GFA in 2020</i>		<i>In terms of 2018 to 2020 accumulated newly contracted GFA</i>	
<u>Top Three Project Management Companies in Henan</u>	<u>Market Share</u>	<u>Top Three Project Management Companies in Henan</u>	<u>Market Share</u>	<u>Top Three Project Management Companies in Henan</u>	<u>Market Share</u>
Our Group	82.6%	Our Group	70.2%	Our Group	69.2%
Company A	11.3%	Company A	13.8%	Company A	15.6%
Company G	2.2%	Company H	7.0%	Company I	6.4%

Source: China Index Academy

Industry Barrier and Our Competitive Strength

According to the CIA Report, the most critical entry barriers for new participants in the PRC project management industry are the company's brand value and its ability to penetrate into local markets. In addition to the well-recognized brand and ability to penetrate into local market, project management companies also compete against their abilities to offer comprehensive services, to coordinate resources for achieving higher efficiency and to provide quality project management services. We believe we have the following competitive strengths which enable us to attract ultimate property buyers and create value for the Project Owners.

Significant Brand Value

The “Jianye (建業)” brand is well-recognized and ranked No. 1 among the “2020 Top 10 Real Estate Enterprise Brand Value in Central China”, according to a research conducted by the China Real Estate Top 10 Research Group. In addition to our significant brand value, we maintain higher practice standards than our industry peers, which is beneficial for brand marketing, property sales and the further increase in the brand value. Benefiting from the renowned “Jianye (建業)” brand reputation and our quality products and services, our Project Owners can achieve strong sales performance and their respective projects generally enjoy a premium on selling price when competing against similar products in adjacent areas, according to China Index Academy. For example, according to CIA, the Zhumadian Jianye City (駐馬店建業城) project in Henan that we were engaged to provide project management services enjoyed a significant pricing premium, with the average selling prices being approximately 18% higher than those of comparable properties in adjacent areas in the same year.

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Deep Penetration in Local Province

The real estate and project management markets in different geographic areas may vary significantly. As such, familiarity and insights to local markets, in particular the Project Owners' specific needs and ultimate property buyers' evolving preferences, are crucial to the success of project management service providers. We strategically focused on Henan province and as of December 31, 2020, we had a total of 193 commercial project management in Henan province with an aggregate GFA of approximately 24.2 million sq.m. which covered a vast majority of cities in Henan province of the county-level or above. Deeply rooted in Henan province, our deep knowledge enabled us to become the dominant player in the Henan project management market.

Comprehensive Service Offering

Leveraging our abundant experience and know-how in project management, our offer comprehensive services to Project Owners from project research and approval, project design and planning, construction and cost management, promotion and sales management to delivery of the final property to the ultimate property buyers. The total solution we provide ensures that the quality of every stage of a project satisfies our established quality control system. Our comprehensive services offerings that cover the entire life span of property development and our emphasis on quality lead to a wide recognition of the “Jianye (建業)” brand by Project Owners and ultimate property buyers. As a result, we are able to adopt to the different markets ranging from capital cities to county-level cities, and to satisfy the varying need of the different target customers.

Established Network to Coordinate Resources

For project management companies, the ability to coordinate resources in each stage of the project management process is crucial for achieving higher efficiency and profitability. Through long-term cooperation with quality contractors and suppliers in our established network, we have accumulated a large number of business partners that not only share market insights with us, but also enable us to expand into new markets and replicate our success in an efficient manner. We also benefit from our ability to coordinate resources in attracting Project Owners and winning new projects, which is key to our long-term success.

Quality Property Management Services

Property management is an essential part for quality residential properties, and has become a core part of after-sales services provided by real estate developers to enhance customer satisfaction and brand recognition. Central China New Life, an affiliate of our Company and a professional property management enterprise with excellent track record, provides property management services to all properties under our management. As such, we are able to ensure and maintain our high quality services after the properties managed by us are delivered to the ultimate property buyers.

DIRECTORS' CONFIRMATION

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

REGULATORY OVERVIEW

I. FOREIGN INVESTMENTS

The Company Law of the PRC (《中華人民共和國公司法》) (the “**Company Law**”), which was promulgated on December 29, 1993 and came into effective on July 1, 1994, last amended on October 26, 2018 and came into effective on the same day, provides that companies established in China may take the form of limited liability company or joint stock company with limited liability. Each company has the status of a legal person and owns the assets itself. The Company Law applies to foreign-invested companies unless relevant laws provide otherwise.

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

The Catalogue of Industries for Encouraging Foreign Investment (2020 Version) (《鼓勵外商投資產業目錄(2020年版)》) (the “**Encouraging List 2020**”) which was issued on December 27, 2020 and effective from January 27, 2021, and the Administrative Measures (Negative List) for Foreign Investment Access (2020 Edition) (《外商投資准入特別管理措施(負面清單)(2020年版)》) (Order No. 32 of the National Development and Reform Commission and the Ministry of Commerce, which was promulgated by the National Development and Reform Commission and the Ministry of Commerce on June 23, 2020 and became effective from July 23, 2020) (“**Negative List 2020**”), further reduced restrictions on the foreign investment and replaced the Catalogue for the Guidance of Foreign Investment Industries (2017 Revision) (《外商投資產業指導目錄(2017年修訂)》) and the Special Administrative Measures for the Access of Foreign Investment (Negative List) (2019 Version) (《外商投資准入特別管理措施(負面清單)(2019年版)》). According to the relevant regulations above, (i) industries for foreign investment are divided three categories: “encouraged”, “restricted” and “permitted”; and (ii) industries that do not fall within the Negative List 2020 and the Encouraging List 2019 are industries permitted for foreign investment and shall be subject to administration under the principle of treating domestic investments and foreign investments equally.

The project management sector is not listed in the Negative List 2020 and thus not subject to special administrative measures for foreign investment access.

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

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On August 8, 2006, the MOFCOM together with five other departments issued the Rules on the Merge and Acquisition of Domestic Enterprises by Foreign Investors (《關於外國投資者併購境內企業的規定》) (the “**M&A Rules**”), which became effective on September 8, 2006 and was amended on June 22, 2009. According to the M&A Rules, merger and acquisition by an overseas company incorporated or controlled by a domestic company, enterprise or natural person of any domestic company affiliated with such domestic company, enterprise or natural person shall be subject to examination and approval by the MOFCOM. The M&A Rules purport, among other things, to require offshore special purpose vehicles formed for overseas listing purposes through acquisitions of PRC domestic companies and controlled by PRC companies or individuals, to obtain the approval of the China Securities Regulatory Commission prior to publicly listing their securities on an overseas stock exchange.

II. PROJECT MANAGEMENT AGREEMENTS

Current laws and regulations of the PRC do not specifically set up a unified regulatory system for project management companies engaged in project management business. According to the Trial Measures for Management of Construction Engineering Project (《建設工程項目管理試行辦法》) (which was promulgated by the Ministry of Construction on November 16, 2004, and became effective on December 1, 2004), a project management enterprise shall possess one or more qualifications in respect of project survey, design, construction undertaking, supervision, construction cost consulting, bidding agency, etc. Based on our consultation with the Department of Housing and Urban-Rural Development of Henan Province (河南省住房和城鄉建設廳), we are not required to obtain one or more qualifications aforesaid since we do not engage in such specialized business as project survey, design, construction undertaking, etc, we undertake advisory, managerial and supervisory roles while our Project Owners will enter into agreements with qualified third party service providers (see the section headed “Business — OUR BUSINESS MODEL” below for detailed information).

For commercial management projects, the principal and the agent are both civil subjects, and their rights, obligations and legal liabilities shall be subject to the Contract Law of the PRC (《中華人民共和國合同法》) (which was promulgated by Order No.15 of the President of the PRC and became effective from October 1, 1999), and especially the provisions concerning commission contracts.

According to the Contract Law of the PRC, a commission contract refers to a contract whereby the principal and the agent agree that the agent shall handle the matters of the principal; the principal may specially entrust an agent to handle one or several items of matters, or generally entrust the agent to handle all matters; and the principal shall pay remuneration to the agent who has finished the entrusted matters. If, due to causes not attributable to the agent, the entrusted affair(s) cannot be completed, the principal shall pay the agent corresponding remuneration, unless the parties have agreed otherwise. In respect of a non-gratuitous commission contract, where the principal suffers any loss due to the fault of the agent, the principal may claim compensation for the loss. On May 28, 2020, the National People’s Congress approved the Civil Code of the PRC (《中華人民共和國民法典》), which will become effective on January 1, 2021 and simultaneously replace the Contract Law of the PRC. The Civil Code of the PRC does not make material changes on the provisions of the Contract Law of the PRC concerning commission contracts.

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III. LEGAL SUPERVISION OVER LABOR PROTECTION

According to the Labor Law of the PRC (《中華人民共和國勞動法》) (Order of the President [1994] No. 28) (“**Labor Law**”), which was promulgated by the SCNPC on July 5, 1994, and became effective on January 1, 1995 and amended for the first time on August 27, 2009, and for the second time on December 29, 2018), an employer should develop and improve its rules and regulations to safeguard the rights of its employees. The employer shall, based on the characteristics of its production and business operation as well as economic results, independently determine its form of wage distribution and wage level according to law.

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

According to the Interim Regulations on the Collection and Payment of social security Premiums (《社會保險費徵繳暫行條例》) (which was promulgated by the Order No. 259 of the State Council on January 22, 1999 and became effective from the same day, and was amended on March 24, 2019), Decision of the State Council for the Establishment of A Unified Basic Pension Plan for Enterprise Employees (《國務院關於建立統一的企業職工基本養老保險制度的決定》) (which was promulgated by the Order No. 26 of the State Council on July 16, 1997 and became effective from the same day), Unemployment Insurance Regulations (《失業保險條例》) (which was promulgated by the Order No. 258 of the State Council on January 22, 1999 and became effective from the same day), the Trial Measures on Employee Maternity Insurance of Enterprises (《企業職工生育保險試行辦法》) (which was promulgated by the Order No. 504 of the Ministry of Labor on December 14, 1994 and became effective from January 1, 1995), the Regulations on Work Injury Insurance (《工傷保險條例》) (which was promulgated by the Order No. 375 of the State Council on April 27, 2003 and amended by the Decision of the State Council on Amending the Regulations on Work-related Injury Insurance on December 20, 2010), and Decision of the State Council on Establishing a Basic Medical Insurance System for Urban Employees (《國務院關於建立城鎮職工基本醫療保險制度的決定》) (which was promulgated by the Order No. 44 of the State Council on December 14, 1998 and became effective from the same day), PRC incorporated companies are required to provide benefit plans for their employees, which include basic pension insurance, unemployment insurance, maternity insurance, work injury insurance and basic medical insurance. PRC

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incorporated companies must provide social security by registering with local social security agencies and paying or withholding relevant social security premiums for or on behalf of employees. The Law on Social Security of the PRC (《中華人民共和國社會保險法》) (Order No. 35 of the President of the PRC), which was promulgated on October 28, 2010 and became effective from July 1, 2011, and was amended on December 29, 2018, has consolidated pertinent provisions for basic pension insurance, unemployment insurance, maternity insurance, work injury insurance and basic medical insurance, and has provided in detail the legal obligations and liabilities of employers who do not comply with relevant laws and regulations on social security.

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

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

The Ministry of Human Resources and Social Security promulgated the Interim Provisions on Labor Dispatch (《勞務派遣暫行規定》) on 24 January 2014. The Interim Provisions on Labor Dispatch, which became effective on 1 March, 2014, states that labor dispatch should only be applicable to temporary, auxiliary or replaceable positions. And the employer shall strictly control the number of dispatched laborers which shall not exceed 10% of the total number of its workers. For purposes of these provisions, temporary positions mean positions subsisting for no more than six months, auxiliary positions mean positions of non-major business that serve the major businesses, and replaceable positions mean positions that can be held by substitute employees for a certain period of time during which the employees who originally hold such positions are unable to work as a result of full-time study, being on leave or other reasons. A labor dispatch service provider shall pay to the dispatched workers the labor remuneration and pay social insurance for the dispatched workers in accordance with the statutory requirements and the labor dispatch agreement. Please refer to the section headed "Business — Employees" in this prospectus for the differences between labor dispatch and our Group's seconded employee arrangement.

IV. REGULATIONS RELATING TO INTELLECTUAL PROPERTY

Trademark Law

Trademarks are protected by the Trademark Law of the PRC (《中華人民共和國商標法》) (issued by the Standing Committee on August 23, 1982, came into effect on March 1, 1983 and amended on February 22, 1993, October 27, 2001, August 30, 2013 and April 24, 2019) and the Implementation Regulation of the PRC trademark Law (《中華人民共和國商標法實施條例》) (adopted by the State Council on April 29, 2014 and came into effect on May 1, 2014). The Trademark Office under the State Administration for Market Regulation (the “SAMR”) handles trademark registration and grants 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 by improper means in registering a trademark which others have already begun to use and enjoyed certain degree of influence.

Domain Name

According to the Measures on the Administration of Domain Names (《互聯網域名管理辦法》) (issued by the Ministry of Industry and Information Technology 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 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.

V. TAX LAWS

Corporate Income Tax

According to the Corporate Income Tax Law of the PRC (《中華人民共和國企業所得稅法》) (which was promulgated by the National People’s Congress on March 16, 2007 and became effective from January 1, 2008, and was amended for the first time pursuant to the Decision on Revision of the Corporate Income Tax Law of the PRC (《關於修改〈中華人民共和國企業所得稅法〉的決定》) adopted at the 26th Session of the Standing Committee of the 12th National People’s Congress of the PRC on February 24, 2017, and amended for the second time in accordance with the Decision on Revision of Four Laws Including the Electric Power Law of the PRC (《關於修改〈中華人民共和國電力法〉等四部法律的決定》) adopted at the 7th Session of the Standing Committee of the 13th

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National People's Congress on December 29, 2018) (the “**Corporate Income Tax Law**”) and the Implementing Regulations for the Law on Corporate Income Tax Law of the PRC (《中華人民共和國企業所得稅法實施條例》) (which was promulgated by the State Council on December 6, 2007 and became effective on January 1, 2008, and amended pursuant to the Decision of the State Council on Revising Some Administrative Regulations (April 2019) (《國務院關於修改部分行政法規的決定(2019年4月)》)), a uniform tax rate of 25% is imposed on all domestic companies, foreign-invested companies and foreign companies whose actual management institution is in the territory of China. The term “actual management institution” shall mean an institution that substantially manages and controls the operation, human resources, finance and property of a company in an all-round way.

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

Withholding Tax

According to the Arrangement between the Mainland China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation on Income (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》) (which was promulgated by the State Administration of Taxation on August 21, 2006 and became effective from December 8, 2006), any person or company who is a beneficial owner of the dividends and holds 25% or more of the equities in a Chinese company shall pay an income tax at a rate of 5% on the dividend such person or company may receive from the Chinese company and in any other case, 10% of the gross amount of the dividends. According to the Announcement of the State Taxation Administration on Issues Relating to “Beneficial Owner” in Tax Treaties (《國家稅務總局關於稅收協定中“受益所有人”有關問題的公告》) (Announcement [2018] No. 9 of the State Administration of Taxation), a comprehensive analysis shall be carried out in accordance with the related factors, taking into account actual conditions of the specific case, while the taxation authority analyzes and determines the beneficial owner on the substance-over-form doctrine, in order to decide whether to give any tax preference to the beneficial owner.

According to the Circular of the State Taxation Administration on Several Issues in How to Determine Chinese Funded and Controlled Enterprises Registered Without the Territory of China as Resident Enterprises on Their Actual Management Institutions (《國家稅務總局關於境外註冊中資控股企業依據實際管理機構標準認定為居民企業有關問題的通知》) (Guoshuifa No. 82 [2009] partially abolished in 2017), the Measures for the Administration of Income Taxation on Chinese Funded and Controlled Enterprises Registered Without the Territory of China as Resident Enterprises (for Trial Implementation) (《境外註冊中資控股居民企業所得稅管理辦法(試行)》) (State Administration of Taxation Announcement No. 45, 2011 amended in 2015, 2016 and 2018), and the Announcement on Several Issues on the Determination of Resident Enterprises By Their Actual Management Institutions (《關於依據實際管理機構標準實施居民企業認定有關問題的公告》) (State Administration of Taxation Announcement No. 9, 2014), any Chinese-funded company without the territory of China, whose actual

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management institution is determined to be a resident company within the territory of China, shall pay a corporate income tax at a rate of 25% on its income that originates from within and without the territory of China (unless the tax is reduced or exempted under the tax law). The actual management institution shall be determined on the substance-over-form doctrine.

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

Value-Added Tax

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

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

VI. LEGAL REGULATIONS ON FOREIGN EXCHANGE

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

SAFE Circular No. 13

The Circular of the State Administration of Foreign Exchange on Further Simplifying and Improving the Direct Investment-related Foreign Exchange Administration Policies (《國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知》) (Huifa [2015] 13) (“**SAFE Circular No. 13**”) was promulgated on February 13, 2015 and became effective from June 1, 2015 and partially abolished in December 2019.

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

SAFE Circular No. 19 and No. 16

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

REGULATORY OVERVIEW

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

SAFE Circular No. 28

The Circular of the State Administration of Foreign Exchange on Further Promoting the Facilitation of Cross-border Trade and Investment (《國家外匯管理局關於進一步促進跨境貿易投資便利化的通知》) (Hui Fa [2019] No. 28) (“**SAFE Circular No. 28**”) was promulgated and became effective from October 23, 2019. Under SAFE Circular No. 28, non-investment foreign-invested enterprises are allowed to make domestic equity investment with their capital funds in accordance with the law on the premise that the existing special administrative measures (negative list) for foreign investment access are not violated and the projects invested thereby in China are true and compliant. The requirement for non-financial enterprises to register their foreign debts for each transaction is canceled under the pilot program, which is replaced by completing foreign debt registration formalities with local foreign exchange authorities as per two times the amount of non-financial enterprises’ net assets, borrowing foreign funds within the registered amount, completing the formalities for inward and outward remittance of funds and purchase and settlement of foreign currency directly with a bank, and making declaration of international balance of payments as required.

According to the Circular on Optimizing Administration of Foreign Exchange to Support the Development of Foreign-related Business (《關於優化外匯管理支持涉外業務發展的通知》) issued by the SAFE on April 10, 2020, eligible enterprises are allowed to make domestic payments by using their capital, foreign credits and the income under capital accounts of overseas listing, with no need to provide the evidentiary materials concerning authenticity of such capital for banks in advance, provided that their capital use shall be authentic and in line with provisions, and conform to the prevailing administrative regulations on the use of income under capital accounts. The concerned bank shall conduct spot checking in accordance with the relevant requirements.

OVERVIEW

As one of the leading property developers in the Central China region, the CCRE Group leveraged on its decades of experience in property development as well as its established “Jianye (建業)” brand and launched our project management business in 2015, securing our first project management agreement in November 2015.

Initially, our project management business was undertaken by CCRE China (the CCRE Group’s main PRC intermediate holding company). CCRE had chosen CCRE China (being its single most important operating subsidiary) to be the signing party during the initial stage of our business because, at the time, our business was a brand new business venture and CCRE was still testing the potential of our business and there was no immediate need to devise a distinct corporate structure. At the time, there was no plan for the Spin-off, and in any event, CCRE China, our Group and our project management business were all wholly-owned by CCRE. Shortly thereafter in 2016, our project management business began to show substantial potential and the CCRE Group decided to develop our project management business into an independent and separate business with a clear corporate structure. As such, since March 2016, our project management business began to enter into project management agreements primarily through Zhongyuan Jianye, with Zhongyuan Jianye handling the vast majority of our project management business, covering all county-level cities in Henan province as well as any province outside of Henan province. CCRE China only handled relatively exceptional cases, being projects for prefecture-level cities in Henan province (primarily due to legacy reasons given CCRE China’s extensive operating history in such cities), or where the customer specifically requested CCRE China (being a relatively well-established and recognised subsidiary of the CCRE Group) to be the contract signing party. In early 2020, CCRE decided to further optimise our business structure and delineation, and decided that going forward all project management agreements will be entered into and operated solely by Zhongyuan Jianye, while CCRE China should focus on the Remaining Group’s asset-heavy property development business (which has always been its main business. As such, since then, CCRE China has not entered into any new project management agreements.

Since our launch, our project management business has undergone substantial expansion with a strategic focus on Henan province, and we have become the leading and a fast-growing property project management company in China in terms of the aggregate GFA sold in 2020 and the CAGR for total contract sales amount for projects under our management from 2017 to 2020, according to China Index Academy. In 2020, our projects under management recorded an aggregate GFA sold of approximately 5.7 million sq.m., and the CAGR of total contract sales amount from 2017 to 2020 was 71.5%, both of which ranked No.1 among all of our peers in China. In addition, our newly contracted GFA in 2020 achieved 8.6 million sq.m., which ranked No. 2 amongst all project management companies in China, according to China Index Academy.

HISTORY, DEVELOPMENT AND REORGANIZATION

Key development milestones

Our key development milestones include:

Dates	Event
June 2015	The CCRE Group began to develop our project management business as part of its “New Blue Ocean Strategy”
November 2015	The CCRE Group secured our first project management agreement
March 2016	We began to enter into project management agreements through Zhongyuan Jianye and gradually developed our project management business as a separate business independently of the CCRE Group’s other businesses
June 2016	We began to expand our operations into provinces other than Henan province and secured our first non-Henan project in Hainan province
March 2018	Our aggregate contract sales amount for projects under our management reached RMB10 billion
September 2018	The number of our project management agreements reached 100
September 2020	We were awarded No. 2 of “Leading Brand of China Real Estate Agent-construction Companies (2020中國房地產代建領先品牌)” by the China Real Estate TOP10 Research Team

CORPORATE DEVELOPMENT

Our Group comprises our Company, three intermediate holding companies and two operating subsidiaries. Our subsidiaries were incorporated or established in the BVI, Hong Kong or the PRC, and each of them commenced business after their respective incorporation or establishment. Set out below is information and the corporate development history of members of our Group:

Our Company

Our Company was incorporated on October 22, 2020 in the Cayman Islands as an exempted company with limited liability. On incorporation, our authorized share capital was HK\$380,000 divided into 38,000,000 Shares of HK\$0.01 each, of which 1 Share was issued and allotted to our initial subscriber (an Independent Third Party) and subsequently transferred to CCRE on the same day. The principal activity of our Company is investment holding. As part of our Reorganization, our Company became the holding company of our Group and will be the vehicle of the Listing. See “— Reorganization” below for details.

HISTORY, DEVELOPMENT AND REORGANIZATION

Our subsidiaries

Name	Date and place of incorporation or establishment	Issued shares/ Registered capital	Interest attributable to our Group	Principal business activities
Start Ahead	October 22, 2020 (BVI)	1 share	100%	Investment holding
CCMGT(HK)	October 22, 2020 (Hong Kong)	1 share	100%	Investment holding
Henan Start Ahead .	October 27, 2020 (PRC)	RMB10 million	100%	Investment holding
Zhongyuan Jianye .	December 26, 1992 (PRC)	RMB600 million	100%	Project management
Zhongyuan Jianye (Hainan).	March 22, 2021 (PRC)	RMB10 million	100%	Project management

See “— Reorganization” below for more details on the corporate development of Start Ahead, CCMGT(HK) and Henan Start Ahead.

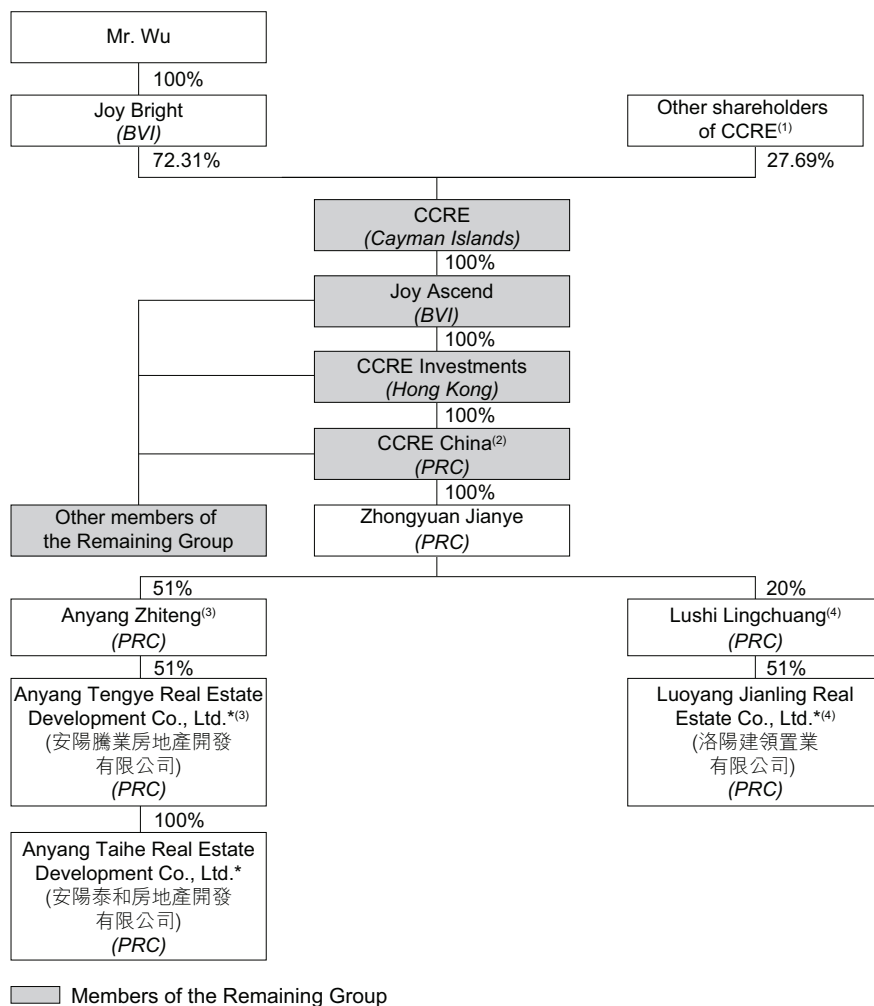
Zhongyuan Jianye is our main operating subsidiary. It was established in the PRC under the name Henan Xuanlong Real Estate Development Co., Ltd.* (河南軒隆房地產開發有限公司) by Independent Third Parties on December 26, 1992, with an initial registered capital of RMB15.0 million. On September 20, 1994, Zhongyuan Jianye changed its name to Henan Zhongxin Real Estate Development Co., Ltd.* (河南中信房地產開發有限公司). After a series of transfers among the then shareholders of Zhongyuan Jianye (all being Independent Third Parties), as at May 27, 2004, Zhongyuan Jianye was owned as to 25% by Henan Hengxin Industrial Co., Ltd.* (河南省恒鑫實業有限公司) (“**Henan Hengxin**”) and 75% by Zhonyuan Trust Investment Co., Ltd.* (中原信托投資有限公司) (“**Zhongyuan Trust**”) (both being Independent Third Parties). On May 28, 2004, the CCRE Group (through CCRE China) acquired 25% equity interest in Zhongyuan Jianye from each of Zhonyuan Trust and Henan Hengxin at a consideration of RMB3.75 million paid to each of them, which was determined based on the then paid-up share capital of Zhongyuan Jianye. Immediately upon the above transfer, Zhongyuan Jianye was owned as to 50% each by the CCRE Group (through CCRE China) and Zhongyuan Trust. On the same day, Zhongyuan Jianye increased its registered capital to RMB50.0 million and changed its name to Henan Zhongyuan Central China City Development Co., Ltd.* (河南中原建業城市發展有限公司). On December 7, 2007, the CCRE Group (through CCRE China) acquired the remaining 50% equity interest from Zhonyuan Trust at a consideration of RMB43.5 million, which was determined with reference to valuation of Zhongyuan Jianye as at September 30, 2007 as assessed by an Independent valuer. Since December 2007 and up to the commencement of our Reorganization, Zhongyuan Jianye was wholly owned by the CCRE Group (through CCRE China) and had a registered capital of RMB150.0 million, all of which had been fully paid up since April 27, 2009. Since September 2016, Zhongyuan Jianye has been principally engaged in our project management business. Prior to this, Zhongyuan Jianye was involved in other immaterial property business. Subsequently, pursuant to our Reorganization, Zhongyuan Jianye was transferred from CCRE China to our Group. See “— Reorganization” below for more details.

HISTORY, DEVELOPMENT AND REORGANIZATION

REORGANIZATION

Corporate structure before our Reorganization

Our shareholding structure immediately before our Reorganization is as follows:



Notes:

- Save for 0.57% CCRE Shares held by Mr. Wang Jun (an executive director of CCRE), such shareholdings count towards the public float of CCRE under Rule 8.08 of the Listing Rules.
- Due to historical reasons, certain project management agreements of our business were entered into by CCRE China. We subsequently implemented our Reorganization. As of completion of our Reorganization, all such contracts have been formally transferred to Zhongyuan Jianye (our subsidiary) for the purpose of business delineation, save for those that have either already completed or there is practical difficulty to transfer. See "Relationship with Controlling Shareholders — Delineation of Business — The Remaining Group's interests in certain project management projects for historical reasons".
- Anyang Zhiteng was owned as to 49% by Anyang Duolun Trading Co., Ltd.* (安陽市多倫貿易有限公司), an Independent Third Party. Anyang Tengye Real Estate Development Co., Ltd.* (安陽騰業房地產開發有限公司) was owned as to 49% by Henan Duolun Real Estate Development Co., Ltd.* (河南省多倫房地產開發有限公司), an Independent Third Party.

HISTORY, DEVELOPMENT AND REORGANIZATION

4. Lushi Lingchuang was a subsidiary of our Company by virtue of Zhongyuan Jianye having majority control over its voting rights pursuant to its constitutional documents. It was owned as to 35% by Sanmenxia Sunshine Real Estate Development Co., Ltd.* (三門峽市陽光房地產開發有限公司), 20% by Ningbo Yiluo Equity Investment Partnership (L.P.)* (寧波宜洛股權投資合夥企業(有限合夥)), 15% by Songyue Asset Management Co., Ltd.* (嵩岳資產管理有限公司) and 10% by Henan Wangyuan Decoration Engineering Co., Ltd.* (河南望遠裝飾工程有限責任公司), all being Independent Third Parties. Luoyang Jianling Real Estate Co., Ltd.* (洛陽建領置業有限公司), was owned as to 49% by Henan Wanzhong Real Estate Development Co., Ltd.* (河南萬眾房地產開發有限公司), an Independent Third Party.

Reorganization Steps:

In preparation for the Listing, we implemented our Reorganization, which consisted of the following steps: (1) incorporation of our Company; (2) incorporation of our BVI, Hong Kong and PRC intermediate holding companies; (3) transfer of our PRC operating subsidiary; and (4) disposal of our interest in various companies that are not engaged in our principal business (being project management). Details are set out below:

1. Incorporation of our Company

Our Company was incorporated in the Cayman Islands on October 22, 2020 and the initial authorised share capital of our Company was HK\$380,000 divided into 38,000,000 Shares with a par value of HK\$0.01 each. Upon incorporation, one Share was issued and allotted to our initial subscriber and subsequently transferred to CCRE on the same day. Its principal business is investment holding.

2. Incorporation of Start Ahead (our BVI intermediate holding company), CCMGT(HK) (our Hong Kong intermediate holding company) and Henan Start Ahead (our PRC intermediate holding company)

Start Ahead was incorporated in the BVI on October 22, 2020 and the initial authorized share capital was US\$50,000 divided into 50,000 shares with no par value. Upon incorporation, one share, representing the entire issued shares of Start Ahead, was allotted to our Company. Its principal business is investment holding.

CCMGT(HK) was incorporated in Hong Kong on October 22, 2020. Upon incorporation, 1 share, representing the entire issued shares of CCMGT(HK), was allotted to S.I. Nominees (H.K.) Limited (as CCRE's nominee). On November 3, 2020, such share was transferred by the nominee to Start Ahead. Its principal business is investment holding.

Henan Start Ahead was established in the PRC on October 27, 2020 with an initial registered capital of RMB10 million, contributed solely by CCMGT(HK). Its principal business is investment holding.

HISTORY, DEVELOPMENT AND REORGANIZATION

3. *Transfer of Zhongyuan Jianye (our PRC operating subsidiary)*

On October 29, 2020, the registered capital of Zhongyuan Jianye was increased from RMB150 million to RMB600 million, with all such increase to be paid by Henan Start Ahead, resulting in Zhongyuan Jianye being owned as to 75% by Henan Start Ahead and 25% by CCRE China. On November 3, 2020, CCRE China entered into an agreement to transfer its 25% equity interest in Zhongyuan Jianye to CCMGT(HK) for a consideration of RMB500 million. Our PRC Legal Advisors have advised that such transfer has been properly and legally completed on November 5, 2020 and no regulatory approval was required. Such consideration was settled on November 10, 2020.

4. *Disposal of our entire interests in various subsidiaries and companies that are not principally engaged in project management*

Prior to our Reorganization, we (through Zhongyuan Jianye) held various subsidiaries (namely, Anyang Zhiteng, Lushi Lingchuang and their respective subsidiaries) as well as minority interests in three other companies. These subsidiaries and companies have a different principal business to us as they are principally engaged in property development or investment holding of property development projects. As such, as part of our Reorganization, we disposed of all our interests in all such companies (save for one company as disclosed in “Relationship with Controlling Shareholders — Delineation of Business”) in order to achieve a clear business focus for our Group (such that we only retain such subsidiaries that are principally engaged in our project management business), as well as clear business delineation from the Remaining Group. Details of such disposals are set out below:

- (a) on October 26, 2020, Zhongyuan Jianye entered into an agreement to dispose of its 20% equity interest in Qingfeng Jianhong to Anyang Hongye Real Estate Development Co., Ltd.* (安陽宏業房地產開發有限公司) (an Independent Third Party) for a consideration of RMB16.7 million determined based on the then paid-up registered capital of Qingfeng Jianhong plus a premium of RMB10.7 million. Our PRC Legal Advisors have advised that such disposal has been properly and legally completed on October 30, 2020 and no regulatory approval was required. Such consideration was settled on October 29, 2020;
- (b) on October 27, 2020, Zhongyuan Jianye entered into an agreement to dispose of its 51% equity interest in Anyang Zhiteng to Ningbo Yuekai Equity Investment Partnership (L.P.)* (寧波悅愷股權投資合夥企業(有限合夥)) (an Independent Third Party) for a consideration of RMB45.5 million determined based on the then paid-up registered capital of Anyang Zhiteng plus a premium of RMB25.1 million. Our PRC Legal Advisors have advised that such disposal has been properly and legally completed on October 29, 2020 and no regulatory approval was required. Such consideration was settled on October 29, 2020;

HISTORY, DEVELOPMENT AND REORGANIZATION

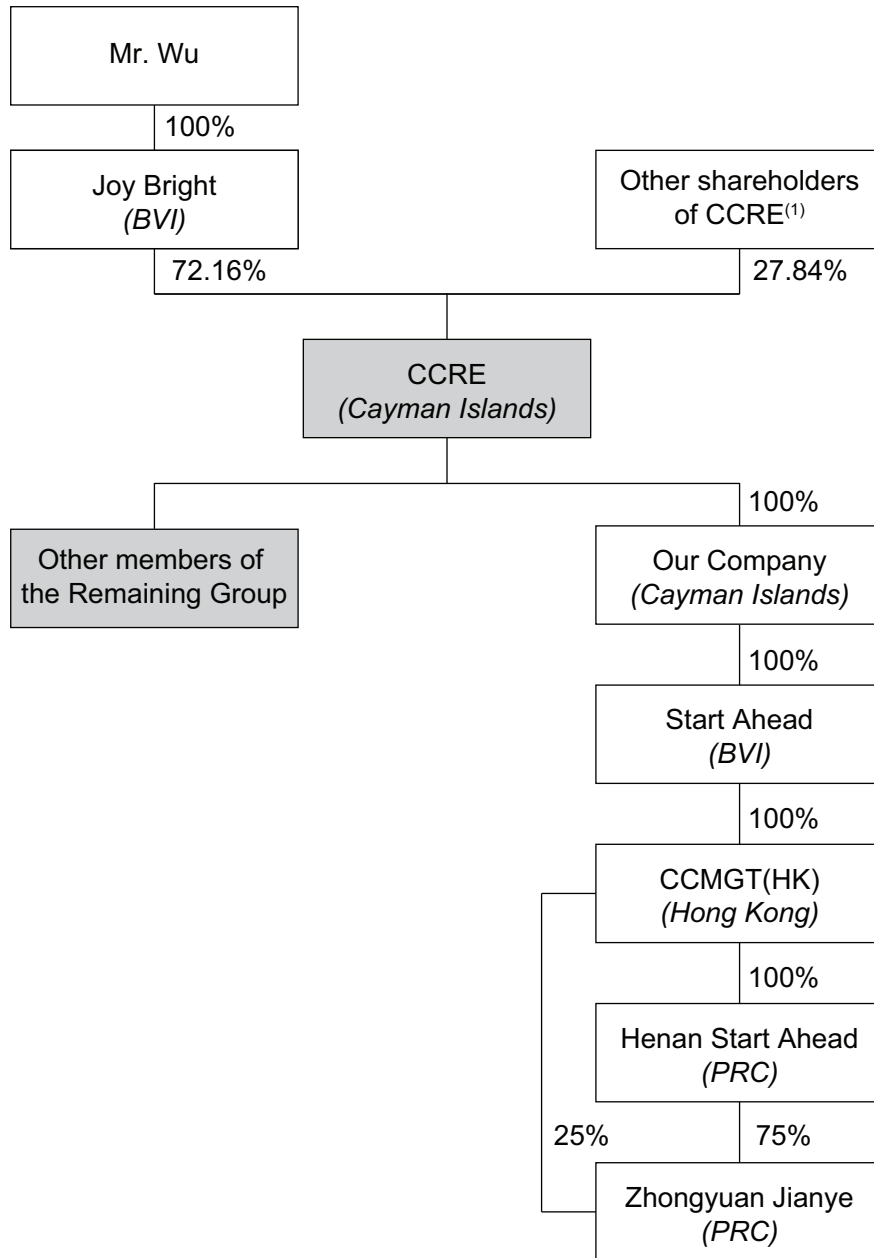
- (c) on October 28, 2020, Zhongyuan Jianye entered into an agreement and a supplemental agreement to dispose of its 20% equity interest in Lushi Lingchuang to Henan Wanzhong Real Estate Development Co., Ltd.* (河南萬眾房地產開發有限公司) (an Independent Third Party) for a consideration of RMB20.4 million determined based on the then paid-up registered capital of Lushi Lingchuang plus a premium of RMB14.4 million. Our PRC Legal Advisors have advised that such disposal has been properly and legally completed on October 29, 2020 and no regulatory approval was required. Such consideration was settled on October 28, 2020; and
- (d) on October 28, 2020, Zhongyuan Jianye entered into an agreement to dispose of its 4.44% equity interest in Lianhe Jianshe to Henan Haiyi Group Co., Ltd.* (河南海義集團有限公司) (an Independent Third Party) for a consideration of RMB13.3 million determined after arm's length negotiation with reference to the then paid-up registered capital of Lianhe Jianshe. Our PRC Legal Advisors have advised that such disposal has been properly and legally completed on October 28, 2020 and no regulatory approval was required. Such consideration was settled on December 8, 2020.

Our Reorganization has been legally and properly completed and settled and no regulatory approval was required and our relevant legal advisers have confirmed that our Reorganization complies with all relevant laws and regulations.

HISTORY, DEVELOPMENT AND REORGANIZATION

Corporate structure after our Reorganization

Our shareholding structure immediately after completion of our Reorganization is as follows:



Members of the Remaining Group

Note:

- Save for 0.57% CCRE Shares held by Mr. Wang Jun (an executive director of CCRE), such shareholdings count towards the public float of CCRE under Rule 8.08 of the Listing Rules.

HISTORY, DEVELOPMENT AND REORGANIZATION

POST-REORGANIZATION

Establishment of subsidiary

Zhongyuan Jianye (Hainan) is principally engaged in project management. It was established on March 21, 2021 with an initial registered capital of RMB10 million (which has not yet been paid up), and has since been wholly-owned by us through CCMGT(HK).

Increase of authorized capital

On May 12, 2021, our Shareholders resolved that the authorized share capital of our Company be increased to HK\$100,000,000 divided into 10,000,000,000 Shares of HK\$0.01 each.

Capitalization Issue

Pursuant to the resolutions of our sole Shareholder passed on May 12, 2021, our Company will capitalize all amounts due from us to CCRE (including the purchase consideration paid by us arising out of the transfer of Zhongyuan Jianye pursuant to our Reorganization) by allotting and issuing 2,967,116,119 Shares to CCRE, credited as fully paid at par on the Listing Date. Details of the resolutions of our sole Shareholder are set out in “Appendix IV — Statutory and General Information — A. Further Information about our Group — 4. Written resolutions of our sole Shareholder passed on May 12, 2021” in this prospectus.

Distribution and Spin-off

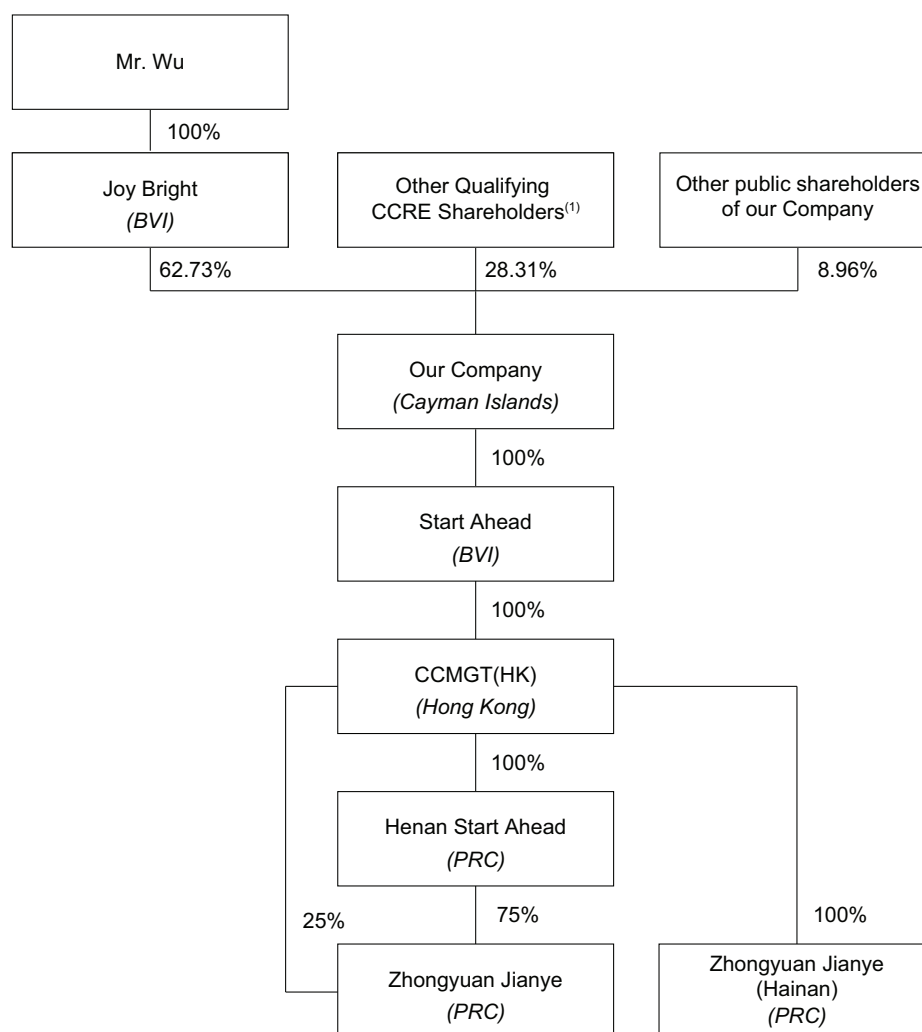
On May 12, 2021, the CCRE Board declared a conditional special interim dividend to be satisfied by way of the Distribution. Pursuant to the Distribution, Shares in our Company will be distributed by CCRE to the Qualifying CCRE Shareholders on the basis of one Share for every one CCRE Share held as at the Record Date. For details of the Distribution, please refer to the section headed “The Distribution and the Spin-off” in this prospectus.

Upon completion of the Spin-off and the Distribution, CCRE will cease to be the shareholder of our Company.

HISTORY, DEVELOPMENT AND REORGANIZATION

CORPORATE STRUCTURE

Our shareholding structure immediately after completion of the Spin-off and the Global Offering (assuming there is no change in the shareholding in CCRE since the Latest Practicable Date and assuming the Reserved Shares under the Preferential Offering are fully taken up by Qualifying CCRE Shareholders) is as follows:



Note:

1. Save for 0.34% Shares held by Mr. Hu Bing (our executive Director), such shareholdings count towards our public float under Rule 8.08 of the Listing Rules.

OVERVIEW

We are the leading and a fast-growing property project management company in China in terms of the aggregate GFA sold in 2020 and the CAGR for total contract sales amount for projects under our management from 2017 to 2020, according to China Index Academy. As a project management service provider, we manage property development projects on behalf of Project Owners throughout the entire property development process, and operate under an asset-light business model without bearing the land acquisition and construction costs. In 2020, our projects under management recorded an aggregate GFA sold of approximately 5.7 million sq.m., representing a market share of 29.2%, and the CAGR of total contract sales amount from 2017 to 2020 was 71.5%, both of which ranked No.1 among all of our peers in China. In addition, our newly contracted GFA in 2020 achieved 8.6 million sq.m., which ranked No. 2 amongst all project management companies in China and accounted for a market share of 10.6%, according to China Index Academy. We are well positioned to benefit from the fast growing PRC project management industry, which is driven by rapid urbanization in the PRC, the demand for quality property development and the development of the PRC real estate market. We experienced a rapid growth of our business during the Track Record Period, with the number of projects and GFA managed by us increasing from 67 and 11.5 million sq.m. as of January 1, 2018 to 206 and 25.5 million sq.m. as of December 31, 2020, respectively.

We strategically focused on Henan province, the largest province in China in terms of registered population in 2019. According to China Index Academy, the potential size of the commercial project management market in Henan province is expected to increase from approximately 29.7 million sq.m. in 2020 to approximately 62.8 million sq.m. in 2025, representing a CAGR of 16.2%. As of December 31, 2020, out of our 206 projects under management, 193 of which were in Henan province with an aggregate GFA of approximately 24.2 million sq.m. which covered a vast majority of cities in Henan province of the county-level or above. We devote ourselves to penetrating into Henan province with strong demand for quality property development and trustworthy project management services providers. Deeply rooted in Henan province, our newly contracted GFA in Henan province reached 7.7 million sq.m. and the aggregate GFA sold by us for our Project Owners in Henan province reached 5.5 million sq.m. with the contract sales amount reached RMB33.1 billion in 2020, each ranked No.1 in Henan province in 2020, according to China Index Academy. Leveraging our well established platform, we have also expanded our operations into Hebei, Shanxi, Shaanxi, Xinjiang, Anhui and Hainan provinces and autonomous region to pursue greater growth potential.

We are committed to providing services and bringing value to our Project Owners and operate under an asset-light business model. As a result, Project Owners are responsible for the land acquisition cost and the funds needed for the project development and construction, thereby minimizing our capital requirement. During the Track Record Period and as of the Latest Practicable Date, we provided our project management services solely to commercial project management projects. We provide comprehensive and professional solutions to manage and optimize the entire property development and operation process for the Project Owners and create value for our Project Owners by developing high quality properties in a cost-effective manner. We allow our Project Owners to use the “Jianye (建業)” brand for promoting and marketing the properties in the development projects managed by us. Leveraging the well-recognized “Jianye (建業)” brand, the real estate projects managed by us

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generally have a higher standard of quality and enjoy a premium on selling price, and our Project Owners are entitled to the proceeds received from their investments in relevant projects.

In consideration for the project management services we provide to Project Owners throughout each stage of the property development and operation process, we receive management fees from the Project Owners according to pre-agreed terms, which typically include, (a) base management fees based on the type, location, size and price level of the properties; and (b) incentive fees based on the sales performance. Our management fees are typically paid by Project Owners in installments with reference to the pre-agreed milestones and/or the sales proceeds payment arrangement of the respective projects.

All projects under our management are directly managed by us, which ensures the consistent high quality of our services and enhances our operating efficiency. We do not delegate our projects to third party project management service providers. The management team of the project companies primarily comprises of personnel we second to the project companies that serves key functions of the project company covering design, construction, finance, sales, procurement etc. We are highly involved in the contractor/vendor selection and procurement process, and may recommend quality third-party contractors, design firms and suppliers in our network to the Project Owners who will enter into construction agreements, service agreements or supply agreements directly with such third party vendors. We believe our self-operated business model, our focus on the commercial project management, our cost efficiency resulted from economies of scale and geographic proximity and our pricing power supported by standardized and transparent fee rates have enabled us to achieve high profit margin.

We experienced significant growth during the Track Record Period. Our revenue increased from RMB676.4 million in 2018 to RMB1,029.0 million in 2019 and further to RMB1,152.1 million in 2020. Our net profit increased from RMB403.9 million in 2018 to RMB641.1 million in 2019 and further to RMB681.5 million in 2020. Our net profit margin for 2018, 2019 and 2020 was 59.7%, 62.3% and 59.2%, respectively. During each of the years ended December 31, 2018, 2019 and 2020, our newly contracted GFA, being the incremental portion of total GFA under our management, was 4.6 million sq.m., 8.3 million sq.m. and 8.6 million sq.m., respectively. Subsequent to the Track Record Period and up to the Latest Practicable Date, we have newly contracted 30 projects with GFA amounted to 3.2 million sq. m., representing an increase of approximately 11.4% as compared to the amount of newly contracted GFA during the corresponding period in 2020. Our newly contracted GFA in 2019 was higher than that in 2018 and our newly contracted GFA in 2020 was similar to that in 2019 because, despite we had already accumulated a substantial amount of back log, we exercised cautions in selecting projects and expanding our workforce amid the potential impact in macro economy by COVID-19. We consider that there is still great potential for us to explore growth opportunities in the industry. According to the CIA Report, the revenue of the PRC project management market is expected to grow from RMB9.1 billion in 2019 to RMB31.7 billion in 2025. Please refer to the section headed “Industry Overview — Development of the PRC Project Management Industry” and “Outlook and Drivers of the PRC Project Management Industry” for details. By implementing our growth strategies to (i) further penetrate into Henan province and expand into other provinces in the “Greater Central China” region by setting up more local subsidiaries or branches where our employees will carry out business development in such strategic locations, (ii) expand our service offerings to include provision of stand-alone service modules, government project management and capital project management in addition to our current comprehensive and integrated commercial

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project management services, (iii) continuously improve our service quality and efficiency by applying new technologies, (iv) further strengthen our brand recognition through marketing activities, and (v) recruit more talents and conduct strategic acquisition, we believe we are well-positioned to capture opportunities in the PRC project management market in the future and achieve a sustainable growth. We also believe that we are well supported by our positive cashflow from operation and our net proceeds from the Global Offering to carry out the aforesaid growth strategies, and therefore we do not expect that our growth strategies would have material financial or operational impact on us.

OUR COMPETITIVE STRENGTHS

The leading project management company in China with a strategic focus on Henan province

We are the leading and a fast-growing property project management company in China in terms of the aggregate GFA sold in 2020 and the CAGR for total contract sales amount for projects under our management from 2017 to 2020, according to China Index Academy. In 2020, our projects under management recorded an aggregate GFA sold of approximately 5.7 million sq.m., and the CAGR of total contract sales amount from 2017 to 2020 was 71.5%, both of which ranked No.1 among all of our peers in China. In addition, our newly contracted GFA in 2020 achieved 8.6 million sq.m., which ranked No. 2 amongst all project management companies in China, according to China Index Academy.

As the market leader, we are well positioned to benefit from the fast growing PRC project management industry, which is driven by rapid urbanization in the PRC, the demand for quality property development and the development of the PRC real estate market. As of December 31, 2020, we had 206 projects with a total GFA under management of 25.5 million sq.m. in 107 cities across seven provinces and autonomous region in China.

We strategically focused on Henan province, the largest province in China in terms of registered population in 2019. According to China Index Academy, the potential size of the commercial project management market in Henan province is expected to increase from approximately 29.7 million sq.m. in 2020 to approximately 62.8 million sq.m. in 2025, representing a CAGR of 16.2%. As of December 31, 2020, out of our 206 projects under management, 193 of which were in Henan province with an aggregate GFA of approximately 24.2 million sq.m. which covered a vast majority of cities in Henan province of the county-level or above. We devote ourselves to penetrating into Henan province with strong demand for quality property development and trustworthy project management services providers. Deeply rooted in Henan province, our newly contracted GFA in Henan province reached 7.7 million sq.m. and the aggregate GFA sold by us for our Project Owners in Henan province reached 5.5 million sq.m. with the contract sales amount reached RMB33.1 billion in 2020, each ranked No.1 in Henan province in 2020, according to China Index Academy. Leveraging our well established platform, we have also expanded our operations into Hebei, Shanxi, Shaanxi, Xinjiang, Anhui and Hainan provinces and autonomous region to pursue greater growth potential.

We believe our early entry and established presence in the industry provide us with a unique advantage and insights which are hard to replicate by our competition. Our leading market position and our successful track record, in particular in Henan province, have further strengthened our competitiveness and created a high entry barrier for new competitors in the PRC project management market.

Well-recognized “Jianye (建業)” brand to create greater value for Project Owners

We are committed to bringing value to our Project Owners. Since our inception, we have accumulated abundant experience and know-how in project management services. From project research and approval, project design and planning, construction and cost management, promotion and sales management to delivery of the final property to the ultimate property buyers, we provide professional services to our Project Owners and ensure that the quality of every stage of a project satisfies our established quality control system. Our comprehensive services offerings that cover the entire development cycle and our emphasis on quality lead to a wide recognition of the “Jianye (建業)” brand by Project Owners and ultimate property buyers. In addition, we have established a network of qualified contractors and suppliers across the real estate development value chain, including construction companies, design firms, contractors and other vendors. Our close relationship with these qualified contractors and suppliers not only ensures and enhances the quality of projects managed by us, but also strengthens the “Jianye (建業)” brand as a premium brand.

We allow our Project Owners to use the “Jianye (建業)” brand for promoting and marketing projects managed by us after we are engaged to provide project management services. The “Jianye (建業)” brand is well-recognized and ranked No. 1 among the “2020 Top 10 Real Estate Enterprise Brand Value in Central China”, according to a research conducted by the China Real Estate Top 10 Research Group. We have established our proprietary “Jianye Standards”, a set of standardized management and quality standards for projects managed by us which became an important backbone to support our project management operations. Our “Jianye Standards” complement and enhance our project management agreements with the Project Owners by setting out clear metrics to evaluate whether contractual obligations have been fulfilled and providing a clear understanding of performance expectations for our Project Owners. Benefiting from the renowned “Jianye (建業)” brand and the better quality of the properties applying the “Jianye Standards”, our Project Owners can achieve strong sales performance and their respective projects generally enjoy a premium on selling price when competing against similar products in adjacent areas, according to China Index Academy. For example, the Zhumadian Jianye City (“駐馬店建業城”) project in Zhumadian, Henan that we were engaged to provide project management services enjoyed a price premium of 17.7% over the average selling price of similar types of residential properties in the surrounding area, and the Nanyang Jianye Polis No.2 (“南陽建業貳號城邦”) project in Nanyang, Henan that we were engaged to provide project management services enjoyed a price premium of 12.9% over the average selling price of similar types of residential properties in the surrounding area, according to China Index Academy.

Leveraging the renowned “Jianye (建業)” brand, our professional project management services, and our established network of quality contractors and suppliers, we believe we are well positioned to explore new project management opportunities and enter into new markets and regions by deepening our cooperation with our existing Project Owners and attracting more quality Project Owners to cooperate with us, and to empower them to achieve strong sales performance and pricing premium in their respective projects under our management.

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Unique asset-light business model which drives rapid growth and further enhances profitability with reduced risk

We are one of the first few project management companies in China, according to China Index Academy. Specifically, all our projects are directly managed by us and we do not delegate our projects to third party project management service providers, which ensures the consistent high quality of our services and enhances our operating efficiency. In addition, we typically do not invest or hold equity interest in the project companies. Therefore, we are able to maintain rapid growth in our revenue and profit along with our continued expansion given the low capital requirement.

Our asset-light business model allows us to maintain minimum capital requirement as opposed to traditional property developers which requires large amount of capital for land acquisition. Leveraging the well-recognized “Jianye (建業)” brand, our comprehensive services offerings, strong execution and project management capabilities and established network of quality contractors and suppliers, we are capable of expanding our scale of operation rapidly with low capital requirement. The number of our projects under management and GFA under management increased from 67 and 11.5 million sq.m. as of January 1, 2018 to 206 and 25.5 million sq.m. as of December 31, 2020 with CAGRs of 45.4% and 30.5%, respectively, while we did not have any interest-bearing borrowings as of December 31, 2020.

According to China Index Academy, in 2019, the average net profit margin for project management companies in the PRC was generally higher than that of the traditional real estate developers. Furthermore, we believe our self-operated business model without having to share our fee income with sub-contractors and co-operation partners, our focus on the commercial project management, our cost efficiency resulted from economies of scale and geographic proximity, and our pricing power supported by standardized and transparent fee rates have enabled us to achieve high net profit margin. Furthermore, part of our project management services are provided through having our employees seconded to relevant projects. Pursuant to our project management agreements with the Project Owners, the Project Owners shall bear such personnel cost which shall be paid by the Project Owners directly to such seconded employees, thereby leading to our higher net profit margin. According to China Index Academy, such arrangement is a common industry practice, and our PRC Legal Advisors are of the view that such arrangement does not violate applicable PRC laws and regulations. As a result of our unique asset-light business model, our net profit for 2018, 2019 and 2020 was RMB403.9 million, RMB641.1 million and RMB681.5 million respectively. Our net profit margin for 2018, 2019 and 2020 was 59.7%, 62.3%, and 59.2%, respectively.

Standardized products and operations to ensure strong execution capabilities and enhance the operating efficiency

We are devoted to delivering premium real estate properties with specifications designed for and driven by our Project Owners and ultimate property buyers’ evolving needs. Based on our deep knowledge of market insight, we have developed a set of standardized residential products, which shares similar design concepts and adopt similar facades and unit layouts, to address different market segments, target audience and price levels. These standardized product series are carefully designed by our management team with an aim to enable us to rapidly scale up and replicate our successful experience in new cities/provinces where we do not have operations at present. As of December 31, 2020, over 85% of the residential projects managed by us adopted our standardized products, which significantly enhanced our

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operating efficiency. Besides our standardized and modularized products, we are able to leverage on the experience and expertise of our in-house product design team to offer customized projects to better fulfill our Project Owners' specific needs. In addition to residential properties, we also offer project management services for commercial properties or office buildings to diversify our services.

We firmly believe that the ability to maintain consistent high quality of projects managed by us is crucial for our long-term success. As such, we have developed a set of standardized operations from project research, conceptual design, project design and planning, contractor/supplier management, construction management, cost management, promotion planning, sales management, completion inspection and delivery management. In addition, we have streamlined the management functions of our project companies, which not only enables us to replicate our successful experience but also provides us with talent reserves for future expansion, thereby allowing us to expand and scale up our operations quickly. With our standardized operations, we are able to form an experienced task force with full functions when we decide to enter into a new project. Our dedicated sales team also developed a standardized operations which can commence and extend sales and marketing works quickly and achieve a sell through rate exceeding 70% upon initial launch. We believe our strong execution capabilities and standardized operations allow us to achieve greater operating efficiency, thereby attracting more Project Owners and further driving up our profitability.

Visionary and experienced management team supported by a dedicated talent pool

We are led by Mr. Wu Po Sum, our Chairman, and Mr. Hu Bing and Mr. Ma Xiaoteng, our executive Directors. Mr. Wu Po Sum founded CCRE in 1992, and Mr. Hu Bing and Mr. Ma Xiaoteng joined CCRE in 2004 and 2001, respectively, and have extensive experience in the PRC real estate industry and expertise in project management services. Under Mr. Wu Po Sum's visionary leadership together with the experienced management of Mr. Hu Bing and Mr. Ma Xiaoteng, we have become the leading project management company in China and have been widely recognized by our Project Owners and end customers. In addition, our senior management team has been with us and/or CCRE for more than 10 years on average and has an average of 22 years of experience in the PRC real estate and project management industries. Members of our senior management team possess diverse expertise and extensive industry knowledge, and have significantly contributed to our rapid growth and expansion.

In addition, our management team is supported by a highly experienced talent pool with strong execution capabilities. As of December 31, 2020, we had 1,088 employees in our operating subsidiaries and project companies. In order to develop and train our talents, we provide continuous training programs to our employees through both our online and offline in-house training system as well as offering external training programs. To support our continued and sustainable expansion, we emphasize on building, developing and identifying future leaders within our organization. We focus on our home grown execution team consisting of selected, young and promising talents, which enables us to form a cohesive, vibrant and stable mid-level management team. Through these initiatives, we believe our visionary and experienced management team and dedicated talent pool have set the foundation for our long term success.

OUR GROWTH STRATEGIES

Our goal is to further consolidate our position as the leading project management company in China, and we intend to pursue the following growth strategies to achieve this goal:

Maintain our leadership position by further enhancing our penetration in Henan province and expanding into the “Greater Central China” region

Our asset-light business model enables us to expand our operations rapidly. As of December 31, 2020, projects managed by us covered a vast majority of cities in Henan province of the county-level or above. We currently have the highest market share in the project management industry in Henan province, according to China Index Academy, and we plan to further penetrate into other cities within Henan province to maintain our leadership position. Our anticipated goal for the near term is to have our operations cover all cities in Henan province that are at county level or above, and to further increase our market share in Henan province.

Leveraging our successful experience and the convenient transportation system in Henan province, we intend to further expand into the “Greater Central China” region, a vast area that we define as within a radius of approximately 500 kilometers from Zhengzhou covering eight provinces, Henan, Hubei, Shaanxi, Shanxi, Hebei, Anhui, Jiangsu and Shandong, which cover six national-level urban agglomerations. As of December 31, 2019, approximately 30% of China’s total resident population were in provinces covered by the “Greater Central China” region. We believe that the high resident population in the “Greater Central China” region and the large number of small to mid-sized real estate developers in these provinces will lead to a strong demand and a high growth potential for our quality project management business.

As of December 31, 2020, we have already commenced operations in Shaanxi, Shanxi, Hebei and Anhui in addition to Henan province, and we also plan to expand our operations into Shandong, Hubei and Jiangsu provinces with large population, high resident density and/or relatively low level of urbanization. With the proceeds from the Global Offering, we plan to set up regional branch offices in these provinces to coordinate and be in charge of relevant business development activities. They will also conduct marketing and business development by joining conferences, visiting potential clients and participating in tendering. Leveraging the “Jianye (建業)” brand and through our collaboration of local Project Owners, we believe we can gradually establish our presence in such provinces and expect our revenue contribution from provinces outside Henan to gradually increase.

Expand our services offerings to become a comprehensive project management platform

Our business currently focus on the commercial project management related services to Project Owners, and all of our revenue during the Track Record Period was derived from such business. While we will continue to strengthen our expertise in commercial project management in order to maintain our leading position, with the increasing demand from local governments for more cost and time efficient project management service, we plan to expand our project management services to cover government project management and capital project management. As advised by CIA, it is expected that the demand for public housing and urban renovation will continue to be a growth driver for the government project

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management in the PRC, thereby creating demand for our professional project management services. In addition, as disclosed in the section headed “Industry Overview — Future growth drivers — Participation by financial institutions”, financial investors with capital resources are expected to become important participants in a mature real estate market. Financial institutions which are interested in investing in real estate development projects are likely to seek project management service providers’ assistance to manage the projects for them. Accordingly, we plan to use part of our listing proceeds in developing new businesses in government projects and capital projects, by recruiting personnel possessing relevant experience and connections relating to government projects and capital projects.

On the other hand, along with our continued growth, we may consider offering advisory services, including project evaluating services, design consultation services or construction management services or any combination of such services on a stand-alone basis, to other project management service providers, or, on ad hoc basis, to Project Owners instead of providing full-service project management solutions. In November 2020, we entered into one project where we provided project management advisory services to a Project Owner who does not use the “Jianye (建業)” brand as the Project Owner is a state-owned enterprise and elected to use their own brand name for the project, and does not have our finance staff be seconded to the project company for supervising the project. Our pricing terms for projects using the “Jianye (建業)” brand are comparable to those without using the “Jianye (建業)” brand. The aggregate contract amount for this project was approximately RMB9.5 million, and the total GFA for this project is about 27,000 sq.m., representing a unit fee rate of RMB350 per sq.m. The fee rate for this project is slightly higher than our average fee rate as disclosed on page 133 of this prospectus because this particular project is located in Xi’an, being the capital of Shaanxi Province, while our other projects are mostly located in counties or prefecture-level cities. Besides, the project is smaller in terms of total GFA but we usually require the contract sum of our projects to reach a certain level and therefore, the Project Owner agreed to a relatively higher per sq.m. fee rate for this project after our commercial negotiation.

Continue to improve the quality of our products and services to meet evolving market needs and preferences and enhance our competitiveness

Our future success will be supported by our ability to offer innovative products with good quality to our customers. Therefore, we intend to apply new technologies and to upgrade the products to meet evolving market needs and further enhance our competitiveness. For instance, we will continue to develop smart community in our future projects, which is expected to adopt technologies like face recognition security system, smart parking lot, smart home system and prefabricated building more widely. We work closely with technology companies that manufacture smart appliances to use their products in the projects managed by us. In addition, during the design phase of projects managed by us, we also take into account using environmentally-friendly construction materials with an aim to achieve the PRC national standards for green buildings. In addition, we intend to design green buildings with environmentally friendly infrastructure in our future projects. We may also consider expanding our project management services to cover other property types including integrated complexes and industrial parks in order to increase our revenue contribution from residential properties. We also plan to utilize information technology to enhance our operation efficiency. Along with our business growth, we need to manage numerous projects concurrently. We plan to commission external IT service provider to develop software systems tailored for our project management business. Such software systems would help us to monitor the status of every project concurrently, and to organize our management of

different cycles such as design, construction and sales cycles of each project. Such software would also facilitate the timely monitoring and interaction among our employees, our Project Owners, the contractors and suppliers, thereby enhancing our operational efficiency.

While we maintain a set of standardized and delicate management operations throughout the entire development process of projects under our management, we need to constantly monitor industry trends and the ultimate property buyers' preferences to achieve higher operating efficiency. We periodically review our products and our standard operation procedures against such trends and development to ensure that we will remain compatible with such trends and development. We will continue to improve and adapt higher standards as we observe new industry trends and development to ensure that our standard will remain up-to-date. We believe this customer-oriented approach would not only optimize our operating efficiency but will further enhance our overall competitiveness and consolidate our leading position in the industry.

Strengthen market recognition of “Jianye (建業)” brand through multiple marketing channels to enhance our ability to attract Project Owners and win new projects

The “Jianye (建業)” brand is well-recognized. We intend to leverage such strong brand image to attract more Project Owners in our targeted provinces/locations and further deepen our cooperation with existing Project Owners. Through the word-of-mouth referrals by our existing Project Owners, our professional business development team plans to reach out to a broader group of prospective Project Owners and implement additional marketing efforts by better understanding their business needs. We are confident that the prior cooperation will allow us to provide even better services to such Project Owners and meet their needs and expectations. We also plan to strengthen our marketing efforts through various online and offline channels to further enhance the market recognition of the “Jianye (建業)” brand in particular in provinces outside Henan where we plan to expand our operations. For example, we plan to produce a series of short videos tailored for key cities in the new markets in the “Greater Central China” region that we plan to enter into, as well as to set up show rooms in relevant cities to promote the new “Jianye (建業)” lifestyle. We believe this will in turn enhance our business prospect, provide us with additional brand premium and growth potential.

Continue to attract, train and retain talents to support our long-term and sustainable growth

We believe our well-trained employees with abundant industry experience are crucial to our ability to provide high quality services to Project Owners. To maintain our high service quality and industry leading expertise, and to continuously meet our customers' evolving demands, we will continue to adopt various measures to recruit, train, promote and retain the most talented individuals in our industry. A substantial portion of the proceeds from the Global Offering will be used for recruiting talents for our expanding our operations in certain provinces of the “Greater Central China” region, diversifying our service offering to cover government and capital project management and upgrading our information technology infrastructure to enhance our operation efficiency. In addition, we will continue to nurture future management talents within our Company through various training programs and initiatives. With our core value, well-established platform and competitive compensation package, we believe we will effectively attract suitable talents and achieve sustainable growth for our long-term success.

OUR BUSINESS MODEL

We enter into project management agreements with the Project Owners, pursuant to which we provide comprehensive and professional solutions to manage and optimize the entire property development and operation process for the Project Owners. We create value for our Project Owners by managing the development of high quality properties in a cost-effective manner. More importantly, we allow our Project Owners to use the “Jianye (建業)” brand for promoting and marketing projects managed by us after we are engaged to provide project management services. Leveraging the well-recognized “Jianye (建業)” brand, the real estate projects managed by us generally enjoy a premium on selling price, and our Project Owners are entitled to the proceeds received from their investments in relevant projects. During the Track Record Period and as of the Latest Practicable Date, we provided our project management services solely to commercial project management projects.

In consideration for the project management services we provide to Project Owners throughout each stage of the property development and operation process, we receive management fees from the Project Owners according to pre-agreed terms, which typically include, (a) base management fees based on the type, location, size and price level of the properties; and (b) incentive fees based on the sales performance. Our management fees are typically paid by Project Owners in installments with reference to the pre-agreed milestones and/or the sales proceeds payment arrangement of the respective projects. Project owners are willing to engage us and pay our management fees in order to use the “Jianye (建業)” brand in their respective real estate development projects and to utilize our know-how, market insight, well-established network of quality contractors/suppliers and highly efficient coordination among various participants of a given project. In addition to employees in our headquarters and regional branches, our integrated services are also provided by our employees seconded to relevant project companies to better manage and supervise their respective daily operations. Salaries, travel and accommodation expenses, benefits and bonuses for personnel we second to the project companies are generally paid by the Project Owners to our seconded personnel directly pursuant to the arrangement between the Project Owners and us. According to China Index Academy, such arrangement is a common industry practice, and our PRC Legal Advisors are of the view that such arrangement does not violate applicable PRC laws and regulations. We do not recognize such expenses as our personnel cost, nor do they form part of our management fees or revenue.

We operate under an asset-light business model. When entering into project management agreements with us, our Project Owners have already received, or are in the process of applying for, land use rights grants. In addition, our Project Owners are responsible for raising funds needed for the entire project development and construction. The Project Owners have the right to be informed of all information and updates related to a given project, and has the right to inspect and make suggestions. The Project Owners also have the final authority to decide on major matters, such as budget, framework development plan, project positioning, construction schedule, procurement plan, property price, and sales and marketing strategies. The Project Owners are entitled to the proceeds received from the investment and bear the investment risks, if any. As of the Latest Practicable Date, we only held minority interest in one project managed by us. As a minority shareholder holding 20% of the equity interest in such project company, we acted as a passive investor, and could only exercise voting power, share investment proceeds and undertake investment risks based on our respective shareholding percentage in the project company. Our 20% minority interest in such project company was recorded as investment in an associate in our consolidated statements of financial position during the Track Record Period.

BUSINESS

Our project management services are provided through our employees in our headquarters and regional branch offices, as well as our employees seconded to relevant project companies. The level of involvement and respective services provided by our employees in our headquarters/regional branch offices and seconded employees vary in accordance with the different development stages of a given project. For details of the services provided by our employees in our headquarters, regional branch offices and the project companies, see the section headed “Business — Project Management Process”.

All projects under our management are directly managed by us, which ensures the consistent high quality of our services and enhances our operating efficiency. We do not delegate our projects to third party project management service providers, and we also rely on our own sales and marketing task force to promote the real estate projects managed by us. We believe our self-operated business model, our focus on the commercial project management, and our cost efficiency resulted from economies of scale and geographic proximity enable us to achieve high profit margin.

OUR PROJECT MANAGEMENT BUSINESS

Overview

Since we commenced our project management business, we have experienced a rapid growth. As of December 31, 2020, we had accumulated an aggregate of 246 projects with a total GFA of 33.1 million sq.m., among which 40 were completed and 206 projects located in 107 cities across seven provinces and autonomous region in China remained under our management. As of the same date, our projects under management had a total GFA under management of approximately 25.5 million sq.m., of which 21.8 million sq.m. were classified as to be under construction and 3.7 million sq.m. were to be constructed.

As of December 31, 2018, 2019 and 2020, we had 105, 147 and 206 projects under management, respectively. We began to shift to the asset-light business model and focus on our project management business mainly since 2017. In line with the industry norm as confirmed by CIA where the life cycle of a project management project typically ranges from three years to five years, we only completed a limited number of projects during the Track Record Period. In particular, our projects usually comprise multiple phases. We consider a project under our management to be completed only after all phases of such project are completed, which also led to a lower number of completed projects during the Track Record Period. The table below sets forth the breakdown and changes of number of projects under our management for the periods indicated:

	Number of Projects Under Management			
	At the Beginning of the Period	Newly Contracted	Completed ⁽¹⁾	At the End of the Period
2018	67	39	1	105
2019	105	58	16	147
2020	147	80	21	206
From December 31, 2020 to the Latest Practicable Date	206	30	2	234

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Note:

- (1) A project under our management is considered completed only when all phases of such project are completed.

In the years ended December 31, 2018, 2019 and 2020, our newly contracted GFA achieved 4.6 million sq.m., 8.3 million sq.m. and 8.6 million sq.m., respectively. Our newly contracted GFA in 2020 ranked No. 2 amongst all project management companies in China, according to China Index Academy. We recorded a higher growth of newly contracted projects under management and newly contracted GFA in 2019 primarily due to strong demand for project management services in our target markets, the increased recognition of the “Jianye (建業)” brand, and the word-of-mouth recommendations of our existing customers on our high quality services. The table below sets forth the breakdown of GFA information of projects under our management for the periods indicated:

	GFA Under Management ⁽¹⁾					
	At the Beginning of the Period	Newly Contracted	Completed (in thousands of sq. m)	At the end of the Period	Under Construction ⁽²⁾	To be Constructed
2018.	11,493	4,588	984	15,097	9,838	5,259
2019.	15,097	8,349	2,312	21,134	16,152	4,982
2020.	21,134	8,581	4,172	25,543	21,839	3,704
From December 31, 2020 to the Latest Practicable Date	25,543	3,237	387	28,393	24,176	4,217

Notes:

- (1) The number of GFA under our management as disclosed in the preceding table is calculated based on the GFA set forth in the respective project management agreements.
- (2) The GFA of projects under construction as disclosed in the preceding table only included those projects for which the respective Project Owner had received the construction permit.

During the Track Record Period and as of the Latest Practicable Date, substantially all of the projects that we managed were for residential properties. In addition to residential properties, we also offer project management services for non-residential properties, such as city complexes, shopping malls or office buildings to diversify our services. As of December 31, 2020, we had total of four projects in connection with the development of commercial properties with an aggregate GFA of approximately 307,800 sq.m.

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The following table sets forth a summary of our revenue broken down by types of property for the periods indicated.

	<u>2018</u> RMB'000	<u>2019</u> RMB'000	<u>2020</u> RMB'000
Revenue contributed by residential property projects	676,399	1,020,576	1,136,920
Revenue contributed by commercial property projects	—	8,419	15,162
Total revenue for the year	<u>676,399</u>	<u>1,028,995</u>	<u>1,152,082</u>

The table below sets forth the number of GFA sold, contract sales amount average selling price per sq.m. for projects under our management during the Track Record Period.

	<u>GFA Sold</u> sq.m. in thousands	<u>Contract Sales</u> Amount RMB in millions	<u>Average Selling Price</u> per sq.m. RMB
2018	3,591	18,691	5,205
2019	5,153	29,349	5,696
2020	5,702	34,303	6,016

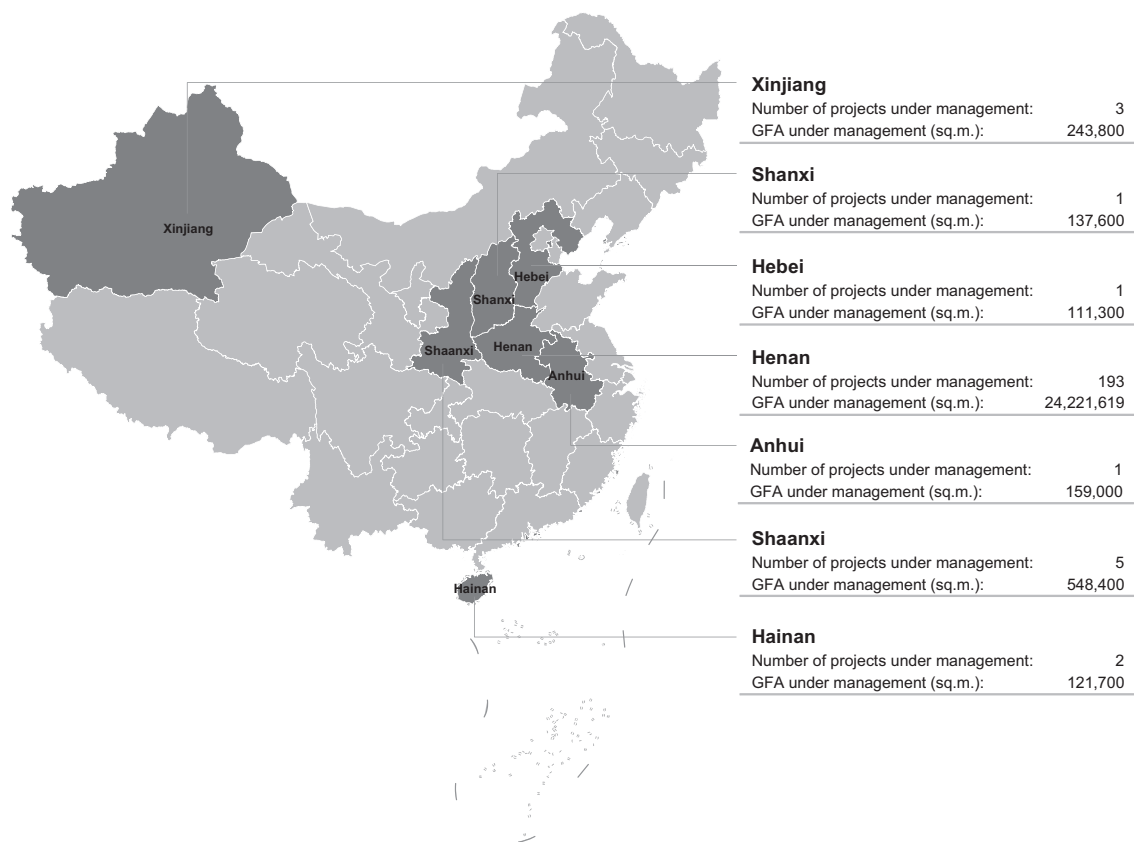
Our Geographic Coverage

Since our inception, we strategically focused on Henan province, the largest province in China in terms of registered population in 2019. According to China Index Academy, the potential size of the project management market in Henan province is expected to increase from approximately 54.8 million sq.m. in 2020 to approximately 85.7 million sq.m. in 2025. As of December 31, 2020, we had an aggregate of 193 commercial projects under management in Henan province with an aggregate GFA of approximately 24.2 million sq.m, which covered a vast majority of cities in Henan province of the county-level or above. We devote ourselves to penetrating into cities in Henan province with strong demand for quality property development and trustworthy project management services providers. Deeply rooted in Henan province, our newly contracted GFA in Henan province reached 7.7 million sq.m and the aggregate GFA sold by us for our Project Owners in Henan province reached 5.5 million sq.m with the contract sales amount reached RMB33.1 billion in 2020, each ranked No.1 in Henan province in 2020, according to China Index Academy. The “Jianye (建業)” brand is well-recognized and ranked No. 1 among the “2020 Top 10 Real Estate Enterprise Brand Value in Central China”, according to a research conducted by the China Real Estate Top 10 Research Group.

Leveraging our well established platform and successful experience in Henan province, we have expanded our operations into Hebei, Shanxi, Shaanxi, Xinjiang, Anhui and Hainan provinces to pursue greater growth potential. As of December 31, 2020, a total of 13 projects were managed by us in these six provinces and autonomous region with an aggregate contracted GFA of approximately 1,321,800 sq.m.

BUSINESS

The map below illustrates the geographic distribution of the property development projects under our management as of December 31, 2020:



The table below sets forth a breakdown of our projects under management by their locations as of December 31, 2020:

	As of December 31, 2020	
	Number of projects we managed⁽¹⁾	GFA under management⁽¹⁾⁽²⁾ (in thousands of sq. m)
Henan Province	193	24,221
Prefecture-level Cities or above	47	5,947
Counties and County-level Cities	146	18,274
Other provinces	13	1,322
Total	206	25,543

Notes:

- (1) The number of the projects and their respective GFA managed by us in the preceding table only included those projects remained under our management as of the date indicated.
- (2) The number of respective GFA managed by us in the preceding table are calculated based on the GFA set forth in the respective project management agreements.

The table below sets forth certain information of our top ten project management projects in terms of revenue contribution for each period during the Track Record Period.

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Project	Project name	Background of the Project Owners	Scale of operations of the Project Owner (Registered capital in RMB million)	Project location	Commencement date	Completion date/Estimated completion date	Project GFA (sq. m. '000)	Estimated total contract sum (RMB'000)	Revenue for the year ended					Estimated revenue to be recognised subsequent to the Track Record Period		
									December 31,							
									2018	2019	2020	2018	2019		2020	2018
Project A	商丘天里	Private real estate developer	40	Shangqiu, Henan	6/3/2017	31/12/2019	126	(RMB'000) 90,755	1	2	—	6.6%	36,652	3.5%	—	Delivered
Project B	商丘香榭里	Private steel trading company which recently entered into real estate development business	20.5	Shangqiu, Henan	17/4/2017	30/6/2020	239	(RMB'000) 90,898	2	4	—	5.5%	32,083	3.1%	2,613	Delivered
Project C	商丘壹城邦	Private real estate developer	30	Shangqiu, Henan	23/2/2016	31/12/2019	293	(RMB'000) 105,903	3	5	—	5.5%	31,921	3.1%	—	Delivered
Project D	虞城壹城	Private apparel manufacturer which recently entered into real estate development business	20	Yucheng, Henan	19/9/2016	30/9/2019	299	(RMB'000) 94,378	4	1	—	4.1%	37,096	3.6%	—	Delivered
Project E	淮山壹城	Private cultural business company that recently entered into real estate development business	30	Queshan, Henan	20/12/2017	30/6/2021	184	(RMB'000) 35,224	5	—	—	2.4%	5,462	0.5%	9,051	1,841 Under Construction
Project F	濮陽森林湖	Private real estate developer	10	Puyang, Henan	19/12/2016	30/6/2021	197	(RMB'000) 45,722	6	—	—	2.2%	10,917	1.1%	9,391	4,720 Under Construction
Project G	濮陽森林湖	Private real estate developer	89	Jiuan, Henan	30/12/2016	30/7/2019	89	(RMB'000) 26,447	7	—	—	2.2%	3,332	0.3%	—	Delivered
Project H	虞城壹城上院	Private apparel manufacturer that recently entered into real estate development business	20	Yucheng, Henan	9/2/2018	30/10/2021	222	(RMB'000) 73,838	8	6	2	2.0%	31,295	3.0%	20,825	3,659 Under Construction
Project I	周口春天里	Private restaurant chain company that recently entered into real estate development business	20	Zhoukou, Henan	30/10/2017	31/12/2020	190	(RMB'000) 37,614	9	—	—	2.0%	11,540	1.1%	6,630	Delivered
Project J	長垣森樺里	Private real estate developer	30	Xinxiang, Henan	6/5/2016	31/12/2020	238	(RMB'000) 46,774	10	—	—	2.0%	13,462	1.3%	8,141	Delivered
Project K	鄭州森林湖	Private real estate developer	50	Deqinzhou, Henan	23/12/2015	11/1/2021	368	(RMB'000) 97,203	3	6	—	0.8%	36,325	3.5%	18,566	13,997 Under Construction
Project L	濮州日溪大宅二期	Private steel and energy equipment company which recently entered into real estate development business	30	Linzhou, Henan	12/3/2018	30/6/2020	113	(RMB'000) 50,235	7	4	—	0.9%	21,772	2.1%	19,313	Delivered
Project M	內鄉森林湖	Private real estate developer	50	Nexiang, Henan	26/9/2017	30/6/2021	270	(RMB'000) 55,663	8	7	—	1.2%	16,848	1.6%	18,000	6,744 Under Construction
Project N	商丘壹城邦四期	Private real estate developer	30	Shangqiu, Henan	29/12/2017	31/12/2020	124	(RMB'000) 45,714	9	9	—	1.8%	16,627	1.6%	14,376	Delivered
Project O	新蔡森林湖二期	Private commercial cultural tourism company which recently entered into real estate development business	10	Xincai, Henan	30/1/2018	30/6/2021	156	(RMB'000) 30,837	10	—	—	—	16,331	1.6%	8,539	4,222 Under Construction
Project P	建業壹號	Private apparel manufacturer which recently entered into real estate development business	20	Yucheng, Henan	20/6/2019	30/6/2023	316	(RMB'000) 89,765	1	—	—	—	3,694	0.4%	22,954	58,036 Under Construction
Project Q	清豐壹城	Private real estate developer which also operate construction, property management and education businesses	30	Puyang, Henan	29/12/2017	12/8/2022	223	(RMB'000) 49,959	3	—	—	1.0%	10,969	1.1%	20,217	9,005 Under Construction
Project R	內鄉壹城	Private real estate developer which also operate construction, property management and education businesses	20	Nexiang, Henan	18/4/2017	30/5/2022	239	(RMB'000) 54,669	5	—	—	0.9%	14,919	1.4%	19,100	7,087 Under Construction
Project S	中牟文華園	State-owned real estate developer that also engages in real estate leasing/brokerage, hotel management, construction advisory and construction materials sales businesses	50	Zhengzhou, Henan	1/3/2020	25/04/2024	231	(RMB'000) 109,905	8	—	—	—	—	—	17,080	Under Construction
Project T	濮陽壹城	Private real estate developer	30	Handan, Henan	6/3/2019	30/5/2022	240	(RMB'000) 43,800	10	—	—	—	10,496	1.0%	12,927	17,888 Under Construction

* Project S was retained by Remaining Group at the request of the Project Owner, and therefore we do not expect to recognize revenue from this project subsequent to the Track Record Period. Please refer to the section headed "Relationship with Controlling Shareholder" for details.

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The table below sets forth the movement of the backlog for each period during the Track Record Period in connection with our project management projects. The backlog as of the Latest Practicable Date is approximately RMB2,884 million.

	Movement of Backlog		
	2018	2019	2020
	(RMB'000)	(RMB'000)	(RMB'000)
Beginning of the year/period	1,213,597	1,576,398	1,973,792
Addition	1,039,200	1,426,389	1,968,481
Revenue recognized	(676,399)	(1,028,995)	(1,152,082)
End of the year/period	<u>1,576,398</u>	<u>1,973,792</u>	<u>2,790,191</u>

Management Fees

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

- base management fees, which are typically based on (i) the size of the GFA of the project we manage multiplied by the pre-agreed per sq.m. fee rate or, in fewer cases, (ii) pre-agreed percentage of the sales value of the real properties managed and sold by us for our Project Owners; and
- incentive fees based on the sales performance (typically a percentage of sales proceeds exceeding certain pre-agreed thresholds, which is negotiated on a case-by-case basis).

The management fee is usually comprised of base management fee and incentive fee. It is to provide an incentive system to incentivise our Group to provide good services such that the properties so developed would have a good sales performance, whereby benefiting the profitability of the Project Owner while our Group can earn an incentive fee.

Base management fee: Pursuant to our pricing policy, we have a standardized scale of fee rate per sq. m. of the GFA of a project. Depending on (i) the location (whether it is a prefecture-level cities/counties/county-level cities); (ii) the types of properties (whether it is residential/commercial/office buildings/others); and (iii) the expected sales price of the properties per sq.m.; the project development management service is subject to a different standardised fee rate.

	Residential	Commercial
	RMB/sq.m.	RMB/sq.m.
counties/county-level cities (縣及縣級城市)	85-285	135-485
prefecture-level cities (地市級城市)	135-350	185-485

Incentive fee: We set a sales price target (i.e., being the selling price per sq. m. of the properties so developed that can be achieved) for each type of properties in the project management contract. For the sales proceeds in excess of the sales price target, we will be entitled to 10%-20% of the excess amount as its incentive fee.

BUSINESS

Upon entering into a project management agreement, the Project Owner is generally required to pay us the first installment of our management fees within the pre-agreed period. The Project Owner is also required to make the progress payment of our management fees with reference to the development status, pre-agreed milestones and/or the sales proceeds payment arrangement of the project. For base management fees, the pre-agreed milestones for progress payments typically include (1) the execution of the project management agreement, (2) the commencement of the construction and (3) the commencement and progress of property sales of a given project. For incentive fees, the milestone for payment is the completion of a project. As a project management service provider, we are not required to provide any retention deposit for the real estate development projects managed by us.

The project management fees are charged in reward for our services. During the course of our service, we seconded our employees to the projects to undertake managerial role and supervisory role, and the Project Owners are responsible for bearing the remunerations for such seconded employees. Apart from such seconded employees, our staff in our headquarters and regional branches also provide services to the Project Owners including advices on various aspects in the real estate development cycle. By such services, our clients, being the Project Owners, can benefit from our Group's know-how, market insight, product design, market positioning, well-established network of quality contractors and suppliers, highly efficient project coordination. In addition, the Project Owners are also entitled to use the "Jianye (建業)" brand for their real-estates so developed which is well recognized by the market and can usually ask for a premium selling price in the properties market. According to CIA, the average level of management fees charged by project management companies in the PRC is generally between 3.5% to 6.0% of the total contract sales of a given project. Our average management fee level in 2018, 2019 and 2020 was approximately 3.6%, 3.5% and 3.4% of the total contract sales of our projects under management, which was in line with the industry range.

In 2018, 2019 and 2020, base management fees contributed to RMB571.9 million, RMB881.1 million and RMB1,089.1 million (or 84.5%, 85.6% and 94.5%) of our revenue, respectively, while our incentive fees contributed to RMB104.5 million, RMB147.9 million and RMB63.0 million (or 15.5%, 14.4% and 5.5%) of our revenue during the same periods, respectively. In 2018, 2019 and 2020, our average base management fees per sq.m. was RMB216.3, RMB215.8 and RMB214.1, respectively, and the fee rate of our based management fee ranged from RMB85 per sq.m. to RMB485 per sq.m. during the Track Record Period. In addition, our management fees contributed by Independent Third Party customers and our related parties accounted for 85.3% and 14.7% in 2018, 87.0% and 13.0% in 2019 and 89.2% and 10.8% in 2020, respectively. In addition, in 2018, 2019 and 2020, our average incentive fees per sq.m. was RMB26.8, RMB33.4 and RMB29.2, respectively, and the fee rate of our incentive fees ranged from RMB14 per sq.m. to RMB142 per sq.m., which is primarily determined by the sales performance of relevant projects. The following table sets forth a summary of our revenue broken down by projects under our management owned by the related parties or by Independent Third Parties and respective profit margins for the periods indicated.

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	2018		2019		2020	
	Revenue	Net profit	Revenue	Net profit	Revenue	Net profit
	RMB'000	margin	RMB'000	margin	RMB'000	margin
Revenue/net profit margin contributed by projects owned by Independent Third Parties	576,728	60.8%	895,037	62.8%	1,027,767	59.7%
Revenue/net profit margin contributed by projects owned by — CCRE and its subsidiaries, joint ventures and associates.	99,671	61.4%	133,949	61.7%	121,247	61.1%
— the Group's associate	—	—	9	61.7%	3,068	58.3%
Total revenue/net profit margin for the year.	<u>676,399</u>	59.7%	<u>1,028,995</u>	62.3%	<u>1,152,082</u>	59.2%

The following table sets forth a summary of our revenue from project management services and average management fee rate broken down by management fee from Independent Third Parties or from the related parties for the periods indicated. When we first commenced our project management business, we adopted an uniformed fee model with a fixed management fee rate of RMB200 per sq.m. Subsequently, we adjusted and optimized charged different fee rate for different properties type. For example, fee rate of residential properties are generally lower than commercial properties, and fee rate for projects in county-level cities are generally lower than those in prefecture-level cities. The projects from our related parties were mostly entered into in our early stage of development, with over 60% of such projects were entered into in or before 2017 and only two projects were entered into in 2020, which led to a lower average management fee rate. On the other hand, average management fee per project is largely affected by the size (in terms of GFA) of each project.

	2018			2019			2020		
	Average Management Fee per project	Average Fee Rate per sq.m.	Revenue	Average Management Fee per project	Average Fee Rate per sq.m.	Revenue	Average Management Fee per project	Average Fee Rate per sq.m.	
	RMB'000	RMB	RMB'000	RMB'000	RMB	RMB'000	RMB'000	RMB	
Management fee from Independent Third Parties	576,728	7,690	218.8	895,037	8,063	218.0	1,027,767	6,332	216.0
Management fee from the related parties	<u>99,671</u>	8,306	204.2	<u>133,958</u>	8,931	201.6	<u>124,315</u>	8,566	195.7
Total revenue for the year.	<u>676,399</u>			<u>1,028,995</u>			<u>1,152,082</u>		

In 2018, 2019 and 2020, the average management fee rates for projects located in prefecture-level cities or above was RMB219.5 per sq.m., RMB225.7 per sq.m. and RMB220.4 per sq.m., respectively, while the average management fee rate for projects located in counties and county-level cities was RMB213.0 per sq.m., RMB210.6 per sq.m. and RMB211.8 per sq.m., respectively. The respective management fee rates and management fee to be received by us may vary significantly depending on the size, location, positioning and other factors of relevant projects.

Our “Jianye Standards”

We are committed to offer high quality project management services and create value for our Project Owners. Based on our deep knowledge of Project Owner’s needs and ultimate property buyers’ preferences, we have developed our “Jianye Standards”, a set of standardized management and quality standards for projects managed by us which was amended from time to time and became an important backbone to support our project management operations.

Our proprietary “Jianye Standards” are aimed to streamline and rationalize the complex project development process and provide a scientific, reasonable and standardized system for all projects we manage. Our “Jianye Standards” divide property development projects managed by us into five categories in accordance with their respective locations, styles, price levels, functions and target ultimate property buyers. Each category under our “Jianye Standards” has a set detailed construction parameters, such as plot ratios, building heights or other construction parameters, as well as different product/service specifications and requirements, such as unit cost for decorations, number of parking space, size of landscape and green areas or living functions in surrounding areas. We also include in our “Jianye Standards” our internal supervision procedures and criteria to ensure we maintain good quality control over projects managed by us.

We periodically review our “Jianye Standards” against industry trends and development of Project Owners needs to ensure that our product/service standard will remain compatible with such trends and development. We will continue to improve and adapt the standard as we observe new industry trends and development to ensure that our standard will remain up-to-date. We believe that our “Jianye Standards”, together with the knowhow and experiences that we have accumulated from serving our Project Owners, differentiate our project management services from other peers on the market.

Use of The “Jianye (建業)” Brand

We allow our Project Owners to use the “Jianye (建業)” brand for promoting and marketing projects managed by us after we are engaged to provide project management services. The “Jianye (建業)” brand consists of the words “建業”, the trademark, the logo and any other forms in which the “Jianye (建業)” brand may be represented.

In our project management agreements, we impose certain requirements on the Project Owners’ use of the “Jianye (建業)” brand. In particular, we require them to obtain our prior written approval on the marketing materials in which the “Jianye (建業)” brand will be used. In addition, we retain the consent right to the name of the real estate development projects where the “Jianye (建業)” brand is used. In order to protect the “Jianye (建業)” brand from unauthorized use by the Project Owners or other parties, the staffs in our headquarters established a continuous publicity monitoring system to collect information from the Internet, the staffs in our regional branch offices regularly check how the “Jianye (建業)” brand is used in our projects under management and if there is any inappropriate use for other purposes as part of their supervision of the project companies, and our staffs in the project companies will report to us if they identify any unauthorized or inappropriate use of the “Jianye (建業)” brand. In the event that we identify any incident relating to unauthorized or inappropriate use of the “Jianye (建業)” brand, we will take legal actions against relevant counter party to eliminate such unauthorized or inappropriate use. During the Track Record Period and update to the Latest Practicable Date, we have not experienced any such incident.

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We believe the high quality and standards associated with the “Jianye (建業)” brand allow our Project Owners to enjoy pricing premium. By using the well-established and widely-recognized “Jianye (建業)” brand, it is easier for Project Owners to raise awareness of potential purchasers.

During the sales and marketing process, it is explicitly stated in the marketing materials and sales agreements of the properties that the developers of the properties are the Project Owners, and that we provide project management services and brand name authorization to the Project Owners. Therefore, we believe that the properties buyers are well informed of relevant circumstances. As advised by our PRC Legal Advisors, our Group will not be subject to potential claims from the property buyers for any misunderstanding arising from the project management services and brand name authorization provided by us.

In the event that any of the following events occurs, the Project Owners’ use of the “Jianye (建業)” brand may be terminated by us:

- the termination of our project management agreement with the Project Owner;
- the Project Owner carries out the project development and construction without our consent, resulting in the project products and services not meeting our standards and requirements; or
- the Project Owner fails to maintain the image of “Jianye (建業)” brand in accordance with the management agreement, resulting in damages to the “Jianye (建業)” brand.

During the Track Record Period, the “Jianye (建業)” brand has been used in all of the projects managed by us. In November 2020, we entered into a project management agreement in which the “Jianye (建業)” brand will not be used. The subject Project Owner is an Independent Third Party who cooperates with a state-owned enterprise to jointly develop a residential project.

Project Management with Minority Interest

We typically do not invest or hold equity interest in our project companies. Nonetheless, occasionally, to promote a closer cooperation relationship with Project Owners, certain Project Owners invited us to provide equity financing (typically being 20% or less) to the project with an aim to align our interest with the Project Owner’s. Such instances have been extremely rare. We expect to reduce participating in such minority interest investment going forward. As of the Latest Practicable Date, we held minority interest in only one project managed by us.

Project Management Involving Resettlement Housing Projects

In few projects managed by us, the Project Owners may undertake projects that are primarily resettlement housing and relocation housing property development projects. During the Track Record Period, we managed a total of three projects where resettlement housing was involved. For the project management services we provided to Project Owners relating to such projects, we typically charge the Project Owners a lower management fee rate as the Project Owners will take charge of transferring relevant real estate properties to the ultimate property buyers and we are not responsible for sales and after sales services relating to such projects. Our fee rates for projects involving resettlement housing projects was typically

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RMB100 per sq.m. for projects located in counties and county-level cities and RMB150 per sq.m. for projects located in prefecture-level cities, as compared to our fee rates for commercial project management projects for residential properties which ranged from RMB85 per sq.m. to RMB350 per sq.m. during the Track Record Period. As advised by China Index Academy, the management fees charged by project management companies in the PRC for government project management projects (including resettlement housing projects) generally range from 1.0% to 5.0% of the total investment amount of the projects. The management fees charged by us for projects under our management relating to settlement housing represented approximately 3.0% of the total investment amount of relevant projects, which is consistent with the industry average.

OUR EXPANSION PLAN

As of December 31, 2020, our projects under management covered a vast majority of cities in Henan province of the county-level or above. We currently plan to further penetrate into other cities within Henan province to maintain our leadership position, with an aim to have our operations cover all cities in Henan province that are at county level or above, and to further increase our market share in Henan province.

As of December 31, 2020, we have already commenced operations in Shaanxi, Shanxi, Hebei, Xinjiang, Anhui and Hainan in addition to Henan province, and we plan to enter into more project management projects in these six provinces and autonomous region. Leveraging our successful experience and the convenient transportation system in Henan province, our planned expansion primarily focuses on the “Greater Central China” region, a vast area that we define as within a radius of approximately 500 kilometers from Zhengzhou covering eight provinces, Henan, Hubei, Shaanxi, Shanxi, Hebei, Anhui, Jiangsu and Shandong, which cover six national-level urban agglomerations. As of December 31, 2019, approximately 30% of China’s total resident population were in provinces covered by the “Greater Central China” region, which demonstrated a high growth potential for our project management business.

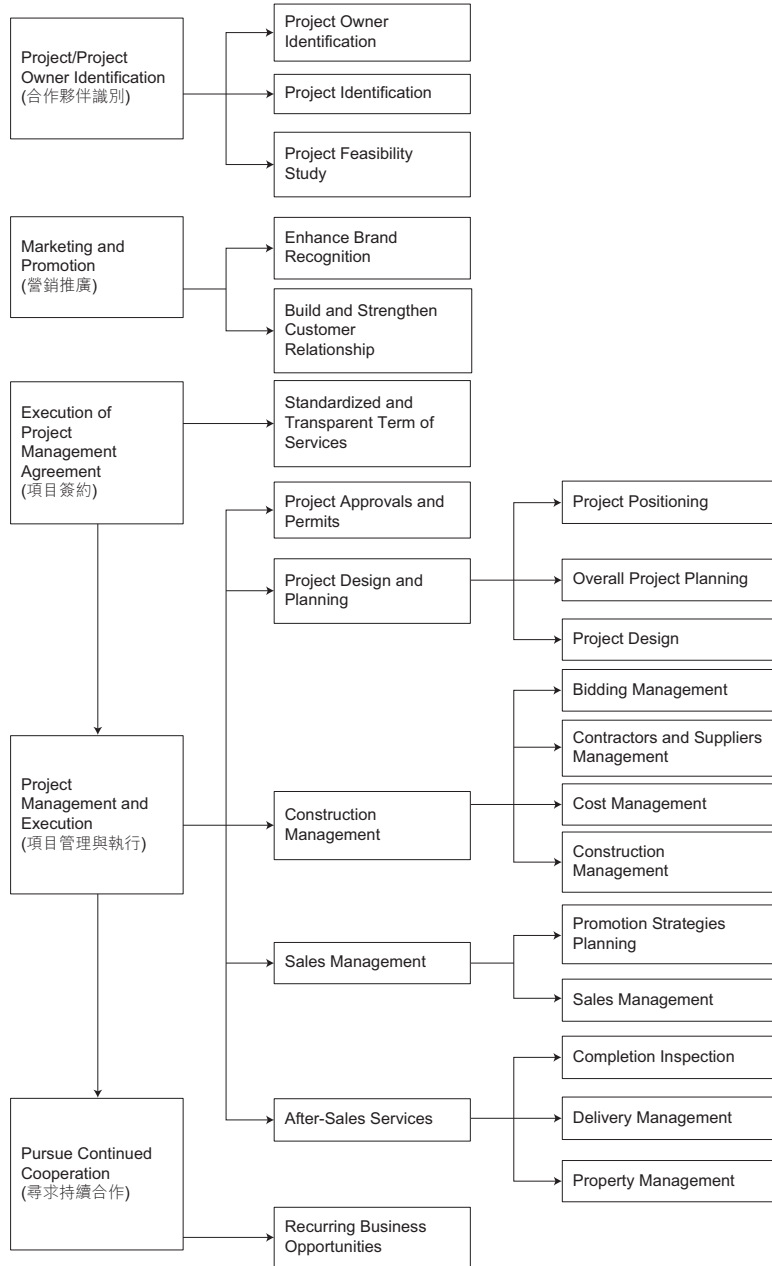
As of December 31, 2020, we have already commenced operations in Shaanxi, Shanxi, Hebei and Anhui in addition to Henan province, and we also plan to expand our operations into Shandong, Hubei and Jiangsu provinces with large population, high resident density and/or relatively low level of urbanization. We believe small to medium-sized real estate developers in these provinces have a strong demand for quality project management service providers with renowned brand reputation. We plan to set up local subsidiaries or branches in these provinces to coordinate and be in charge of relevant business development activities. Leveraging the “Jianye (建業)” brand and through our collaboration of local Project Owners, we believe we can gradually establish our presence in such provinces and expect our revenue contribution from provinces outside Henan to gradually increase.

PROJECT MANAGEMENT PROCESS

Our project management services are provided through our employees in our headquarters and regional branch offices, as well as our employees seconded to relevant project companies. The level of involvement and respective services provided vary in accordance with the different development stages of a given project. The entire process of our project management services typically begins with identification of a project and a Project Owner, followed by marketing and promotion, execution of project management agreement, project management and execution covering each stage of the real estate development

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process, and ends up with our pursuit of continued cooperation with the Project Owner for potential new projects. The duration of our projects typically ranges from three years to five years, which is in line with the industry norm, according to China Index Academy. The following diagram illustrates the principal steps of our project management process:



Project/Project Owner Identification***Project Owner Identification***

The first step for us to commence a project management project is to identify a suitable Project Owner. In identifying new Project Owners, business development staffs at our regional branch offices regularly and proactively collect market information in their respective regions and leverage their extensive industry experience to screen Project Owners. Our regional branch offices typically report such market information to our headquarters on a weekly basis. Once we identify a new Project Owner, our business development staffs at our regional branch offices will have in-depth communications with the Project Owner on our proposal to ensure that they share our business culture, development strategies, quality standards, and agree on our terms of cooperation.

We believe that a Project Owner with good business reputation and healthy financial position who appreciates the “Jianye (建業)” brand and our asset-light business model are key to the success of our project. Therefore, when a new Project Owner approaches us or when our business development department at our regional branch offices identifies a new Project Owner, we will conduct due diligence and background searches on the Project Owner’s track record before we decide to cooperate with such Project Owner. Specifically, we require the Project Owner to obtain land parcels to be developed and pay up the land premium before entering into project management agreement with us, and we also assess the Project Owner’s financial ability to complete the project.

Project Identification

After a Project Owner is identified, staffs of the business development department at our headquarters would further communicate with our regional branch offices to evaluate relevant projects. Staffs at the business development department of our headquarters and regional branch offices will jointly conduct site visits to verify the details and assess associated risks of the project to better understand its potential before submitting the tentative project summary (項目意向簡報) to our headquarters for approval. Key factors to be considered by our experienced staffs in assessing a new project generally include whether the project is located in a prime location, the complexity of construction, the identity and background of the Project Owner, the market environment and competitive landscape in surrounding areas, and the estimated return for the real estate development project.

Project Feasibility Study

After a Project Owner acquires the land parcel to be developed and before entering into a project management agreement with such Project Owner, the business development staffs at our regional branch offices will cooperate with other departments to collect project information such as the macro environment of the city where the project is located, the market environment, competitors, ancillary facilities and background check of the Project Owner, through research and onsite survey. Based on the information collected, staffs at our regional branch offices will take lead in preparing a project feasibility research report (可行性研究報告) for relevant candidate project and submit it to our headquarters for review and approval. We also share the project feasibility research report with the Project Owner for its understanding and evaluation of the estimated return and associated risks of the project.

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The business development department at our headquarters will analyze the project feasibility research report and may request for additional information for better planning of the project and for analyzing its potential investment return. After all necessary studies are completed, the final project feasibility research report will be submitted to our headquarters for approval. We will enter into the project management agreement with the Project Owner after the feasibility research report of a given project is approved.

Marketing and Promotion

Enhance Brand Recognition

We have a dedicated brand management department and a sales and marketing department at our headquarters, which are jointly responsible for planning and developing our overall marketing strategies, conducting market research and coordinating all of our marketing activities to promote the “Jianye (建業)” brand and our service capabilities to acquire new Project Owners. The sales and marketing department at our headquarters will compile the annual marketing plan of our Group, and continue to adjust relevant marketing strategies based on market feedback. In addition, the brand management department at our headquarters also established a continuous publicity monitoring system to collect information on the use of the “Jianye (建業)” brand, which helps to protect the “Jianye (建業)” brand from unauthorized or inappropriate use by the Project Owners or other parties.

On the other hand, the sales and marketing department at our regional branch offices is in charge of implementing the brand/project promotion plans prepared by our headquarters, coordinating advertisement and media resources under the supervision of our headquarters, and regularly checking how the “Jianye (建業)” brand is used in our projects under management and if there is any inappropriate use for other purposes. Our seconded employees in relevant project companies also assist to implement the brand/project promotion plans prepared by our headquarters, and will promptly report to our headquarters and regional branch offices if they identify any unauthorized or inappropriate use of the “Jianye (建業)” brand.

We also hold public promotional activities and placed advertisements on multimedia sources such as newspapers and the Internet to promote projects under our management and enhance our brand recognition. We believe that our marketing efforts initiated by our brand management and sales and marketing departments at our headquarters, together with our excellent track record, increase the ultimate property buyers’ familiarity with the “Jianye (建業)” brand.

Build and Strengthen Customer Relationship

We primarily rely on word-of-mouth recommendations of our existing customers as well as the local real estate chamber and industrial organizations to win contracts for new project management projects from Project Owners. There is increasingly strong demand from the Project Owners for project management services with professional teams, standardized management system and industry leading standards, stringent product quality control, wide network of qualified contractors and suppliers and premium pricing capabilities, which makes us a partner of choice to them.

In order to maintain and strengthen our relationships with existing Project Owners, the sales and marketing department at our headquarters also hosts meetings with our Project Owners every year to develop closer relationships with them. These marketing activities not only further enhance the “Jianye (建業)” brand value, but also increase the Project Owners’ stickiness for cooperating with us in future projects.

Execution of Project Management Agreement

We generally enter into a real property project management agreement (輕資產項目委託管理合同) with the Project Owners based on our form agreement after we complete our internal assessment of a new project and due diligence on relevant Project Owner, subject to changes and modifications to tailor to the needs of the Project Owners. Our regional branch offices take lead in liaising and negotiating with the Project Owners on the terms and conditions of the project management agreements, which are subject to the review and approval by our headquarters.

The major terms of our form project management agreement typically include:

- the term of the agreement, typically from the effective date of the agreement till the pre-agreed sell through rate (typically 90%) is achieved or the delivery of relevant properties, subject to mutually agreed extension and early termination rights including for either party’s material breach, among others;
- the basic information of the project, including its location, term of land use right, size of the land, zoning requirements, construction requirements and standards, certificates and approvals related to the land;
- the fee structure, including payment schedule;
- the scope of our management services to be provided to the Project Owner, including preliminary management, planning and design management, cost management, construction management, marketing and sales management, completion inspection and delivery management, customers service, preliminary property management supervision, archive management, human resources management and administrative management;
- the target delivery date and sales target;
- our progress updates and other obligatory reports to be provided to the Project Owner and the approval process during various stages of the relevant project;
- the use of the “Jianye (建業)” brand and the Project Owner’s obligations to protect the “Jianye (建業)” brand name;
- insurance and legal matters regarding relevant project company; and
- breach of contract liabilities and termination rights.

Pursuant to our project management agreement with the Project Owners, the Project Owners shall be responsible for any accidents or injuries in the project sites. In order to mitigate the potential risks, we typically advise the Project Owners, and the Project Owners

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may, maintain construction related insurance in the name of the project companies. As of December 31, 2020, approximately 98% of projects under our management purchased construction related insurance. We will also require contractors to maintain relevant construction related insurance in accordance with the project management agreements. Separately, if any of our seconded employee is injured in the project site, we shall be responsible for such seconded employee's injury. Our seconded employees are generally covered by the construction insurance purchased by the Project Owners and we also purchased commercial insurance for our seconded employees to cover accidents encountered during their provision of services. In addition, in the event of any non-compliances of project development, sales and delivery of properties, project delay and cost overrun, any such penalty, costs or expenses are generally borne by the Project Owners unless such non-compliance, costs or expenses are directly caused by us, such as costs or expenses incurred relating to any willful misconduct by us or our seconded employees. Pursuant to our project management agreement, our liability under the project management agreement is limited to the amount of management fees received by us for such project. During the Track Record Period and up to the Latest Practicable Date, we have not experienced any incident where we are required to compensate our Project Owners for such costs or expenses resulted from any non-compliances, project delay or cost overrun.

In some cases, we may enter into a project management agreement with the Project Owners and the controlling shareholders of the Project Owners for such controlling shareholders to provide guarantee as a guarantor to procure the due and timely performance of the Project Owners' obligations under the project management agreements. Our standardized and transparent terms of services not only protected our rights under project management agreements, but also enabled us to attract more prospective Project Owners.

Project Management and Execution

Project management and execution is the core part of our project management services. For each project under our management, we set up a dedicated team of employees and second them to relevant project company pursuant to relevant Letters of Secondment (項目委派函) to serve as management and officers of the project company, and to advise the Project Owner on the execution of the project. Our seconded employees typically commence their services shortly after the project company is established and the project is kicked off. In the project kick off report (項目啟動會報告) of a new project, we work with the Project Owner and other participants in the project to set up the performance indicators for each development stages and the execution of the project, remind the Project Owner of potential risks of the project and advise on internal control measures to lower such risks. We will also advise the Project Owner on the overall budget of the project (項目全面預算表), and provide regular updates on the status of the project in our monthly progress report (項目月度管理者報告).

Our comprehensive service offerings generally include planning and design management, cost management, construction management, marketing and sales management, completion inspection and delivery management, customers service and property maintenance management, preliminary property management supervision, archive management, human resources management and administrative management, which are provided over the project approval, design and planning, construction, sales and after-sales stages as further detailed below. In addition to our seconded employees, the project company will also recruit its own employees to execute the working plans for the functions above during the daily operations of the project company under our seconded employees' supervision. The

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number of our seconded employees and employees by the project company typically ranges from 23 to 44 persons in total, which largely depends on the size and complexity of a given project. The positions of our seconded employees primarily include (i) project general manager; (ii) sales manager (iii) assistant finance manager (as the finance manager is typically appointed by the Project Owners); (iv) construction management manager; and (v) other managerial roles to be appointed according to the needs of the Project Owner (such as cost management manager). The positions of employees recruited by the Project Owners primarily include operation manager and executive, sales executive, cost management executive, finance manager, accountant, treasurer, construction management executive. These executives will report to the managers of the relevant functions. The function managers will report to the project general manager, who will report to the Project Owners as well as the personnel at our headquarters and regional branch offices. The remuneration of our seconded employees, subject to the project companies' agreement, is determined with reference to the scale of our Group. The remuneration of the employees recruited by the project companies and not seconded from us is determined by the Project Owners. The remuneration of the employees of the project companies also depends on their respective function, experience and seniority. For the avoidance of doubt, the employees recruited by the project company are not employees of our Group, and we are not responsible for any losses or damages suffered by the Project Owner arising from their wilful misconduct or negligence.

During the Track Record Period, other than the 14 projects that experienced delays in construction or delivery due to the COVID-19 outbreak, we have an aggregate of five projects that experienced delays in construction and/or delivery for reasons not attributable to us. Reasons leading to such delays include (i) a Project Owner was not able to acquire an additional land parcel in time for the phase III development of the project, which led to a delay in the application of relevant construction permit for such phase (the phases I and II development of which had commenced development on time), (ii) temporary suspension of construction by local government in order to improve the air quality, (iii) delays resulted from hold-outs who refused to make way for the clearance of the land parcel, (iv) renovation of properties of a project managed by another project management company for quality improvement purposes after we took over the project, and (v) temporary suspension by a Project Owner as its controlling shareholder's other business experienced financial difficulty. As advised by our PRC Legal Advisors, we were not required to compensate the Project Owners for any such delay under relevant project management agreements with these Project Owners. As of the Latest Practicable Date, other than the project currently in temporary suspension, three out of the remaining four projects had been delivered to the property buyers and one just acquired relevant land parcel in December 2020, and therefore there was no adverse impact on our revenue recognition during the Track Record Period.

Project Approvals and Permits

The Project Owner is responsible for obtaining the required approvals and permits for the projects and bears the fees associated with the processes of procuring licenses and permits and all damages caused by any delay in obtaining these items. Our seconded employees will advise the Project Owners on the licenses and permits required for projects under our management under the guidance and supervision of our headquarters and regional branch offices. Upon request by the Project Owner, our headquarters and regional branch offices will also coordinate with relevant design firms and other third parties to prepare or facilitate the preparation of relevant materials for the project companies to obtain the required licenses and permits and/or coordinate with the governmental authorities for the Project Owner's

application of licenses and permits required for their projects. In the event that any relevant government approvals are delayed not attributable to us, the Project Owner is responsible for proactively resolving the issue and adjusting the timeline of the project accordingly.

Project Design and Planning

Project Positioning

The project design departments at our headquarters and our regional branch offices are responsible for the analysis of the land and the project planning. The project design department at our regional branch offices, with the support of our seconded employees, first collects information with respect to the design conditions, such as the land conditions, the planning and design requirements, and understands the customers' needs, the expected selling price, the nearby competitive projects, and the characteristics of the project. Based on the information collected, project design department at our regional branch office will work with design firms to prepare a design plan regarding the construction of the project for the project design department at our headquarters' review and approval.

In addition, the project design department at our regional branch offices will cooperate with the sales and marketing departments of our headquarters and our regional branch offices to carry out research on competing products, analyze the planning, layout, configuration, and supporting facilities of each project. After fully investigating and understanding the project and the market of the place where the project is located at, the project design department at our regional branch offices will liaise with external design firms to formulate a conceptual design (概念設計方案文本) for each project based on the project positioning report (產品定位報告) compiled by our sales and marketing department at regional branch offices, which will be submitted to our headquarters and the Project Owners for approval.

Overall Project Planning

After fully investigating and understanding the project and the market of the place where the project is located at, we will prepare a project framework development plan and discuss with the Project Owner to formulate the final plan. For major projects that require specific technical support, the project design department at our headquarters will conduct on-site visits with relevant regional branch office and provide guidance on the design and project development plans.

During the process of project development and construction, after taking into consideration the specific planning and design plans, we will formulate a master project development plan (項目總方案) and submit it to the Project Owner for approval. The approved overall project development plan serves as the basis for determining the target timeline of project development and construction.

Project Design

Our project design department at our regional branch offices is responsible for the coordination and design management of third party design firms, and participants in the entire design process to guide such design firms and formulate designs suitable for projects managed by us based on our “Jianye Standard”. Our project design department at our regional branch offices and our seconded employees at the project company also facilitate the communications with Project Owners on project design and planning. During this process, our project designs staffs at our headquarters are responsible for the internal coordination and external communication during this process, including:

- communication with the sales and marketing department to ensure that the designed product is consistent with the marketing positioning, market demand, and the Project Owner’s demands;
- communication with the cost management department to ensure that the design can be controlled within the target cost range and that the expected economic benefits can be achieved;
- communication with the relevant government departments to ensure that the design meets the applicable requirements of the local government;
- communication with the construction management department and external design firms and contractors to understand the difficulty of the construction and whether the design can be realized; and
- communication with the design and customer service departments and external design firms to ensure the project design will not have the risk of being complained by the customers.

Upon finalization of the project positioning, the project company will engage external design firms to prepare the overall planning, designs for each individual building and detailed plans and drawings, and the project company, the external design firms and our regional branch offices will agree on the timetable for relevant design works. We recommend the design firms within our network of quality contractors and suppliers to Project Owners for designing the building plan, construction drawing, landscape and decoration for the proposed projects. The design firm acts as a third-party contractor to and enters into contract with the Project Owner. Our project design department at our regional branch offices holds regular meetings with the design firms to supervise the design process and reviews the drawings prepared by the design firms.

Furthermore, in order to improve the efficiency of design management, the project design department at our headquarters has implemented standardized design templates since early stage of development. Based on our deep knowledge of target markets, we have developed a set of residential products that share similar design concepts and adopt similar facades and unit layouts, which are divided into different product series targeting first-time property buyers, property buyers seeking for quality upgrade and property buyers seeking for luxurious properties, to address different market segments, target audience and price levels. These standardized product series are carefully designed by our management team with an aim to enable us to rapidly scale up and replicate our successful experience in new cities/provinces where we do not have operations at present. We generally require

standardized projects to use our standardized design template, and innovative projects to use customized design plans. Standardized projects generally refer projects that adopt our existing standardized series of facade styles and standardized unit layouts, while innovative projects are those projects that adopt non-standardized facades styles or customized unit layouts. As of December 31, 2020, over 85% of the residential projects managed by us adopted our standardized products, which significantly enhanced our operating efficiency.

Construction Management

Bidding Management

We recommend contractors and suppliers in our established network for the Project Owners' selection and approval, and are highly involved in the procurement process of the project company to ensure their quality. Subject to the commercial needs and internal compliance requirements of the Project Owners, a tender and bidding process for constructors and suppliers is sometimes required for each of our projects under management. When an open bidding process is required, our seconded employees are mainly responsible for coordinating the evaluation of contractors and suppliers, preparing the procurement plans and organizing and managing the bidding process. The Project Owners may designate their personnel to join the bidding and tendering team and participating in the whole process. The winning bid selected by the bidding and tendering team will be submitted to the Project Owners for consideration and approval. The winning contractors, design firms and suppliers will enter into construction agreements, service agreements or supply agreements directly with the Project Owners.

Contractors and Suppliers Management

- *Contractors management*

The construction management department at our headquarters has formulated our own standards to guide the selection of main contractors responsible for the construction of the project. In general, the main contractors must have obtained the requisite licenses and permits, have been profitable for the past three years and provide evidence showing its past project performance for the past three years. For those that have satisfied the above entry requirements, we will carry out special inspection on them. We generally select third-party main contractors for the Project Owners through tender processes and also through direct engagement.

In addition, the construction management department at our headquarters also adopt and follow our own quality control procedures and regularly monitor works performed by third-party contractors. Through strategic cooperation with contractors in the industry ecosystem, we select certain partners to form our established network, and regularly evaluate the performance of these contractors on an annual basis. We generally recommend contractors to the Project Owners whom we think that are suitable for the respective projects, and our seconded employees will work with the construction management department at the project company to ensure that works completed by the contractors meet the procedures and quality standards (i.e., our "Jianye Standard") adopted by our headquarters. In addition, the construction management department at our regional branch offices also evaluates the performance of the contractors regularly, and monitors the progress of the construction closely to ensure it is on schedule.

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During the Track Record Period, certain of the contractors and suppliers that we recommended to our customers are also contractors and suppliers which have been used by the CCRE Group (the “**Overlapping Contractors and Suppliers**”). The Overlapping Contractors and Suppliers collectively contributed to 70.5%, 55.4% and 45.4% of our Project Owners’ procurement in 2018, 2019 and 2020, respectively, and contributed to 54.1%, 56.7% and 52.6% of CCRE Group’s procurement for the same periods, respectively. Among the cost components in the Overlapping Contractors and Suppliers, the largest item is the main contractor for the construction of the project which generally accounts for around 50% of the cost of a project (apart from land cost). The pricing terms offered by them for similar services to the Project Owners compared to those offered to CCRE Group do not differ materially. The average fee per sq. m. charged by non-overlapping main contractors to the Project Owners was, on average, lower than that charged by the overlapping main contractors to the Project Owners and to the CCRE Group as the contractors recommended by us are generally the leading contractors in Henan province which are of a higher quality. None of the Overlapping Contractors recommended by us to the Project owners is a connected person of us, or CCRE Group, our Directors, senior management, employees or their respective associates. To the best knowledge, information and belief of our Directors, save for the above and the engagement between our customers and Central China New Life for property management services as further detailed in the paragraph headed “Property Management” below, there is no past or present relationship (business, family, employment, financing or other relationship that affects independence) between the contractors and suppliers recommended by us to the Project Owners, and us, our Shareholders, directors, senior management, employees and their respective associates. Our operations were not in any way subsidized by the CCRE Group through the engagement of the Overlapping Contractors and Suppliers. We recommended such Overlapping Contractors and Suppliers mainly because they are experienced contractors with sizable operations and capacity and that their quality of work is satisfactory.

On an on-going basis and no less than three times a year, we will engage third-party evaluation companies to assess the performance of the respective contractors for each project based on our product management standards.

- *Suppliers management*

With respect to building materials and construction supplies procurement, in most cases, the Project Owners will purchase the materials directly from suppliers.

We also have a selection of preferred contractors and suppliers for certain core categories of material supplies or services in our ecosystem network. Staffs at our headquarters select our preferred contractors and suppliers based on their product quality, prices, services, and reliability of punctual delivery through stringent selection procedures. We regularly review our contractors and suppliers through assessments on an on-going basis to ensure their continuing performance and reliability. See the section entitled “— Quality Control” below for detailed information. For such materials and suppliers, we usually recommend the Project Owners to purchase from suppliers from our established network and the Project Owners have the discretion to determine the suppliers. After the suppliers are confirmed, our seconded employees at the project companies will assist on the bidding or procurement process as appropriate. By specifying and selecting brands for some core building materials and suppliers, we would be more confident in delivering products with the quality that would satisfy the specifications and quality standards of the “Jianye (建業)” brand.

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Cost Management

With respect to the construction of the project, we first have to decide on the targeted construction cost for the Project Owner's approval. There are mainly three ways to calculate and set the targeted construction cost: (i) to engage a professional construction cost consultant to calculate and set the target; (ii) to have our internal professionals calculate the costs and then submit to the Project Owner for approval; or (iii) the Project Owner sometimes sets the targeted construction cost based on their prior experience.

During the construction process, the cost management department at our headquarters will strive to achieve the cost control target through our professional management, but we generally do not make commitments to the Project Owners. Our seconded employees on site will also monitor and track the costs closely during the whole development process. In the event of any material change in the estimate of costs, our seconded employees will provide a written report to the Project Owner within a reasonable amount of time. The estimated cost can only be adjusted upon the Project Owner's approval.

During the development process, the Project Owners directly enter into contracts with and make payment to the contractors and suppliers. The Project Owners also directly pay salary to our staff who are seconded to the project. During the Track Record Period, there was no fund flow among our Group, the Project Owners and their contractors and suppliers in relation to any payment or receipt on behalf, save for (i) the payment of housing fund and social insurance contributions of our seconded employees on behalf of the Project Owners as further disclosed in the paragraph headed "Trade and other receivables" in the "Financial Information" section; and (ii) the receipt-on-behalf of the early stage property management fee on behalf of Central China New Life as disclosed in the paragraph headed "Property Management" in the "Business" section.

Construction Management

We follow the pre-agreed overall project development plan approved by our headquarters to monitor the construction process with the aim of achieving the timeline and project milestones outlined in the plan.

The construction management department at our regional branch offices also compiles detailed regional construction management policies tailored for specific regions/projects in accordance with our "Jianye Standard", and actively supervise the construction process with a focus on ensuring the safety of the construction site, the quality of the product and the timeliness of the project delivery. Our seconded employees closely monitor and keep track of the construction progress by conducting regular onsite inspections and preparing weekly and monthly report and also through our video surveillance system. We allow the Project Owners to carry out inspection at any time.

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Our seconded employees monitor the quality of construction supervise the contractors' works to ensure anything that fails to reach the standards required under the PRC regulations be followed up and ensure that the construction contractor resolve the issue immediately. If any potential issue is identified during the construction process, our seconded employees will promptly report to our headquarters and regional branch offices. The construction management department at our regional branch offices also conduct regular inspection on construction quality and sometimes special inspections ahead of key milestones, the results of which are reported to our headquarters. We have formulated and applied our "Jianye Standards" to guide the construction standards for certain key construction processes to ensure the quality of construction and to improve efficiency of the onsite management. The construction management department at our headquarters also engages independent third-party assessment consultant in China, at our own cost, to conduct a comprehensive quality assessment of all projects under construction (not less than three times a year) to ensure that the overall quality of projects we managed are under control.

Sales Management

Promotion Strategies Planning

Our marketing team has extensive marketing management experience. Formulation of sales strategies is one of the most important services we provide in a development cycle. The marketing staffs at our headquarters and regional branch offices often carries out market research and determines the targeted customers of the proposed projects as early as the planning and design stage. After a project is completed, our sales and marketing staffs at our regional branch offices also carries out detailed customer surveys and formulates the strategies that satisfy the customers' needs.

The sales and marketing department at our headquarters is responsible to formulate the standards for project marketing name, standardize visual identity design of the project, marketing proposal (營銷推廣方案) and annual marketing promotion plan (年度營銷方案), including advertising and marketing materials for the project, for our internal approval. The draft proposal and plan prepared by our seconded employees, after reviewed and approved by our headquarters and regional branch offices, will be submitted to the Project Owner for review. When the finalized proposal and plan are available, the sales and marketing department of our regional branch offices and our seconded employees will implement such proposal and plan, including the promotional activities and arrangements on the launch date (開盤方案), after we receive approval from the Project Owner. The marketing and promotion expenses are borne by the Project Owner and we arrange expenses in accordance with the annual marketing and promotion plan in a cost efficient manner. During the course of marketing, our seconded employees are also responsible for supervising and inspecting the work product of third-party professional marketing agencies under the supervision of our regional branch offices. In the marketing and advertising materials relating to projects under our management, it is explicitly stated that the properties are invested and owned by the Project Owners, and that we are the project management company engaged by the Project Owners.

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Sales Management

We are responsible for formulating a sales pricing proposal for the Project Owners' approval. We determine the launch price based on market sentiment, project product positioning, customer demand and other factors. Prior to the commencement of sales, our seconded employees will work with the project company to conduct at least three rounds of market survey and communicate with the Project Owner to come up with a proposed pricing strategy report (項目價格策略報告). Such report will be submitted to our headquarters for approval before it is presented to the Project Owner for approval and implemented by the project company. The launch price will be further adjusted based on the market feedback towards our sales activities. We are also responsible for the daily sales management, including forming sales plans, establishing templates for sales records and preparing standard form agreements. The sales plans, templates or standard form agreements will be submitted to our headquarters for review. Prior to the sales activities, our sales managers at regional branch office and headquarters will visit the site to provide guidance. The marketing materials are produced by the marketing and advertising agencies engaged by the Project Owners. The sales managers we seconded to the project companies will provide advice. The sales and marketing departments at our regional branch offices and headquarters monitor the whole sales process and adjust the sales strategies (mainly in terms of sales price, timing and quantity offer for sale, timing and channel of advertising) from time to time. Our seconded staff who act as the sales manager of the Project Owner provides training (mainly relating to terms of sales and customer service) to the sales personnel of the Project Owners.

Our dedicated sales team developed a standardized operations which can commence and extend sales and marketing works quickly and achieve a sell through rate exceeding 70% upon initial launch. For the years ended December 31, 2018, 2019 and 2020, the aggregate GFA sold by us for our Project Owners were approximately 3.6 million sq.m., 5.2 million sq.m. and 5.7 million sq.m., respectively, with an aggregate contract sales amount reaching RMB18.7 billion, RMB29.3 billion and RMB34.3 billion, respectively.

After-Sales Services

Completion Inspection

Upon completion of the construction, the Project Owner is responsible for organizing the completion inspection process and obtaining the completion inspection filing from the competent governmental authorities. We conduct a pre-delivery property inspection to ensure the quality of our project property meets the expectations of the Project Owner and is worthy of the "Jianye (建業)" brand. We will prepare an application report to our Group and a third party institution is engaged to evaluate and review such report. Upon passing the evaluation, we will organize onsite delivery inspection process.

In preparation for the completion inspection, the construction management department at our headquarters is in charge of determining and implementing the quality standards for the completion inspection, conducting random inspections on the completed properties and arranging third party inspection firms to evaluate the completed properties at least 30 days prior to the expected delivery date and come up with an evaluation report (第三方交付評估報告). Our regional branch offices will implement and further specify relevant procedures for the completion inspection, supervise the works conducted by the project companies and conduct random inspections on the completed properties for verification. Our seconded employees at the project companies will liaise with the contractors and property management service

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provider to conduct comprehensive inspections on the completed properties, and if any defects are identified, our seconded employees will coordinate with the contractors to fix such defects for further inspection.

If any aspect of the product fails to meet the Project Owner's expectations or our own standards, the construction contractor is required to rectify such issues until the property completely passes the completion inspection. We also assist the Project Owner to handle the filing of property completion certificates.

Delivery Management

When we have all necessary documents ready, we arrange for delivery. The customer service department at our headquarters is in charge of formulating a delivery plan (項目交付策劃方案) in advance and preparing the property delivery materials such as the product instruction manual and product quality assurance certificate. In addition, the customer service staffs at our headquarters will also send a letter to the Project Owner 180 days before the scheduled delivery to inform the Project Owner of relevant procedures and the associated risks. When arranging for delivery, we organize the Property Owner to carry out a joint acceptance inspection, and our regional branch offices will be in charge of supervising relevant pre-delivery inspections. Our seconded employees will complete the required inspections and acceptance in accordance with the procedures established by our headquarters, provide trainings to employees of the project companies handling the delivery and liaise with local government authorities to ensure a smooth delivery. The property is delivered to the ultimate property buyers after passing the joint acceptance inspection. In the meantime, we will deliver the property public area, facilities and equipment and document archives to the property management company. On the day after the delivery takes place, our seconded employees at the project company shall report to our regional branch offices if there is any defects identified during the delivery. Within 15 days after the delivery, the sales staffs and customer service staffs of the project company will call the ultimate property buyers to confirm how such defects shall be fixed.

Property Management

During the Track Record Period and up to the Latest Practicable Date, except for one project, all of our Project Owners engage Central China New Life to provide the property management services for the proposed project during its development stage. The Project Owners' engagement of our Group for the provision of project management services and of Central China New Life for the provision of property management services are not inter-conditional pursuant to the terms of the respective agreements. Prior to the signing of the project management contract, at the negotiation stage, we make recommendation to the Project Owner for it to consider and decide whether to engage Central China New Life to provide early stage property management service. If a Project Owner agrees to engage Central China New Life, such matter would be stated in the project management contract. Central China New Life and the Project Owner will negotiate and determine the detailed terms of engagement in a separate service agreement. If the Project Owner intends not to engage Central China New Life, the service agreement between the Project Owner and us will not include the clause about the engagement of Central China New Life. During the Track Record Period, substantially all of our Project Owners agreed to engage Central China New Life to provide such property management services, which is mainly because the projects under our management would usually continue to use the "Jianye (建業)" brand for marketing and after the delivery of the properties. The use of early stage property management service provided

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by Central China New Life would assist the subject properties to maintain the style, maintenance, quality and brand reputation of the subject properties even after the delivery of the properties, and this brings mutual benefits to the Project Owners and our Group. As of the Latest Practicable Date, all of our Project Owners engaged Central China New Life to provide the post-delivery property management services. If a Project Owner elects not to engage Central China New Life for the post-delivery property management services, relevant project may continue to use the “Jianye (建業)” brand name after delivery, subject to the terms of the relevant agreement as set out in the paragraph headed “Our project management business — Use of the “Jianye (建業)” Brand” above.

The service period is generally in line with the project development period and ranges from three years to five years. The Project Owner pays management fee for the services provided by Central China New Life based on the scale of the project. As Project Owners prefer to simplify the logistics relating to their payment of service fees, we will collect the fees from the Project Owner on behalf of Central China New Life as part of our project management services provided to Project Owners, and subsequently settle relevant fees with Central China New Life. In 2018, 2019 and 2020, the property management service fees that we collected on behalf of Central China New Life was RMB24.3 million, RMB58.3 million and RMB78.6 million, respectively. We settle the amount with Central China New Life every six months and the outstanding balance as of each period end was RMB5.8 million, RM6.3 million and RMB15.7 million, respectively. In addition, the revenue derived by Central China New Life from the projects under our management was RMB28.8 million, RMB25.9 million and RMB37.2 million in 2018, 2019 and 2020, representing approximately 4.1%, 1.5% and 1.4% of its total revenue in relevant periods. Central China New Life also offers a service hotline for the Project Owners and individual property owners to support their needs, to collect and assist with their complaints and to listen to their suggestions and recommendations.

Pursue Continued Cooperation

We seek to develop long-term business relationship with our Project Owners. After completion of a project, customer service staffs at our headquarters conduct surveys with the Project Owner to understand whether our services are satisfactory to the Project Owner and how we could further improve the quality of our services. In addition, we also reach out to existing Project Owners regularly to find out if there is any potential business opportunities. If any Project Owner plans to enter into a new development project, we would liaise with such Project Owner and offer pre-operating evaluation and assessment to help the Project Owner form a business proposal for the new project. As of December 31, 2020, 41 Project Owners had cooperated with us for more than one project under our management.

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CUSTOMERS

We have accumulated a large and growing base of Project Owners as our customers. As of December 31, 2018, 2019 and 2020, we have accumulated an aggregate of 77, 107 and 150 customers, respectively. A majority of our customers are small to medium-sized real estate developers focusing on local markets with registered capital ranging from RMB10.0 million to RMB50.0 million, which are less resourceful and less recognized by the ultimate property buyers due to their limited track record and exposure. As a result, they are willing to engage us as the project manager to create value for them by utilizing the well-recognized “Jianye (建業)” brand and our ability to manage their projects on a timely and cost-efficient manner.

While our Project Owners are mainly small to medium-sized real estate developers, we constantly monitor the financial conditions of our Project Owners to ensure that they have sufficient financial ability to complete relevant projects. Specifically, we require the Project Owners to obtain land parcels to be developed and to pay up the land grant premium before entering into project management agreement and with, and assess the Project Owner’s financial ability to complete the project. The budget management policies that we designed for projects under our management also require the project companies to maintain working capital that is sufficient to cover the project companies’ operations for at least six months. Considering our project owners have already paid up the land cost and the projects under our management typically begin to generate cash inflow from pre-sale of properties from six months to one year from the commencement of a project, we consider the possibility for our Project Owners to have difficulties in completing relevant projects to be remote despite PBOC’s tightened measures for property developers in the PRC to obtain external financings. As we adopt an asset-light business model, in the event that our Project Owners are unable to complete the relevant property projects managed by our Group, our exposure is limited because we act as service providers and we are not required to make capital investment or to raise debt for the properties projects. We monitor the status of our projects from time to time and in the event that financial difficulties of Project Owners are noted, we will take appropriate action concerning our relevant receivables and adjust the allocation of our personnel resources as appropriate.

During the Track Record Period and up to the Latest Practicable Date, to our Directors’ best knowledge, one of our projects under management experienced several temporary suspensions since September 2019. After certain months of resumption, the last suspension was from June 2020 until present, mainly due to the financial difficulty of the controlling shareholder of relevant project company. We initially seconded five employees to such project and subsequent to the project suspension, we transferred one seconded employee to other project and the four remaining seconded employees have been assisting the Project Owner to coordinate with the local government and relevant contractors and suppliers to facilitate the resumption of the project, and the controlling shareholder of such project company is currently undergoing debt restructuring before it can continue to finance the capital for development of the project. Our account receivable (net of allowance) and contract asset (net of allowance) of this project as at December 31, 2020 amounted to RMB3.7 million and RMB3.0 million, respectively, pursuant to relevant contract terms. In the event that such project can no longer continue, we may have to provide further credit loss allowance of up to RMB6.7 million for relevant account receivable and contract asset. Subsequent to the project suspension in June 2020, our four seconded employees remain in the project to facilitate the liaison among the parties and see if it is possible that the project could be resumed. The Project Owner has continued to pay salary to our four seconded employees. If such Project

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Owner fails to pay the personnel cost of our seconded employees, we will be obliged to pay such personnel cost before we take any legal action against such Project Owner for recourse. As of the Latest Practicable Date, the Project Owner of such project has paid all personnel cost of our seconded employees in full. As advised by our PRC Legal Advisors, given that the suspension of the project is not caused by us, we are not liable for the suspension of this project, nor do we have to compensate the Project Owner for losses resulted from the suspension under our project management agreement with such Project Owner. The project was in pre-sale stage before its suspension. As advised by our PRC Legal Advisors, pursuant to the property sales and purchase agreement between the Project Owner and the property buyers, the Project Owners shall be responsible for any claims brought up by the property buyers arising from any delay in delivery. In addition, pursuant to the project management agreement between such Project Owner and us, we are not responsible for any delay in delivery arising from reasons not attributable to us. Accordingly, as advised by the PRC Legal Advisors, we are not responsible for any potential claims from the property buyers for the delay in delivery of properties. Based on the above, we believe that our results of operations will not be materially and adversely affected by the suspension of this project. Except for this particular Project Owner, to the best knowledge and belief of our Directors, (i) none of our Project Owners experienced material financial difficulty or was unable to obtain financing required of for the development of the project from banks, trust companies or other financial institutions during the Track Record Period and up to Latest Practicable Date, and (ii) our Project Owners have the financial ability to complete their respective real estate development projects.

Leveraging on our well-established industry status and reputation, we source our customers primarily through referral by our existing customers and the marketing efforts by our sales and marketing department. We discuss with these potential customers to understand their needs and expectations, and negotiate the project management agreement with them individually. During the Track Record Period, substantially all of our customers were secured through private negotiations, and only one project was secured through a tender and bidding process. In the years of 2018, 2019 and 2020, revenue derived from services provided to our five largest customers accounted for approximately 40.9%, 33.9% and 24.3%, respectively, of our total revenue. For the same periods, revenue derived from our single largest customer accounted for approximately 14.7%, 13.0% and 10.5%, respectively, of our total revenue.

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The following tables set out certain details of our five largest customers based on our total revenue during the Track Record Period, and the revenue amount disclosed below aggregated the revenue from our customers owned by the same ultimate controlling shareholder as further described in relevant notes below:

<u>Customer</u>	<u>Registered capital</u> (RMB'000)	<u>Background/ principal business</u>	<u>Services provided by us</u>	<u>Revenue</u> (RMB'000)	<u>As a percentage of total revenue</u>	<u>Period of business relationship</u>	<u>Independent Third Party</u>
Year ended December 31, 2018							
1. CCRE's subsidiaries, joint ventures and associates ⁽⁹⁾	N/A	Real estate developer in Henan province	Project Management	99,671	14.7%	4 years	No
2. Customer A ⁽¹⁾	80,000	Private real estate developer in Shangqiu, Henan province	Project Management	49,278	7.3%	4 years	Yes
3. Shangqiu Dicheng Real Estate Co., Ltd. (商丘帝城置業有限公司) ⁽⁶⁾	30,000	Private real estate developer in Shangqiu, Henan province	Project Management	48,765	7.2%	3 years	Yes
4. Shangqiu Jincheng Industrial Co., Ltd. (商丘市錦城實業有限公司) ⁽²⁾	20,000	Private real estate developer in Shangqiu, Henan province	Project Management	41,759	6.2%	4 years	Yes
5. Shangqiu Huayuan Real Estate Co., Ltd. (商丘市華遠置業有限公司) ⁽⁴⁾	20,500	Private real estate developer in Shangqiu, Henan province	Project Management	37,597	5.5%	3 years	Yes
Total				277,070	40.9%		

<u>Customer</u>	<u>Registered capital</u> (RMB'000)	<u>Background/ principal business</u>	<u>Services provided by us</u>	<u>Revenue</u> (RMB'000)	<u>As a percentage of total revenue</u>	<u>Period of business relationship</u>	<u>Independent Third Party</u>
Year ended December 31, 2019							
1. CCRE's subsidiaries, joint ventures and associates ⁽⁹⁾	N/A	Real estate developer in Henan province	Project Management	133,949	13.0%	4 years	No
2. Shangqiu Jincheng Industrial Co., Ltd. (商丘市錦城實業有限公司) ⁽²⁾	20,000	Private real estate developer in Shangqiu, Henan province	Project Management	72,639	7.1%	4 years	Yes
3. Customer A ⁽¹⁾	80,000	Private real estate developer in Shangqiu, Henan province	Project Management	63,133	6.1%	4 years	Yes

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Customer	Registered capital (RMB'000)	Background/ principal business	Services provided by us	Revenue (RMB'000)	As a	Period of	Independent Third Party
					percentage of total revenue	business relationship	
4. Shangqiu Dicheng Real Estate Co., Ltd. (商丘帝城置業有限公司) ⁽⁶⁾	30,000	Private real estate developer in Shangqiu, Henan province	Project Management	42,216	4.1%	3 years	Yes
5. Dengzhou Senlinbandao Real Estate Co., Ltd. (鄧州森林半島置業有限公司) ⁽⁷⁾	50,000	Private real estate developer in Dengzhou, Henan province	Project Management	36,525	3.6%	5 years	Yes
Total				348,462	33.9%		
Year ended December 31, 2020							
1. CCRE's subsidiaries, joint ventures and associates ⁽⁹⁾	N/A	Real estate developer in Henan province	Project Management	121,247	10.5%	4 years	No
2. Shangqiu Jincheng Industrial Co., Ltd. (商丘市錦城實業有限公司) ⁽²⁾	20,000	Private real estate developer in Shangqiu, Henan province	Project Management	55,625	4.8%	4 years	Yes
3. Henan Duolun Real Estate Development Co., Ltd. (河南省多倫房地產開發有限公司) ⁽⁸⁾	100,000	Private real estate developer in Anyang, Henan province	Project Management	39,600	3.4%	4 years	Yes
4. Customer A ⁽¹⁾	80,000	Private real estate developer in Shangqiu, Henan province	Project Management	33,580	2.9%	4 years	Yes
5. Puyang Jianrun Real Estate Co., Ltd. (濮陽市建潤置業有限公司) ⁽¹¹⁾	10,000	Private real estate developer in Puyang, Henan province	Project Management	30,549	2.7%	3 years	Yes
Total				280,601	24.3%		

Notes:

- (1) Customer A consisted of three real estate development companies that are our customers, namely, Shangqiu Jintai Real Estate Co., Ltd. (商丘市金泰置業有限公司), Shangqiu Jiantai Real Estate Co., Ltd. (商丘市建泰置業有限公司) and Shangqiu Jianhe Real Estate Co., Ltd. (商丘市建和置業有限公司). The ultimate controlling shareholder of these three companies is an individual who primarily engages in the real estate development business. These three companies and their controlling shareholder are Independent Third Parties to our Group. During the Track Record Period, Mr. Feng Liang, the deputy general manager of the Shangqiu branch company of our Group, served as the legal representative and general manager of Shangqiu Jintai Real Estate Co., Ltd. (商丘市金泰置業有限公司) and the legal representative, a director and the general manager of Shangqiu Jiantai Real Estate Co., Ltd. (商丘市建泰置業有限公司) at the request of the customer as they were

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impressed by Mr. Feng's performance and wanted further enhance Mr. Feng's involvement in the project companies' daily operations. On December 15, 2020, Mr. Feng ceased to serve as the legal representative and the general manager of the two companies.

- (2) This includes Shangqiu Jincheng Industrial Co., Ltd. (商丘市錦城實業有限公司) and its wholly-owned subsidiary Yucheng Shenyu Real Estate Co., Ltd. (虞城縣申宇置業有限公司), both of which are our customers. The ultimate controlling shareholder of Shangqiu Jincheng Industrial Co., Ltd. (商丘市錦城實業有限公司) is an individual who primarily engages in the real estate development and apparel manufacturing businesses and is an Independent Third Party to our Group.
- (3) The ultimate controlling shareholder of Zhongyun (Henan) Education Information Consulting Co., Ltd. (中韻(河南)教育信息諮詢有限公司) is an individual who primarily engages in the private education consultation, commercial/cultural travel, real estate development businesses and is an Independent Third Party to our Group.
- (4) The ultimate controlling shareholder of Shangqiu Huayuan Real Estate Co., Ltd. (商丘市華遠置業有限公司) is an individual who primarily engages in the real estate development and steel trading businesses and is an Independent Third Party to our Group.
- (5) The ultimate controlling shareholder of Xihua Zhiteng Real Estate Co., Ltd. (西華縣置騰置業有限公司) is an individual who primarily engages in the real estate development and construction engineering businesses and is an Independent Third Party to our Group.
- (6) The ultimate controlling shareholder of Shangqiu Dicheng Real Estate Co., Ltd. (商丘帝城置業有限公司) is an individual who primarily engages in the real estate development business and is an Independent Third Party to our Group.
- (7) The ultimate controlling shareholder of Dengzhou Senlinbandao Real Estate Co., Ltd. (鄧州森林半島置業有限公司) is an individual who primarily engages in the real estate development business and is an Independent Third Party to our Group.
- (8) The ultimate controlling shareholder of Henan Duolun Real Estate Development Co., Ltd. (河南省多倫房地產開發有限公司) is an individual who primarily engages in the real estate development, construction, property management and education businesses and is an Independent Third Party to our Group.
- (9) CCRE's subsidiaries, joint ventures and associates consisted of eighteen real estate development companies which CCRE indirectly controlled, jointly controlled or had significant influence during the Track Record Period, namely, Sanmenxia Senlinbandao Real Estate Co., Ltd. (三門峽森林半島置業有限公司), Anyang Taihe Real Estate Co., Ltd. (安陽泰和房地產有限公司), Lushi Lingchuang Real Estate Co., Ltd. (盧氏領創置業有限公司), Taikang Jiancheng Real Estate Development Co., Ltd. (太康縣建城房地產開發有限公司), Luoyang Jianling Real Estate Co., Ltd. (洛陽建領置業有限公司), Zhoukou Lvcheng Real Estate Co., Ltd. (周口綠城房地產開發有限公司), Xiangcheng Zhiteng Urban Construction Co., Ltd. (襄城置騰城市建設有限公司), Qingfeng Jianhong Urban Development Co., Ltd. (清豐建宏城市發展有限公司), Shenqiu Forest Peninsula Real Estate Co., Ltd. (沈丘縣森林半島置業有限公司), Zhongyu Guoxin Real Estate Co., Ltd. (中譽國信置業有限公司), Xiangcheng Forest Peninsula Real Estate Co., Ltd. (項城市森林半島置業有限公司), Linzhou Zhongji Real Estate Development Co., Ltd. (林州重機房地產開發有限公司), Shangqiu Hesheng Real Estate Co., Ltd. (商丘合盛置業有限公司), Taiqian Jiandong Real Estate Co., Ltd. (台前建東置業有限公司), Fugou Jianyecheng Real Estate Co., Ltd. (扶溝縣建業城置業有限公司), Nanzhao Shengjing Real Estate Development Co., Ltd. (南召縣盛景置業發展有限公司), Taikang Wobang Real Estate Development Co., Ltd. (太康縣置騰沃邦置業有限公司) and Luoyang Guotaimiejule Real Estate Development Co., Ltd. (洛陽國泰美居樂置業有限公司). For the purpose of the determination of the top five customers of our Group during the Track Record Period, they are viewed as one single customer and is a related party to our Group.
- (10) The ultimate controlling shareholder of Puyang Jianrun Real Estate Co., Ltd. (濮陽市建潤置業有限公司) is an individual who primarily engages in the real estate development business and is an Independent Third Party to our Group. Puyang Jianrun Real Estate Co., Ltd. (濮陽市建潤置業有限公司) is also a shareholder of another PRC property development company which is not our customer but in which the CCRE Group has invested.

It is our normal course of business and as further disclosed in the sub-section headed "Employee — Our Seconded Employees" below that we typically second an average of six employees to a given project who would serve key managerial roles in the project company for the execution of project throughout the development cycle. This typically includes the management, design, costing, finance, sales and construction functions of the project companies. The positions of such seconded employees primarily include (i) project general manager; (ii) sales manager (iii) assistant finance manager (as the finance manager is typically appointed by the Project Owners); (iv) construction management manager; and (v) other managerial roles to be appointed according to the needs of the Project Owner (such as cost management manager).

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During the Track Record Period, there are certain Project Owners in which our senior management or employees were appointed as director, legal representative and/or company general manager roles in addition to the aforesaid functional managers or executive. The details are set out in the table below:

Customer	Maximum voting interest that has/ had been held by CCRE Group or our Group	Revenue			Name of the Directors/senior management/ employees of our Group	Title in our Group	Previous title in the customer (Note 1)
		2018	2019	2020			
		RMB,000	RMB,000	RMB,000			
Investees of our Group:							
1. 駐馬店市正華置地房地產開發有限公司	10%	—	9	3,068	Mr. Ma Xiaoteng	Executive Director	Director
					Mr. Jiang Liang	Employee	Legal representative
2. Lushi Lingchuang (Note 3)	65%	8,130	12,605	8,685	Mr. Hu Bing	Executive Director	Director
					Mr. Ma Hongliang*	Employee	Director
3. 新疆遠業房地產開發有限公司 (Note 4)	Minimal	—	—	4,202	Mr. Li Heping	Senior management	General manager
4. 新安縣建成房地產開發有限公司 (Note 4)	Minimal	—	—	3,831	Mr. Jin Feng	Senior management	Director
					Mr. Ma Hongliang*	Employee	Director
	A	8,130	12,614	19,786			
Investees of CCRE Group:							
5. 沈丘縣森林半島置業有限公司	26%	8,320	3,326	—	Mr. Ma Xiaoteng	Executive Director	Director and legal representative
6. 西華縣置騰置業有限公司 (Note 2)	26%	11,940	9,515	5,645	Mr. Ma Xiaoteng	Executive Director	Director and legal representative
7. 項城市森林半島置業有限公司	60%	2,430	8,607	8,608	Mr. Ma Xiaoteng	Executive Director	Legal representative, executive director and general manager
8. 周口綠城房地產開發有限公司	60%	13,607	11,540	6,630	Mr. Ma Xiaoteng	Executive Director	Chairman and legal representative
9. 太康縣建城房地產開發有限公司 (Note 2)	51%	—	4,591	7,823	Mr. Ma Xiaoteng	Executive Director	Chairman and legal representative
					Mr. Hu Bing	Executive Director	Director
10. 太康縣森林半島置業有限公司 (Note 2)	50%	—	9,041	11,613	Mr. Ma Xiaoteng	Executive Director	Legal representative, executive director and general manager
11. 太康縣置騰沃邦置業有限公司 (Note 2)	51%	—	5,486	5,202	Mr. Ma Xiaoteng	Executive Director	Chairman and legal representative
12. 中譽國信置業有限公司 (Note 2)	26%	7,916	16,848	18,000	Mr. Liu Shiyang	Employee	Legal representative and general manager
13. 扶溝縣建業城置業有限公司 (Note 2)	20%	7,057	3,483	—	Mr. Ma Xiaoteng	Executive Director	Director and general manager
	B	51,270	72,437	63,521			
Non-investees:							
14. 商丘市建泰置業有限公司	Nil	12,061	31,211	32,141	Mr. Feng Liang	Employee	Legal representative, director and general manager
15. 商丘市金泰置業有限公司	Nil	37,217	31,921	—	Mr. Feng Liang	Employee	Legal representative and general manager
	C	49,278	63,132	32,141			
Total amount of revenue from customers in which Directors/Senior Management/ Employees of our Group had taken up directors/legal representative/company general manager roles		A+B+C	108,678	148,183	115,448		

Notes:

- Save for 駐馬店市正華置地房地產開發有限公司, all of our Directors/senior management/employees have terminated their role as director, general manager or legal representative of such customers as set out in the table above.
- As at the Latest Practicable Date, CCRE Group has already realised its interest in these companies and no longer holds any interest in these companies.

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3. Prior to the Reorganization, we held 20% equity interest in Lushi Lingchuang and had 65% of its voting interest pursuant to its constitutional documents. Pursuant to the Reorganisation, we had disposed all of our interest in Lushi Lingchuang in October 2020 as its principal business is not project management. Please refer to the section headed “History, Development and Reorganization” for further details.
 4. Previously, we held a minimal indirect interest in items 3 and 4 through a 4.4%-owned investee of us. We had disposed our indirect interest in these two companies during September and October 2020.
- * As of the date of this prospectus, Mr. Ma Hongliang is no longer an employee of our Group.

The customer in item 1 is an associate of our Group in which we have a 10% effective equity interest (being held as to 50% by our 20%-owned associate). We appointed a director in this company to represent our interest as a shareholder of this company. In this project company, we also appointed Mr. Jiang Liang to act as legal representative of the project company with a view to stronger safeguarding our investment interest. For customers in items 2 to 4, we previously held certain investment interest in these project companies. Please refer to notes 3 and 4 above for details. We appointed our personnel to act as director or general manager in these project companies mainly for the purpose of better safeguarding our investment interest.

Customers in items 5 to 13 are/were investees of CCRE Group. CCRE Group appointed Mr. Hu Bing and/or Mr. Ma Xiaoteng to represent its interest in the board of directors. In these project companies, Mr. Hu Bing and Mr. Ma Xiaoteng took up non-executive role and did not take up day-to-day operational duties. They mainly act as a shareholder’s representatives in the board of directors in relevant investees. In items where CCRE Group also appointed them as the general manager or legal representative of the project companies, they were appointed by CCRE with a view to stronger safeguarding its shareholder’s interest. It is because, at the material time of the investment by CCRE Group, our Group was part of CCRE Group and Mr. Hu Bing and Mr. Ma Xiaoteng are also employees of CCRE Group. There were certain CCRE investees who engaged our Group to manage the project development and in which CCRE appointed its other senior management (who are not Directors or employees of our Group) to represent them in the board of directors of such project companies and as such our Directors did not take up directors role in such CCRE investees.

For customers in items 14 and 15, they are not investees of our Group or the CCRE Group. Among our various project management agreements with non-investees, we only appointed our employees to act as directors/legal representative/company general manager in these two companies. This only happened in very rare cases upon request by these two particular customers (which were owned by the same group of beneficial owners).

For the personnel set out in the table that were appointed to the investees of our Group or CCRE Group (except item 12), they do not receive any remuneration from such investees. For the personnel set out in item 12, Mr. Liu Shiyang (being one of our seconded employees) received an annual remuneration of approximately RMB400,000. For the personnel set out in the table that were appointed to the non-investees, i.e. items 14 and 15 (which belongs to the same beneficial owners), Mr. Feng Liang (being our staff) received an annual remuneration of approximately RMB400,000 during his tenure, which is determined with reference to the salary standard of our Group.

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During the Track Record Period, our seconded employees as well as our Directors or senior managers who had been appointed as the directors/legal representatives/company general managers to the project companies had entered into contracts on behalf of the Project Owners, subject to the internal approval procedures by the Project Owners. As provided in the project development agreements between our Group and the Project Owners, it is stipulated and as acknowledged by both parties that, (i) the Project Owners and our Group would set up internal contract evaluation and approval procedures for the execution of contracts with other parties; (ii) the company stamps are kept by the personnel designated by the Project Owners, for use in signing contracts after going through internal approval process; (iii) during the execution process, our seconded employees would enter into contracts on behalf of the Project Owners after going through the required internal approval process.

Mr. Feng Liang no longer acts as the legal representative of the companies of item 14 and 15 since December 15, 2020. Since then and going forward, we no longer and do not intend to send our directors or staff to act as directors/legal representatives/company general managers of any project companies of customers. As our Directors gradually focused more in the business of our Group, save for item 1 which is our investee (being the one Minority Investment Project referred to in “Relationship with Controlling Shareholders”), all of our Directors and personnel being so appointed as set out above have resigned from such project companies as at the Latest Practicable Date.

Any major corporate activities of the project company are determined and directed by the board of directors of the project company, which typically consists of two to six directors and is controlled by the Project Owners. For each of the projects set out above, we have sent our seconded employees to serve such customers as similar to our other customers in our normal course of business. That typically included project general managers and other functional managers and executives. The previous appointment of directors/company general manager/legal representative was not governed by the project management agreements between our Group and the Project Owners. Such appointments only happened in the particular circumstances as stated above and there are no formal salient terms of appointment. The resignation by our Directors or employees as the directors or legal representative of the customers would not affect our working relationship and service with the customers because, apart from the particular directorship and legal representative as set forth in the table above, our dedicated team of seconded employees continues to serve the customers and provide quality service to such customers together with our employees and senior management at our regional branch offices and headquarters.

Save for one particular incident as further detailed in the paragraph headed “Financial Information — Principal components of consolidated statements of profit or loss and other comprehensive income — Other income”, we typically do not provide financing to project companies. In addition, we had an amount due from our 10%-owned associate (i.e., item 1 in the table) which amounted to approximately RMB25.3 million as at December 31, 2020. CCRE has confirmed that it does not have any financing arrangement with our customers, other than CCRE’s financial contribution made to its own investees in its capacity as a shareholder pursuant to its agreement with other shareholders of such project.

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Based on the table above, transaction amount of project management service provided by us to project companies where we have appointed our personnel to act as director/company general manager/legal representative amounted to RMB108.7 million, RMB148.2 million and RMB115.4 million for each of the years during the Track Record Period respectively. As disclosed in note 23 of the Accountants' Report set out in Appendix I to this Prospectus, the total related parties transactions of project management services provided by us to entities during the periods when they were related parties to us amounted to RMB99.7 million, RMB133.9 million and RMB124.3 million respectively for each of the years during the Track Record Period. For avoidance of doubt, not all of CCRE investees would appoint us as a project manager. It depends on the actual circumstances and commercial consideration. For the transactions between investees of CCRE and our Group, please refer to the section headed "Relationship with controlling shareholders — Provision of project management services by our Group to the Remaining Group" for further details. In addition, during the Track Record Period and up to the Latest Practicable Date, the owners of two of our customers have business cooperation with our Remaining Group, by way of investment jointly in four property development projects. To the knowledge of our Directors, (i) the ultimate controlling shareholder of Puyang Jianrun Real Estate Co., Ltd. (濮陽市建潤置業有限公司) who invested in three other project companies under our management through Puyang Jianrun Real Estate Co., Ltd., also invested in two real estate development companies in which the CCRE Group has invested and (ii) a shareholder of Sanmenxia Forest Peninsula Real Estate Co., Ltd. (三門峽森林半島置業有限公司) which is a member of the Remaining Group, also cooperated with CCRE Group in another real estate development project and is a shareholder of such project company in which the CCRE Group has invested.

To the best of the knowledge, information and belief of our Directors, save as disclosed above, none of our Group's customers, their shareholders, directors, senior management or any of their respective associates, had any past or present relationship (business, family, employment, financing or other relationship that affects independence) among themselves, or with us, our Shareholders, Directors, senior management, employees or any of their respective associates.

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

Except for CCRE and its subsidiaries, joint ventures and associates, all of our five largest customers during the Track Record Period were Independent Third Parties. As of the Latest Practicable Date, we were not aware of any information or arrangements which would lead to cessation or termination of our relationships with any of our five largest customers.

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Our major customers are mainly small to medium-sized property developers, with business concentrated in specific region, such as Henan Province. Some of them have primary business focus in industries other than property development. For example, some of them are principally engaged in the business of steel trading or education consultancy. They have relatively less experience and expertise in property development, but enter into the property development to explore additional investment opportunity and income stream. They engage our Group to provide project management business to leverage on the expertise and brand name of our Group in order to develop their projects more efficiently. Our Directors are of the view that, taking into account the price premium and brand recognition brought by the “Jianye (建業)” brand, our well-established network of quality contractors/suppliers and the time and cost-efficiency by our integrated project management services, the possibility for the Project Owners to stop engaging us for their future projects after they acquired certain project management knowledge and skill is remote and would not have a material adverse impact on our Group. Save as otherwise disclosed in this Prospectus, none of our Directors, their close associates or any Shareholders who, to the knowledge of our Directors, owned more than 5% of our issued share capital, had any interest in any of our five largest customers as of the Latest Practicable Date. To the best of our Directors’ knowledge, during the Track Record Period, none of our major customers were also our suppliers. We typically enter into agreements with our customers on a project-by-project basis, and the tenure of such agreements depend on the duration of each project, which typically ranges from three to five years.

SUPPLIERS

Our suppliers generally consist of third party vendors in connection with our office lease, office supplies and other administrative functions. The products/services provided by these suppliers are freely available and are not relevant to our project management services provided to the Project Owners. Except for office lease agreements with lease terms ranging from one to five years, we generally do not enter into long-term supply agreements with our suppliers and we place supply orders on order basis. We typically settle our trade payables by bank transfers without any credit terms. Our major suppliers in general have one to three years of business relationship with us. In the years of 2018, 2019 and 2020, purchases from our five largest suppliers accounted for approximately 67.1%, 48.6% and 27.3% respectively, of our total purchases. For the same periods, purchases from our single largest supplier accounted for approximately 27.3%, 19.5% and 8.6%, respectively, of our total purchases.

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. To the best of our Directors’ knowledge, save as Mr. Wu’s equity interests in Central China New Life, which provided property management and travel agency services to our Group and was one of our five largest suppliers throughout the Track Record Period, none of our Directors, their respective close associates or any person who, owned more than 5% of our issued share capital, had any interest in any of our five largest suppliers during the Track Record Period. In the years of 2018, 2019 and 2020, our purchases from Central China New Life amounted to approximately RMB1.2 million, RMB2.6 million and RMB3.3 million, respectively.

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

<u>Supplier</u>	<u>Service/goods provided</u>	<u>Purchase amount</u> (RMB'000)	<u>As a percentage of total purchase</u>	<u>Period of business relationship</u>	<u>Independent Third Party</u>
Year ended December 31, 2018					
1. Supplier A	Provision of software	1,677	27.3%	3 years	Yes
2. Central China New Life	Property management, travelling and business related service	1,179	19.2%	3 years	No
3. Supplier B	Rental service	470	7.6%	3 years	Yes
4. Supplier C	Consulting service	400	6.5%	2 years	Yes
5. Supplier D	Business service	398	6.5%	2 years	Yes
Total		<u>4,124</u>	<u>67.1%</u>		
Year ended December 31, 2019					
1. Supplier E	Decoration service	6,450	19.5%	3 years	Yes
2. Supplier F	Provision of cars	4,593	13.9%	3 years	Yes
3. Central China New Life	Property management, travelling and business related service	2,611	7.9%	3 years	No
4. Supplier G	Rental service	1,298	3.9%	1 year	No
5. Supplier A	Provision of software	1,080	3.4%	1 year	Yes
Total		<u>16,032</u>	<u>48.6%</u>		
Year ended December 31, 2020					
1. Central China New Life	Property management, travelling and business related service	3,348	8.6%	3 years	No
2. Supplier G	Rental service	2,735	7.0%	1 year	No
3. Supplier H	Consulting service	1,688	4.4%	2 years	Yes
4. Supplier I	Audit service	1,612	4.2%	1 year	Yes
5. Supplier J	Business service	1,205	3.1%	1 year	No
Total		<u>10,588</u>	<u>27.3%</u>		

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COMPETITION

The project management market in the PRC is highly competitive and experienced rapid growth over the past decade due to the continued economic growth in China and huge domestic demand in the real estate and project management market. In recent years, a large number of property developers have undertaken project management services. According to China Index Academy, there were 28 sizeable project management companies in the PRC in 2019, with an aggregate revenue of approximately RMB9.1 billion in 2019, and 55.4% and 75.7% of which were contributed by the top 5 and top 10 companies in the project management industry. Our major competitors include large national and regional project management companies in the PRC real estate industry as well as real estate developers that also engage in project management business in the PRC. We believe that the principal competitive factors include, among others, our operation scale, insights to local markets, price and quality of services, brand recognition and financial resources. The “Jianye (建業)” brand, which we believe represents quality and reliability, allows us to stand out among our competitors in Henan Province as well as other provinces across China.

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

EMPLOYEES

As of December 31, 2020, we had 1,088 full-time employees, including 648 employees that were seconded to relevant project companies for real estate development projects under our management, all of whom were based in China or Hong Kong. The following tables show breakdowns of our employees by business function and by educational background as of December 31, 2020:

	<u>Number of employees</u>	<u>% of total employees</u>	<u>Number of employees seconded to project companies</u>
Management Personnel	145	13.3%	110
Design and R&D, Project Design/R&D	82	7.5%	25
Cost Management	81	7.4%	52
Construction Management	248	22.8%	176
Sales and marketing/Brand Management	194	17.9%	130
Customer Services	24	2.2%	5
Administrative/Operation/Human Resources	126	11.6%	60
Business Development	54	5.0%	—
Finance	134	12.3%	90
	<u>1,088</u>	<u>100.0%</u>	<u>648</u>

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	Number of employees	% of total employees
Master’s degree or above	156	14.3%
Bachelor’s degree.	820	75.4%
Associate degree and others	112	10.3%
Total	1,088	100.0%

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

In order to develop and train our talents, we provide continuous training programs to our employees through “Jianye College (建業學堂)”, which currently contains over 100 experienced lecturers from the management team of our Company and CCRE and holds various programs and activities. “Jianye College” focuses on initiatives that allow our employees to transform knowledge into execution capabilities.

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

We offer our employees a performance-based compensation structure that rewards performance and results. We also adjust the compensation based on our development strategy and the market standards from time to time. Our compensation structure composes of a fixed annual salary, subsidies and bonuses. Such a compensation structure helps us maintain a competitive edge in the marketplace.

We recognize the importance of providing comprehensive and continuous training programs to our employees to improve their business skills, enhance their ability to manage risks and to help them demonstrate a high standard of diligence. We provide various training programs with different focuses to our employees depending on their tenure, such as trainings for new employees carried out by our human resources department, and special business trainings carried out by the business team. Apart from internal trainings, we also engage third party training agencies to provide both online and offline trainings for our employees. Through these initiatives, our team members can acquire updates on the industry trend and market insights, thereby supporting our continued and sustainable expansion with a cohesive, vibrant and stable talent pool.

We also provide our employees with benefits, such as basic pension insurance, basic medical insurance, workplace injury insurance, unemployment insurance, maternity insurance and housing provident funds, in accordance with applicable PRC laws and regulations. In 2018, 2019 and 2020, the aggregate amount of social insurance payments that we made was approximately RMB0.7 million, RMB10.2 million and RMB8.0 million, respectively, and the housing provident fund contributions that we made was RMB0.4 million, RMB6.4 million and RMB11.0 million, respectively.

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

Our Seconded Employees

As disclosed in the section headed “Project Management Process” above, our seconded employees work closely with our employees at regional branch offices and headquarters to serve our customers. We set up a dedicated management team for each project managed by us, and second our employees to the project company to serve as management/officers of the project company and advise the Project Owner on the execution of the project. While we enter into employment agreement with our seconded employees, the Project Owner, our seconded employee and us would enter into a Letter of Secondment shortly after the relevant project company is established and the project is kicked off, which specifies, among others, (i) the title and duties of such seconded employee, (ii) the project company shall bear all costs and expenses in connection with the seconded employee, including but not limited to his/her base salary, bonuses, training expenses, contributions of social insurance and housing provident fund and other benefits, (iii) the annual base salary of the seconded employee, which generally references the package and welfare of our Group’s policy of the relevant locations, and can be subsequently adjusted with the mutual agreement among the seconded employee and the Project Owner (with notice to us), and (iv) the seconded employee shall observe the internal policies of the project company. The salary adjustment for our seconded employees was due to their continued services, valuable contributions and/or excellent performance. During the Track Record Period, the adjustment of the compensation package (in terms of dollar amount) of our seconded employees by relevant Project Owners in a given year generally ranged from 8% to 100%, with an average of 38%, and the level of adjustment primarily reflected the contribution and performance of our seconded employees.

During the period when we manage a project, our seconded employees report the progress and other matters relating to the projects to both the Project Owner as well as our headquarters and regional branch offices. We typically second an average of six employees to a given project, all of them shall be on board shortly after the project commences, to serve the key managerial roles in the project company for the execution of project throughout the development cycle, covering key functions like management, design, procurement, finance, sales and construction of the project. They will be allocated to a project when it is kicked off until their respective work flow is finished. In particular, the personnel who oversees the construction process would normally stay in the project until the project is completed for delivery.

Our seconded employees are trained by us and are familiar with our internal policies, guidelines and quality standards. After they are seconded, they will work with the project companies as well as our staff at regional branch offices and headquarters to implement details works plans for relevant projects based on our policies and standards. Our seconded employees periodically report the progress of various work streams relating to the daily operations to the Project Owners, mainly during weekly or monthly meetings as well as special meetings on ad hoc basis. In the meantime, based on their respective departments and functions, our seconded employees also report to their supervisors in our headquarters and/or regional branch offices regularly, and provide a monthly report on their work streams.

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In the event of any disputes between the project companies and us, our seconded employees will communicate with the Project Owners on our policies, procedures and quality standards, and will promptly report to our headquarters and regional branch offices with their analyses on the potential impact. After understanding the background of such disputes or disagreements, our headquarters will, depending on the level and nature of the disputes, instruct the general manager of the project, general manager of our regional branch offices or our senior management to liaise with the Project Owners and settle such disputes. In the event that the dispute cannot be solved and if we consider that the risk involved would be significant, we may consider taking legal action and/or terminate the project management agreement. During the Track Record Period and up to the Latest Practicable Date, we did not experience any such serious disputes.

Our seconded employees are generally fixed and not interchangeable with employees in our headquarters and regional branch offices. Pursuant to the Letter of Secondment, all costs and expenses of our seconded employees were paid by relevant project companies. In 2018, 2019 and 2020, the personnel cost in connection with our seconded employees that were borne by the Project Owners amounted to RMB49.6 million, RMB78.9 million and RMB145.9 million, respectively. Under our project management agreement, Project Owners generally agree to use certain percentage of the total sales amount (0.5% for example) of a given project as bonus to incentivize our seconded employees, which will be paid to our seconded employees when the sales milestones are achieved. We believe such payment arrangement may increase the overall compensation of our seconded employees, thereby motivating and incentivizing them to achieve higher efficiency and better performance. During the Track Record Period and up to the Latest Practicable Date, none of the Project Owners refused or failed to pay the personnel cost relating to our seconded employees. In the event any Project Owner breaches our project management agreement and fails to pay such personal costs, we will notify the Project Owner to rectify such breach within 30 days. If such breach is not rectify within 30 days, we are entitled to terminate the project management agreement and take legal actions against the Project Owner. In addition, in the event that the Project Owners fails to pay the personnel cost of our seconded employees, or if our seconded employees are no longer on secondment, we will pay salary to such seconded employees according to the employment agreements between the seconded employees and us.

The base salary for the seconded employees before and after their secondment remains the same.

During the Track Record Period, due to the vigorous growth in our business, our seconded employees had been fully occupied by the secondment arrangement to various projects without any idle time staying in our headquarters or regional branch offices. Accordingly, all the remunerations of such seconded employees had been paid by the Project Owners. In the event that any seconded employee is not under secondment, we will second such employee to other projects under our management or bear the remuneration of such seconded employee in accordance with his employment agreement, which may be materially different from the remuneration paid by the Project Owner due to the different bonus arrangement. For our employees in our headquarters and regional branch offices who are not seconded, their remunerations are borne by our Group.

Our PRC Legal Advisors are of the view that the PRC Labor Contract Law only requires employers to pay the employee's remuneration in full and on time, and does not require employers to pay remuneration directly; nor does it prohibit employers from delegating contractors or third parties to pay such remuneration on the employers' behalf. Therefore, our

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PRC Legal Advisors are of the view that our secondment arrangement and the remuneration payment by Project Owners do not violate the PRC Labor Law and the PRC Labor Contract Law. In addition, upon the completion of relevant project/function, we would assign employees seconded to a given project company to another project company for a new project. Due to the rapid expansion of our operations in the Track Record Period, we did not experience any gap between our seconded employees' shifting among different project companies.

In addition, our PRC Legal Advisors are of the view that the secondment of our employees to the project companies principally involves managerial positions supervising key functions in real estate development cycle, and features long-term and stable work relationship, which differs from the "labor dispatch" where the labor dispatching entity provides labor force for the actual employers, which are temporary (i.e., positions that typically exist for no more than six months), auxiliary (i.e., positions of non-core business) or replaceable and remuneration of such labors are received from the actual employers. These seconded employees report to respective project management companies in the project companies' daily operations and are supervised by our headquarters and/or regional branch offices. In addition, the compensation level of our seconded employees, subject to the project companies' agreement, generally references the package and welfare of our policy of the relevant locations rather than that of the project companies, and can be subsequently adjusted with the mutual agreement among the seconded employees and the Project Owner (with notice to us), which also differs from the "labor dispatch" where the dispatched labor's compensation is referenced to the compensation package of the actual employers which use the service of the dispatched staff. The adjustment of salary and bonus arrangements of the seconded employees typically takes into consideration the performance of such seconded employees, which may vary depending on the sales performance of relevant projects under our management.

INTELLECTUAL PROPERTY

We regard our intellectual property rights as critical to our success. We primarily rely on laws and regulations on trademarks and trade secrets and our employees' and third parties' contractual commitments to confidentiality and non-competition to protect our intellectual property rights.

CCRE has granted us a license to use the "Jianye (建業)" trademark pursuant to a trademark licensing agreement entered into between dated June 6, 2015. The term of the trademark licensing agreement is from the date of the agreement and till the completion of the projects that we managed. In anticipation of the Listing and to ensure that we will continue to be able to use "Jianye (建業)" or related trademarks and brand that we have been using in our project management business, on May 13, 2021, we and CCRE entered into a trademark licensing agreement for a term of ten years commencing from the Listing Date. Pursuant to the trademark licensing agreement, there are licensing fees payable by us to CCRE upon Listing in the following manner: (i) for the first year to the third year: RMB15 million per year; (ii) for the fourth year to the sixth year: RMB20 million per year; and (iii) for the seventh year to the tenth year: RMB25 million per year calculated on a pro-rated basis for less than an entire calendar year. See "Connected Transactions."

During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any intellectual property infringement claims of any third party or by any third party which had any material impact on our Group.

AWARDS AND RECOGNITIONS

In recognition of our achievements in various aspects of our business and services, we were awarded and ranked No. 2 by the China Real Estate TOP10 Research Team as “2020 Leading Brand of China Real Estate Agent-construction Companies” (2020中國房地產代建領先品牌).

PROPERTIES

Owned Properties

As of the Latest Practicable Date, we do not hold any real property, and no single property interest forming part of our non-property activities had a carrying amount of 15% or more of our total assets. Accordingly, we are not required by Chapter 5 of the Listing Rules to value or include in this prospectus any valuation report of our property interests.

Leased Properties

As of the Latest Practicable Date, we entered into 64 lease agreements (as lessee) in the PRC, among which 59 were entered into with Independent Third Parties and five were entered into with related parties to our Group. The relevant lease agreements have lease expiration dates ranging from March 22, 2021 to July 1, 2024. We use most leased properties as our office and staff accommodation. Among our 27 leases that will expire in the coming six months (all of which are used for temporary staff accommodation), we currently plan to renew 22 leases. Some of the lessors to these leases have not provided us with evidence of the right to lease such properties. Therefore, we cannot guarantee that the lessors from whom we leased such properties are the landlords and have the right to lease such properties to us. If the relevant right holders or other third parties challenge our use of such leased properties and we may be required to relocate on short notice. Our Directors do not anticipate any material difficulty in identifying comparable alternative premises if we need to relocate for our operation.

As of the Latest Practicable Date, we did not register such lease agreements. We sought cooperation from the landlords at the leased properties to register such executed lease agreements. Registration of lease agreements requires the submission of certain documents of landlords, including their identity documentation and property ownership certificates, to the relevant authorities and therefore the registration is subject to cooperation of landlords which is not within our control. Our PRC Legal Advisors have advised us that the lack of registration will not affect the validity and enforceability of these lease agreements. However, the relevant government authorities may require us to rectify these unregistered lease agreements within a certain period of time and, if we fail to so rectify, impose a fine of up to RMB10,000 for each unregistered lease agreement which leads to a maximum exposure of RMB640,000. See “Risk Factors — Risks Relating to Our Business and Our Industry — We may be subject to risks relating to our leased properties.” As of the Latest Practicable Date, we had not received any rectification order or been subject to any fines in respect of non-registration of any of our lease agreements. Our Directors believe that these unregistered lease agreements would not have a material operational or financial impact on us.

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INSURANCE

We maintain employer liability insurance for our Company and commercial insurance for our employees covering accidents encountered during their provision of services, as well as the statutory social insurance for our employees. Our insurance coverage is provided by reputable companies in accordance with commercially reasonable standards. Consistent with the industry practice in China, we do not maintain business interruption insurance, key-person insurance or insurance covering potential liabilities.

We believe that our insurance coverage is sufficient for its present purposes and is consistent with the insurance coverage of other financial services companies in China. We periodically review our insurance coverage to ensure that it is adequate. See the section headed “Risk Factors — Risks Relating to our Business and our Industry — We maintain limited insurance coverage” in this prospectus for more information.

LICENSES AND PERMITS

Our PRC Legal Advisors have advised that during the Track Record Period and up to the Latest Practicable Date, we had obtained all licenses, permits, approvals and certificates that are required for our operations. We are not required to obtain one or more qualifications in respect of project survey, design, construction undertaking, supervision, construction cost consulting, etc. since we do not engage in such specialized business and our Project Owners are responsible for obtaining the required approvals and permits for the projects and will enter into agreements with qualified third party service providers (see the section headed “Business — Our Business Model” above for detailed information). As advised by our PRC Legal Advisors, the current PRC laws and regulations do not require project management service providers to obtain any specific license, permit or qualification for their services relating to commercial project management projects. As a result, we are not aware of any industry specific licenses and permits required for our business operations.

For risks and uncertainties associated with our licenses, approvals and permits, see the section headed “Risk Factors — Risks Relating to our Business and our Industry — Our business may be adversely affected if we fail to obtain or renew, or encounter material delays in obtaining or renewing, requisite approvals, licenses and permits to provide project management services” in this prospectus.

LEGAL PROCEEDINGS AND COMPLIANCE

From time to time, we may be subject to legal proceedings, investigations and claims incidental to the conduct of our business. During the Track Record Period and up to the Latest Practicable Date, we had not been and were not a party to any material legal, arbitral or administrative proceedings and we were not aware of any material pending or threatened legal, arbitral or administrative proceedings against us or any of our Directors which, in the opinion of our Directors, could have a material adverse effect on our business operations or financial condition as a whole. Our Directors have confirmed that no member of our Group is currently engaged in any material litigation, arbitration or administrative proceeding.

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During the Track Record Period and up to the Latest Practicable Date, we did not make full contributions to the social insurance plans and the housing provident fund for a certain number of our employees in accordance with the relevant PRC laws and regulations. In 2018, 2019 and 2020, the aggregate amount of our underpayment of relevant contributions was approximately RMB0.2 million, RMB1.1 million and RMB0.7 million, respectively. This was primarily caused by different levels of acceptance of the social insurance plans by our employees and inconsistent implementation or interpretation of relevant laws and regulations by local authorities in the PRC. Our Directors considered the total amount of such outstanding contributions was immaterial. See the section headed “Risk Factors — Risks Relating to Our Business and Our Industry — Failure to make adequate statutory social welfare payments for our employees may subject us to penalties.” If the competent authority is of the view that the social insurance contributions we made for our employees do not satisfy the requirements under the relevant PRC laws and regulations, we might be ordered to pay the unpaid amount within a certain period and a late fee that equals to 0.05% of the total unpaid amount per day, failing which we may be subject to a fine ranging from one to three times of the total unpaid amount of the social security fund. In respect of the outstanding housing provident fund contributions, if the competent authority is of the view that the housing provident fund contributions we made for our employees do not satisfy the requirements under the relevant PRC laws and regulations, it can order us to pay the outstanding balances to the relevant local authority within a prescribed period, failing which it can apply to the local people’s court for compulsory enforcement. As of the Latest Practicable Date, we had not received any notice from the local authorities or any claim or request from the relevant employees that require us to make payments for insufficient contributions.

In the event that the local authorities impose penalties on us for non-compliance in relation to social insurance and housing provident funds and that we fail to make contributions within a prescribed period, the estimated maximum penalty that can be imposed on our Group in respect of the outstanding social insurance and housing provident fund contributions would be approximately RMB2.0 million as of December 31, 2020. We will make the required contributions if requested by the local authorities. Also, we plan to adjust the basis of contribution, which can only be conducted in June each year according to applicable PRC regulations, and to make relevant contributions in full starting from July 2021. As such, our PRC Legal Advisors are of the view that as long as we make contributions within a prescribed period after we receive any request from the relevant government authorities, the likelihood that the relevant authorities will penalize us for our underpayment of social insurance and housing provident fund contributions was relatively low. Based on the foregoing, our Directors are of the view that our underpayment of social insurance and housing provident fund contributions has not had and will not have a material adverse impact on our business or results of operations.

We have complied with relevant PRC laws and regulations in all material respects during the Track Record Period and up to the Latest Practicable Date. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material non-compliance with the laws or regulations which taken as a whole, in the opinion of our Directors, is likely to have a material adverse effect on our business operations or financial condition as a whole, to reflect negatively on our ability or competency or that of our Directors or our senior management to operate in a compliant manner in all material aspects.

QUALITY CONTROL

We are committed to provide high quality services and products to our Project Owners as well as ultimate property buyers. Quality control is a critical aspect of our business as it has a direct impact on our brand reputation. In order to ensure the quality of our products, we lay great emphasis on the product design and our product design department developed a series of standardized products with an aim to minimize the potential quality issues. In addition, to suit the needs and requirements of the Project Owners, we carefully select preferred contractors and suppliers from our established network of qualified contractors and suppliers across the real estate development value chain based on their quality, services and reliability, and regularly review their performance to ensure that they constantly deliver products and services that meet our standards.

We have also established quality control procedures in accordance with our “Jianye Standard” and adopted a three level quality supervision structure to conduct quality control measures at headquarters, regional branch office and project company levels. We periodically conduct a series of stringent quality control tests, measured against national or industrial standards and codes, throughout the various project phases.

During the ordinary course of our business operations, we receive feedback and suggestions from Project Owners from time to time regarding the quality of services we provide. We have established internal procedures to record, process and respond to the feedback and suggestions, including complaints and conduct follow-up reviews of the results of our responses. We also collect feedback and suggestions from ultimate property buyers regularly to further enhance the quality of products and services we provide. During the Track Record Period, we did not experience any customer complaints about our services or products that would have a material adverse impact on our operations or financial results.

IMPACT OF COVID-19 OUTBREAK ON OUR BUSINESS

On January 30, 2020, the World Health Organization declared that the global outbreak of COVID-19 constitutes a Public Health Emergency of International Concern. In anticipation to the possible effects that the pathogen could have to the country and the healthcare infrastructures, preventative measures implemented by the relevant Chinese national and local authorities including lock-down, extension of public holidays, restrictions on enterprises from resuming work, traffic control, travel bans, management and control over commencement schedules of construction in new and existing construction sites, which had resulted in temporary disruption to our businesses. As a result, our Group has not officially resumed onsite work until February 2020, and a majority of the projects managed by us that are under construction had resumed their onsite work by March 2020.

In view of the COVID-19 outbreak, we have adopted a business contingency plan in February 2020 which includes, among others:

- setting up a special task force to coordinate and supervise the measures contemplated under our business contingency plan;
- adopting various hygiene measures to prevent and control the COVID-19 outbreak, including temperature screening at entry of buildings, hand and desk sanitizing, disinfection of common areas, and provision of masks to our employees;

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- adjusting working hours of our employees and replace in-person meetings with videoconferences and conference calls;
- applying social distancing in our office areas and cafeteria;
- enhance the health awareness of our employees; and
- recorded video programs to instruct and promote the on-site preventive and hygiene measures for each of the projects under our management.

In 2020, the construction of 14 projects managed by us experienced delays due to the COVID-19 situation in China. Among these 14 projects, we have adjusted the construction plan for 11 projects to mitigate the impact from the suspension and to ensure relevant properties can be delivered as originally scheduled. We did not incur any additional cost for the adjusted construction plans in connection with such 11 projects. In addition, the remaining three projects under our management in Henan province experienced delays in delivery of properties to ultimate property buyers. The delay time for these three projects ranged from 62 days to 115 days. Both the agreement between the project companies and the property buyers and the project management agreements between the project companies and us specify that the project company and us, respectively, shall not be responsible for delays resulted from force majeure, we are not responsible for compensating the losses suffered by the Project Owners or the property buyers arising from the project delays. The delays in construction and/or delivery of these 14 projects led to a delay in revenue recognized for our project management service fees of approximately RMB18.5 million. As of the Latest Practicable Date, properties for two out of the three late-delivery projects had been delivered to the ultimate property buyers, and the properties for the remaining project is expected to be delivered in August 2021 as compared to April 2021 in the original schedule. Except for the 14 projects mentioned above, we did not experience any delay or shortage in labor or supply as a result of the COVID-19 outbreak, nor did we experience any complaint from our Project Owners about any delay in the construction progress or delivery of such 14 projects.

In addition, while we continued to record revenue growth in 2020, our revenue increased only by 12.0% from RMB1,029.0 million in 2019 to RMB1,152.1 million in 2020, which was significantly lower than the annual growth rate of 52.1% for full year 2019 partly due to the COVID-19 outbreak. Our trade debtors and bills receivable, net of loss allowance also increased from RMB34.4 million as of December 31, 2019 to RMB142.0 million as of December 31, 2020. As of the Latest Practicable Date, we had collected RMB50.6 million (representing approximately 35.7%) of the trade debtors and bills receivable, net of loss allowance outstanding as of December 31, 2020.

We adhered to work plans developed by relevant government authorities to facilitate the gradual resumption of work and to prevent the spread of COVID-19 within projects managed by us, and adopted measures including partitioning and setting up body temperature monitoring systems, as well as maintaining an adequate reserve of hygienic and sanitizing supplies, for the projects managed by us. As of the date of this prospectus, we had not encountered any incident where our employees failed to report for duty due to the COVID-19 outbreak, and except for the above projects that experienced slight delay in their respective project schedules, most of the projects managed by us had not been impacted by the COVID-19 outbreak. In 2020, we incurred an aggregate cost of approximately RMB0.3 million

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for the purchasing of protective masks and other medical and cleaning supplies, which did not have significant adverse impact on our Group's financial position for the year ended December 31, 2020.

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

Our Directors confirm that the COVID-19 outbreak does not have a material adverse impact on our continuing business operation, results of operations, financial positions and prospects mainly because:

- (i) we are an asset-light project management service provider and the nature of our business is not labor intensive and are not generally subject to various risks in relation to supply of raw materials and labor shortage that traditional real estate developers may face with as a result of the COVID-19 outbreak;
- (ii) most of the projects managed by us are located in Henan province where the outbreak of COVID-19 had been under control by the local government;
- (iii) since market players in the PRC real estate industry traditionally have relatively lower business levels in January and February of each year due to the Chinese New Year holiday, most of our Project Owners and the contractors for projects managed by us were still able to meet the milestones or completion dates set for in the respective projects by accelerating their work to meet the timetable after the outbreak became under control or ceased to affect normal business operations;
- (iv) assuming the worst case scenario where we could not generate any revenue from our businesses due to the COVID-19 outbreak, we have sufficient working capital to satisfy our requirements for at least the next 12 months following the date of this prospectus. As of December 31, 2020, we had cash and cash equivalents amounted to RMB384.6 million. Therefore, we believe we remain financially sustainable in case our operation were adversely affected; and
- (v) according to China Index Academy, the demand for project management industry in China is expected to remain strong even after taking into account the outbreak of COVID-19 primarily because it becomes a more attractive way to develop property, compared to traditional property development, in that it offers featured products and strong capability to small and medium-sized property developers and helps cooperated financial institutions to improve the return rate of the projects by source financing and providing project management services at the same time, and as a result, the proportion of project management out of the overall real estate development in China will continue to increase, which is expected to alleviate the potential adverse impact brought by the COVID-19 outbreak.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (“ESG”)**Governance of Environmental and Social Matters**

We actively take into account and incorporate sustainable development in our daily business operation decisions. Our Board is responsible for establishing, adopting and reviewing our ESG policies, vision and goals to evaluate, determine and address our ESG-related risks once a year. We plan to adopt more ESG policies relating to social responsibility and internal governance as our Board deems fit. Our Board takes full responsibility to our ESG strategy and reporting. We plan to establish an ESG working group with our Board’s authorization after the Listing to coordinate the management and reporting of our ESG matters and to ensure that we have talents with appropriate skills, policies and measures to follow up and manage our ESG matters and to report regularly to our Board regarding the management effectiveness of our ESG strategies and relevant measures. Furthermore, our Board may assess or engage independent third party advisory companies to evaluate the ESG risks and review our existing strategy, target and internal controls. Necessary improvements will then be implemented to mitigate the risks. At the same time, each of our business unit is responsible for promoting and implementing various sustainable development measures and providing disclosure information relevant to sustainable development measures.

Environmental Matters

We are concerned about the impact of our business on climate and environment. We strive to take measures to protect the ecological environment during our business operation, so as to minimize adverse environmental impact. The projects under our management are subject to PRC environmental laws and regulations as well as environmental regulations promulgated by local governments including the PRC Environmental Protection Law (《中華人民共和國環境保護法》), the PRC Prevention and Control of Noise Pollution Law (《中華人民共和國環境噪音污染防治法》) the PRC Environmental Impact Assessment Law (《中華人民共和國環境影響評價法》) and the Administrative Regulations on Environmental Protection for Development Projects (《建設項目環境保護管理條例》). China currently implements classified administration of environmental impact assessment for construction projects in accordance with the respective degree of potential impacts that may be caused by such construction projects.

Our asset-light business model focuses on providing project management services and assisting Project Owners to manage and optimize their real estate development projects and operation processes. Thus, we are not subject to any liabilities for any violation of applicable environmental regulations by the project company. Specifically, it is the Project Owner who is responsible for the environmental compliance costs of a project, and the Project Owner shall appoint a qualified agency to conduct an environmental impact assessment in accordance with relevant PRC laws and regulations before the construction starts, and such environmental impact assessment report shall be submitted to relevant PRC government authorities for approval. In addition, the contractor engaged by the Project Owner is responsible for construction site management and must take measures during the construction period to minimize potential air pollution, noise pollution and sewage and waste discharge.

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Being a project manager engaged by the Project Owners, we are responsible for advising the Project Owners on the compliance requirements under applicable laws and regulations related to environmental protection and safety, and will supervise and urge contractors to implement proper environmental protection measures during the construction process. In order to fulfill our above-mentioned responsibilities, we have formulated and implemented the “Central China Construction Safety Standards” (《中原建業安全文明施工標準》) and “Central China Construction Contractor Supervision Measures” (《中原建業施工單位考察管理辦法》), and require the project companies under our management and relevant contractors to comply with relevant policies, procedures and measures to meet the standards for dust control, noise control, exhaust and sewage emission control and various environmental protection requirements. The measures adopted by the project companies under our management include, among others, establishing a special committee for dust prevention initiatives, configure an online dust detection system, install automatic sprinkler systems, equip waste transfer stations at the construction sites, and include the contractor’s environmental management performance as part of the contractor evaluation procedure.

During the course of property development, construction may result in the creation of dust, noise, waste water and solid construction waste. We place great emphasis on environmental protection and are dedicated to environmental protection in our projects. For projects that we manage, we endeavor to comply with relevant PRC laws and regulations on environmental protection and safety by (i) within the scope of authorization (from the Project Owner) of the relevant project management agreements, selecting and engaging qualified construction contractors and requiring the construction contractors to use equipment and technologies that are environmentally friendly, to take steps to minimize adverse environmental impact during construction and to be responsible for the final clean-up of the construction site, (ii) monitoring the project at every stage and the construction company’s work to ensure the construction process is in compliance with the applicable environmental protection and safety laws and regulations, and (iii) requiring the construction contractors to immediately remedy any default or non-compliance. We have engaged a third-party consulting company to regularly inspect project construction sites to ensure construction contractors have met the environmental management requirements in terms of dust control, noise control, exhaust gas and wastewater discharge control during the construction period. If any non-compliance or breach of contract is discovered, we require the construction company to take remedial measures immediately. In 2018, 2019 and 2020, we incurred RMB23,000, RMB264,500 and RMB1,688,000, respectively as the fees in engaging third-party consulting companies to ensure the construction company has met the environmental management requirements. We expect to continue to incur such consulting expenses in the future.

We pay close attention to the global trend and China’s national strategy of addressing climate change and ecological environment protection, and will actively enhance our ability to address climate change and cope with China’s initiatives and action plans regarding future carbon dioxide emission. In terms of major climate change-related initiatives or action plans that may affect us, we plan to formulate policies after our listing to systematically identify, assess and manage climate change-related risks, and formulate relevant response strategies.

We believe that our businesses are in compliance with the applicable national and local environmental laws and regulations in all material aspects. During the Track Record Period and as of the Latest Practicable Date, we are not aware of any material penalties associated

with the breach of any existing environmental law or regulation. Costs in relation to the compliance with the abovementioned environmental protection laws and regulations are borne by our Project Owners.

Socials Matters

We regard occupational health and safety as an important social responsibility. Pursuant to the contract with construction contractors, the construction contractors are required to provide their workers on the construction site with labor protection supplies and safety equipment, including protective gloves, safety belts and safety helmets. We also require our construction contractors to purchase accident insurance to cover their workers and to adopt appropriate safety measures, including providing workers with safety training. We have implemented comprehensive construction safety management system and formulated the Engineering Inspection Management System of Central China Management Company Limited (《中原建業集團工程檢查管理制度》). Our headquarters and regional branch offices regularly conduct safety inspections on projects in accordance with the said construction safety management system. We monitor the safety measures adopted by our construction contractors and safety aspects of the construction process through regular inspections and through engaging independent third-party supervisory companies to carry out safety assessment over all projects under construction no less than 3 times per year. Furthermore, we have formulated the Management Authorization Manual of Central China Management Company Limited (《中原建業集團管理授權手冊》), which clearly stipulates the handling and reporting procedures of work-related injuries, and maintains relevant records. As far as site safety of our construction site is concerned, our construction contractors are generally responsible for any accidents or injuries not caused by us in relation to workplace safety on our construction sites.

Unexpected incidents and accidents may occur in the property development projects under our management. Various hazards associated with construction, including falls from heights, may cause fatalities and injuries. During the Track Record Period and up to the Latest Practicable Date, we did not experience any accident or fatality associated with the projects under our management, nor did we have any claims for loss of life or property or compensation to employees.

Save as disclosed in this prospectus, we experienced no material interruption to our operation as a result of these accidents, nor have these accidents, individually or in the aggregate, had any impact on business relationships with our Project Owners or a material effect on our financial condition and results of operations.

We have entered into employment contracts with employees in accordance with applicable laws and regulations such as the Labor Law of the PRC (《中華人民共和國勞動法》), the Labor Contract Law of the PRC (《中華人民共和國勞動合同法》) and the PRC Labor Contract Law Implementation Regulations (《中華人民共和國勞動合同法實施條例》). Our corporate policy is to provide employees with equal opportunities, adhere to the principle of equality and justice, and ensure that recruitment is not affected by factors such as nationality, ethnicity, marital status, age, gender, and religious beliefs. We have also established an employee union and set up whistle blowing channels for letters and visits such as letter-box, telephone, and mailbox to ensure feedback on employees' opinions.

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We have formulated internal systems such as Employee Care Management Rules of Central China Management Company Limited (《中原建業集團員工關懷管理細則》), Attendance Management Rules of Central China Management Company Limited (《中原建業集團考勤管理細則》) and Employees Pay Leave Management Rules of Central China Management Company Limited (《中原建業集團員工帶薪休假管理細則》) in relation to employee rights and compensation.

INTERNAL CONTROL AND RISK MANAGEMENT

We recognize that risk management is critical to the success of our business operation. Key operational risks faced by us include changes in the general market conditions and the regulatory environment of the PRC project management and real estate markets, our ability to offer quality services, our ability to manage our anticipated growth and to execute on our growth strategies, and our ability to compete with other industry participants. We also face various market risks that arise in the normal course of our business.

We have adopted a series of internal control policies, measures and procedures designed to provide reasonable assurance for achieving objectives, including effective and efficient operations, reliable financial reporting and compliance with applicable laws and regulations. During the Track Record Period, we regularly reviewed and enhanced our internal control system.

Below is a summary of the internal control policies and risk management policies we have implemented or plan to implement:

- Our human resources department is responsible for monitoring the implementation of our internal control policies and risk management policy, and conduct regular internal compliance check.
- We have put in place internal procedures for handling complaints against our business partners and employees. We also have set up a system for our employees to report their concerns and complaints.
- We have adopted internal measures in connection with the cash we advanced or held on behalf the Project Owners relating to social insurance and provident housing fund contributions for our seconded employees. We typically settle such advances on a monthly basis in accordance with relevant project management agreements. In addition, we may on an *ad hoc* basis settle such amounts in installments or at an earlier time as agreed with relevant Project Owners.
- We have adopted an anti-bribery policy to prevent any improper behavior by our employees in conducting our business, and have established a whistle-blower mechanism for handling complaints from internal and external sources. In addition, we entered into agreements with our suppliers and business partners specifically requesting the counterparties to disclose any potential conflict of interests and prohibiting any violations of our code of conduct. During the Track Record Period and up to the Latest Practicable Date, we and our employees did not have any incidents of bribery or other improper behaviors in conducting our business.

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- We have established an audit committee consisting of all of the independent non-executive Directors, as part of our measures to improve risk management and corporate governance. The primary duties of the audit committee are to review and supervise the financial report of process and internal control system of our Group. It will also review our risk management policy to ensure that it is consistent with our corporate objectives in light of our business operation.
- We have engaged Opus Capital Limited as our compliance adviser to provide advice to our Directors and management team for at least the period commencing from the Listing Date and ending on the date that our Company publishes its first full financial year results regarding matters relating to the Listing Rules.

Non-compliance incidents of our Project Owners

We place high emphasis on internal control, work standard and standardized working procedures in compliance with law and regulations. For projects under our management, we recommend relevant Project Owners to establish and adopt procedures and policies that are compliant with applicable laws and regulations to govern the development, construction and sales and marketing of relevant projects, and informed and alerted the project owners of relevant risks associated with potential deviation from the recommended best practices. However, despite our stringent policy on quality control, there were certain incidents that our Project Owners were fined with administrative penalties during the Track Record Period. Such incidents are non-compliance on the part of the Project Owners, and our Group is not legally or contractually liable. The nature of such incidents mainly included (i) commencement of construction before completing the requisite administrative procedures or obtaining the requisite permits; and (ii) the content of the advertisements or timing of marketing. In 2018, 2019 and 2020, 13, 22 and 23 projects under our management were fined, respectively. These projects contributed to approximately 22.7%, 14.5% and 12.2% of our revenues in 2018, 2019 and 2020, respectively. Nevertheless, the aggregate amount of the administrative fines was relatively not material, amounting to approximately RMB5.3 million, RMB2.1 million and RMB3.0 million respectively during each of the years in the Track Record Period, representing less than 1% the revenue of our Group for the relevant year. To the best of our Directors' knowledge, the business operations or financial performance of relevant Project Owners were not materially adversely affected. The cause and the follow up actions of such incidents are set out below.

(i) Administrative penalties on certain Project Owners relating to commencement of construction before obtaining the requisite permits

We have established standardized property development procedures, including timing and matters for attention in the draw-up of development plan and blue prints, the timing of application and issuance of requisite permits. Upon the commencement of the project, we advise the Project Owners about the aforesaid matters to pay attention in order to avoid the risk of non-compliance. After considering our advices, the Projects Owners are responsible for making the key decision for and implementation of the development plan, and we and our personnel are responsible for monitoring the process. Our seconded employees provides monthly report to our branch managers and our headquarters and will provide timely report for important matters on a case by case basis. If non-compliance incidents are noted, such incidents will be reported to our headquarters and our senior staff will work with the team and the Project Owners to follow up and to expedite the process of obtaining permits. According to

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our internal policy, if serious non-compliance occurs that would materially risk our operation or reputation, we may terminate our engagement as project manager with the relevant Project Owner of the project. During the Track Record Period, no such termination has occurred.

Notwithstanding our policy above, during the Track Record Period, certain of our Project Owners commenced construction works before obtaining the requisite permits. As stated in the section headed “Business — Project Management Process — Project approval”, the Project Owner is responsible for obtaining the required approvals and permits for the projects and bears the fees associated with the process of procuring licenses and permits and all damages caused by any delay in obtaining these items. Our seconded employees advise the Project Owners on the licenses and permits required for our projects we manage under the guidance and supervision of our headquarters and regional branch offices with relevant design firms to prepare and facilitate the submission of relevant materials for the project companies to obtain the required license and permits. We may also assist the Project Owner by communicating with the governmental authorities for the Project Owner’s application of licenses and permits required for their projects. In the event that any relevant government approvals are delayed for reasons not attributable to us, the Project Owner is responsible for proactive resolving the issue and adjusting the timeline of the project accordingly. We believe that such non-compliance incidents occurred primarily because the misunderstanding of the regulatory requirement by the Project Owners, and that some of the Projects Owners and construction contractors focused on the timing of construction commencement and the development schedule without fully understanding the local rules and regulations. While such incidents were not non-compliance on the part of our Group and we are not responsible for losses/damages incurred by the Project Owners, we (i) have further enhanced our internal control measures by providing more explicit and stronger advice to our Project Owners upon commencement of the projects and along the progress of the projects; (ii) provide additional training to our staff (including our seconded employees) to emphasize the compliance requirements; and (iii) enhance the communication skills of our employees (including the seconded employees) and increase their communications with Project Owners to prevent such non-compliance incidents from happening in the future. Specifically, we have urged the Project Owners to strictly comply with applicable regulations and commence constructions only after the construction permits are obtained. As at the Latest Practicable Date, all such procedures and/or permits had been subsequently completed and/or obtained and all fines imposed by the relevant authorities had been settled. Such incidents did not affect the construction progress of relevant projects, and no disputes, claims or complaints from our Project Owners or regulatory bodies against us have been received.

(ii) Administrative penalties on certain Project Owners relating to marketing activities

We have established marketing guidelines setting out detailed procedures and matters requiring attention relating to the design and content of marketing materials and timing of marketing activities. We have also been providing training to our staff, including our seconded employees regarding the marketing activities. Our regional branch offices have also been monitoring the sales activities of the projects.

Despite of the aforesaid policy, during the Track Record Period, certain of our Project Owners were fined by the relevant local authorities in relation to the content of property advertisements and the timing of marketing activities. We believe that such non-compliance incidents occurred primarily because of the inadvertent use of inappropriate description or choice of words in advertisement, and the misunderstanding of certain regulatory restrictions

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about marketing activities prior to obtaining the sales permits. For example, some of the marketing and promotional activities, though not being the actual sales of the properties, are deemed as restricted activities prior to the obtaining of the sales permits.

In view of the incidents set out above, we (i) have further enhanced our internal control measures by providing more explicit and stronger advice to our Project Owners upon kick-off of the projects and along the progress of the projects; (ii) issue reminders and circular of relevant marketing activities requirements and restrictions to our staff (including our seconded personnel) in a stronger and more frequent manner; and (iii) provide additional and more frequent training to our staff concerning the marketing activities of the Project Owners. We also enhanced the trainings provided to the Project Owners so that they are fully aware of the restrictions in preparation of the marketing materials. As at the Latest Practicable Date, all fines had been fully settled by the Project Owners and rectification procedures had been implemented for all the relevant non-compliance incidents.

Our role in the aforesaid administrative penalties

Based on the fine order as stated in the relevant notices of the administrative fines, it is stated in the notices that the subject of the non-compliance and the parties liable to the fines are the Project Owners, but not our Group nor the Directors, senior management or seconded employees of our Group. As such, as advised by our PRC Legal Advisors, the subject administrative fines are not non-compliance of our Group from legal perspective.

From the perspective of contractual responsibility, it is stipulated in the relevant project management agreements that, among other things, if it is proven that our Group has directly caused damages to the Project Owners, or directly caused the delay of construction, or directly caused the increment in cost of development, our Group could be liable to compensate our customer. It is also stipulated in the relevant project management agreements that any such compensation shall not be higher than the service fee that had been received by our Group. For any other damages, delay, cost increment problems not directly caused by our Group, including those caused by the relevant sub-contractors, our Group shall not be liable to compensate the Project Owners.

The relevant non-compliance involved in the subject administrative fines were caused by the misunderstanding and/or the imperfect execution by Project Owners and/or their respective contractors, third party vendors or staffs in relevant project companies, and were not directly caused by our Group nor did we provide any wrong advice. Furthermore, as disclosed in the section headed “Business — Project Management Process — construction stage”; and “sales stage” in this prospectus, while we provide advice and guidance to the project companies and supervise the progress, we work together with the Project Owners’ own management and personnel, the construction sub-contractors, the marketing and advertising sub-contractors to finalize the work plan and to execute and monitor the whole process. For reference, we typically send an average of six seconded staff to a project company and a project company has about 23 to 44 personnel of its own depending on the size of the project. Besides, as our Group did not misrepresent to the Project Owners nor do we provide non-compliant advice to the Project Owners, our Group should not be regarded as conducting willful misconduct or gross negligence and our Group should not be liable to pay compensation according to the project management agreement. In fact, the Project

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Owners which the Group's secondees served as key managerial roles to supervise the operations of the project companies confirmed that relevant incidents were not directly caused by our Group or our seconded employees and they had not made any claims or complaints against our Group for any compensations due to the administrative fines pursuant to the project management agreements. During the Track Record Period and up to the Latest Practicable Date, we did not, and were not required under our project management agreements to, compensate the Project Owners for the fines imposed on the Project Owners in respect of the above non-compliance incidents, nor did we receive any disputes, claims or complaints from our Project Owners or regulatory bodies against us.

Although the subject administrative fines are not the non-compliance of our Group and that our Group is not liable to the incidents, we still strive to enhance our internal control and to enhance training to our employees in order to raise the awareness of our employees with a view to minimizing our reputation risk and the risk of non-compliance involved by the projects managed by our Group. Please refer to the enhanced internal control as stated above for details.

Our Directors are of the view that given that: (i) as advised by our PRC Legal Advisors, neither our Group nor our seconded personnel are legally or contractually liable for the above non-compliance incidents of our Project Owners; (ii) internal control measures have been implemented by us to assist our Project Owners to comply with relevant laws and to enhance our service quality provided by our seconded personnel; (iii) additional training and more frequent and focused reminders are circulated to our staff; (iv) rectification procedures have been implemented and all fines imposed by the relevant authorities have been paid by our Project Owners; and (v) we have not received any complaint from our Project Owners in respect of the above non-compliance incidents, the non-compliance incidents of our Project Owners have not had any material adverse impact on our business and results of operations.

Our legal exposure as a project management service provider

As advised by our PRC Legal Advisors, we are engaged by relevant project owners to manage their respective real estate development projects to provide project management services in consideration for the management service fees. Under the Civil Code of the PRC and pursuant to the project management agreements entered into between the project owners and us, we (being the service provider under relevant agreements), shall be responsible for losses or damages suffered by the project owners that were resulted from our and/or our seconded employees' wilful misconduct or gross negligence. Assuming such non-compliance incidents and the fines or penalties arising therefrom were not resulted from our Group or its seconded employees' wilful misconduct or gross negligence, our Group and its seconded employees are not liable for such incidents.

As advised by our PRC Legal Advisors, if there are any material non-compliance by the project companies or the Project Owners, and that they are subject to administrative penalties by competent authorities, in serious cases, the directors, legal representative and senior management of the project companies may also be subject to administrative penalties by competent authorities together with relevant project companies. For this purpose, senior management usually refers to directors, company general managers and legal representatives. Our Group, the seconded employees and other general staff of the

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project companies may not be the subject of the administrative fine for the same incidence. Furthermore, if there are third parties claims or litigation against the project companies or the Project Owners, depending on the claims by the plaintiff, our Group, the directors, legal representative and company general manager appointed by our Group in the project companies could also be the subject of the claims or litigation.

As advised by our PRC Legal Advisors, if any penalties or claims were caused by the wrong doing of the Project Owner itself (but not caused by the wilful misconduct or gross negligence by us) and has led to losses suffered by us, we can issue claims against the Project Owner. On the other hand, as advised by our PRC Legal Advisors and pursuant to the project management agreements, if the penalties, claims, losses or damages are proven to be directly caused by us, or if it is proven that we have directly caused the delay of construction, or directly caused an increment in cost of development beyond a reasonable range, we could be liable to compensate to the customer. It is also stipulated in the project management agreements that any such compensation shall not be higher than the service fee that had been received by our Group. Any other damages, delay, cost increment problems not directly caused by our Group, including those caused by the relevant sub-contractors, our Group shall not be liable to the project companies for any compensation. Furthermore, pursuant to the project management agreements, whether our Group should be liable to compensate for any regulatory penalties depends on the direct cause and specific circumstances of the incident on a case by case basis, and such non-compliance incident should not be regarded as failure to discharge our duties, responsibilities or obligations under the project management agreements.

Please refer to the section headed “Risk factors — Risks Relating to Our Business and Our Industry — We are exposed to risks associated with failing to detect and prevent fraud, negligence or other misconduct committed by our employees, contractors, suppliers, customers or other third parties” for details.

As at the Latest Practicable Date, save for a 10%-owned associate in which we have appointed a director and the legal representative, we do not have any director or staff acting as the director/company general manager/legal representative of our customers and we do not intend to do so in the future.

As at the Latest Practicable Date, neither of our Group, our directors, senior management or sencoded employees are subject to any claims of litigations initiated by our customers, nor are they subject to any regulator penalties because of non-compliance of our part.

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OUR CONTROLLING SHAREHOLDERS

As at the Latest Practicable Date: (1) our Company was a wholly-owned subsidiary of the CCRE Group; and (2) Joy Bright (which is an investment holding company wholly-owned by Mr. Wu) indirectly held approximately 68.90% of the issued share capital of our Company.

As disclosed in “The Distribution and the Spin-off”, the Distribution will be satisfied by way of distribution in specie of the issued share capital of the Company. Immediately upon completion of the Spin-off (assuming there is no change in the shareholding in CCRE since the Latest Practicable Date and assuming the Reserved Shares under the Preferential Offering are fully taken up by Qualifying CCRE Shareholders): (1) our Company will cease to be a subsidiary of the CCRE Group; and (2) Joy Bright (which is an investment holding company wholly-owned by Mr. Wu) will directly hold approximately 62.73% of the issued share capital of our Company. Accordingly, each of Mr. Wu and Joy Bright is our Controlling Shareholder.

Our Group will operate independently from our Controlling Shareholders and their respective associates.

DELINEATION OF BUSINESS

Delineation of business between our Group and the Remaining Group

Our principal business

Our Group is the leading and a fast-growing property project management company in China in terms of the aggregate GFA sold in 2020 and the CAGR for total contract sales amount for projects under our management from 2017 to 2020, according to China Index Academy. We are devoted to helping Project Owners, mainly being property developers that utilize our project management services to complete their property development projects.

The principal businesses of the Remaining Group

The CCRE Group is the largest property developer in Henan Province focusing on residential and commercial property development with its targeted customers being individual property buyers.

Aside from its property development business, the Remaining Group also has two other relatively minor businesses, namely property leasing and hotel operations, which in aggregate contributed less than 2% of the total revenue of the Remaining Group for the year ended December 31, 2020. Its property leasing business involves leasing properties to commercial tenants, while its hotel operations involve acting as hotel owner and serving hotel guests. As such, these two other businesses are inherently distinct from our project management business.

Upon completion of the Spin-off, the Remaining Group and our Group will separately operate distinct business models, with distinct businesses that target different customers and offer different products and services. As touched upon above, the Remaining Group will be principally engaged in property development. Its customers mainly consist of individual property buyers. The Remaining Group operates under an “asset-heavy” and capital intensive business model, and typically participates in land auctions, tendering or acquisitions with its

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own capital investment. On the other hand, our Group is principally engaged in project management services, whereby we undertake to provide property project management services, in return for a project management service fee. Our customers are Project Owners, being owners of property development projects. We operate our project management business under an “asset-light” business model, and generally do not participate in land auctions or acquisitions with its own capital investment, which is instead handled by the Project Owners.

The table below sets out the key differences in the project management business of our Group and the property development business of the Remaining Group:

	<u>Our Group</u>	<u>Remaining Group</u>
Principal business . .	Our Group is principally engaged in the provision of project management services throughout all phases of property development projects.	Real estate development and sales in Henan province, the PRC, with the following principal businesses: (1) property development; (2) property leasing; and (3) hotel operations.
Market positioning . .	The leading and a fast-growing property project management company in China, and deeply rooted in Henan province. We are a comprehensive property project management service provider devoted to helping Project Owners, by providing them with project management services throughout all phases of property development projects.	The largest property developer in Henan province.
Geographical	Operates mainly in Henan province.	Operates mainly in Henan province.
Major products/ services.	Project management services in the PRC. See “Business — Project Management Process” for details on our project management services.	Mainly the development and sales of residential and commercial properties in Henan province.

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	<u>Our Group</u>	<u>Remaining Group</u>
Major customers	Project Owners.	Mainly property buyers. Other customers include commercial tenants and hotel guests. The Remaining Group will not provide project management services to third parties Project Owners, save for one contract which it is obligated to continue its performance under an existing contract for reasons outside of the Remaining Group's control and as explained in this section below.
Ownership of property projects	<p>Our Group operates under an "asset-light" business model, under which we generally do not acquire ownership in the projects managed by us.</p> <p>Customers (being Project Owners) are primarily responsible for the acquisition cost of land and the construction cost of property.</p> <p>Generally, our Group does not participate in land auctions or acquisitions with our own capital investment. ^(Note)</p>	<p>The Remaining Group operates under a relatively "asset-heavy" and capital intensive business model, which owns the properties as an investor (via joint ventures) or developer.</p> <p>It participates in land auctions, tendering or acquisitions with its own capital investment.</p>

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	Our Group	Remaining Group
Major business process	<p>The project management business generally undergoes the following business process:</p> <ol style="list-style-type: none"> 1. our Group is engaged by Project Owners who generally own the land or project or has a land acquisition plan to provide project management services; 2. our Group is generally not responsible for securing financing for the property development projects; 3. our Group provides project management solutions during all phases of property development (including preliminary and early stage management, planning and design management, cost management, construction management, marketing management, completion inspection and delivery management, customer service and coordination of property repair management work, preliminary property service supervision, file management, human resource management and administration management); and 4. our Group receives project management fees from Project Owners. 	<p>The Remaining Group's property development business generally undergoes the following business process:</p> <ol style="list-style-type: none"> 1. the Remaining Group acquires projects through land auctions or projects acquisitions with its own capital and financing; 2. the Remaining Group is responsible for securing financing for the property development, e.g. raising debt or committing capital for land acquisition and property construction obtaining funding such as construction loans for the property development process, or financing via pre-sales of the properties; 3. the Remaining Group engages contractors in the planning and design, construction, for its own investment projects; and 4. the Remaining Group uses its inhouse team for pre-sale and sales, delivery and after-sale services, and it receives sales proceeds from and deliver property units to property buyers.

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	<u>Our Group</u>	<u>Remaining Group</u>
Revenue model	<p>Our Group derives revenue and profit from the provision of project management services to Project Owners. Our revenue and profits are recognized for the provision of project management services to Project Owners. Revenue from the provision of project management services is recognized over time when the service is performed during the service period. Our financial performance mainly depends on the number of projects under management contracted, rate of fee agreed and satisfactory provision of project management services based on the contracts signed with Project Owners.</p> <p>Our management fees are typically paid by Project Owners in installments with reference to the pre-agreed milestones and/or the sales proceeds payment arrangement of the respective projects.</p>	<p>The Remaining Group's property development business derives revenue and profit from the development and sales of quality properties to property buyers. It recognizes revenue and profits for the sale and delivery of property units to property buyers. Revenue from the sales of properties in the ordinary course of business is recognized either: (1) when the properties have been completed and legally delivered to the buyers; or (ii) progressively over time by measuring the progress towards satisfaction of the performance obligation at the reporting date, using the cost-to-cost method (i.e. based on the proportion of the actual costs incurred relative to the estimated total costs). Its financial performance depends on factors such as property sales performance, cost of land acquisition, cost of construction, and cost of financing.</p>
Economic interests and risk	<p>Our Group generally derives economic interest from the provision of project management services as a service provider. It generally does not bear or only bears to a limited extent the development and investment risks in property development projects. It generally does not apply own capital or raise debt financing to acquire land or projects. The funding of land acquisition and construction is usually provided by customers (i.e. the Project Owners). ^(Note)</p>	<p>The Remaining Group derives economic interest from property development and sales to property buyers as a developer. It bears the development and investment risks in property development projects. It applies its own capital or raises debt financing for acquisition of land or projects and for the construction process in property development projects.</p>

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	<u>Our Group</u>	<u>Remaining Group</u>
Employees	Our Group generally second employees to work fulltime in the project companies set up by our customers. Such project companies will directly remunerate our Group's seconded employees for such amount as agreed between our Group and the customer.	The Remaining Group generally utilizes its own fulltime employees to carry out its property development business.

Note: Certain exceptions are set out in the paragraphs headed "Our Group's minority stake in property development projects to promote closer cooperation relationship with our customers" below in this section.

Further details on CIA's views on the major differences between the project management industry and the property development industry have also been set out in "Industry Overview — Overview of the PRC Project Management Industry — Major differences between project management companies and traditional real property developers".

While both the Remaining Group and us operate mainly in Henan Province, our Directors and CIA are of the view that:

- (1) the project management industry has already developed into a separate industry from the property development industry. As confirmed by CIA, data relating to the project management industry presented in "Industry Overview" and the CIA Report relates specifically to the project management industry and excludes the property development industry;
- (2) in any event and taking into account our Group's and the Remaining Group's respective market share in their respective industries, Henan Province is sufficiently large enough such that the growth of one group will not have any material adverse impact on the growth of the other group. For example, as disclosed in "Industry Overview — Outlook and Drivers of the PRC Project Management Industry", the potential size of the project management market in Henan Province is expected to increase from approximately 54.8 million sq.m. in 2020 to approximately 85.7 million sq.m. in 2025, with commercial project management (being our primary focus) taking up an increasingly large portion. Such market forecast data has been compiled based on (among others) potential demand for project management services from small/mid-sized real estate developers and financial institutions (who will not develop such properties in-house), and for the avoidance of doubt, excludes properties that are expected to be developed in-house by property developers (such as the Remaining Group); and

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- (3) ultimately, given the clear difference between the business model (including (among others) principal businesses, target customers and revenue model as set out above and in “Industry Overview”) of the project management business (both in general and that of our Group) and the property development business (both in general and that of the Remaining Group), there is a clear delineation between such businesses and that there is no competition between such businesses (both in general and between the business of our Group and that of the Remaining Group).

In addition, as disclosed in the paragraph headed “Operational Independence — Provision of project management services by our Group to the Remaining Group” below in this section, our business generated from the Remaining Group has been immaterial compared to our business generated from Independent Third Parties, and it is expected that upon Listing we only have one such project with the Remaining Group, which is immaterial both in terms of number of projects (one project out of the 206 projects under management of our Group as at December 31, 2020) and also financial performance (having contributed only 1.7%, 0.8% and 0.8% of our total revenue for the years ended December 31, 2018, 2019 and 2020, respectively). Therefore, our Directors are of the view that we have not in the past relied on project management services provided to the Remaining Group, nor has the Remaining Group relied on us for their property development, and there will not be any material adverse impact on us or the Remaining Group if the Remaining Group does not engage us as project management service provider in the future.

Our Group’s minority stake in property development projects to promote closer cooperation relationship with our customers

As mentioned above, our Group generally does not acquire any equity stake in property development project companies and instead acts solely as project management service provider. However, occasionally, to promote a closer cooperation relationship with our customers, customers for certain projects under management would invite, or even require, our Group to acquire a stake (typically being a minority stake) in the relevant project company established by our customers. Typically, this involves: (i) our Group holding a minority stake (20% or less) and acts solely as project management service provider and passive investor; and (ii) our Group does not obtain control over the relevant project company based on the constitution of such company (a “**Minority Investment Project**”). Such instances are extremely rare.

As of the Latest Practicable Date, our Group was involved in only one Minority Investment Project. Our Group’s interest in such Minority Investment Project is only 20% and the remaining interest is held by an Independent Third Party. Such Minority Investment Project is immaterial, both in terms of number of projects (one project out of the 206 projects of the total number of projects under management of our Group as at December 31, 2020) and also financial performance. Our Group’s share of profit/(loss) from the associate only contributed approximately nil, 0.001% and (0.1%) of the total profit of our Group for each of the three years ended December 31, 2018, 2019 and 2020, respectively, while our Group’s investment in associate only accounted for approximately nil, 0.3% and 0.2% of the total assets as at December 31, 2018, 2019 and 2020, respectively.

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Our Directors expect that, going forward, if a customer makes a similar request in the future, our Group would only agree to do so under exceptional circumstances and having considered the background of and relationship with the relevant customer, the quality of the property development project. Such circumstances include:

- (i) our Group will hold a minority stake of not more than 20%;
- (ii) our Group acts purely as a project management service provider and passive investor in such project companies, with no control over the project company and its management of daily business operations;
- (iii) the project company will not become a subsidiary of our Group or otherwise be consolidated into our Group's financial statements; and
- (iv) all such projects (in which our Group holds a minority stake) in aggregate will constitute an immaterial portion of the projects under management of our Group.

Notwithstanding such Minority Investment Project as of the Latest Practicable Date or any such similar Minority Investment Project(s) in the future in the exceptional circumstances set out above, our Group will be undertaking a line of business distinct from that of the Remaining Group after the Listing, given that:

- (i) it is expected that, upon Listing, our Group will not hold more than 20% equity interest in the project company(ies) for the Minority Investment Project(s) and the number of such project(s) will be limited, and that our Group will only act as a project management service provider and passive investor in such project company(ies), with no control over their management. None of such project company(ies) will become a member of our Group post-Listing; and
- (ii) in contrast, the Remaining Group is principally engaged in property development by way of holding no less than 50% or otherwise a significant equity interest in the project companies of majority of its project development projects in which, instead of being a passive investor, the Remaining Group has control over the management of such project companies. Moreover, unlike our Group's operation of the project management business, the principal business model of the Remaining Group in the project companies is not to provide project management services to such project companies in consideration for project management fees.

The Remaining Group's interests in certain project management projects for historical reasons

Historically, our project management business was conducted by the CCRE Group through CCRE China (being its main PRC intermediate holding company). CCRE had chosen CCRE China (being its single most important operating subsidiary) to be the signing party during the initial stage of our business because, at the time, our business was a brand new business venture and CCRE was still testing the potential of our business and there was no immediate need to devise a distinct corporate structure. At the time, there was no plan for the Spin-off, and in any event, CCRE China, our Group and our project management business were all wholly-owned by CCRE. Shortly thereafter in 2016, our project management business began to show substantial potential and the CCRE Group decided to develop our project management business into an independent and separate business with a clear

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corporate structure. As such, since March 2016, our project management business began to enter into project management agreements primarily through Zhongyuan Jianye. See “History, Development and Reorganization — Overview” for details of our history and development. As such, the Remaining Group has previously directly entered into certain project management agreements.

Background of CCRE China

The CCRE Group was founded in 1992 through the establishment of CCRE China, which launched the CCRE Group’s property development business. Throughout the nearly 30 years’ operating history of the CCRE Group, CCRE China has been critical in the growth of the CCRE Group into the largest property developer in Henan Province. CCRE China has been, and will continue to be, the CCRE Group’s single most important subsidiary (in terms of asset-holding, financial contribution, historical value and brand recognition). For example, as at the Latest Practicable Date, the CCRE Group consisted of over 400 subsidiaries, over 80% of which was held through CCRE China. CCRE China is also the registered proprietor of substantially all of the CCRE Group’s trademarks, including trademarks relating to its flagship “Central China” brand.

In light of CCRE China’s significance to the Remaining Group as well as having considered potential cost and timing implications, the decision was made to transfer project management agreements signed by CCRE China (as opposed to CCRE China as an entity) to the Group.

Our PRC Legal Advisors have confirmed that: (1) CCRE China had possessed all the material licenses and permits necessary to carry on and operate the limited number of project management agreements previously signed by them; and (2) during the Track Record Period and up to the Latest Practicable Date, as confirmed by our Directors, and to the best knowledge of our PRC Legal Advisors, there was no material litigation proceeding or non-compliance involving CCRE China’s project management business (including all the contracts signed by CCRE China that were transferred to our Group for the purpose of business delineation).

Project management agreements signed by CCRE China

During the Track Record Period, the Remaining Group (through CCRE China) entered into 13 project management service contracts (where the Remaining Group is responsible for providing project management services in return for a project management fee), nine of which were formally transferred to Zhongyuan Jianye under our Group for the purpose of business delineation in August 2020. The remaining four contracts will be retained by the Remaining Group, and have either already completed or there is practical difficulty to transfer.

Details of the abovementioned four contracts (which will remain with the Remaining Group) are set out below:

- (i) **three fully completed contracts** — the Remaining Group has completed its project management services and the underlying properties have been delivered as at the Latest Practicable Date; and

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- (ii) **one ongoing contract** — CCRE China (a member of the Remaining Group) secured this contract in 2019 through a tender and binding process conducted by the relevant customer (which is a PRC state-owned entity).

The reason that CCRE China (instead of Zhongyuan Jianye) secured the contract in 2019 was due to the CCRE Group's then general strategy to operate the project management business as a single business with the formal signing parties being either CCRE China or Zongyuan Jianye (both being wholly-owned subsidiaries of the CCRE Group). At the time, such strategy involved our project management agreements being entered into primarily through Zhongyuan Jianye, with Zhongyuan Jianye handling the vast majority of our project management business, covering all county-level cities in Henan province as well as any province outside of Henan province. On the other hand, CCRE China only handled relatively exceptional cases, being projects for prefecture-level cities in Henan province (primarily due to legacy reasons given CCRE China's extensive operating history in such cities), or where the customer specifically requested CCRE China (being a relatively well-established and recognised subsidiary of the CCRE Group) to be the contract signing party. This one ongoing contract was indeed signed by CCRE China as the customer specifically requested CCRE China to be the contract signing party given the reputation of CCRE China.

CCRE China has been in negotiations with such customer regarding the potential transfer of this contract to our Group, who has indicated its refusal to such transfer as its approval of such contract was strictly for CCRE China on the basis of such tender and binding process.

This contract is in respect of a commercial and residential property development project in Henan province. Such project is still currently under development and is expected to be completed in 2024. It is currently estimated that revenue to be generated from this project will be RMB48.1 million, RMB48.1 million, RMB48.1 million and RMB15.6 million for each of the years ending December 31, 2021, 2022, 2023 and 2024, representing approximately only 4.2%, 4.2%, 4.2% and 1.4% of our Group's total revenue for the year ended December 31, 2020.

Given the customer's refusal to consent to the transfer of the contract to our Group, the Remaining Group is contractually bound to fulfill its project management obligations in relation to such project. Save for this one contract (which, for illustration is immaterial in number compared to our 206 projects as at December 31, 2020, as well as in terms of revenue compared to our total revenue) which it is obligated to perform for reasons outside of the Remaining Group's control, the Remaining Group will not have any other project management business and will not undertake any additional project management business going forward as it will focus on its remaining businesses. As such, our Directors consider that the exclusion of this contract from our Group will not impact the clear business delineation between our Group and the Remaining Group.

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Delineation of business between our Group and other listed companies and business ventures of our Controlling Shareholders

Apart from his controlling interest and directorship in our Group and the Remaining Group, Mr. Wu also holds controlling interests and/or directorships in two other listed companies listed on the Stock Exchange, namely CCNL (together with its subsidiaries, the “**CCNL Group**”) and DIT Group Limited (stock code: 726) (“**DIT**”, together with its subsidiaries, the “**DIT Group**”). As of the Latest Practicable Date, Mr. Wu indirectly held 68.90%, 67.46% and 72.27% of the issued share capital of CCRE, CCNL and DIT. In addition to being a controlling shareholder of CCRE, CCNL and DIT, Mr. Wu is also an executive director and chairman of the CCRE Board. Save as disclosed above, Mr. Wu was not interested in more than 5% in any listed public company as of the Latest Practicable Date.

The table below sets out the principal businesses and target customers of our Group, the Remaining Group, the CCNL Group and the DIT Group as of the Latest Practicable Date:

	<u>Principal business(es)</u>	<u>Target customers</u>
Our Group	<ul style="list-style-type: none"> ● Project management services throughout all phases of property development projects 	<ul style="list-style-type: none"> ● Project Owners (mainly being property developers that utilize project management services to complete property development)
The Remaining Group	<ul style="list-style-type: none"> ● Property development ● Property leasing ● Hotel operations 	<ul style="list-style-type: none"> ● Property owners ● Commercial tenants ● Hotel guests
CCNL Group	<ul style="list-style-type: none"> ● Property management and value-added services ● Lifestyle services ● Commercial property management and consultation services 	<ul style="list-style-type: none"> ● Property developers ● Owners of residential and commercial properties, hotel and cultural tourism complex ● Consumers
DIT Group	<ul style="list-style-type: none"> ● Research and development, design, manufacture and sales of assembled building prefabricated units ● Granting of licenses ● Property investment 	<ul style="list-style-type: none"> ● Construction companies

Aside from our Group, the Remaining Group, the CCNL Group and the DIT Group, Mr. Wu is also interested in a number of companies (including associates of CCRE) (the “**Other Excluded Companies**”), which are primarily engaged in similar businesses as the CCRE Group (such as property development).

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Given the clear difference between the principal businesses or target customers of our Group, the Remaining Group, the CCNL Group, the DIT Group and the Other Excluded Companies, our Directors are of the view that there is a clear delineation between their businesses and that there is no competition between the business of our Group with that of the Remaining Group, the CCNL Group, the DIT Group and the Other Excluded Companies.

Save as disclosed above, as of the Latest Practicable Date, none of our Controlling Shareholders, our Directors and their respective close associates had any business which competes or is likely to compete, either directly or indirectly with our Company's business which would require disclosure under Rule 8.10 of the Listing Rules.

INDEPENDENCE FROM THE REMAINING GROUP AND OUR CONTROLLING SHAREHOLDERS

We believe that we are capable of carrying on our business independently of the Remaining Group, our Controlling Shareholders and their close associates after the Spin-off and the Listing for the following reasons:

Management Independence

We have a Board and senior management team that function independently of the Remaining Group, our Controlling Shareholders and their close associates (including the CCNL Group and the DIT Group). Save as set out in the below table, our Directors and senior management do not hold any directorship or supervisory or other senior management role in the Remaining Group, the CCNL Group or the DIT Group:

Name of Director or member of senior management	Position(s) held in			
	Our Company	Remaining Group	CCNL Group	DIT Group
Mr. Wu	Chairman and non-executive Director	Chairman and executive director of CCRE and various subsidiaries of the Remaining Group	None	None
Ms. Wu Wallis (alias Li Hua) . .	Non-executive Director	Non-executive director of CCRE and various subsidiaries of the Remaining Group	None	Non-executive director of DIT

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

Our Board consists of seven Directors, namely Mr. Wu, Mr. Hu Bing, Mr. Ma Xiaoteng, Ms. Wu Wallis, Mr. Zhu Baoguo, Mr. Xu Ying and Mr. Siu Chi Hung. Other than Mr. Wu and Ms. Wu Wallis, none of our Directors or member of senior management holds any directorship or senior management role in the Remaining Group, the CCNL Group or the DIT Group. Further, Ms. Wu Wallis has not been and will not be involved in the day-to-day management or affairs and operations of our businesses.

We have three independent non-executive Directors, which satisfies the ratio required under the Listing Rules. Upon Listing, there will be a sufficiently robust and independent voice within our Board to counter balance any situation involving conflict of interest and protect the interests of our independent Shareholders.

The senior management team of our Group comprises eight members, namely Mr. Wang Jun, Mr. Ma Cheng, Mr. Song Ziyu, Mr. Jin Feng, Ms. Xue Wenling, Ms. He Jiaying, Mr. Li Heping and Mr. Feng Fan. None of the members of the senior management team hold any directorship or senior management role in the Remaining Group, the CCNL Group or the DIT Group. Therefore, there will be sufficient non-overlapping Directors and senior management who are independent and have relevant experience to enable the proper functioning of our Board upon Listing.

Our Directors, including the independent non-executive Directors, are of the view that our Board is able to manage our business independently from the Remaining Group, our Controlling Shareholders, the CCNL Group and the DIT Group for the following reasons:

- each Director is aware of his/her fiduciary duties as Director which require, among other things, that he/she acts for the benefits and in the best interests of our Company and Shareholders as a whole and does not allow any conflict between his/her duties as Directors and his/her other interests;
- As non-executive Directors, Mr. Wu and Ms. Wu Wallis will focus on strategic development of our Group and will not be involved in day-to-day management;
- Mr. Hu Bing and Mr. Ma Xiaoteng, our executive Directors, do not hold directorship or senior management in other business ventures of our Controlling Shareholders and their close associates. They will devote full-time capacity to the affairs of our Group;
- we have three independent non-executive Directors out of seven Directors in satisfaction of the ratio required under the Listing Rules. They have extensive experience in different areas and have been appointed in accordance with the requirements under the Listing Rules to ensure that the decisions of our Board are made only after due consideration of independent and impartial opinions;
- pursuant to our Articles, a Director who is to his/her knowledge is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with our Company, shall declare the nature of his/her interest in the meeting of our Board at which the question of entering into the contract or arrangement is first taken into consideration, if he/she knows his/her interest then exists, or in any other case, at the first meeting of our Board after he/she knows that he/she is or has become so interested. Our Articles do not require such a Director who is so interested not to attend any meeting of our Board.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

However, a Director shall not be entitled to vote (nor be counted in the quorum) on a resolution of our Directors in respect of any board resolution approving any contract or arrangement or any proposal in which he or any of his/her close associates is materially interested unless expressly permitted by our Articles. See “Appendix III — Summary of the Constitution of the Company and Cayman Islands Company Law”;

- whether a Director is conflicted on any matter depends on the particular circumstances of the matter under consideration. The fact that a Director also has directorship in other companies does not create a conflict of interest unless the matter under consideration involves his/her personal interests or those of the other companies as well as our Group;
- our Directors will ensure that matters involving a conflict of interest which may arise from time to time will be managed in line with accepted corporate governance practice so as to ensure that the best interests of our Company and Shareholders taken as a whole are preserved;
- following the Listing, our Directors are required to comply with the Listing Rules. This includes review of connected transactions by our independent non-executive Directors and where appropriate, independent financial advice and independent Shareholders’ approval will be required, and
- in order to allow the non-conflicting members of our Board to function properly with the necessary professional advice, we will engage a third-party professional advisor to advise our Board when necessary, depending on the nature and significance of any proposed transactions to be entered into between us and our Directors or their respective close associates.

Corporate governance measures

Our Directors believe that there are adequate corporate governance measures in place to manage existing and potential conflicts of interest. In order to further avoid potential conflicts of interest, we have implemented the following measures:

- (a) as part of our preparation for the Listing, we have amended our Articles of Association to comply with the Listing Rules. In particular, our Articles of Association provided that, unless otherwise provided, a Director shall not vote on any resolution approving any contract or arrangement or any other proposal in which such Director or any of his associates have a material interest nor shall such Director be counted in the quorum present at the meeting;
- (b) a Director with material interests shall make full disclosure in respect of matters that may have conflict or potentially conflict with any of our interest and abstain from the board meetings on matters in which such Director or his associates have a material interest, unless the attendance or participation of such Director at such meeting of the Board is specifically requested by a majority of the independent non-executive Directors;

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

- (c) we are committed that our Board should include a balanced composition of executive Directors, non-executive Directors and independent non-executive Directors. We have appointed independent non-executive Directors and we believe our independent non-executive Directors possess sufficient experience and they are free of any business or other relationship which could interfere in any material manner with the exercise of their independent judgment and will be able to provide an impartial, external opinion to protect the interests of our public Shareholders. Details of our independent non-executive Directors are set out in the section entitled “Directors and Senior Management — Board of Directors — Independent non-executive Directors” in this prospectus;
- (d) we have appointed Opus Capital Limited as our compliance advisor, which will provide advice and guidance to us in respect of compliance with the applicable laws and the Listing Rules including various requirements relating to Directors’ duties and corporate governance; and
- (e) as required by the Listing Rules, our independent non-executive Directors shall review any connected transactions annually and confirm in our annual report that such transactions have been entered into in our ordinary and usual course of business, are either on normal commercial terms or on terms no less 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.

Operational Independence

As advised by our PRC Legal Advisors, we possess all the material licenses and permits necessary to carry on and operate our business. Also, we consider that we have sufficient operational capacity in terms of capital and employees to operate independently.

Trademark Licensing Agreement

On May 13, 2021, our Company entered into a trademark licensing agreement with CCRE in relation to the licensing of certain trademarks in relation to our project management business by CCRE to our Company. Please refer to the section headed “Connected Transactions” in this prospectus for further details in relation to the relevant trademark licensing agreement.

Our Directors consider that the trademark licensing agreement does not affect or impair our operational independence. Our Directors consider that the goodwill of the CCRE Group in conducting project management business comprises not only of the value of the “CCRE” trademarks, but also the strong reputation and extensive experience of the senior management and project management personnel of our Group, as well as our Group’s proven track record in previous projects.

Based on the foregoing, our Directors consider that the licensing of “CCRE” trademarks under the trademark licensing agreement would not affect or impair our Group’s operational independence as a whole.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

Independence of administrative capability

All essential administration functions and daily operations of our Group will be carried out by a team of staff employed by our Group independently of the Remaining Group. Upon Listing, only certain support administrative services (such as personnel, office and administration, and information technology) will be shared. Such sharing of support administrative services should not impact our Group's independence since it can undoubtedly carry out such non-essential functions on its own should it choose to do so. Such services will be shared on a cost basis as further described in the section headed "Connected Transactions" in this prospectus. Based on the above, our Directors are of the view that there is no operational dependence by our Group on the Remaining Group and we are able to operate independently from the Remaining Group after the Listing.

Independence of suppliers and customers

We have independent access to suppliers and customers and an independent management team to oversee our daily operation. The major customers of the Remaining Group are mainly property buyers of residential properties, commercial tenants and hotel guests, whereas the major customers of our Group are Project Owners, mainly being property developers that utilize our project management services to complete property development. Our Group is service oriented and does not have a wide variety of suppliers such as raw material suppliers or construction companies. Given the diversity of businesses undertaken of the Remaining Group, and the Remaining Group has a large number and wide range of suppliers including raw materials suppliers or construction companies. Between the Remaining Group and our Group, there is no material overlapping of suppliers.

During the Track Record Period, our Group had 150 customers, with all being private enterprises engaged in residential property development save for three customers being PRC state-owned property developers. Our Group's independent customers contributed to a very significant portion of our revenue, namely over 85% throughout the Track Record Period.

During the Track Record Period, our Group mainly sourced customers through our own sales and marketing efforts conducted through our regional branch offices. After our regional branch offices identify potential customers, the business development team based at our headquarters will then evaluate the potential project and obtain the relevant contract for review and negotiation. Our Group may also learn of potential project opportunities from our own employees, employees of the Remaining Group or Independent Third Parties. We expect that our Group will continue the same client sourcing process after the Spin-off.

Generally, our Group's client sourcing process was and will continue to be conducted independently by our Group through our independent business development team without involvement of the Remaining Group. There have been instances where our Group learns of a particular project from employees of the Remaining Group, though such instances were not material in number. In any event, our Group would itself take such information forward and directly handle the client sourcing process without involvement of the Remaining Group. The Remaining Group itself is generally not involved in our Group's client sourcing process.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

The Remaining Group generally does not have any business with our Group's independent customers. There have been a limited number of projects where the Remaining Group has acquired an interest in the project company which is a customer of our Group. However, the Remaining Group was typically not involved in the decision to engage our Group as a service provider. For a limited number of these independent customers, the Remaining Group has in the past participated in our Group's independent customers' projects by acquiring a minority stake in the relevant project company or otherwise cooperated in the development of the project, which is further described in the paragraphs headed "Provision of project management services by our Group to the Remaining Group" below in this section. In other words, any potential "business" involving the Remaining Group and our Group's independent customers has also involved our Group itself.

Provision of project management services by our Group to the Remaining Group

Throughout the Track Record Period and up to the Latest Practicable Date, there were rare instances (namely, seven, as elaborated in the below paragraph) where the Remaining Group's owned projects (i.e. projects where it had majority interest, ranging from 51% to 60%, with the remaining shareholders all being Independent Third Parties) were not developed by the Remaining Group itself, but instead utilized project management services, with our Group being the only service provider. There were always special circumstances to justify engaging us. A common example of such special circumstances was where the project management agreement with our Group was already signed with the independent customer before the Remaining Group had decided to make its investment (i.e. there was a pre-existing project management agreement). Despite the Remaining Group's ownership of such projects, the Remaining Group was generally not involved at all in the decision to engage us as project management service provider. Instead, we typically independently sourced these projects and the decision to engage us was made solely by the independent customer.

The number of such projects has been limited, namely seven during the Track Record Period and up to the Latest Practicable Date, consisting of:

- (i) **two projects that have already been completed as of the Latest Practicable Date.** These two projects had a contracted GFA of 0.3 million sq.m. and contract value of RMB68.9 million.
- (ii) **one project that is still ongoing as of the Latest Practicable Date.** This project is expected to be completed by December 2022 and is further elaborated in "Connected Transactions". This project has a contracted GFA of 0.2 million sq.m. and contract value of RMB47.1 million. It is immaterial, both in terms of number of projects (one project out of the 206 projects under management of our Group as at December 31, 2020) and also financial performance, having contributed only 1.7%, 0.8% and 0.8% of the total revenue of our Group for the three years ended December 31, 2018, 2019 and 2020, respectively.
- (iii) **four projects that have either already been terminated or the Remaining Group disposed of its entire interest in such projects as of the Latest Practicable Date.** These four projects (consisting of one terminated project and three projects that the Remaining Group has disposed its entire interest in the project companies) have contracted GFA of 1.1 million sq.m. and contract value of RMB215.2 million.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

Aside from the above owned projects (where the Remaining Group had majority interest), the Remaining Group had also acquired a minority interest in (ranging from 10% to 30%) or otherwise cooperated with ten other project companies during the Track Record Period. For these minority interest projects, the Remaining Group only held a minority interest as a passive investor and did not have any control over the project, including over the choice of project management service provider. Instead, control lay with the majority shareholders of the project companies which were all Independent Third Parties. Also, the Remaining Group's participation in such projects was purely as a passive investor, and not as a property developer.

The reason that the Remaining Group acquired a minority interest was generally because the Remaining Group saw sufficient potential in such project to be a passive investor. That being said, prior to the Remaining Group's involvement, our Group had already independently sourced this potential business with the independent customer and negotiations for its project management agreement had already commenced.

In any event, as demonstrated by such figures, all such of the Remaining Group's projects are immaterial to our Group, which had 206 projects with a total GFA under management of 25.5 million sq.m. as of December 31, 2020.

The following table sets forth a breakdown of our revenue generated from the Remaining Group and Independent Third Parties during the Track Record Period:

	For the year ended December 31,					
	2018		2019		2020	
	(RMB'000)	%	(RMB'000)	%	(RMB'000)	%
Revenue contributed from business with:						
The Remaining Group						
— Disposed companies (Note)	26,781	4%	32,336	3%	44,580	4%
— Other fellow subsidiaries, joint ventures and associates of the Remaining Group	<u>72,890</u>	<u>11%</u>	<u>101,622</u>	<u>10%</u>	<u>79,735</u>	<u>7%</u>
	99,671	15%	133,958	13%	124,315	11%
Independent Third Parties . . .	576,728	85%	895,037	87%	1,027,767	89%

Note: These disposed companies refer to Zhongyuan Jianye's previous interests in various companies, which have already been entirely disposed of as part of the Reorganization to achieve a clear business delineation from the Remaining Group, given that the above disposed companies are principally engaged in property development, or investment holding of property development projects. For further details, please refer to the section headed "History, Development and Reorganization — Reorganization" in this prospectus.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

In addition, during the Track Record Period and up to the Latest Practicable Date, we have adopted the same pricing basis to our transactions with all of our customers, whether being the Remaining Group (and its associates) or Independent Third Parties. In other words, we have not given any preferential pricing terms to the Remaining Group.

Save for the one one-off connected transaction as set out above, we currently do not have any other property development projects with the Remaining Group or its associates in the pipeline. In any event, in the situation that our Group intends to provide any project management services to our connected persons for any new projects after Listing, we will comply with the applicable requirements under Chapter 14A of the Listing Rules.

Financial Independence

We have our own internal control and accounting systems, accounting department, independent treasury function for cash receipts and payment and independent access to third-party financing. During the Track Record Period, our Group did not receive any financial support from the Remaining Group. In addition, our Group did not have any share pledges or guarantees provided by our Controlling Shareholders and their respective associates on our borrowing. Our Directors expect none of the debts or loans of our Group will be guaranteed by any connected person of our Group upon the Listing. As such, our Directors believe we are able to finance our own operations and maintain financial independence from our Controlling Shareholders and their respective associates.

No material reliance between our Group and the Remaining Group

Based on the above and as summarized below, our Directors consider that there is no material reliance by our Group on the Remaining Group:

- (i) **Low customer concentration** — During the Track Record Period, our Group had 150 customers, with all being private enterprises engaged in residential property development in Henan province, save for three customers being PRC state-owned property developers. Therefore, our Group's customer concentration is low. For further details of our customers, please refer to the section headed "Business — Customers" in this prospectus.
- (ii) **Immaterial level of transactions with the Remaining Group** — From our Group's perspective, the provision of project management services to the Remaining Group has been relatively immaterial, in terms of revenue contribution, number of contracts, contracted GFA and contract value. For example, our Group's independent customers contributed to a very significant portion of our revenue, namely from 85% to 89% throughout the Track Record Period. Further, it is currently expected that there will be only one ongoing project between our Group and the Remaining Group upon the Listing. Further details for the transactions relating to this one project are set out in the section headed "Connected Transactions" in this prospectus.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

- (iii) **Independent businesses** — Our Group is fully capable of carrying on our business independently from the Remaining Group, from a management, operational and financial perspective. Our Group does not and will not rely on the Remaining Group for any critical functions, including sales and procurement. Our Group's client sourcing process is conducted independently by our Group through our independent business development team without involvement of the Remaining Group. Our Group primarily sources customers through our own sales and marketing team.

- (iv) **Normal commercial terms and arm's length negotiation** — Neither the Remaining Group nor our Group has given one another any preferential treatment in relation to property development projects that utilize project management services. Our Group's pricing basis of its transactions with the Remaining Group versus those with Independent Third Parties was substantially identical during the Track Record Period. In any event, transactions between our Group and the Remaining Group will continue to be conducted on normal commercial terms based on arm's length negotiations and in compliance with the requirements on continuing connected transactions under Chapter 14A of the Listing Rules to safeguard the interests of both of our Group and our Shareholders, and the Remaining Group and CCRE Shareholders.

Accordingly, our Directors are of the view that we will be able to operate independently without material reliance on the Remaining Group upon completion of the Spin-off.

CONNECTED TRANSACTIONS

OVERVIEW

We have entered into a number of agreements with our connected persons (namely, various entities controlled by Mr. Wu, our Director and Controlling Shareholder). The transactions disclosed in this section are expected to continue after the Listing and will constitute one-off connected transactions or continuing connected transactions of our Group under Chapter 14A of the Listing Rules upon Listing.

(A) ONE-OFF CONNECTED TRANSACTION

Project Management Services Agreement

We previously entered into a one-off connected transaction with the Remaining Group which will be completed after the Listing. On May 26, 2016, Zhongyuan Jianye and Sanmenxia Forest Peninsula Real Estate Co., Ltd.* (三門峽森林半島置業有限公司) (a member of the Remaining Group) entered into a project management services agreement (the “**Project Management Services Agreement**”). Pursuant to the Project Management Services Agreement, we shall provide to such member of the Remaining Group the project management services, including preliminary management, planning and design management, cost management, construction management, marketing management, completion inspection and delivery management, customer service and coordination of property repair management work, preliminary property service supervision, file management, human resource management and administration management (the “**Project Management Services**”) in respect of a residential property located in Sanmenxia, Henan. Such project is expected to be completed by December 2022.

The fees in respect of the Project Management Services are determined based on arm’s length basis having regard to: (a) the estimated cost involved, including primarily the salaries, travel and accommodation expenses, benefits and bonuses for the personnel that our Group second to the project company of this one project, plus a mark-up taking into account the type and size of the property involved and the complexity of the project; and (b) comparable market prices for such Project Management Services provided by our Group to Independent Third Parties. Such fees have been set at RMB200.0 per sq.m., which is equivalent to our rate for various projects at that time entered into by us and Independent Third Parties. Further, we did not pay a trademark licensing fee during the Track Record Period as we were still a wholly-owned subsidiary of CCRE. Any benefit to our Group in light of any premium obtained by us in light of the “Jianye (建業)” brand will from Listing onwards be duly reflected by the Trademark Licensing Agreement. During the Track Record Period and up to the Latest Practicable Date, we adopted the same pricing basis to our transactions with all of our customers, whether being the Remaining Group (and its associates) or Independent Third Parties. In other words, we have not given any preferential pricing terms to the Remaining Group. Our Directors have confirmed that the fees in respect of the Project Management Services have been determined on the same basis for our fees charged to our independent third party customers.

CONNECTED TRANSACTIONS

The revenue generated from the provision of Project Management Services for this one project amounted to RMB11.4 million, RMB8.7 million and RMB9.3 million for the years ended December 31, 2018, 2019 and 2020, respectively. We expect to receive the remaining fees by installments, namely RMB3.4 million by September 30, 2021, RMB2.0 million by December 31, 2021 and RMB2.0 million by March 31, 2022.

CCRE is indirectly held as to 68.90% by Mr. Wu, our Director and Controlling Shareholder. Sanmenxia Forest Peninsula Real Estate Co., Ltd.* (三門峽森林半島置業有限公司) is a subsidiary of CCRE, and therefore will be Mr. Wu's associate and our connected person under the Listing Rules.

Our provision of the Project Management Services will be regarded as a one-off connected transaction of our Company for the purposes of the Listing Rules. Accordingly, the reporting, announcement, annual review and independent shareholders' approval requirements in Chapter 14A of the Listing Rules will not be applicable.

(B) FULLY EXEMPT CONTINUING CONNECTED TRANSACTION

Shared Administrative Services Framework Agreement

We have historically shared with the Remaining Group certain support administrative services such as information technology (the "**Shared Administrative Services**") in our ordinary and usual course of business. We intend to continue such arrangement with the Remaining Group after the Spin-off and the Listing. On May 13, 2021, our Company and CCRE entered into a shared administrative services framework agreement (the "**Shared Administrative Services Framework Agreement**") for a term commencing from the Listing until December 31, 2023, pursuant to which the Remaining Group shall provide the Shared Administrative Services to us. The Shared Administrative Services will be charged to us on a cost basis, and the relevant costs must be identifiable and allocated to us based on the actual expenses incurred by us.

During the Track Record Period, the cost of such Shared Administrative Services was borne by CCRE given that we were its wholly-owned subsidiary. As such, the historical amounts incurred by us was nil during the Track Record Period.

Our Directors estimate the maximum amounts to be incurred by us under the Shared Administrative Services Framework Agreement for the years ending December 31, 2021, 2022 and 2023 will not exceed RMB240,000, RMB240,000 and RMB240,000, respectively. Despite the fact that costs of such Shared Administrative Services were historically borne by CCRE, such maximum amounts to be incurred by us under the Shared Administrative Services Framework Agreement will not have any material impact on our financial results due to their insignificant amount. For example, such annual caps represent merely 0.04% of our profit for the year ended December 31, 2020.

CCRE is indirectly held as to 68.90% by Mr. Wu, our Director and Controlling Shareholder. As such, CCRE will be Mr. Wu's associate and our connected person under the Listing Rules.

CONNECTED TRANSACTIONS

As the Shared Administrative Services constitute the sharing of administrative services on a cost basis, and the costs will be identifiable and will be allocated to the parties on a fair and equitable basis, the transactions under the Shared Administrative Services Framework Agreement are exempt from all of the reporting, annual review, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules pursuant to Rule 14A.98 of the Listing Rules.

(C) PARTIALLY-EXEMPT CONTINUING CONNECTED TRANSACTIONS

Trademark Licensing Agreement

We have historically used the Licensed Trademarks (as defined below) registered in the name of various subsidiaries of the Remaining Group. In anticipation of the Spin-off and to ensure that our Group will continue to be able to use the Licensed Trademarks, on May 13, 2021, a trademark licensing agreement (the “**Trademark Licensing Agreement**”) was entered into between CCRE and our Company, pursuant to which CCRE agreed to grant to our Group the right to use certain trademarks of the Remaining Group registered in the PRC and Hong Kong (the “**Licensed Trademarks**”) for our business operations and investment activities, as well as the right to sub-lease the Licensed Trademarks to third parties solely for the purpose of business operation of our Group. The Trademark Licensing Agreement has a term of ten years commencing from the Listing, unless otherwise terminated by both parties. Neither CCRE nor us has the right to unilaterally terminate the Trademark Licensing Agreement. Further, pursuant to the Trademark Licensing Agreement: (1) CCRE and us will commence discussions and negotiations in good faith regarding the renewal of such agreement at least two years before the expiry of such ten-year term; and (2) if at any time CCRE becomes reasonably certain that it will not renew such agreement, CCRE must notify us as soon as practicable. Details of the Licensed Trademarks are set forth in “Appendix IV — B. Further Information about our Business — 2. Intellectual Property Rights of our Group” to this prospectus.

Our Directors believe that it is highly unlikely that the Trademark Licensing Agreement will be early terminated or that we will fail to renew such agreement, taking into account: (1) we have a good relationship with the Remaining Group and the fact that neither CCRE nor us has the right to unilaterally terminate the Trademark Licensing Agreement, coupled with the 10-year term of such agreement, is indicative of both parties' intention to maintain a long term arrangement; (2) the licensing arrangement is highly beneficial to both CCRE and us, with our Group being allowed to continue to use the Licensed Trademarks for our project management business, and the Remaining Group being able to receive a license fee for a line of business (i.e. project management) which the Remaining Group will not be involved in. Further, as set out in detail in “Relationship with our Controlling Shareholders”, our project management business does not compete with the businesses of the Remaining Group. In other words, such license fee represents a source of income that the Remaining Group would not otherwise receive and which would not adversely impact the Remaining Group's business. Further, in light of the above as well as our track record of providing quality project management services under the “Jianye (建業)” brand, our continued success in our project management business while utilizing the Licensed Trademarks will inherently enhance the brand recognition, image and value of the Licensed Trademarks (in particular, the “Jianye (建業)” brand) in the real estate industries, which would in turn ultimately be highly beneficial to CCRE as the registered proprietor; and (3) we have implemented

CONNECTED TRANSACTIONS

certain control measures designed to enhance protection of the “Jianye (建業)” brand from unauthorized use by our Project Owners, as set out in “Business — Our Project Management Business — Use of The “Jianye (建業)” Brand”. In the highly unlikely event that we will fail to renew the Trademark Licensing Agreement after its 10-year term, our Group should by then have been in the project management industry for around 15 years with an even stronger customer base. We would have a decade’s track record of operating under a corporate structure that is independent from the Remaining Group. We will assess our appropriate branding options at the time, including exploring the feasibility of leveraging such extensive experience and customer relationships to develop our own project management brand.

If indeed we believe we need to develop our own project management brand, our Directors will work closely with our dedicated brand management department and sales and marketing department, in conjunction with public relations consultants and other advisers as necessary. We will leverage our 15 year track record in the project management industry (with 10 years having been operated under our independent corporate structure) in order to formulate a suitable brand, such as “Zhongyuan”. As mentioned above, pursuant to the Trademark Licensing Agreement, CCRE and us will commence discussions and negotiations in good faith regarding the renewal of such agreement at least two years before its expiration, and in any event, CCRE is required to notify us if at any time it becomes reasonably certain that it will not renew such agreement. Our Directors believe that these terms ensure that we will have sufficient time in order to formulate an appropriate brand strategy that is in the best interests of our Company and our Shareholders. Further, our Directors believe that, taking into account that the vast majority of our customers are Independent Third Parties and that by that time we will have operated independently from the Remaining Group for 10 years, it will be feasible for our Company to develop an appropriate brand strategy within such timeframe.

During the Track Record Period, no licensing fee had been paid by our Company to CCRE given that we were a wholly-owned subsidiary of CCRE. Pursuant to the Trademark Licensing Agreement, the licensing fee payable by us to CCRE from Listing onwards will be: (1) for the first three years: RMB15 million per year; (2) for the fourth to sixth year: RMB20 million per year; and (3) for the seventh to tenth year: RMB25 million per year. Such licensing fee will be calculated on a pro-rated basis for less than an entire calendar year.

The licensing fees have been arrived at after arm’s length negotiations between our Company and CCRE after taking into account (among others): (1) the brand value and intended use of the Licensed Trademarks, particularly for further expansion of our project management business. In particular, according to the brand valuation prepared by CIA which also estimates the total net income that could be derived from the “Jianye (建業)” brand as a whole (i.e. the “Total Net Income Attributable to Brand”), (a) the average % of the trademark licensing fee as compared to Total Net Income Attributable to Brand in 2021 and 2022 is close to (b) the average % of revenue of our Group as compared to the total revenue of CCRE Group during the Track Record Period. See the below paragraph for more details on such brand value; (2) the potential for further expansion of our project management business which will continue to use the Licensed Trademarks; (3) the abovementioned mutual benefits of such licensing arrangement to both CCRE and us (including the fact that our continued provision of high quality project management services while utilizing the Licensed Trademarks will inherently enhance

CONNECTED TRANSACTIONS

the brand recognition, image and value of the Licensed Trademarks in the real estate industries, and that such licensing fees represent an additional revenue stream for the Remaining Group); and (4) the licensing fees to be paid by us as a percentage of our total revenue (being 1.3% to 2.2%, calculated based on the low-end of the licensing fees (i.e. RMB15 million) and the high-end of the licensing fees (i.e. RMB25 million) over our total revenue for the year ended December 31, 2020), which is comparable to that of certain other companies listed on the Stock Exchange. We also consider that the gradual increase in the licensing fees is in line with our expected growth and development in the coming period, and also provides us with certainty on the amount payable.

CIA has prepared an independent valuation on the brand of the Licensed Trademarks (i.e. the “Jianye (建業)” brand as a whole). It is prepared based on discounting the estimated perpetual income that could be derived by the effect of brand name each year to its present value, applying the appropriate growth rate, risk factor, discount rate and other factors that CIA considered appropriate. The Joint Sponsors understand from CIA that: (1) it has been engaged in brand valuation research on property developers in the PRC for more than ten years; (2) the 2020 “Jianye (建業)” brand value was prepared by CIA using the same methodology that has been consistently applied by CIA for more than 10 years; (3) the methodology and assumptions used by CIA inevitably have their own limitations which involves subjective assessment by CIA; and (4) there is no international standardised brand valuation approach. The determination of the trademark licensing fee and service fee of the Group has taken into account a number of qualitative and quantitative factors. While brand value is only one of the factors being considered, it is considered more qualitatively in the sense that customers are attracted to engage us due to the market reputation of the properties we developed and the track record and professional experiences of our personnel as implied by the “Jianye (建業)” brand, but neither the determination of trademark licensing fee nor the service fee is calculated directly from the brand value.

Having considered the assumptions, methodology and parameters used by CIA, our Directors consider that, and the Joint Sponsors concur that: (1) the brand valuation by CIA corroborates that the licensing fees under the Trademark Licensing Agreement are fair and reasonable; and (2) while the brand reputation does attract our customers to engage us to provide management services, the service fees are largely substantiated by the service actually provided by our Group and are not substantially or merely by the effect of the brand.

CONNECTED TRANSACTIONS

We have been using the Licensed Trademarks in the business of our Group since the commencement of our project management business. We intend to continue to use the Licensed Trademarks in such connection after the Listing. Our Directors consider that entering into a trademark licensing agreement for a duration longer than three years is reasonable and justifiable to ensure the stability of our operations. Our Directors consider that the “Jianye (建業)” brand is a highly recognizable brand in central China for high quality project management services in respect of property development projects and represents our consistent aspiration to deliver high quality properties to our customers, and that such existing brand image allows us to resonate with our customers and facilitate our market and business expansion. The ten-year term of the Trademark Licensing Agreement ensures our ongoing operations are not interrupted and is a usual business practice. Our Directors consider the Trademark Licensing Agreement to be beneficial to the interests of our Company and our Shareholders as a whole. On the basis that (i) the Trademark Licensing Agreement is necessary to our business to align brand image and to promote our services; and (ii) a longer duration of the license term will provide a greater degree of stability and continuity to our business, our Directors and the Joint Sponsors are of the view that the duration of longer than three years is in line with normal business practice for agreements of this type.

Upon expiry of such ten-year term, the Trademark Licensing Agreement will need to be renewed. Any such renewal would be subject to our negotiations with CCRE, as well as compliance with relevant laws and regulations, including the Listing Rules, and may hence be subject to approval by independent Shareholders in the future. The interests of CCRE may not align with our interests, and therefore there is no guarantee that we will be able to renew such agreement in a timely manner, or at favorable terms, or at all, in the future. In the event that we fail to renew or encounter significant delays in renewing such agreement, we may not be able to undertake certain project management projects or allow the Project Owners to use or continue to use the “Jianye (建業)” brand as part of our project management services, and therefore our business, financial condition and results of operations may be adversely affected.

CCRE is indirectly held as to 68.90% by Mr. Wu, our Director and Controlling Shareholder. As such, CCRE will be Mr. Wu’s associate and our connected person under the Listing Rules.

As one/each of the applicable percentage ratios under the Listing Rules in respect of the annual caps of the Trademark Licensing Agreement is expected to be at least 0.1% but less than 5%, the transactions under the Trademark Licensing Agreement constitute partially exempt de minimis continuing connected transactions of our Company which are subject to the written agreement, announcement, annual reporting, terms of an agreement, annual caps, changes to cap or terms of agreement and annual review requirements, but exempt from the shareholders’ approval and circular (including independent financial advice) requirements under Chapter 14A of the Listing Rules, pursuant to Rule 14A.76(2) of the Listing Rules.

CONNECTED TRANSACTIONS

Property Management Services Framework Agreement

Central China New Life has historically provided us property management services at our place of business and headquarter in Zhengzhou and other branch offices (the “**Property Management Services**”) in our ordinary and usual course of business. We intend to continue such arrangement with Central China New Life after the Listing. On May 13, 2021, our Company and Central China New Life entered into a property management services framework agreement (the “**Property Management Services Framework Agreement**”) for a term commencing from Listing to December 31, 2023, pursuant to which Central China New Life shall provide the Property Management Services to us. The Property Management Services Framework Agreement was agreed upon on normal commercial terms after arm’s length negotiations, and the property management fees were determined based on the (i) number, nature, category and location of the properties; (ii) GFA of the properties; (iii) rate generally offered by Central China New Life to Independent Third Parties in respect of comparable services; (iv) anticipated staff costs of Central China New Life; and (v) prevailing market prices for comparable services by obtaining quotations from at least two Independent Third Parties for the provision of similar services to determinate if the terms offered by Central China New Life are fair and reasonable and comparable to those offered by Independent Third Parties. To our Directors’ best knowledge and belief, the fees for the Property Management Services are no more favourable than those charged by Central China New Life to its independent third-party customers. With respect to each property, the relevant members of Central China New Life and our Group will further enter into an individual separate agreement that prescribes the specific terms and conditions of each property.

The fees paid by us for the Property Management Services amounted to RMB0.1 million, RMB1.1 million and RMB2.4 million for the years ended December 31, 2018, 2019 and 2020, respectively.

Our Directors estimate the maximum annual fees to be paid by us under the Property Management Services Framework Agreement for the years ending December 31, 2021, 2022 and 2023 will not exceed RMB3.0 million, RMB3.5 million and RMB4.0 million, respectively.

In arriving at the above annual caps, our Directors have considered the following factors:

- the historical transaction amounts for provision of Property Management Services during the Track Record Period;
- the expected increase in fees payable for our premises that currently require Property Management Services (being our headquarters and seven branch offices) due to anticipated gradual increases in operation costs of Central China New Life (primarily staff costs and administration costs), with such increase being approximately RMB300,000 for each of the years ending December 31, 2021, 2022 and 2023; and

CONNECTED TRANSACTIONS

- the expected expansion and opening of branch offices which will require additional Property Management Services in the amount of approximately RMB200,000 for each of the years ending December 31, 2021, 2022 and 2023.

Central China New Life is a company listed on the Stock Exchange (stock code: 9983) and is indirectly held as to 67.46% by Mr. Wu, our Director and Controlling Shareholder. As such, Central China New Life will be Mr. Wu's associate and our connected person under the Listing Rules.

As one/each of the applicable percentage ratios under the Listing Rules in respect of the annual caps of the Property Management Services Framework Agreement is expected to be at least 0.1% but less than 5%, the transactions under the Property Management Services Framework Agreement constitute partially exempt de minimis continuing connected transactions of our Company which are subject to the written agreement, announcement, annual reporting, terms of an agreement, annual caps, changes to cap or terms of agreement and annual review requirements, but exempt from the shareholders' approval and circular (including independent financial advice) requirements under Chapter 14A of the Listing Rules, pursuant to Rule 14A.76(2) of the Listing Rules.

(D) APPLICATION FOR WAIVER

The transactions described under the paragraph “— (C) Partially-exempt Continuing Connected Transactions” in this section constitute our continuing connected transactions under the Listing Rules, which are subject to the written agreement, announcement, annual reporting, terms of an agreement, annual caps, changes to cap or terms of agreement and annual review requirements, but exempt from the shareholders' approval and circular (including independent financial advice) requirements under Chapter 14A of the Listing Rules, pursuant to Rule 14A.76(2) of the Listing Rules.

As the transactions described under the paragraph “— (C) Partially-exempt Continuing Connected Transactions” above are and will continue to be entered into in the ordinary and usual course of business of our Group on a continuing and recurring basis and are expected to extend over a period of time, our Directors are of the view that compliance with the announcement requirement under Rule 14A.35 of the Listing Rules would impose unnecessary administrative costs and burden to our Group and would at times be impracticable.

Accordingly, in accordance with Rules 14A.102 and 14A.105 of the Listing Rules, we have applied to the Stock Exchange, and the Stock Exchange has granted, a waiver from strict compliance with the announcement requirements under Rule 14A.35 of the Listing Rules. The waiver is valid provided that the total amounts received by us under these partially-exempt continuing connected transactions do not exceed their respective annual caps for the relevant periods set out above. After the expiry of the respective term of these partially-exempt continuing connected transactions, we will comply with the applicable provisions under Chapter 14A of the Listing Rules as amended from time to time or apply for a new waiver.

CONNECTED TRANSACTIONS

(E) VIEWS OF OUR DIRECTORS AND THE JOINT SPONSORS

Our Directors (including our independent non-executive Directors) and the Joint Sponsors consider that: (i) the partially-exempt continuing connected transactions described above have been and will be entered into in the ordinary and usual course of our business and on normal commercial terms or better; (ii) the terms of such partially-exempt continuing connected transactions are fair, reasonable and in the interests of our Group and our Shareholders as a whole; and (iii) the annual caps for such partially-exempt continuing connected transactions are fair and reasonable and in the interests of our Group and our Shareholders as a whole.

(F) ADDITIONAL OPINION OF OUR INDEPENDENT NON-EXECUTIVE DIRECTORS

Our independent non-executive Directors are of the opinion that: (1) the pricing mechanism and the terms under the Trademark Licensing Agreement and the Property Management Services Framework Agreement described above and the transactions contemplated thereunder are clear and specific; (2) the proposed annual caps of such partially-exempt continuing connected transactions described above is reasonable taking into account historical transaction and management projections; (3) the methods and procedures established by us are sufficient to ensure that such partially-exempt continuing connected transactions will be conducted on normal commercial terms and not prejudicial to the interests of our Company and our minority Shareholders; (4) appropriate internal control procedures are in place, and our internal audit will review these transactions; and (5) they are provided by the management of our Company with sufficient information for the discharge of their duties.

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, each of the following persons will, immediately upon completion of the Spin-off and the Listing (assuming the Reserved Shares under the Preferential Offering are fully taken up by Qualifying CCRE Shareholders), have an interest or short position in our Shares or underlying Shares which would be required to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, are directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company or our subsidiaries:

Interest in our Company

Name of Shareholder	Nature of Interest	Shares held as of the Latest Practicable Date ⁽³⁾		Shares held immediately upon completion of the Spin-off and the Listing	
		Number	Approximate Percentage	Number	Approximate Percentage
Joy Bright ⁽¹⁾	Beneficial owner	2,044,431,867	68.90%	2,067,147,776	62.73%
Mr. Wu ^(1,2)	Interest in a controlled corporation	2,044,431,867	68.90%	2,067,147,776	62.73%
Ms. Wu Lam Li ^(1,2)	Interest of a spouse	2,044,431,867	68.90%	2,067,147,776	62.73%
Zhongyuan Bank Co., Ltd.	Security interest	230,000,000	7.75%	232,555,555	7.06%

Notes:

- Joy Bright is wholly-owned by Mr. Wu. Therefore, Joy Bright is a controlled corporation of Mr. Wu and Mr. Wu is deemed to be interested in the same number of Shares that Joy Bright is interested in under the SFO.
- Ms. Wu Lam Li is the spouse of Mr. Wu and is therefore deemed to be interested in the same number of Shares that Mr. Wu is interested in under the SFO.
- As at the Latest Practicable Date, our Company remains a wholly-owned subsidiary of CCRE.

Save as disclosed above, our Directors are not aware of any persons who will, immediately following completion of the Spin-off and the Listing, have an interest or a short position in our Shares or underlying Shares which would be required to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company or our subsidiaries. Our Directors are not aware of any arrangement which may at a subsequent date result in a change of control of our Company or our subsidiaries.

DIRECTORS AND SENIOR MANAGEMENT

OVERVIEW

The following tables set out information in respect of our Directors and senior management:

<u>Name</u>	<u>Age</u>	<u>Position</u>	<u>Date of joining our Group's business</u>	<u>Date of appointment as Director</u>	<u>Roles and responsibilities</u>
Chairman and non-executive Director					
Wu Po Sum (胡葆森) ⁽¹⁾	70	Chairman of our Board and non-executive Director	June 2015	October 22, 2020	Formulating the overall development and strategic planning of our Group
Executive Directors					
Hu Bing (胡冰)	44	Executive Director	June 2015	November 6, 2020	Overall daily operation and management of our Group as well as our strategic development
Ma Xiaoteng (馬曉騰)	44	Executive Director	June 2015	November 6, 2020	Overall daily operation and management of our Group as well as our strategic development
Non-executive Director					
Wu Wallis (李樺) ⁽¹⁾	39	Non-executive Director	November 2020	November 6, 2020	Supervising and reviewing the overall business development and strategic planning of our Group
Independent non-executive Directors					
Zhu Baoguo (朱保國)	59	Independent non-executive Director	May 2021	May 12, 2021	Providing independent judgment on our strategies, policy, performance, accountability, resources, key appointments and standard of conduct
Xu Ying (徐穎)	38	Independent non-executive Director	May 2021	May 12, 2021	Providing independent judgment on our strategies, policy, performance, accountability, resources, key appointments and standard of conduct
Siu Chi Hung (蕭志雄)	50	Independent non-executive Director	May 2021	May 12, 2021	Providing independent judgment on our strategies, policy, performance, accountability, resources, key appointments and standard of conduct

DIRECTORS AND SENIOR MANAGEMENT

Name	Age	Position	Date of joining our Group's business	Date of appointment as senior management	Roles and responsibilities
Senior management⁽²⁾					
Wang Jun (王軍)	34	Vice president	September 2016	November 6, 2020	Overall operation and management of our Group in our project management business outside of Henan Province
Ma Cheng (馬成)	32	Chief financial officer	October 2020	November 6, 2020	Overseeing the financial affairs of our Group
Song Ziyu (宋紫宇)	43	Vice president and general manager of the Nanyang division	January 2016	November 6, 2020	Managing the operations of our project management business in Nanyang
Jin Feng (靳峰)	42	Vice president and general manager of the Luoyang division	February 2016	November 6, 2020	Managing the operations of our project management business in Luoyang
Xue Wenling (薛文玲)	44	General manager of the human resources and administration department and the operations management department	August 2016	November 6, 2020	Managing our human resources, administration and operations departments
He Jiaying (何佳穎)	38	General manager of the brand management department	October 2016	November 6, 2020	Managing our Group's related brand maintenance, marketing and publicity, media and public relations
Li Heping (李和平) ⁽³⁾	63	General manager of the Xinjiang division and deputy chief engineer	August 2016	November 6, 2020	Managing the operations of our project management business in Xinjiang as well as guiding and supervising the design and engineering of our projects
Feng Fan (豐帆)	36	General manager of the construction management department	December 2016	November 6, 2020	Managing our construction management department

Notes:

1. Ms. Wu Wallis is the daughter of Mr. Wu Po Sum.
2. For the business address of the senior management (save for Mr. Li Heping), please refer to the address of our corporate headquarters in the section headed "Corporate Information" in this prospectus.
3. The business address of Mr. Li Heping is 2/F Flat 206, Petroleum Office Hotel (石油辦事處賓館), Building 73, No. 2 Youhao South Road, Shayibake District, Urumqi, Xinjiang, PRC.

DIRECTORS AND SENIOR MANAGEMENT

BOARD OF DIRECTORS

Our Board of Directors is the primary decision-making body of our Company, setting fundamental business strategies and policies for the management and operation of our business and monitoring their implementation. Our Board of Directors comprises seven Directors, consisting of two executive Directors, two non-executive Directors and three independent non-executive Directors. Our Directors are elected to serve terms of three years, which are renewable upon re-election and/or re-appointment.

Chairman and non-executive Director

Mr. Wu Po Sum (胡葆森先生) (formerly known as Hua Jianming 滑建明), aged 70, is the Chairman of our Board, a non-executive Director and Controlling Shareholder of our Company. He was appointed as a Director on October 22, 2020 and was redesignated as our non-executive Director and appointed as the Chairman of our Board on November 6, 2020. Mr. Wu is responsible for formulating the overall development and strategic planning of our Group. Mr. Wu is one of our Controlling Shareholders. Mr. Wu is the father of Ms. Wu Wallis, a non-executive Director of our Company. Mr. Wu is also a director of various of our subsidiaries, namely Start Ahead, CCMGT(HK) and Henan Start Ahead.

Mr. Wu is the founder of the CCRE Group and has nearly 30 years of experience in real estate development and investment. He entered the PRC real estate market in May 1992, when he laid the foundation for the CCRE Group and established the “Jianye (建業)” brand name. He has always been the chairman and an executive director of CCRE and a director of CCRE and various subsidiaries of the CCRE Group, and is responsible for formulating development strategies, making decisions on investment projects and determining development directions of the CCRE Group (including our Group).

In 2017, Mr. Wu was invited to the selection of Golden Sunlight Public Welfare Awards of Henan Daily (河南日報社金陽光公益獎) and was awarded the “Meritorious Person of the First (2017) Central China Social Responsibility (首屆(2017)中原社會責任•功勳人物)” prize. Besides, the Benyuan Humanity Education Foundation in Henan (河南省本源人文基金會) sponsored by him was awarded the “Outstanding Nonprofit Organization of First (2017) Central China Social Responsibility (首屆(2017)中原社會責任•優秀公益組織)”.

Mr. Wu received various awards in 2018. He was appointed as the “Deputy Director of the Advisory Committee of Industry and Commerce Association of Henan Province (河南省工商聯諮詢委員會副主任)”, received the “Outstanding Contribution Entrepreneur of Henan (河南卓越貢獻企業家)” award at the “40 Years of Reform and Opening up of Henan (河南省紀念改革開放40年)” event organized by Henan Daily, and was awarded the highest accolade of a leading entrepreneur in the real estate industry in Henan at the “40 Years of Reform and Opening up, Development of Central China (改革開放四十年中原城市大發展)” by Henan Province Real Estate Business Chamber of Commerce. Mr. Wu also received the “Golden Camel Award” granted by the Society of Entrepreneurs and Ecology Foundation for his significant contribution in promoting projects concerning environmental protection.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Wu was an executive director and the chairman of the board of DIT Group Limited (築友智造科技集團有限公司) (a company listed on the Stock Exchange, stock code: 726) from November 2019 to August 2020. The principal business of DIT Group Limited includes research and development, design, manufacture and sales of assembled building prefabricated units. Mr. Wu has also been a director of CURA Investment Management (Shanghai) Co., Ltd. (上海中城聯盟投資管理股份有限公司) (a company previously listed on National Equities Exchange and Quotations of the PRC, stock code: 833880, and subsequently delisted on December 5, 2019) since January 2013. CURA Investment Management (Shanghai) Co., Ltd. is principally engaged in the provision of professional asset management services with a focus in private equity real estate and real estate investment trusts.

Mr. Wu graduated from Zhengzhou University (鄭州大學) in the PRC in 1979, majoring in English.

Executive Directors

Mr. Hu Bing (胡冰先生), aged 44, is an executive Director of our Company. He was appointed as an executive Director of our Group on November 6, 2020. Mr. Hu is mainly responsible for overall daily operation and management of our Group as well as our strategic development. Mr. Hu is also a director of various of our subsidiaries, namely Zhongyuan Jianye, Henan Start Ahead and Zhongyuan Jianye (Hainan).

Mr. Hu joined the CCRE Group in January 2004 and had held various positions in the CCRE Group. These positions include assistant to general manager, deputy general manager and general manager of the financial center, deputy director and director of the financial management center as well as the general manager of the budget planning department, the executive vice president as well as general manager of the financial management center, vice president, chief financial officer and chief operating officer. Through these senior management positions, he has overseen our project management business and our financial affairs since our launch, and has participated in our key management and decision making. In July 2020, he was formally appointed as a director of Zhongyuan Jianye. Since November 2020, he formally resigned from all positions within the Remaining Group in order to continue to focus on our business.

Mr. Hu is a Certified Public Valuer in the PRC, where he obtained his license issued by the Ministry of Finance of the PRC in September 2001. He obtained his bachelor's degree in state-owned assets management and evaluation from School of Business Administration of Zhongnan University of Economics (中南財經大學工商管理學院) (currently known as Zhongnan University of Economics and Law) (中南財經政法大學) in the PRC in July 1997, and his master's degree in business administration from Guanghua School of Management of Peking University (北京大學光華管理學院) in the PRC in June 2004.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Ma Xiaoteng (馬曉騰先生), aged 44, is an executive Director of our Company. He was appointed as an executive Director of our Group on November 6, 2020. Mr. Ma is mainly responsible for overall daily operation and management of our Group as well as our strategic development. Mr. Ma is also a director of Henan Start Ahead, our subsidiary.

Mr. Ma joined the CCRE Group in March 2001 and had held various positions in the CCRE Group. Between March 2001 and September 2002, Mr. Ma served as a salesman and the sales officer of the sales department of Zhengzhou division, and a sales manager in the preparatory group of Anyang division. Between October 2002 and December 2016, he served as a manager in the sales department, assistant to the general manager, deputy general manager and general manager of Shangqiu division, general manager of Zhoukou division and general manager of Zhoukou region head office, and was mainly responsible for the management of real estate projects and asset-light projects in such regions. Between January 2017 and January 2019, Mr. Ma served as assistant president of CCRE, general manager of Zhoukou region head office, general manager of the Fugou Project and general manager of Zhoukou Jianye Green Base Development Co., Ltd.* (周口建業綠色基地發展有限公司), and was mainly responsible for the management of our business. Since February 2019, he has been the president of Zhongyuan Jianye and oversees our business.

Mr. Ma obtained his bachelor's degree in real estate management from Henan Institute of Finance and Economics (河南財經學院) in the PRC in July 2000.

Non-executive Director

Ms. Wu Wallis (李樺女士) (alias: Li Hua), aged 39, is a non-executive Director of our Company. She was appointed as a non-executive Director of our Group on November 6, 2020. Ms. Wu is mainly responsible for supervising and reviewing the overall business development and strategic planning of our Group. Ms. Wu is the daughter of Mr. Wu Po Sum (our Chairman, non-executive Director and Controlling Shareholder).

Ms. Wu has been a non-executive director of CCRE and a director of various subsidiaries of the CCRE Group since November 2007. Ms. Wu has also been a non-executive director of DIT Group Limited (築友智造科技集團有限公司) (a company listed on the Stock Exchange, stock code: 726) since September 2019.

Ms. Wu obtained her bachelor's degree in architecture from The University of New South Wales in Australia in September 2006, and her master's degree in applied finance from Macquarie University in Australia in August 2007.

Independent non-Executive Directors

Mr. Zhu Baoguo (朱保國先生), aged 59, was appointed as an independent non-executive Director of our Group on May 12, 2021. Mr. Zhu is primarily responsible for providing independent judgment on our strategies, policy, performance, accountability, resources, key appointments and standard of conduct.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Zhu founded Joincare Pharmaceutical Group Industry Co., Ltd. (健康元藥業集團股份有限公司) (previously known as Shenzhen Aimier Food Co., Ltd.* (深圳愛迷爾食品有限公司)) (a company listed on the Shanghai Stock Exchange, stock code: 600380) in 1992, and has been serving as its chairman ever since. Mr. Zhu has also served as the chairman and a non-executive director of Livzon Pharmaceutical Group Inc.* (麗珠醫藥集團股份有限公司) (a company dually listed on the Stock Exchange and the Shenzhen Stock Exchange, stock codes: 1513 and 000513, respectively) since 2002.

Mr. Zhu was appointed as a member of the Shenzhen Committee of the third, fourth and fifth Chinese People's Political Consultative Conference (CPPCC) in May 2000, May 2005 and May 2010, respectively. Since August 2000, Mr. Zhu has served various roles, including the vice president of the Shenzhen General Chamber of Commerce (深圳市總商會), the vice chairman and honorable vice president of the Shenzhen Federation of Industry and Commerce (深圳市工商業聯合會), the executive vice president of the Shenzhen General Chamber of Commerce (深圳市商業聯合會) as well as the director of Shenzhen Business Elites Union (深圳市深商聯合會).

Mr. Zhu obtained his bachelor's degree in chemistry from Henan Normal University (河南師範大學) in the PRC in July 1985.

Mr. Xu Ying (徐穎先生), aged 38, was appointed as an independent non-executive Director of our Group on May 12, 2021. Mr. Xu is primarily responsible for providing independent judgment on our strategies, policy, performance, accountability, resources, key appointments and standard of conduct.

From August 2007 to April 2010, Mr. Xu served as implementation consultant and technical supervisor at Wandabao Software (Shenzhen) Co., Ltd.* (萬達寶軟件(深圳)有限公司). Since April 2010, Mr. Xu served successively at Shenzhen Mingyuan Cloud Technology Co., Ltd.* (深圳市明源雲科技有限公司) (formerly known as Shenzhen Mingyuan Software Holding Co., Ltd.* (深圳市明源軟件股份有限公司)) as an implementation consultant, manager of the consulting department of the Shenzhen branch, director of corporate services, as well as the chief specialist on cost, head of solution center and dean of Mingyuan Real Estate Research Institute (明源地產研究院). Mr. Xu has over 10 years of experience in the real estate industry and has been invited to speak at events held by China Urban Realty Association, Shougang Fund and Colony Capital as a special speaker. Since August 2019, Mr. Xu has been a visiting professor at Changjian Business School (昌建商學院). Mr. Xu has contributed to the publication of a number of literature and industry reports, including "Best practice of Real Estate Project Operation" (《房地產項目運營最佳實踐》), "Road to A Hundred Billions" (《千億之路》), "Annual Operation Analysis Report of Listed Real Estate Companies" series (《上市房企年報經營分析報告》系列) and "New Challenges of the Epidemic, New Opportunities for Real Estate Enterprises" (《疫情新挑戰房企新機遇》).

Mr. Xu obtained his bachelor's degree in international economics and trade from Zhongnan University (中南大學) in the PRC in June 2004.

Mr. Siu Chi Hung (蕭志雄先生), aged 50, was appointed as an independent non-executive Director of our Group on May 12, 2021. Mr. Siu is primarily responsible for providing independent judgment on our strategies, policy, performance, accountability, resources, key appointments and standard of conduct.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Siu has more than 24 years of accounting experience. Mr. Siu joined KPMG (Hong Kong) in August 1994 as an accountant and became a partner in July 2008. He was the head of Real Estate of KPMG (China) and the head of Capital Markets Development, Southern China of KPMG (China) before his retirement from KPMG (China) in June 2018. Mr. Siu is currently an executive director of LVGEM (China) Real Estate Investment Company Limited (綠景(中國)地產投資有限公司) (a company listed on the Stock Exchange, stock code: 0095), an independent non-executive director of Dongjiang Environmental Company Limited* (東江環保股份有限公司) (a company listed on the Stock Exchange, stock code: 0895), an independent non-executive director of China Gas Industry Investment Holdings Co. Ltd. (a company listed on the Stock Exchange, stock code: 1940), and an independent non-executive director of Roiserv Lifestyle Services Co., Ltd. (榮萬家生活服務股份有限公司) (a company listed on the Stock Exchange, stock code: 2146). Mr. Siu is a member of the Hong Kong Institute of Certified Public Accountants (HKICPA), a member of the American Institute of Certified Public Accountants (AICPA) and a member of the Hong Kong Independent Non-Executive Director Association (HKINEDA). He obtained the qualification certificate of independent directors for listed companies (上市公司獨立董事資格證書) from the Shenzhen Stock Exchange in February 2021.

Mr. Siu obtained his bachelor's degree in business administration from The Chinese University of Hong Kong in May 1994.

General

Save as disclosed above, none of our Directors:

- (i) had any other relationship with any Directors, senior management or substantial Shareholders or Controlling Shareholders of our Company as at the Latest Practicable Date; and
- (ii) has held any directorship in any other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the three years prior to the Latest Practicable Date.

Except for such interests disclosed in the paragraphs headed "Appendix IV — Statutory and General Information — C. Further Information about our Directors and Substantial Shareholders — 3. Interests and short position of our Directors and the chief executive in the shares, underlying shares or debentures of our Company and the associated corporations" in this prospectus, none of our Directors has any interest in the Shares within the meaning of Part XV of the SFO or is a director or an employee of a company which has an interest or short position in the Shares and underlying Shares of our Company. Each of our Directors has confirmed that none of them or their respective close associates is engaged in, or interested in any business (other than our Group) which, directly or indirectly, competes or may compete with our business or has or may have any conflict of interests with our Group.

Save as disclosed above, to the best of the knowledge, information and belief of our Directors after having made all reasonable enquiries, there was no other matter with respect to the appointment of our Directors that needs to be brought to the attention of our Shareholders and there was no information relating to our Directors that is required to be disclosed pursuant to Rule 13.51(2) and paragraph 41 of Appendix 1A to the Listing Rules as at the Latest Practicable Date.

DIRECTORS AND SENIOR MANAGEMENT

SENIOR MANAGEMENT

The members of our senior management team are responsible for the management of our daily business operations.

Mr. Wang Jun (王軍先生), aged 34, is the vice president of our Company. He was appointed to such position on November 6, 2020 and is primarily responsible for overall operation and management of our Group in our project management business outside of Henan Province.

Mr. Wang joined the CCRE Group in September 2010 and had held various positions in the CCRE Group. Between September 2010 and November 2015, he served successively as a marketing planning specialist, deputy manager and manager in the sales and marketing department of Zhoukou City division, and was mainly responsible for the marketing in such region. Between December 2015 and February 2019, he served successively as a manager in the marketing management department of Zhoukou regional head office as well as assistant general manager of Luyi Project, assistant general manager of Zhoukou regional head office, and general manager of Zhoukou division, and was responsible for the management of real estate projects and asset-light projects in such region. Since March 2019, he has been the vice president of Zhongyuan Jianye, and is mainly responsible for the management of its asset-light business outside of Henan Province.

Mr. Wang obtained his bachelor's degree in graphic design from Jiujiang University (九江學院) in the PRC in July 2010.

Mr. Ma Cheng (馬成先生), aged 32, is the chief financial officer of our Company. He was appointed to such position on November 6, 2020 and is primarily responsible for overseeing the financial affairs of our Group.

Prior to joining our Group, Mr. Ma had over ten years of experience in the real estate and finance industries. Mr. Ma was a management trainee at John Swire & Sons (H.K.) Ltd. from August 2011 to February 2015, where he participated in the operation and management of commercial real estate projects, residential property sales and land investment analysis of Swire Properties. From September 2015 to October 2020, Mr. Ma served as an associate in the Real Estate Investment Banking Division of Morgan Stanley Asia Limited in Hong Kong.

Mr. Ma obtained his bachelor's degree in surveying from The Hong Kong Polytechnic University in Hong Kong in October 2011.

Mr. Song Ziyu (宋紫宇先生), aged 43, is the vice president and the general manager of the Nanyang division of our Company. He was appointed to such position on November 6, 2020 and is primarily responsible for managing the operations of our project management business in Nanyang.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Song joined the CCRE Group in March 2004 and had held various positions in the CCRE Group. Between March 2004 and July 2012, he served successively as an administrative clerk in the management department of Nanyang division, the deputy manager of the management department of Kaifeng Jianye Dahong Housing Construction Co., Ltd.* (開封建業大宏住宅建設有限責任公司), the deputy manager and manager of the management department of Nanyang division. Between August 2012 and February 2019, he served successively as the assistant general manager and manager of the management department, assistant general manager and manager of the operations and human resources department of Nanyang regional head office, deputy general manager of Nanyang region and the general manager of several projects, such as No.1 City State Project, Du Shi Road Project and Shilihushan Project. Through these positions, Mr. Song was mainly responsible for the management of real estate projects and asset-light projects in such regions. Since March 2019, he has served successively as the general manager of the Nanyang division of Zhongyuan Jianye as well as the vice president of Zhongyuan Jianye, and oversees the asset-light business in such region.

Mr. Song graduated from Northwestern Polytechnic University (西北工業大學) in the PRC in July 2006, majoring in business management. Mr. Song has been studying for his master's degree in business administration at China Europe International Business School (中歐國際工商管理學院) since September 2019.

Mr. Jin Feng (靳峰先生), aged 42, is the vice president and the general manager of the Luoyang division of our Company. He was appointed to such position on November 6, 2020 and is primarily responsible for managing the operations of our project management business in Luoyang.

Mr. Jin joined the CCRE Group in July 2001 and had held various positions in the CCRE Group. Between July 2001 and December 2003, he served successively as a clerk in the sales department of the third phase of Zhengzhou City Garden, as well as a clerk, deputy manager and manager in the management department of Xinxiang division, and was mainly responsible for the project and regional human administrative development work. Between January 2004 and January 2016, he served successively as assistant to general manager of Hebi division, assistant to general manager of Zhengzhou Forest Peninsula Project, deputy general manager of Anyang division, deputy general manager of Shangjie Project of Zhengzhou division, deputy general manager and manager of management department of Luoyang City Company, and executive general manager of Jianye Longcheng Project of Henan Guolong Real Estate Co., Ltd.* (河南省國龍置業有限公司), as well as deputy general manager of Anyang regional head office. Between February 2016 and February 2019, he served successively as deputy general manager of Luoyang regional head office, general manager of Luoyang Longcheng Project and general manager of Dacheng Xiaoyuan Project. He was mainly responsible for the management of real estate projects and asset-light projects in such regions. Since March 2019, he has served successively as the general manager of the Luoyang division of Zhongyuan Jianye as well as the vice president of Zhongyuan Jianye and oversees the asset-light business in such region.

Mr. Jin obtained his bachelor's degree in agricultural environmental protection and trade and economics from Henan Agricultural University (河南農業大學) in the PRC in July 2001. Mr. Jin further obtained his master's degree in senior management business administration from Zhengzhou University (鄭州大學) in the PRC in January 2015.

DIRECTORS AND SENIOR MANAGEMENT

Ms. Xue Wenling (薛文玲女士), aged 44, is the general manager of the human resources and administration department and the operations management department of our Company. She was appointed to such position on November 6, 2020 and is primarily responsible for managing our human resources, administration and operations departments.

Ms. Xue joined the CCRE Group in July 2001 and had held various positions in the CCRE Group. Between July 2001 and February 2019, she served successively as the deputy manager and manager of the management department of Guiyuan Project of Zhengzhou division, deputy manager and manager of the management department of Zhengzhou division, assistant general manager of Zhengzhou City division, assistant general manager of the development and operations department and manager of the operations department of Zhengzhou regional head office as well as deputy general manager of the president's office of the CCRE Group. Through her senior management position at the Zhengzhou division, she has managed human resources, administrative and operative matters of the Zhengzhou division. Through her senior management positions at the CCRE Group, she has managed the administrative affairs of the CCRE Group. Since March 2019, she has been the general manager of the human resources and administration department and the operations management department of Zhongyuan Jianye, and is mainly responsible for the management of human resources, operations management and administrative matters.

Ms. Xue obtained her bachelor's degree in international economic law from Northwest University Law School (西北大學法律系) in the PRC in July 1999.

Ms. He Jiaying (何佳穎女士), aged 38, is the general manager of the brand management department of our Company. She was appointed to such position on November 6, 2020 and is primarily responsible for our Group's related brand maintenance, marketing and publicity, media and public relations.

Ms. He joined the CCRE Group in October 2005 and had held various positions in the CCRE Group. Between October 2005 and August 2013, she served as an editor in the editorial department of the CCRE Group's cultural resources center, an outreach secretary in the administrative outreach department of the Board of Directors' office, an editor in the corporate culture department of the human resources center, the executive editor-in-chief of the *Jianye Life* magazine by the brand management department of the marketing management center, and was mainly responsible for the brand marketing of the CCRE Group. Between August 2013 and December 2016, she served successively as the deputy manager and manager of the comprehensive management department of Henan Central China Cultural Tourism Real Estate Development Co., Ltd.* (河南建業文化旅游地產發展有限公司) (a subsidiary of CCRE). Between January 2017 and March 2020, she successively served as assistant general manager of the user service department of Anyang regional head office, deputy general manager and deputy director of the brand management department of the CCRE Group, and was mainly responsible for the brand management of the CCRE Group including its asset-light business. Since April 2020, she has been the general manager of the brand management department of Zhongyuan Jianye and is mainly responsible for the management of the Zhongyuan Jianye brand.

Ms. He obtained her bachelor's degree in art design from School of Art Design, Wuhan University of Technology (武漢理工大學藝術與設計學院) in the PRC in June 2005. Ms. He obtained her executive master degree in business administration from Arlington School of Business, The University of Texas, USA (美國德州大學阿靈頓商學院) in December 2020.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Li Heping (李和平先生), aged 63, is the general manager of the Xinjiang division and the deputy chief engineer of our Company. He was appointed to such position on November 6, 2020 and is primarily responsible for managing the operations of our project management business in Xinjiang as well as guiding and supervising the design and engineering of our projects.

Mr. Li joined the CCRE Group in February 2006 and had held various positions in the CCRE Group. Between February 2006 and January 2010, he served successively as an installation engineer in the construction management department of Zhengzhou Forest Peninsula Project and Zhidi Plaza, an electrical designer in the planning and design departments one and three as well as research and development and design department of the product management center. Between February 2010 and August 2017, he served successively as the assistant general manager of the design management department of the product research and development center, as well as the manager and assistant general manager of the design management department. Through these positions, he had managed the product design of both asset-heavy and asset-light projects. Since September 2017, he has served successively as an electrical designer in the product management department, the deputy chief engineer of Zhongyuan Jianye as well as the general manager of the Xinjiang division, and is mainly responsible for guiding and supervising the design and engineering of our projects and managing the operations of our regional project management business in Xinjiang.

Prior to joining the CCRE Group, Mr. Li has accumulated experience in electrical engineering and obtained his license in electrical engineering from Henan Provincial Township Enterprise Administration (河南省鄉鎮企業管理局) in December 2002. He is a qualified electrical engineer in the PRC.

Mr. Li obtained his bachelor's degree in economic management from Zhengzhou University (鄭州大學) in the PRC in July 1993.

Mr. Feng Fan (豐帆先生), aged 36, is the general manager of the construction management department of our Company. He was appointed to such position on November 6, 2020 and is primarily responsible for managing our construction management department.

Mr. Feng joined the CCRE Group in June 2006 and had held various positions in the CCRE Group. Between June 2006 and November 2010, he served successively as a civil engineer in the construction management department of the north Henan region, a secretary in the engineering management department of the product management center, a civil engineer in the engineering department of No. 1 City State Project of Zhengzhou division, a bidding and procurement specialist in the construction management department of Kaifeng Central City division, engineering, as well as a design specialist in the construction management department of Shangqiu City division, and was mainly responsible for the bidding, procurement and engineering design in such regions. Between December 2010 and August 2014, he served as an engineering planning specialist in the engineering management department of the engineering management center, and was mainly responsible for the project management business at the headquarters of CCRE. Between September 2014 and September 2017, he served successively as the deputy manager of the construction management department of Kaifeng division, a manager in the construction management department of Juxiangli Project, as well as a deputy manager and manager in the construction management department of Dongjingmenghua of Kaifeng division. Through these positions, he was mainly responsible for the management of real estate projects and asset-light projects

DIRECTORS AND SENIOR MANAGEMENT

in such regions. Since October 2017, he has served successively as the deputy manager and manager of the product management department as well as the deputy general manager and general manager of the construction management department of Zhongyuan Jianye, and is mainly responsible for the management of its projects.

Mr. Feng is a certified contractor in the PRC, where he obtained his license from the Ministry of Housing and Urban Rural Development of the PRC and Ministry of Human Resources and Social Security of the PRC in July 2014. Mr. Feng obtained his bachelor's degree in civil engineering from Wuhan University of Technology (武漢理工大學) in the PRC in June 2006.

During the three years immediately preceding the date of this prospectus, each of our senior management has not been a director of a public company with securities listed on any securities market in Hong Kong or overseas.

COMPANY SECRETARY

Ms. Ho Wing Nga (何詠雅女士) is the company secretary of our Company. She was appointed to such position on November 6, 2020 and is primarily responsible for the company secretarial matters of our Group.

Ms. Ho has over 25 years of experience in the corporate secretarial field. Ms. Ho currently serves as the managing director of the Governance Services of Computershare Hong Kong Development Limited and as joint company secretaries of Financial Street Property Co., Limited (a company listed on the Stock Exchange, stock code: 1502) and Newlink Technology Inc. (a company listed on the Stock Exchange, stock code: 9600).

Ms. Ho obtained her master's degree in corporate governance from the Hong Kong Polytechnic University in December 2006 and became an associate of The Hong Kong Institute of Chartered Secretaries in the same month. In March 2015, Ms. Ho became a fellow of The Hong Kong Institute of Chartered Secretaries and a fellow of The Chartered Governance Institute, UK.

BOARD COMMITTEES

Our Company has established three committees under the Board pursuant to corporate governance practice requirements under the Listing Rules, namely the Audit Committee, Remuneration Committee and Nomination Committee.

Audit committee

We have established an audit committee in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code set out in Appendix 14 to the Listing Rules. The primary duties of the audit committee are to review and supervise the financial reporting process and internal controls system of the Group, review and approve connected transactions and to advise the Board. The audit committee comprises three independent non-executive Directors, namely Mr. Zhu Baoguo, Mr. Xu Ying and Mr. Siu Chi Hung. Mr. Siu Chi Hung, being the chairman of the committee, is appropriately qualified as required under Rules 3.10(2) and 3.21 of the Listing Rules.

DIRECTORS AND SENIOR MANAGEMENT

Remuneration committee

We have established a remuneration committee in compliance with Rule 3.25 of the Listing Rules and the Corporate Governance Code set out in Appendix 14 to the Listing Rules. The primary duties of the remuneration committee are to review and make recommendations to the Board regarding the terms of remuneration packages, bonuses and other compensation payable to our Directors and senior management. The remuneration committee comprises one non-executive Director and two independent non-executive Directors, namely Mr. Wu Po Sum, Mr. Zhu Baoguo and Mr. Xu Ying. Mr. Zhu Baoguo is the chairman of the committee.

Nomination committee

We have established a nomination committee in compliance with the Code on Corporate Governance set out in Appendix 14 to the Listing Rules. The primary duties of the nomination committee are to make recommendations to our Board regarding the appointment of Directors and Board succession. The nomination committee comprises one non-executive Director and two independent non-executive Directors, namely Mr. Wu Po Sum, Mr. Zhu Baoguo and Mr. Xu Ying. Mr. Wu Po Sum is the chairman of the committee.

COMPENSATION OF DIRECTORS AND MANAGEMENT

For the years ended December 31, 2018, 2019 and 2020, the aggregate amount of emoluments, salaries, allowances, discretionary bonus, defined contribution retirement plans and other benefits in kind (if applicable) paid by us to our Directors (in their role as senior management and employee before their appointment as Directors) were approximately RMB2.0 million, RMB7.3 million and RMB9.0 million, respectively. For remuneration details of all directors during the Track Record Period, please refer to note 8 to the Accountants' Report as set out in Appendix I to this prospectus.

For the years ended December 31, 2018, 2019 and 2020, of the five highest emoluments, 1, 1 and 2 individuals were directors whose emoluments are included above. The aggregate of the emoluments in respect of the remaining individuals were approximately RMB8.5 million, RMB15.5 million and RMB7.5 million, respectively.

During the Track Record Period, no remuneration was paid by us nor receivable by the Directors or the five highest remuneration individuals as incentives for joining or as rewards upon joining our Company. During the Track Record Period, no remuneration was paid by us nor receivable by the Directors, past directors or the five highest remuneration individuals as compensation for leaving positions relating to management affairs in any subsidiary of the Company.

Under the arrangements currently in force, we estimate the aggregate remuneration, excluding discretionary bonus and share-based expenses, of our Directors for the year ended December 31, 2021 to be approximately RMB3.6 million.

Save as disclosed above, during the Track Record Period, no other amounts have been paid or payable by us or any of our subsidiaries to the Directors or the five highest remuneration individuals.

DIRECTORS AND SENIOR MANAGEMENT

Save as disclosed above, no Director is entitled to receive other special benefits from the Company.

COMPLIANCE ADVISOR

We have appointed Opus Capital Limited as our compliance advisor (the “**Compliance Advisor**”) pursuant to Rule 3A.19 of the Listing Rules. Our Compliance Advisor will provide us with guidance and advice as to compliance with the Listing Rules and applicable Hong Kong laws. Pursuant to Rule 3A.23 of the Listing Rules, our Compliance Advisor will advise our Company in certain circumstances including:

- (a) before the publication of any regulatory announcement, circular, or financial report;
- (b) where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues and share repurchases;
- (c) where our Group’s business activities, development or results of operations deviate from any forecast, estimate or other information in this prospectus; and
- (d) where the Stock Exchange makes an inquiry to our Company regarding unusual movements in the price or trading volume of its listed securities or any other matters in accordance with Rule 13.10 of the Listing Rules.

The term of appointment of our Compliance Advisor shall commence on the Listing Date and is expected to end on 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 commencing after the Listing Date.

BOARD DIVERSITY

Our Board has adopted a board diversity policy in accordance with Rule 13.92 of the Listing Rules. With a view to achieving sustainable and balanced development, we are committed to increasing diversity in our Board in order to bring in innovation, fresh and broad business perspectives and enhance the decision-making process of our Board. Our Board is of the view that having diversity will help our Company better understand and meet the needs of the customers and maintain our competitive advantages in the project management service industry.

Selection of Director candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service. All Board appointments will be based on meritocracy and contribution that the selected candidates may bring to our Board, and candidates will be considered against objective criteria, having due regard to the benefits of diversity to our Board. Our Nomination Committee will monitor the implementation of our Board diversity policy on an ongoing basis. It shall report annually, in our corporate governance report, on our Board’s composition under diversified perspectives together with a summary of our Board diversity policy, the measurable objectives for implementing this policy and the progress of achieving our objectives to achieve Board diversity.

DIRECTORS AND SENIOR MANAGEMENT

Our Board comprises seven members, including one female Director and six male Directors with a balanced mix of knowledge and skills, including various aspects of the real estate industry (such as project management and property development), as well as overall business management, investment and accounting. They obtained degrees in various majors, including real estate management, architecture, applied finance, international economics and trade, and business administration. We have three independent non-executive Directors who have different industry backgrounds, including accounting, property development and investment, pharmaceuticals and academia. Furthermore, our Board has a relatively wide range of ages, ranging from 38 to 70 years old.

With regards to gender diversity on the Board, we recognize the particular importance of gender diversity. Our Board currently comprises seven Directors, including one female Director. Our senior management also currently comprises eight members, including two female members. We have taken and will continue to take steps to promote and enhance gender diversity at all levels of our Company. Our board diversity policy provides that our Board shall take opportunities when selecting and making recommendations on suitable candidates for Board appointments with the aim to increase the proportion of female members over time after Listing. We will also ensure that there is gender diversity when recruiting staff at mid to senior level so that we will have a pipeline of female senior management and potential successors to our Board going forward. It is our objective to maintain an appropriate balance of gender diversity with reference to the stakeholders' expectation and international and local recommended best practices. The appointment of one female Director out of a total of seven Directors satisfies our current target gender ratio under our board diversity policy.

Taking into account our business model and specific needs and also the above (including our presence of one female Director out of a total of seven Directors), we consider that the composition of our Board satisfies our board diversity policy.

SHARE CAPITAL

SHARE CAPITAL OF OUR COMPANY

The authorised and issued share capital of our Company is as follows:

Authorised share capital:

	HK\$
10,000,000,000 Shares as at the date of this prospectus	100,000,000

Shares issued or to be issued, fully paid or credited as fully paid (assuming the Over-allotment Option is not exercised):

1 Shares in issue as of the date of this prospectus	0.01
2,967,116,119 Shares to be issued pursuant to the Capitalization Issue	29,671,161.19
<u>328,172,000</u> Shares to be issued under the Global Offering	<u>3,281,720.00</u>
<u>3,295,288,120</u> Total	<u>32,952,881.20</u>

Shares issued or to be issued, fully paid or credited as fully paid (assuming the Over-allotment Option is fully exercised):

1 Shares in issue as of the date of this prospectus	0.01
2,967,116,119 Shares to be issued pursuant to the Capitalization Issue	29,671,161.19
<u>377,396,000</u> Shares to be issued under the Global Offering	<u>3,773,960.00</u>
<u>3,344,512,120</u> Total	<u>33,445,121.20</u>

Assumptions:

The above tables assume that: (a) the Listing becomes unconditional; and (b) the total number of CCRE Shares in issue remains unchanged from the Latest Practicable Date to the Record Date, and takes no account of any Shares which may be allotted and issued or repurchased by our Company pursuant to the general mandates granted to the Directors to issue or repurchase Shares as described below.

RANKING

The Shares will rank *pari passu* with all existing Shares in issue on the date of the allotment and issue of such Shares, and in particular will be entitled to all dividends or other distributions declared, made or paid after the date of this prospectus.

MINIMUM PUBLIC FLOAT

Pursuant to Rule 8.08(1)(a) Listing Rules, at the time of the Listing and at all times thereafter, we must maintain the minimum prescribed percentage of at least 25% of our total issued share capital in the hands of the public (as defined in the Listing Rules).

SHARE CAPITAL

GENERAL MANDATE TO ISSUE SHARES

Subject to the Listing becoming unconditional, our Directors have been granted a general mandate to allot and issue Shares. For further details of this general mandate, see “Appendix IV — Statutory and General Information — A. Further Information about our Group — 4. Written resolutions of our Sole Shareholder passed on May 12, 2021” in this prospectus.

GENERAL MANDATE TO REPURCHASE SHARES

Subject to the Listing becoming unconditional, our Directors have been granted a general mandate to repurchase Shares. For further details of this general mandate, see “Appendix IV — Statutory and General Information — A. Further Information about our Group — 4. Written resolutions of our Sole Shareholder passed on May 12, 2021” in this prospectus.

CIRCUMSTANCES UNDER WHICH GENERAL MEETING AND CLASS MEETING ARE REQUIRED

Pursuant to the Companies Act and the terms of our Articles of Association, our Company may from time to time by ordinary resolution of shareholders (i) increase its capital; (ii) consolidate and divide its capital into Shares of larger amount; (iii) divide its Shares into several classes; (iv) subdivide its Shares into Shares of smaller amount; and (v) cancel any Shares which have not been taken. In addition, our Company may subject to the provisions of the Companies Act reduce its share capital by special resolution of shareholders. For details, see “Appendix III — Summary of the Constitution of the Company and Cayman Islands Company Law — 2. Articles of Association — (a) Shares — (iii) Alteration of capital” in this prospectus.

Pursuant to the Companies Act and the terms of our Memorandum of Association and our Articles of Association, all or any of the special rights attached to our Share or any class of Shares may be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued Shares in that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the Shares in that class. For details, see “Appendix III — Summary of the Constitution of the Company and Cayman Islands Company Law — 2. Articles of Association — (ii) Variation of rights of existing shares or classes of shares” in this prospectus.

FINANCIAL INFORMATION

You should read the following discussion and analysis of our financial condition and results of operations together with our consolidated financial statements as of and for each of the years ended December 31, 2018, 2019 and 2020 and the accompanying notes included in the accountants' report set out in Appendix I to this prospectus. Our consolidated financial statements have been prepared in accordance with HKFRS. You should read the whole of the accountants' report set out in Appendix I to this prospectus and not rely merely on the information contained in this section. The following discussion and analysis contains forward-looking statements that involve risks and uncertainties. For additional information regarding these risks and uncertainties, please refer to the section headed "Risk Factors" in this prospectus.

OVERVIEW

We are the leading and a fast-growing property project management company in China in terms of the aggregate GFA sold in 2020 and the CAGR for total contract sales amount for projects under our management from 2017 to 2020, according to China Index Academy. As a project management service provider, we manage property development projects on behalf of Project Owners throughout the entire development process, and operate under an asset-light business model without bearing the land acquisition and construction costs. In 2020, our projects under management recorded an aggregate GFA sold of approximately 5.7 million sq.m., and the CAGR of total contract sales amount from 2017 to 2020 was 71.5%, both of which ranked No.1 among all of our peers in China. In addition, our newly contracted GFA in 2020 achieved 8.6 million sq.m., which ranked No. 2 amongst all project management companies in China, according to China Index Academy. In terms of aggregate GFA sold for Project Owners in 2020, our market share accounted for 29.2%. In terms of newly contracted GFA in 2020, our market share accounted for 10.6%. We are well positioned to benefit from the fast growing PRC project management industry, which is driven by rapid urbanization in the PRC, the demand for quality property development and the development of the PRC real estate market. We experienced a rapid growth of our business during the Track Record Period, with the number of projects and GFA managed by us increasing from 67 and 11.5 million sq.m. as of January 1, 2018 to 206 and 25.5 million sq.m. as of December 31, 2020, respectively.

We are committed to bringing value to our Project Owners and operate under an asset-light business model. We provide comprehensive and professional solutions to manage and optimize the entire property development and operation process for the Project Owners and create value for our Project Owners by developing high quality properties in a cost-effective manner. More importantly, we allow our Project Owners to use the "Jianye (建業)" brand for promoting and marketing projects managed by us after we are engaged to provide project management services. Leveraging the well-recognized "Jianye (建業)" brand, the real estate projects managed by us generally enjoy a premium on selling price, and our Project Owners are entitled to the proceeds received from their investments in relevant projects. During the Track Record Period and as of the Latest Practicable Date, we provided our project management services solely to commercial project management projects.

FINANCIAL INFORMATION

In consideration for the project management services we provide to Project Owners throughout each stage of the property development and operation process, we receive management fees from the Project Owners according to pre-agreed terms, which typically include, (a) base management fees based on the type, location, size and price level of the properties; and (b) incentive fees based on the sales performance. Our management fees are typically paid by the Project Owners in installments with reference to the pre-agreed milestones and/or the sales proceeds payment arrangement of the respective projects.

All projects under our management are directly managed by us, which ensures the consistent high quality of our services and enhances our operating efficiency. We do not delegate our projects to third party project management service providers. We believe our self-operated business model, our focus on the commercial project management, our cost efficiency resulted from economies of scale and geographic proximity and our pricing power supported by standardized and transparent fee rates have enabled us to achieve high profit margin.

We experienced significant growth during the Track Record Period. Our revenue increased from RMB676.4 million in 2018 to RMB1,029.0 million in 2019 and further to RMB1,152.1 million in 2020. Our net profit increased from RMB403.9 million in 2018 to RMB641.1 million in 2019 and further to RMB681.5 million in 2020. Our net profit margin for 2018, 2019 and 2020 was 59.7%, 62.3% and 59.2%, respectively.

FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our results of operations, financial condition and the period-to-period comparability of our financial results are principally affected by the following factors:

General Market Conditions and Regulatory Environment of the Real Estate Industry in the PRC

Our ability to maintain and grow our businesses depends on our ability to secure new projects for our project management services. The number of new property development projects is heavily dependent on the performance of the overall real estate market in the PRC, which is subject to the general economic conditions in the PRC, the level of urbanization, the resulting demand for properties in the PRC, and the PRC government's macroeconomic policies and measures. For example, our business and operating results have been, and will continue to be, significantly affected by governmental policies and regulations in the PRC and especially in Henan province, in particular those relating to national and regional real estate markets. In the past few years, the PRC government has implemented a series of measures to control the overheated property market, which aim to discourage speculative investments and increase the supply of affordable residential properties. From time to time, the central and local governments adjust or introduce policies and regulations relating to land grants, pre-sales of properties, bank financing and taxation, planning and zoning, building design and construction, which have significantly impacted the availability and cost of financing for real estate developers. In addition, restrictive regulations may affect the availability and cost of financing for our potential property purchasers, such as higher minimum down payment requirements, higher mortgage rates provided by commercial banks, restrictions on the

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number of properties local residents may purchase and increasing taxes on title transfer and property ownership. Although we benefit from the increasing demand for project management services from small and medium-sized real estate developers, which enables us to maintain our business at a steady level during the market downturn, any oversupply of properties or potential decline in demand for, or prices of, properties in China generally or in the regions where we operate could adversely affect our business, financial condition and results of operations.

The “Jianye (建業)” Brand and Our Quality of Services

Our financial condition and results of operations are affected by our ability to continuously maintain and enhance the “Jianye (建業)” brand recognition and quality of services. Project Owners choose to work with us primarily because of the brand name and quality project management services we provided through such brand name. The “Jianye (建業)” brand is well-recognized and ranked No. 1 among the “2020 Top 10 Real Estate Enterprise Brand Value in Central China”, according to a research conducted by the China Real Estate Top 10 Research Group. In addition to the significant brand value, we maintain higher practice standards than our industry peers, which is beneficial for brand marketing, property sales and the further increase in the brand value. Benefiting from the renowned “Jianye (建業)” brand, our Project Owners can achieve strong sales performance and their respective projects generally enjoy a premium on selling price when competing against similar products in adjacent areas, according to China Index Academy. We intend to further leverage the “Jianye (建業)” brand name to expand our operations in other provinces adjacent to Henan province, which in turn, we believe, will also further enhance our brand recognition and allow us to replicate our success in new markets. Due to our track record of providing quality project management services as evidenced by our completed projects, Project Owners prefer us over other competitors. Our ability to maintain the reputation of the “Jianye (建業)” brand and the quality of our services will significantly affect the demand for our services.

Our Ability to Retain Existing Project Owners and Attract New Project Owners

Our business and results of operations primarily depend on our ability to secure new project management contracts from existing Project Owners, as well as to attract new Project Owners in particular in provinces and cities where we plan to expand into. Our ability to win new projects from existing and new customers is affected substantially by our comprehensive service offerings, strong execution capabilities, quality services, price and brand reputation. We have been able to successfully secure new project management contracts from our existing Project Owners. Leveraging our strong execution capabilities and quality services, which provide us with the opportunity to build confidence and trust between the Project Owners and us, we were able to increase the stickiness of existing Project Owners. In addition to our existing customers, we constantly seek new Project Owners for business opportunities. Our commitment to high quality and customized services, as well as centralized business development helped us to expand our customer base and enabled us to acquire new Project Owners through word-of-mouth referrals. Any reduction in demand from our customers could have a material adverse effect on our business, financial condition, results of operations and prospects.

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Fee Model

We charge management fees for our project management services in a number of ways, which are subject to our mutual agreement with the Project Owners and are specified in our project management agreements. We typically charge the Project Owners for our services based on the size of the total GFA of the project we manage and the pre-agreed fee per sq.m. fee rate, while in some cases we may charge our management fees based on a pre-agreed percentage of the aggregate sale value of the property we manage for the Project Owners. In addition, we are also entitled to incentive fee based on our sales performance, which is negotiated on a case-by-case basis. As a result, the total GFA of the project, the profit realized from the project, the complexity of the project on which the fee rate is determined and sales performance of the property will affect our revenue and in turn our profitability. Different fee models and their respective contributions to our revenue may also affect our business and results of operations. Salaries, travel and accommodation expenses, benefits and bonuses for personnel we second to the project companies are generally paid by the Project Owners to our seconded personnel directly pursuant to the arrangement between the Project Owners and us. According to China Index Academy, such arrangement is a common industry practice, and our PRC Legal Advisors are of the view that such arrangement does not violate applicable PRC laws and regulations. We do not recognize such expenses as our personnel cost, nor do they form part of our management fees or revenue, which led to a higher net profit margin.

Prospective Licensing Fee for “Jianye (建業)” Trademarks

In anticipation of the Listing and to ensure that we will continue to be able to use “Jianye (建業)” or related trademarks and brand that we have been using in our project management business, we and CCRE plan to enter into a trademark licensing agreement for a term of ten years commencing from the Listing Date. Pursuant to the trademark licensing agreement, there are licensing fees payable by us to CCRE upon Listing in the following manner: (i) for the first year to the third year: RMB15 million per year; (ii) for the fourth year to the sixth year: RMB20 million per year; and (iii) for the seventh year to the tenth year: RMB25 million per year, calculated on a pro-rated basis for less than an entire calendar year. Please see “Connected Transactions — (C) Partially-Exempt Continuing Connected Transactions” for details. Such trademark licensing fee, which does not exist prior to the Listing, may have an adverse effect on our net profit margin, financial condition and results of operations after Listing. For further risks in this regard please see “Risk Factors — Risks Relating to Our Business and Our Industry — Any inappropriate use of any of the “Jianye (建業)” related trademarks and deterioration in the “Jianye (建業)” brand image could adversely affect our business.”

BASIS OF PREPARATION

Our Company is a holding company incorporated as an exempted company with limited liability in the Cayman Islands on October 22, 2020. Pursuant to the Reorganization, our Company became the holding company of the companies now comprising our Group on November 5, 2020, as detailed in the section entitled “History, Development and Reorganization”. Our financial information presents the consolidated results and financial position of us as if the current group structure had been in existence and remained unchanged throughout the Track Record Period.

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Prior to the incorporation of our Company, our project management business was carried out by Zhongyuan Jianye and certain other subsidiaries of CCRE (the “**Other CCRE Operating Entities**”). Apart from the project management business, these entities are also engaged in the real estate development and investment business either through separate legal entities or divisions thereof. The real estate development and investment business typically participates in land auctions, tendering or acquisitions with its own capital investment and operates under an “asset-heavy” and capital intensive business model. Our directors considered that the real estate development and investment business is objectively distinguishable from the project management business which mainly provides project management services and operates under an “asset-light” business model. Since part of our project management business functioned as divisions of Other CCRE Operating Entities, a process has been completed to specifically identify assets, liabilities, revenue, expenses and cash flows associated with the project management business in preparing our financial information. Assets, liabilities and expenses that were related to the broader business of these entities were also assessed to allocate these items between the project management business and the real estate development and investment business operated by them.

For further details, please refer to note 1 to the Accountants’ Report as set out in Appendix I to this prospectus.

The HKICPA has issued a number of new and revised HKFRSs. For the purpose of preparing our financial information, we have adopted all applicable new and revised HKFRSs that are effective during the Track Record Period, including HKFRS 9 Financial Instruments, HKFRS 15 Revenue from contracts with customers and HKFRS 16 Leases, consistently throughout the Track Record Period. We have not adopted any new standards or interpretations that are not yet effective for the accounting period beginning on January 1, 2020 except the Amendments to HKFRS 16, Covid-19-Related Rent Concessions. The revised and new accounting standards and interpretations issued but not yet effective and have not been adopted for the accounting period beginning on January 1, 2020 are set out in Note 24 of the Accountants’ Report attached as Appendix I to this prospectus.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The discussion and analysis of our financial condition and results of operations as included in this prospectus are based on our consolidated financial information prepared in accordance with the significant accounting policies, which are in conformity with HKFRSs. See Note 2 to the Accountants’ Report set forth in Appendix I to this prospectus for further details about our significant accounting policies. Accounting methods, assumptions and estimates that underlie the preparation of our consolidated financial information affect our financial condition and results of operation reported. Such assumptions and estimates are made based on historical experience and various other assumptions that we believe to be reasonable, the results of which form the basis of judgments on our carrying amounts of assets and liabilities and our results. Results may differ under different assumptions or conditions.

The selection of critical accounting policies, the judgments and other uncertainties affecting application of those policies and the sensitivity of reported results to changes in conditions and assumptions are factors to be considered when reviewing our consolidated financial information. We believe that the following accounting policies involve the most significant accounting judgments and estimates used in the preparation of our consolidated financial information.

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Revenue and other income

Income is classified by our Group as revenue when it arises from the provision of services in the ordinary course of our Group's business. Revenue is recognized when control over service is transferred to the customer, at the amount of promised consideration to which our Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Where the contract contains a financing component which provides a significant financing benefit to the customer for more than 12 months, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction with the customer, and interest income is accrued separately under the effective interest method. Where the contract contains a financing component which provides a significant financing benefit to our Group, revenue recognized under that contract includes the interest expense accreted on the contract liability under the effective interest method. Our Group takes advantage of the practical expedient in paragraph 63 of HKFRS 15 and does not adjust the consideration for any effects of a significant financing component if the period of financing is 12 months or less.

Further details of our Group's revenue and other income recognition policies are as follows:

(i) Project management service fee income

The Group's promises associated with the project management service represent one single performance obligation for the purposes of HKFRS 15 that comes with a milestone fee structure.

Our project management service fee income is recognized on a straight-line basis over the estimated service period. We estimate the length of the service period in view of uncertainties surrounding the project completion date, taking into account its historical experience and other external information including project development plan, the property sales and purchase agreements, notice of delivery and etc. The estimated service period is reassessed at the end of each reporting period and cumulative catch-up adjustment on revenue is recognized in the period in which the service period is revised. During the years ended December 31, 2018, 2019 and 2020, we recorded such adjustments, which resulted in decreases of our revenue by RMB8.2 million, RMB29.2 million and RMB25.7 million, respectively, representing 1.2%, 2.8% and 2.2% of the revenue recognized for the respective years.

Variable consideration

For project management agreements that contain variable consideration based on the future sales performance of the project, our Group estimates the amount of consideration to which it will be entitled using the most likely amount.

The estimated amount of variable consideration is included in the transaction price only to the extent that it is highly probable that such an inclusion will not result in a significant revenue reversal in the future when the uncertainty associated with the variable consideration is subsequently resolved.

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At the end of each reporting period, our Group updates the estimated transaction price (including updating its assessment of whether an estimate of variable consideration is constrained) to represent faithfully the circumstances present at the end of the reporting period and the changes in circumstances during the reporting period.

Principal versus agent

When another party is involved in providing goods or services to a customer, our Group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e. our Group is a principal) or to arrange for those goods or services to be provided by the other party (i.e. our Group is an agent).

Our Group is a principal if it controls the specified good or service before that good or service is transferred to a customer. Our Group is an agent if its performance obligation is to arrange for the provision of the specified good or service by another party. In this case, our Group does not control the specified good or service provided by another party before that good or service is transferred to the customer. When our Group acts as an agent, it recognizes revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party.

(ii) Interest income

Interest income is recognized as it accrues under the effective interest method using the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. For financial assets measured at amortized cost that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit-impaired financial assets, the effective interest rate is applied to the amortized cost (i.e. gross carrying amount net of loss allowance) of the asset.

(iii) Dividend income

Dividend income from unlisted investments is recognized when the shareholder's right to receive payment is established.

Consolidation and combination

Subsidiaries are entities controlled by our Group. Our Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether our Group has power, only substantive rights (held by our Group and other parties) are considered.

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An investment in a subsidiary is included into our historical financial information from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealized profits arising from intra-group transactions are eliminated in full in preparing the Historical Financial Information. Unrealized losses resulting from intra-group transactions are eliminated in the same way as unrealized gains but only to the extent that there is no evidence of impairment.

Credit losses and impairment of assets

(i) Credit losses from financial instruments and contract assets

We recognize a loss allowance for expected credit losses (ECLs) on the following items:

- financial assets measured at amortized cost (including cash and cash equivalents and trade and other receivables); and
- contract assets as defined in HKFRS 15.

(ii) Impairment of other non-current assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, an impairment loss previously recognized no longer exists or may have decreased:

- property, plant and equipment, including right-of-use assets;
- intangible assets;
- investment in an associate; and
- investment in a subsidiary in the Company's statement of financial position.

If any such indication exists, the asset's recoverable amount is estimated.

For details in connection with measurement of ECLs, calculation of recoverable amount, our write-off policy and recognition/reversal of impairment losses, please see Note 2 to the Accountants' Report set forth in Appendix I to this prospectus.

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PRINCIPAL COMPONENTS OF CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

The following table sets forth a summary, for the periods indicated, of our consolidated results of operations.

	Year ended December 31,		
	2018	2019	2020
	RMB'000	RMB'000	RMB'000
Revenue	676,399	1,028,995	1,152,082
Other income	649	1,545	5,787
Personnel cost	(69,650)	(134,151)	(168,468)
Depreciation and amortization expenses	(2,025)	(8,272)	(12,916)
Listing expenses	—	—	(10,448)
Other operating expenses	(55,385)	(26,692)	(38,539)
Expected credit losses on trade and other receivables and contract assets	(5,605)	(2,967)	(13,774)
Finance costs	(45)	(242)	(389)
Share of profit/(loss) of an associate	—	8	(998)
Profit before taxation	544,338	858,224	912,337
Income tax	(140,461)	(217,127)	(230,867)
Profit for the year	<u>403,877</u>	<u>641,097</u>	<u>681,470</u>

Revenue

During the Track Record Period, we generated revenue and received management fees from the provision of project management services, which was primarily contributed by projects managed by us in Henan province, representing 100.0%, 99.4% and 96.6% of our revenue for relevant periods. Our customer base is diversified and except for CCRE and its subsidiaries, joint ventures and associates, no single customer contributed to 10% or more of our revenue during the Track Record Period. Primary factors affecting our revenue include scale of our business, number of projects and total contracted GFA under our management, milestones and progress of projects under our management and our sales strategy. Our revenue increased from RMB676.4 million in 2018 to RMB1,029.0 million in 2019, and further increased to RMB1,152.1 million in 2020. The increases in our revenue during the Track Record Period were primarily attributable to the increased number of projects and total contracted GFA under our management.

As at December 31, 2018, 2019 and 2020, the aggregated amount of the transaction price allocated to the remaining performance obligations under our existing contracts is RMB1.6 billion, RMB2.0 billion and RMB2.8 billion, respectively. This amount represents revenue expected to be recognized in the future from our project management service contracts entered into between the Project Owners and us. We will recognize the expected revenue in the future when or as the control is transferred or by measuring the progress towards complete satisfaction of the performance obligation, which is expected to occur over the next 12 to 48 months. Such amount does not include any amounts of incentive fee that we may earn in the future by meeting the conditions set out in our project management agreements with Project Owners, unless at the reporting date it is highly probable that we will satisfy the conditions for earning those bonuses.

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As of December 31, 2018, 2019, 2020 and the Latest Practicable Date, we had 105, 147, 206 and 234 projects under management, respectively. The table below sets forth the breakdown and changes of number of projects under our management for the periods indicated:

	Number of Projects Under Management			
	At the Beginning of the Period	Newly Contracted	Completed⁽¹⁾	At the End of the Period
2018	67	39	1	105
2019	105	58	16	147
2020	147	80	21	206
From December 31, 2020 to the Latest Practicable Date	206	30	2	234

Note:

(1) A project under our management is considered completed only when all phases of such project are completed.

The table below sets forth a breakdown of projects under our management by their locations as of December 31, 2020:

	As of December 31, 2020	
	Number of projects we managed⁽¹⁾	GFA under management⁽¹⁾⁽²⁾ (in thousands of sq. m)
Henan Province		
Prefecture-level Cities or above	47	5,947
Countries and County-level Cities	146	18,274
Other provinces	13	1,322
Total	206	25,543

Notes:

(1) The numbers of the projects and their respective GFA managed by us in the preceding table only included those projects remained under our management as of the date indicated.

(2) The numbers of respective GFA managed by us in the preceding table are calculated based on the GFA set forth in the respective project management agreements.

In the years ended December 31, 2018, 2019, 2020 and the Latest Practicable Date, we recorded newly contracted GFA achieving 4.6 million sq.m., 8.3 million sq.m., 8.6 million sq.m. and 3.2 million sq.m., respectively. Our newly contracted GFA in 2019 ranked No. 2 amongst all project management companies in China, according to China Index Academy. We recorded a higher growth of newly contracted projects under management and newly contracted GFA in 2019 primarily due to our expanded operations and the word-of-mouth

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recommendations of our existing customers for new projects under management. The table below sets forth the breakdown of GFA information of projects under our management for the periods indicated:

	GFA Under Management ⁽¹⁾					
	At the Beginning of the Period	Newly Contracted	Completed (in thousands of sq. m)	At the end of the Period	Under Construction ⁽²⁾	To be Constructed
2018.	11,493	4,588	984	15,097	9,838	5,259
2019.	15,097	8,349	2,312	21,134	16,152	4,982
2020.	21,134	8,581	4,172	25,543	21,839	3,704
From December 31, 2020 to the Latest Practicable Date	25,543	3,237	387	28,393	24,176	4,217

Notes:

- (1) The number of GFA under our management as disclosed in the preceding table is calculated based on the GFA set forth in the respective project management agreements.
- (2) The GFA of projects under construction as disclosed in the preceding table only included those projects for which the respective Project Owner had received the construction permit.

Other income

During the Track Record Period, our other income primarily reflected our interest income on financial assets measured at amortized cost, which mainly represented our cash at bank and a loan lent to an Independent Third Party in 2020 as explained below. Set forth below is our other income in absolute amounts and as a percentage of our revenue for the periods indicated:

	Year ended December 31,					
	2018		2019		2020	
	RMB'000	%	RMB'000	%	RMB'000	%
Interest income on financial assets measured at amortized cost	649	0.1%	1,377	0.2%	5,458	0.5%
Others	—	—	168	0.0%	329	0.0%
	<u>649</u>	<u>0.1%</u>	<u>1,545</u>	<u>0.2%</u>	<u>5,787</u>	<u>0.5%</u>

Throughout the Track Record Period, our other income increased in absolute primarily due to the interest income we received from our bank deposit and a RMB100 million loan we lent to an Independent Third Party with an annualized interest rate of 18%. Such third party is one of our customers who was in need of a bridge loan. We cooperated with such customer for our first project in the Shaanxi province with an aim to expand our project management business into the Shaanxi province. Having considered that this customer is a strategic and creditable customer, and that the loan is expected to last for a very short term, we advanced a loan to such customer for a period of three months. As of December 31, 2020, such loan had been fully repaid in cash by the third party upon its maturity and we do not plan to enter into similar arrangements going forward.

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According to our PRC Legal Advisors, the Lending General Provisions promulgated by the PBOC in 1996 (中國人民銀行貸款通則) (the “**Lending General Provisions**”) prohibit lending between enterprises without authorization. According to the Lending General Provisions, in a case where enterprises engage in borrowing and lending without authorization, the PBOC may impose a fine on the lending party in an amount equal to one to five times of the illegal proceeds generated from the lending activity, and concurrently, invalidate such lending activity. Our PRC Legal Advisors are of the view that, since (i) the above-mentioned financing arrangement is not our ordinary business operation; and (ii) the loan to the third party had been repaid in full and such financing arrangement had ceased, the risk of the PBOC imposing any penalty on us is low.

Personnel cost

Our personnel cost is our largest cost item which primarily comprises base salary and bonus, social insurance and other benefits and equity settled shared-based payment by the Parent paid to our employees. Such cost does not include salary, bonus, social insurance and housing funds, and other benefits and fees paid to our employees who are seconded to relevant project companies in connection with real property development projects managed by us, which are borne by respective Project Owners and paid by the Project Owners to the seconded personnel directly. According to China Index Academy, such arrangement is a common industry practice, and our PRC Legal Advisors are of the view that such arrangement does not violate applicable PRC laws and regulations. We do not recognize such expenses relating to seconded employees as our management fees or revenue, nor do we book them as our personnel cost. In 2018, 2019 and 2020, our personnel cost amounted to RMB69.7 million, RMB134.2 million and RMB168.5 million, respectively, representing 10.3%, 13.0% and 14.6% of our revenue for the respective periods.

Set forth below is our personnel cost in absolute amounts and as a percentage of our revenue for the periods indicated:

	Year ended December 31,					
	2018		2019		2020	
	RMB'000	%	RMB'000	%	RMB'000	%
Salaries, wages and other benefits	64,181	9.4%	127,296	12.3%	165,267	14.3%
Contributions to defined contribution retirement plan . . .	2,409	0.4%	4,132	0.4%	2,030	0.2%
Equity settled share-based payment expenses	3,060	0.5%	2,723	0.3%	1,171	0.1%
	<u>69,650</u>	<u>10.3%</u>	<u>134,151</u>	<u>13.0%</u>	<u>168,468</u>	<u>14.6%</u>

Our personnel cost increased primarily due to a significant increase in our headcounts in our headquarters and regional branch offices from 21 as of December 31, 2018 to 274 as of December 31, 2019 in relation to our expansion and establishment of regional branches in 2019, and further to 440 as of December 31, 2020. Our personnel cost increased in 2020 primarily due to increased headcount along with our continued expansion.

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Depreciation and amortization expenses

Our depreciation and amortization expenses primarily comprises depreciation of owned property, plant, equipment and right-of-use assets and amortization of intangible assets. Our intangible assets reflect our right to use certain software in connection with our project management business. In 2018, 2019 and 2020, our depreciation and amortization expenses amounted to RMB2.0 million, RMB8.3 million and RMB12.9 million, respectively, representing 0.3%, 0.8% and 1.1% of our revenue for the respective periods. Throughout the Track Record Period, our depreciation and amortization expenses continued to increase in absolute amounts primarily as a result of increase in office leases relating to our expansion and purchases of certain office equipment and software from third party vendors for enhancing our operation efficiency.

Set forth below is a breakdown of our depreciation and amortization expenses in absolute amounts and as a percentage of our revenue for the periods indicated:

	Year ended December 31,					
	2018		2019		2020	
	RMB'000	%	RMB'000	%	RMB'000	%
Depreciation charge						
— Owned property, plant and equipment	262	0.0%	3,682	0.4%	6,012	0.5%
— Right-of-use assets.	541	0.1%	3,133	0.3%	5,646	0.5%
	803	0.1%	6,815	0.7%	11,658	1.0%
Amortization cost of intangible assets	1,222	0.2%	1,457	0.1%	1,258	0.1%
	2,025	0.3%	8,272	0.8%	12,916	1.1%

Listing expenses

Our listing expenses primarily comprise of professional fees paid to external financial, legal and reporting accountants in connection with our Listing. In 2020, our listing expenses amounted to RMB10.4 million, representing 0.9% of our revenue for the respective period. Based on the mid-point of the indicative Offer Price range of HK\$2.80 per Share and assuming no Over-allotment Option will be exercised, the total listing expenses in connection with the Spin-off and the Global Offering, including underwriting commission, is estimated to be approximately RMB84.1 million, of which (i) RMB29.2 million is borne by CCRE; and (ii) the remaining RMB54.9 million is borne by us.

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Other operating expenses

Our other operating expenses primarily comprises corporate overhead and business, office and travelling expenses. In 2018, 2019 and 2020, our other operating expenses amounted to RMB55.4 million, RMB26.7 million and RMB38.5 million, respectively, representing 8.2%, 2.6% and 3.3% of our revenue for the respective years.

Set forth below is our other operating expenses in absolute amounts and as a percentage of our revenue for the periods indicated:

	Year ended December 31,					
	2018		2019		2020	
	RMB'000	%	RMB'000	%	RMB'000	%
Corporate overhead	44,741	6.6%	412	0.0%	249	0.0%
Business development and promotion expenses	3,558	0.5%	12,943	1.3%	15,721	1.4%
Business consultancy expenses .	1,346	0.2%	2,414	0.2%	2,980	0.3%
Office and travelling expenses . .	5,248	0.8%	10,659	1.1%	18,277	1.5%
Others*	492	0.1%	264	0.0%	1,312	0.1%
	<u>55,385</u>	<u>8.2%</u>	<u>26,692</u>	<u>2.6%</u>	<u>38,539</u>	<u>3.3%</u>

* Others primarily include insurance expenses, bank charges and other miscellaneous expenses.

In 2018, since we were part of CCRE and did not have our own regional branches, our project management business was carried out by Zhongyuan Jianye and certain other subsidiaries of CCRE (the "Other CCRE Operating Entities"). Apart from the project management business, these entities are also engaged in the real estate development and investment business either through separate legal entities or divisions thereof. Since part of our project management business functioned as divisions of Other CCRE Operating Entities, a process has been completed to specifically identify assets, liabilities, revenue, expenses and cash flows associated with our Group in preparing our historical financial information as detailed in note 1 of the Accountants' Report as set out in Appendix I to the prospectus. In addition, a significant portion of our corporate overhead expenses in 2018 was related to our marketing and business development activities, which was categorized under corporate overhead due to cost sharing arrangement with CCRE.

As the penetration rate of our project management business in Henan province continued to increase and our services become well recognized, our spending on marketing and business development decreased significantly in 2019, which was included in our corporate overhead expenses in 2018 as explained above. Also, in 2019, we established our own regional branches and ceased relevant employee sharing arrangement with CCRE. Instead, we recruited our own employees in various regional branches, which improved our overall operating efficiency and lowered our other operating expenses in 2019 due to significant decreases in our travel and office expenses, which was also included in our corporate overhead expenses in 2018 due to cost sharing arrangement with CCRE. Our other operating expenses increased in 2020, primarily due to an increase in our office and travel expenses as a result of our increased number of projects and contracted GFA under our management and increased number of employees along with our expansion.

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Expected credit losses on trade and other receivables and contract assets

Our credit risk is primarily attributable to our trade receivables, contract assets and other receivables, including amounts due from related parties. In 2018, 2019 and 2020, our expected credit losses on trade and other receivables amounted to RMB5.6 million, RMB3.0 million and RMB13.8 million, respectively, representing 0.8%, 0.3% and 1.2% of our revenue for the respective periods. During the Track Record Period, the fluctuations of our expected credit losses on trade and other receivables and contract assets were largely in line with the increase of balances for receivables and contract assets.

Set forth below is our expected credit losses on trade and other receivables and contract assets in absolute amounts and as a percentage of our revenue for the periods indicated:

	Year ended December 31,					
	2018		2019		2020	
	RMB'000	%	RMB'000	%	RMB'000	%
Expected credit loss on trade receivables and contract assets	5,497	0.8%	2,732	0.3%	13,517	1.2%
Expected credit loss on other receivables	108	0.0%	235	0.0%	257	0.0%
	<u>5,605</u>	<u>0.8%</u>	<u>2,967</u>	<u>0.3%</u>	<u>13,774</u>	<u>1.2%</u>

Throughout the Track Record Period, we provided for expected credit losses on trade and other receivables and contract assets in accordance with our accounting policies and estimates, which primarily reflected our increased revenue and trade receivables and contract assets we recorded along with our expansion. Our expected credit losses on trade and other receivables as a percentage of our revenue remained relatively stable during the Track Record Period.

Finance Costs

Our finance costs primarily comprise of interest on lease liabilities in relation to our office lease. In 2018, 2019 and 2020, our finance costs amounted to RMB45,000, RMB242,000 and RMB389,000, respectively.

Share of profit/loss of an associate

Our share of profit of an associate primarily arises from share of profit or loss in connection with the 20% minority interest held by us in Biyang Jianheng Real Estate Development Co., Ltd. (泌陽縣建恒房地產開發有限公司), which holds one of the project companies managed by us located in Biyang, Henan province. As the project is still under development, the project recorded a loss in 2020 which lead to our share of loss of an associate of RMB1.0 million in 2020. Our management is of the view that share of profit/loss of this associate of our Group does not have a significant impact to our financial position and results of operations.

FINANCIAL INFORMATION

Income Tax

Our income tax primarily comprises current tax and movements in deferred tax assets and liabilities. Set forth below is a breakdown of our income tax expense and percentage of our revenue for the periods indicated:

	Year ended December 31,					
	2018		2019		2020	
	RMB'000	%	RMB'000	%	RMB'000	%
Current tax						
PRC Corporate Income Tax.	141,862	21.0%	217,869	21.2%	234,311	20.3%
Deferred tax						
Origination and reversal of temporary differences	(1,401)	(0.2%)	(742)	(0.1%)	(3,444)	(0.3%)
	140,461	20.8%	217,127	21.1%	230,867	20.0%

TAXATION

Under the current laws of the Cayman Islands and the BVI, we are not subject to income tax or capital gains tax in the Cayman Islands and the BVI. Additionally, dividend payments made by us are not subject to withholding tax in the Cayman Islands and the BVI.

The income tax rate applicable to group entities incorporated in Hong Kong for the income subject to Hong Kong profits tax during the Track Record Period is 16.5%. No provision for Hong Kong profits tax has been made because our Group did not earn any income subject to Hong Kong profits tax during the Track Record Period.

The provision for PRC corporate income tax is based on the respective applicable rates on the estimated assessable profits of the PRC subsidiaries as determined in accordance with the relevant income tax rules and regulations of the PRC. Our Group was charged PRC corporate income tax at a rate of 25% on the estimated assessable profits for the year.

Our effective tax rate for the year ended December 31, 2018, 2019 and 2020 was 25.8%, 25.3% and 25.3%, respectively.

FINANCIAL INFORMATION

RESULTS OF OPERATIONS

Year Ended December 31, 2019 Compared to Year Ended December 31, 2020

Revenue

Our revenue increased by 12.0% from RMB1,029.0 million in 2019 to RMB1,152.1 million in 2020, primarily due to increases in number of projects and total GFA under our management from 147 projects and 21.1 million sq.m. as of December 31, 2019 to 206 projects and 25.5 million sq.m. as of December 31, 2020, which reflected the strong demand for project management services as the PRC project management market continues to grow.

Other income

Our other income increased by 274.6% from RMB1.5 million in 2019 to RMB5.8 million in 2020, primarily due to interest income resulting from a loan we extended to an Independent Third Party for the period from April 10, 2020 to June 25, 2020.

Personnel cost

Our personnel cost increased by 25.6% from RMB134.2 million in 2019 to RMB168.5 million in 2020, primarily due to an increase in employee salary as a result of our increased headcount along with our continued expansion.

Depreciation and amortization expenses

Our depreciation and amortization expenses increased by 56.1% from RMB8.3 million in 2019 to RMB12.9 million in 2020, primarily due to increase in office lease and decoration expenses relating to our expansion.

Other operating expenses

Our other operating expenses increased by 44.4% from RMB26.7 million in 2019 to RMB38.5 million in 2020, primarily due to an increase in our office and travel expenses as a result of our increased number of projects and contracted GFA under our management, as well as the increased number of our employees along with our expansion.

Expected Credit losses on trade and other receivables and contract assets

Our expected credit losses on trade and other receivables and contract assets increased by 364.2% from RMB3.0 million in 2019 to RMB13.8 million in 2020, primarily due to an increase in our trade receivables and contract assets along with our expansion, and, to a lesser extent, due to the extended collection time for some of our trade receivables as a result of the COVID-19 pandemic, which were taken into account by our management in the estimate of the expected credit losses for the receivable balances as at December 31, 2020.

Finance costs

Our finance costs increased by 60.7% from RMB242,000 in 2019 to RMB389,000 in 2020, primarily due to the interest on lease liabilities in relation to our office lease.

FINANCIAL INFORMATION

Profit before taxation

As a result of the foregoing, our profit before taxation increased by 6.3% from RMB858.2 million in 2019 to RMB912.3 million in 2020, primarily due to an increase in revenue generated from our operations.

Income tax

Our income tax expenses increased by 6.3% from RMB217.1 million in 2019 to RMB230.9 million in 2020, primarily as a result of an increase in taxable income generated from our operations in 2020.

Profit for the year

As a result of the foregoing, our profit for the year increased by 6.3% from RMB641.1 million in 2019 to RMB681.5 million in 2020, primarily due to an increase in revenue generated from our operations. Our net profit margin in 2019 and 2020 was 62.3% and 59.2%, respectively, which remained relatively stable.

Year Ended December 31, 2018 Compared to Year Ended December 31, 2019

Revenue

Our revenue increased by 52.1% from RMB676.4 million in 2018 to RMB1,029.0 million in 2019, primarily due to increases in number of projects and total GFA under our management from 105 projects and 15.1 million sq.m. as of December 31, 2018 to 147 projects and 21.1 million sq.m. as of December 31, 2019, which reflected the strong demand for project management services as the PRC project management market continues to grow.

Other income

Our other income increased by 138.1% from RMB0.6 million in 2018 to RMB1.5 million in 2019, primarily due to increased interest income as a result of our higher cash balance.

Personnel cost

Our personnel cost increased by 92.6% from RMB69.7 million in 2018 to RMB134.2 million in 2019, primarily due to an increase in employee salaries as a result of our increased headcount in 2019.

Depreciation and amortization expenses

Our depreciation and amortization expenses increased by 308.5% from RMB2.0 million in 2018 to RMB8.3 million in 2019, primarily due to increase in office lease and decoration expenses relating to our expansion and establishment of regional branches in 2019.

Other operating expenses

Our other operating expenses decreased by 51.8% from RMB55.4 million in 2018 to RMB26.7 million in 2019, primarily because we ceased to share operating expenses of CCRE from January 2019.

FINANCIAL INFORMATION

Expected credit losses on trade and other receivables and contract assets

Our expected credit losses on trade and other receivables and contract assets decreased by 47.1% from RMB5.6 million in 2018 to RMB3.0 million in 2019, primarily due to our increased revenue and trade receivables we recorded along with our expansion.

Finance Costs

Our finance costs increased by 437.8% from RMB45,000 in 2018 to RMB242,000 in 2019, primarily due to the interest on lease liabilities in relation to our office lease.

Share of profit/loss of an associate

We recorded share of profit of an associates of RMB8,000 in 2019, primarily due to our share of interest income recorded by such associate.

Profit before taxation

As a result of the foregoing, our profit before taxation increased by 57.7% from RMB544.3 million in 2018 to RMB858.2 million in 2019, primarily due to an increase in revenue generated from our operations.

Income tax

Our income tax expenses increased by 54.6% from RMB140.5 million in 2018 to RMB217.1 million in 2019, primarily as a result of an increase in taxable income generated from our operations in 2019.

Profit for the year

As a result of the foregoing, our profit for the year for the year increased by 58.7% from RMB403.9 million in 2018 to RMB641.1 million in 2019, primarily due to an increase in revenue generated from our operations. Our net profit margin in 2018 and 2019 was 59.7% and 62.3%, respectively, which remained relatively stable.

FINANCIAL INFORMATION

ANALYSIS OF SELECTED FINANCIAL POSITION ITEMS

Consolidated Statements of Financial Position

	As at December 31,		
	2018	2019	2020
	RMB'000	RMB'000	RMB'000
Non-current assets			
Property, plant and equipment	1,342	24,369	24,342
Intangible assets	1,591	1,813	1,128
Interest in an associate	—	4,008	3,010
Deferred tax assets	2,345	3,087	6,531
	<u>5,278</u>	<u>33,277</u>	<u>35,011</u>
Current assets			
Contract assets	134,911	194,148	238,149
Trade and other receivables	972,949	804,431	1,017,292
Cash and cash equivalents	85,384	345,381	384,599
	<u>1,193,244</u>	<u>1,343,960</u>	<u>1,640,040</u>
Current liabilities			
Trade and other payables	61,217	170,563	113,885
Contract liabilities	377,381	398,784	474,949
Lease liabilities	568	4,564	7,281
Current taxation	82,980	52,067	66,473
	<u>522,146</u>	<u>625,978</u>	<u>662,588</u>
Net current assets	<u>671,098</u>	<u>717,982</u>	<u>977,452</u>
Non-current liabilities			
Lease liabilities	—	4,528	5,071
NET ASSETS	<u>676,376</u>	<u>746,731</u>	<u>1,007,392</u>
TOTAL EQUITY	<u>676,376</u>	<u>746,731</u>	<u>1,007,392</u>

FINANCIAL INFORMATION

Trade and Other Receivables

The following table sets forth a breakdown of our trade and other receivables as of the dates indicated:

	As at December 31,		
	2018	2019	2020
	RMB'000	RMB'000	RMB'000
Trade debtors and bills receivable	22,213	39,300	156,748
Less: allowance for credit losses	(4,495)	(4,935)	(14,779)
Trade debtors and bills receivable, net of loss allowance	17,718	34,365	141,969
Amounts due from related parties			
Trade related:	8,585	3,426	795
Non-trade related:	946,263	762,976	868,418
Amounts due from other debtors	353	2,085	3,630
Financial assets measured at amortised cost . .	<u>972,919</u>	<u>802,852</u>	<u>1,014,812</u>
Deposits and prepayments	<u>30</u>	<u>1,579</u>	<u>2,480</u>
Total	<u><u>972,949</u></u>	<u><u>804,431</u></u>	<u><u>1,017,292</u></u>

Trade and Other Receivables

Our trade and other receivables mainly comprise of trade debtors and bills receivable (net of loss allowance), amounts due from related parties, amounts due from other debtors, and deposits and prepayments.

Our trade and other receivables decreased from RMB972.9 million as of December 31, 2018 to RMB804.4 million as of December 31, 2019, primarily due to a RMB169.1 million decrease in amount due from CCRE China as part of the outstanding balance was offset by our dividend distribution to CCRE China, which was partially offset by a RMB16.6 million increase in our trade receivables as a result of our business expansion.

Our trade and other receivables increased from RMB804.4 million as of December 31, 2019 to RMB1.0 billion as of December 31, 2020, primarily due to a RMB102.7 million increase in amount due from CCRE and a RMB107.6 million increase in trade receivables resulted from an increase in number of projects managed by us along with our business expansion.

As of December 31, 2018, 2019 and 2020, the carrying amount of our trade and other receivables from our related parties was RMB954.8 million, RMB766.4 million and RMB869.2 million, respectively, while the carrying amount of our trade and other receivables from Independent Third Parties was RMB18.1 million, RMB38.0 million and RMB148.1 million, respectively.

Trade Debtors and Bills Receivable

Movements of our trade debtors and bills receivable (net of loss allowance) primarily reflect the timing of payment by our Project Owners.

FINANCIAL INFORMATION

Amounts Due from Related Parties

Movements of amounts due from related parties primarily reflect the outstanding inter-company balances, mainly with CCRE China which accounted for 95.2%, 96.6% and 97.0% of the amount due from related parties as of December 31, 2018, 2019 and 2020.

Amounts Due from Other Debtors

Movements of amounts due from other debtors primarily reflect certain expenses, mainly provident housing fund and social insurance contributions for our seconded employees that we paid to government authorities on behalf of the Project Owners. According to the project management agreements with the Project Owners, the Project Owners are responsible for the remuneration of the seconded employees, including their provident housing fund and insurance contributions. As the government authorities in practice only accept contribution payment from employers, we, as the employer of the seconded employees, pay the contribution amount directly to the government authorities on behalf of the Project Owners, for which we recorded as other debtors, and the Project Owners shall repay to us around year-end time. Such amounts are generally settled by the Project Owners within one year. During each year in the Track Record Period, we made payment for provident housing fund and social insurance contributions for our seconded employees on behalf of the Project owners was nil, RMB3.4 million and RMB18.6 million respectively. The Project Owners settled such payment on behalf with us regularly and usually towards the end of each year. The balance as at each of the period end in the Track Record Period was nil, RMB1.8 million and RMB3.3 million respectively.

Deposits and Prepayments

Movement of deposits and prepayments primarily reflect the prepaid deposits in connection with our short-term leases.

Temporary Adjustment on Collection Policies for COVID-19

We generally do not offer credit period for our customers. In March 2020, we made a temporary adjustment to our trade receivables collection policies with an aim to apply a dynamic and more flexible approach in collecting our trade receivables and to ease the cash flow of our Project Owners. We take into consideration, among others, relevant project company's cash burn, progress of construction, sales performance and cash flow level to adjust the amounts and due dates for such trade receivables to be collected from time to time and on an ad hoc basis. We extended the trade receivables collection periods of four Project Owners whose projects experienced delays in construction or launch due to the COVID-19 outbreak, with the extended collection periods ranging from two months to six months and an aggregate trade receivables of RMB94.6 million. As of the Latest Practicable Date, we have collected all of such trade receivables. We currently expect to terminate this temporary adjustment of our collection policies when the COVID-19 outbreak becomes under control. Except for the exceptional cases mentioned above, we did not offer credit period for other customers.

FINANCIAL INFORMATION

Trade receivables Turnover Days

The table below sets out our trade receivables turnover days for the periods indicated:

	For the Year Ended December 31,		
	2018	2019	2020
Trade receivables turnover days	14	11	29
— Amounts due from related parties	20	15	5
— Amounts due from Independent Third Parties	13	11	31

Our trade receivables turnover days are calculated by dividing the average balance of the opening and closing trade receivables of the relevant period by revenue in that relevant period, then multiplied by the number of days in such relevant period, being 365 days for a full-year. Our trade receivables turnover days remained relatively stable in 2018 and 2019, and the increase in trade receivables turnover days in 2020 primarily reflected the significant increase in our trade receivables in the same period. There was no material difference in our turnover days for trade and other receivables by related parties and Independent Third Parties during the Track Record Period except that in 2020 the turnover days for related parties was significant lower due to the decrease in the trade-related amount due from related parties as at December 31, 2020. The increase in our trade receivables turnover days during the Track Record Period were mainly due to the different milestones set for our projects under management as agreed with our Project Owners, which led to an extended time gap between our provision of services and fee collection. In 2020, our trade receivables turnover days was also affected by our increased trade receivables as a result of the COVID-19 situation.

Subsequent Settlement

As of the Latest Practicable Date, we had collected RMB50.6 million on trade debtors and bills receivables, RMB0.8 million on trade nature amounts due from related parties, RMB843.2 million on non-trade related amounts due from related parties and RMB0.7 million on amounts due from other debtors, representing 35.7%, 100.0%, 97.1% and 18.3% of our trade debtors and bills receivables, trade nature amounts due from related parties, non-trade related amounts due from related parties and amounts due from other debtors outstanding as of December 31, 2020, respectively. Our Directors confirm that all amounts due from CCRE and other related parties which are non-trade in nature will be cleared and settled on or prior to the Listing. The details of our subsequent settlement are set out in the table below:

	As at December 31, 2020	Subsequent settlement as of the Latest Practicable Date	
	RMB'000	RMB'000	%
Trade debtors and bills receivable, net of loss allowance	141,969	50,630	35.7%
Amounts due from related parties			
Trade related:	795	795	100.0%
Non-trade related:	868,418	843,220	97.1%
Other debtors	3,630	665	18.3%
Deposits and prepayments	2,480	—	—
Total	<u>1,017,292</u>	<u>895,310</u>	

FINANCIAL INFORMATION

The following table sets out the aging analysis and subsequent settlement as of the Latest Practicable Date of our trade receivables as of the dates indicated:

	Subsequent settlement as of the Latest Practicable Date			Subsequent settlement as of the Latest Practicable Date			Subsequent settlement as of the Latest Practicable Date		
	As at December 31, 2018		As at December 31, 2019	As at December 31, 2020		As at December 31, 2020	As at December 31, 2020		
	RMB'000	%		RMB'000	%		RMB'000	%	
Within 3 months	4,799	100.0%	18,169	100.0%	92,465	40.8%	37,726	40.8%	
3 months to 6 months	1,089	100.0%	6,355	15.8%	27,158	29.4%	7,988	29.4%	
6 months to 1 year	9,775	66.3%	8,150	100.0%	27,547	14.5%	3,981	14.5%	
over 1 year	6,550	100.0%	6,626	50.3%	9,578	9.8%	935	9.8%	
Trade debtors and bills receivable	22,213	85.2%	39,300	78.0%	156,748	32.3%	50,630	32.3%	
Less: allowance for credit losses	(4,495)		(4,935)		(14,779)				
Trade debtors and bills receivable, net of loss allowance	17,718	> 100%	34,365	89.2%	141,969	35.7%	50,630	35.7%	

In respect of our trade receivables aged over 3 months, considering that (i) we periodically review our trade receivables and the operations of the project companies to assess recoverability and accrue any estimated credit loss as appropriate and (ii) we had a good track record in subsequent settlement of outstanding trade receivables aged in the past, our Directors are of the view that there is no material recoverability issue based on our past experience and the actual settlement we received. We will continuously monitor and take follow-up actions to recover overdue debtors and provide additional allowance for our receivables should the need arises. As of the Latest Practicable Date, RMB30.7 million and RMB50.6 million, representing approximately 89.2% and 35.7% of our trade debtors and bills receivables, net of loss allowance as of December 31, 2019 and December 31, 2020, had been settled. The subsequent settlement of trade receivable as of December 31, 2020 up to the Latest Practicable Date, which amounted to about 35.7%, had been affected by the Chinese New Year holiday during February 2021. Settlement during such festive period is usually slower than the other times during a year. In our experience, our subsequent settlement level would be higher after March. Given that we have a deep understanding of our customers' projects as we are closely monitoring and managing our customers' projects, we consider that our trade receivable do not have material recoverability issue.

Contract Assets

The following table sets forth a breakdown of contract assets as of the dates indicated:

	As at December 31,		
	2018	2019	2020
	RMB'000	RMB'000	RMB'000
Contract assets from related parties	17,184	15,901	27,695
Contract assets from Independent Third Parties	117,727	178,247	210,454
Total	134,911	194,148	238,149

FINANCIAL INFORMATION

Our contract assets mainly represented our right to consideration for work completed but not billed because such right remains subject to our future performance in achieving specified milestones stipulated in the relevant project management agreements. The contract assets will be transferred to trade receivables when the rights become unconditional. Our contract assets were RMB134.9 million, RMB194.1 million and RMB238.1 million as of December 31, 2018, 2019 and 2020, respectively. The changes of our contract assets during the Track Record Period mainly reflected the state of our billing, the development stages of the projects we had and our continued expansion of our business. Specifically, our contract assets continued to increase during the Track Record Period primarily due to (i) the increases in our number of projects under management, (ii) the extended time between commencement of construction to delivery as certain projects under our management had larger land parcels which took longer to develop and (iii) some of the projects take a longer time to achieve the milestone for invoice which depends on the actual timing of construction, sales and marketing strategy. All of our contract assets are expected to be recovered within one year from the execution of relevant project management agreements.

Our trade and other receivables (except for the amount due from related parties that is non-trade in nature) and contract assets turnover days were 74 days, 70 days and 99 days for the years ended December 31, 2018, 2019 and 2020, respectively. Our trade receivables and contract assets turnover days were 62 days, 70 days and 97 days for the years ended December 31, 2018, 2019 and 2020, respectively. The increase in 2020 primarily reflected our business expansion which led to a higher balance for our contract assets.

As of March 31, 2021, RMB56.1 million of our contract assets as of December 31, 2020 were certificated, which was transferred into trade and other receivables or settled by our customers, representing 23.5% of our contract assets outstanding as of December 31, 2020. Such certificated amount consisted of RMB7.2 million from our related parties and RMB48.9 million from Independent Third Parties, respectively, representing 26.0% and 23.2% of our contract assets outstanding from related parties and Independent Third Parties as of December 31, 2020, respectively.

The table below sets forth an aging analysis of our contract assets and allowance for credit losses presented based on the revenue recognition date as of the dates indicated:

	As at December 31,		
	2018	2019	2020
	RMB'000	RMB'000	RMB'000
Within 1 year	136,779	185,172	213,123
1–2 years	2,018	15,474	32,173
2–3 years	—	—	3,219
Over 3 years	—	—	—
Contract assets	138,797	200,646	248,515
Less: allowance for credit losses	<u>(3,886)</u>	<u>(6,498)</u>	<u>(10,366)</u>
Contract assets, net of allowance for credit losses.	<u>134,911</u>	<u>194,148</u>	<u>238,149</u>
Subsequent certification amount as of			
March 31, 2021	135,877	180,732	56,066
Percentage	<u>> 100%</u>	<u>93.1%</u>	<u>23.5%</u>

FINANCIAL INFORMATION

As at December 31, 2020, our gross contract assets that aged over 1 year amounted to RMB35.4 million. In addition, considering that (i) we periodically review our contract assets and the operations of the project companies to assess recoverability and accrue any estimated credit loss as appropriate and (ii) we had a good track record in subsequent certification of contract assets aged in the past. (As of the March 31, 2021, RMB180.7 million and RMB56.1 million, representing approximately 93.1% and 23.5% of our contract assets as of December 31, 2019 and December 31, 2020, had been certified), in respect of our contract assets over 1 year, our Directors are of the view that there is no material recoverability issue based on our past experience. We will continuously monitor and take follow-up actions to recover contract assets and provide additional allowance for our contract assets should the need arises.

Trade and other payables

Our trade and other payables primarily comprise amounts due to related parties and other creditors and accrued charges.

The following table sets forth our trade and other payables as of the dates indicated:

	As at December 31,		
	2018	2019	2020
	RMB'000	RMB'000	RMB'000
Amounts due to related parties			
Trade related:	5,777	6,377	15,718
Non-trade related:	29,725	65,119	1,697
Other creditors and accrued charges	25,715	99,067	96,470
	61,217	170,563	113,885

All of our trade and other payables as of December 31, 2020 were aged within one year. As of March 31, 2021, RMB73.7 million, representing approximately 64.7% of our trade and other payables as of December 31, 2020, had been subsequently settled.

Our trade and other payables increased from RMB61.2 million as of December 31, 2018 to RMB170.6 million as of December 31, 2019, primarily due to an increase in other creditors and accrued charges which mainly consisted of a RMB64.3 million increase in bonuses payable to our employees and, to a lesser extent, a RMB35.4 million increase in balances of inter-company loans that we entered into with certain of our related parties.

Our trade and other payables decreased from RMB170.6 million as of December 31, 2019 to RMB113.9 million as of December 31, 2020, primarily due to a RMB54.1 million decrease in amounts due to our related parties as of December 31, 2020.

Our Directors confirm that all amounts due to CCRE and other related parties which are non-trade in nature will be cleared and settled on or prior to the Listing.

FINANCIAL INFORMATION

Contract Liabilities

Our contract liabilities under current liabilities consist primarily of the prepayment received from third party Project Owners of our project management services. As of December 31, 2018, 2019 and 2020, we had contract liabilities of RMB377.4 million, RMB398.8 million and RMB474.9 million, respectively. The changes of our contract liabilities mainly reflected the stage of the life cycle of our projects and generally we had more contract liabilities in the former stage of the projects. The amount of billings in advance of performance and advance payments received expected to be recognized as income after more than one year is RMB48.5 million, RMB123.6 million and RMB100.1 million, respectively, as at December 31, 2018, 2019 and 2020. All of the other contract liabilities are expected to be recognised as income within one year.

The following table sets forth the movement of our contract liabilities as of the dates indicated:

	Year ended December 31,		
	2018	2019	2020
	RMB'000	RMB'000	RMB'000
At January 1	250,749	377,381	398,784
Decrease in contract liabilities as a result of recognizing revenue during the year that was included in the contract liabilities at the beginning of the year	(189,878)	(331,268)	(307,639)
Increase in contract liabilities as a result of billing in advance of project management service. . .	316,510	352,671	383,804
At December 31	<u>377,381</u>	<u>398,784</u>	<u>474,949</u>

The table below sets forth an aging analysis and subsequent settlement of our contract liabilities:

	As at December 31,		
	2018	2019	2020
	RMB'000	RMB'000	RMB'000
Within 1 year	316,510	352,671	383,804
1–2 years	54,897	41,377	79,795
2–3 years	5,974	4,736	11,350
Over 3 years	—	—	—
Contract liabilities	<u>377,381</u>	<u>398,784</u>	<u>474,949</u>
Subsequent settlement amount as of March 31, 2021.	371,276	343,983	148,238
Percentage	98.4%	86.3%	31.2%

Lease Liabilities

Our lease liabilities were RMB0.6 million, RMB9.1 million and RMB12.4 million as of December 31, 2018, 2019 and 2020, respectively. The changes of our lease liabilities primarily reflect the changes of our operating leases.

FINANCIAL INFORMATION

LIQUIDITY AND CAPITAL RESOURCES

Overview

As of December 31, 2018, 2019 and 2020, we had cash and cash equivalents of RMB85.4 million, RMB345.4 million and RMB384.6 million, respectively. Our cash and cash equivalents primarily consist of cash at bank and on hand. To date, we have financed our operations primarily through capital injected by CCRE and cash generated from our operations. As of the Latest Practicable Date, we did not have any outstanding bank borrowing nor any unutilized banking facility.

The following table sets forth a summary of our consolidated cash flows for the periods indicated:

	Year ended December 31,		
	2018	2019	2020
	RMB'000	RMB'000	RMB'000
Net cash generated from operating activities . . .	519,240	671,724	614,716
Net cash used in investing activities	(608,146)	(42,998)	(373,722)
Net cash generated from/(used in) financing activities	49,619	(368,729)	(201,776)
Net (decrease)/increase in cash and cash equivalents	(39,287)	259,997	39,218
Cash and cash equivalents at the end of the year	85,384	345,381	384,599

Operating Activities

Cash inflows from operating activities consist primarily of management fees we received from Project Owners for our project management services. Cash outflows from our operating activities consist primarily of employee compensation payment, administrative expenses and other operating expenses. Our net cash flows from operating activities reflect our profit before income tax as adjusted for (i) non-cash or non-operating income and expenses; (ii) changes in certain working capital items such as trade and other receivables, trade and other payables and contract liabilities; and (iii) income tax paid.

Net cash generated from operating activities in 2020 was RMB614.7 million, mainly representing profit before taxation of RMB912.3 million and an increase in contract liabilities of RMB76.2 million, partially offset by increases in trade and other receivables of RMB107.5 million and contract assets of RMB57.6 million, respectively, due to our business expansion.

Net cash generated from operating activities in 2019 was RMB671.7 million, mainly representing profit before taxation of RMB858.2 million, an increase in trade and other payables of RMB73.3 million and an increase in contract liabilities RMB21.4 million, partially offset by an increase in contract asset of RMB59.2 million and an increase in trade and other receivables of RMB14.3 million.

Net cash generated from operating activities in 2018 was RMB519.2 million, mainly representing profit before taxation of RMB544.3 million, an increase in contract liabilities RMB126.6 million and a decrease in trade and other receivables of RMB6.6 million, partially offset by an increase in contract asset of RMB91.2 million.

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Investing Activities

We derive our cash inflows from investing activities primarily from decrease in advance to related parties and interest received. Our net cash used in investing activities principally reflects increase in loan to a related party and consideration paid for purchases of property, plant and equipment and intangible assets.

Net cash used in investing activities in 2020 was RMB373.7 million, primarily attributable to advance to related parties of RMB775.4 million and payment for the purchase of property, plant equipment of RMB3.2 million, payment for the purchase of intangible assets of RMB0.6 million, partially offset by repayment from related parties of RMB400 million and interest received of RMB5.5 million.

Net cash used in investing activities in 2019 was RMB43.0 million, which was primarily attributable to advances to related parties of RMB66.6 million and purchases of property, plant equipment of RMB16.2 million, partially offset by repayment from related parties of RMB44.0 million. The significant increase in our property, plant and equipment in 2019 was primarily due to our establishment of regional branch offices since 2019.

Net cash used in investing activities in 2018 was RMB608.1 million, which was primarily attributable to advances to related parties of RMB611.0 million and purchases of intangible assets of RMB1.5 million, partially offset by repayment from related parties of RMB4.0 million.

Financing Activities

We derive our cash inflows from financing activities primarily from deemed cash contribution from CCRE. Our net cash used in financing activities primarily reflects dividend paid to CCRE, deemed cash distribution to CCRE, capital element of lease rentals paid and interest element of lease rentals paid.

Net cash used in financing activities in 2020 was RMB201.8 million, primarily attributable to dividend paid to CCRE of RMB200.0 million, deemed cash contribution to CCRE of RMB3.7 million, capital element of lease rentals paid of RMB5.1 million, and interest element of lease rentals paid of RMB0.4 million.

Net cash used in financing activities in 2019 was RMB368.7 million, primarily attributable to dividend paid to CCRE of RMB320.0 million, deemed cash distribution to CCRE of RMB78.7 million, and capital element of lease rentals paid of RMB5.2 million.

Net cash generated from financing activities in 2018 was RMB49.6 million, primarily attributable to deemed cash contribution from CCRE of RMB20.5 million and advance from related parties of RMB29.7 million, partially offset by capital element of lease rentals paid of RMB0.5 million.

COMMITMENTS

Our commitments comprise capital commitments in relation to the office decoration for our newly established branch companies.

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Capital Commitments

Set forth below is a breakdown of our capital expenditure we had contracted but not yet provided for as of the dates indicated. The significant increases in 2019 primarily reflected the office decoration for our newly established branch companies in relevant periods.

	As at December 31.		
	2018	2019	2020
	RMB'000	RMB'000	RMB'000
Contracted for	1,107	7,295	3,494

WORKING CAPITAL

The table below sets forth the details of our current assets and liabilities as of the dates indicated:

	As at December 31,			As at March 31,
	2018	2019	2020	2021
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)
Current assets				
Contract assets	134,911	194,148	238,149	336,979
Trade and other receivables	972,949	804,431	1,017,292	1,029,127
Cash and cash equivalents	85,384	345,381	384,599	377,820
	1,193,244	1,343,960	1,640,040	1,743,926
Current liabilities				
Trade and other payables	61,217	170,563	113,885	109,339
Contract liabilities	377,381	398,784	474,949	434,069
Lease liabilities	568	4,564	7,281	7,547
Current taxation	82,980	52,067	66,473	57,886
	522,146	625,978	662,588	608,841
Net current assets	671,098	717,982	977,452	1,135,085
Total assets less current liabilities	676,376	751,259	1,012,463	1,171,686

We recorded net current assets of RMB977.5 million as of December 31, 2020 as compared to net current assets of RMB718.0 million as of December 31, 2019, primarily reflecting an increase in our trade and other receivables. In addition, our net current assets further increased to RMB1,135.1 million as of March 31, 2021, which was primarily attributable to revenue and net profit from our project management service recorded the first three months ended March 31, 2021.

We recorded net current assets of RMB718.0 million as of December 31, 2019 as compared to net current assets of RMB671.1 million as of December 31, 2018, primarily reflecting an increase in our cash and cash equivalents as a result of our business expansion, partially offset by an increase in trade payable to related parties.

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Taking into account our asset-light business model and our internally generated funds, our Directors, after due and careful consideration, confirmed that we have sufficient working capital to meet our anticipated cash needs, including our working capital and capital expenditure requirements for at least the next 12 months from the date of this prospectus. After due consideration and discussion with our Company's management and based on the above, the Joint Sponsors have no reason to believe that our Company cannot meet the working capital requirements for the 12-month period from the date of this prospectus.

Our Directors confirm that we did not have any material default in payment of trade and non-trade payables, bank borrowings and other debt financing obligations and/or breaches of finance covenants during the Track Record Period and up to the Latest Practicable Date.

INDEBTEDNESS

During the Track Record Period, as of March 31, 2021 (being our indebtedness statement date) and up to the date of this prospectus, our Group did not have any interest-bearing borrowings. In addition, during the Track Record Period, as of March 31, 2021 (being our indebtedness statement date) and up to the date of this prospectus, we recorded outstanding indebtedness comprising amount due to related parties and lease liabilities. The following table sets forth our indebtedness as of the dates indicated.

	As at December 31			As at
	2018	2019	2020	March 31, 2021,
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)
Amounts due to related parties				
— Current portion, unsecured and unguaranteed	29,725	65,119	1,697	13,037
Lease Liabilities				
— Current portion	568	4,564	7,281	7,547
— Non-current portion	—	4,528	5,071	4,205
	<u>30,293</u>	<u>74,211</u>	<u>14,049</u>	<u>24,789</u>

Our Directors confirmed that during the Track Record Period and up to the date of this prospectus, we had not experienced any material difficulties in obtaining banking facilities and debts financing nor had we been rejected for any loan application or debt offering, and we did not have any outstanding loan, debt securities, mortgages, charges, debentures, bank overdrafts, loans, contingent liabilities, guarantees or other similar indebtedness as of the Latest Practicable Date.

FINANCIAL INFORMATION

KEY FINANCIAL RATIOS

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

	As at December 31,		
	2018	2019	2020
Current ratio ⁽¹⁾	228.5%	214.7%	247.5%
Return on equity ⁽²⁾	87.1%	90.1%	77.7%
Net profit margin ⁽³⁾	59.7%	62.3%	59.2%
Gearing ratio ⁽⁴⁾	—	—	—

Notes:

- (1) Current ratio is calculated by dividing current assets by current liabilities at the end of each year and multiplied by 100%.
- (2) Return on equity is our profit for the year attributable to the owners of our Company as a percentage of the arithmetic mean of the total equity at the beginning and the end of each year and multiplied by 100%.
- (3) Net profit margin is our net profit for the year divided by revenue for the same period and multiplied by 100%.
- (4) Gearing ratio is based on total debt (including bank and other borrowings — due within one year) at the end of the period divided by total equity at the end of the same period. As we do not have interest-bearing borrowing during the Track Record Period, our gearing ratio is nil and our management does not use such ratio for evaluating our business.

Current Ratio

Our current ratio decreased from 228.5% as of December 31, 2018 to 214.7% as of December 31, 2019, primarily due to changes in balances of our amount due to and due from our related parties. Our current ratio increased from 214.7% as of December 31, 2019 to 247.5% as of December 31, 2020, primarily due to an increase in our trade and other payables relating to dividends distribution to CCRE. See “— Working Capital” for reasons behind the movement for the balances of these accounts.

Net Profit Margin

Our net profit margin remained relatively stable at 59.7%, 62.3% and 59.2% in 2018, 2019 and 2020, respectively.

Return on Equity

Our return on equity ratio increased from 87.1% in 2018 to 90.1% in 2019, primarily due to our increased net profit along with our business expansion, and subsequently decreased to 77.7% in 2020, primarily due to an increase in our equity as of December 31, 2020.

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OFF-BALANCE SHEET ARRANGEMENTS

Save for the contractual obligations disclosed under the paragraphs headed “— Commitments” in this section, we have not entered into any financial guarantees or other commitments to guarantee the payment obligations of any third parties. We have not entered into any derivative contracts that are indexed to our equity interests and classified as shareholder’s equity, or that are not reflected in our consolidated financial statements. We do not have any retained or contingent interest in assets transferred to an entity that serves as credit, liquidity or market risk support to such entity. We do not have any variable interest in any entity that provides financing, liquidity, market risk or credit support to us or engages in leasing or hedging services with us.

CONTINGENT LIABILITIES

As of the Latest Practicable Date, we did not have significant contingent liabilities.

RELATED PARTY TRANSACTIONS

During the Track Record Period, we had carried out certain transactions with related parties as set forth in Note 23 in the Accountants’ Report attached in Appendix I to this prospectus. Our related parties mainly consisted of CCRE Group and its joint ventures and associates, and an associate of our Company.

Related party transactions

	Year ended 31 December,		
	2018	2019	2020
	RMB’000	RMB’000	RMB’000
Provision of project management service to:			
CCRE Group and its joint ventures and associates	99,671	133,949	121,247
An associate	—	9	3,068
Advance to:			
CCRE Group and its joint ventures.	610,986	44,006	772,600
An associate	—	22,546	2,800
Repayment from:			
CCRE Group and its joint ventures.	4,000	250,012	670,000
Advance from:			
CCRE Group and its joint ventures and associates	29,725	35,394	—
Repayment to:			
CCRE Group and its joint ventures and associates	—	—	52,119
Dividend to:			
CCRE Group	—	526,000	470,000
Receiving other miscellaneous services from related parties	1,179	3,909	7,542

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Balance with related parties

	As at 31 December,		
	2018	2019	2020
	RMB'000	RMB'000	RMB'000
Amounts due from:			
<i>Trade related:</i>			
CCRE Group and its joint ventures and associates	8,585	745	795
An associate	—	2,681	—
	<u>8,585</u>	<u>3,426</u>	<u>795</u>
<i>Non-trade related:</i>			
CCRE Group and its joint ventures.	946,263	740,129	842,794
An associate	—	22,546	25,324
Others	—	301	300
	<u>946,263</u>	<u>762,976</u>	<u>868,418</u>
	<u>954,848</u>	<u>766,402</u>	<u>869,213</u>
Amounts due to:			
<i>Trade related:</i>			
Companies controlled by the ultimate controlling shareholder.	5,777	6,377	15,718
<i>Non-trade related:</i>			
CCRE Group and its joint ventures and associates	29,725	65,119	1,697
	<u>35,502</u>	<u>71,496</u>	<u>17,415</u>
Contract assets to related parties:			
<i>Trade related:</i>			
CCRE Group and its joint ventures and associates	17,184	15,901	27,285
An associate	—	—	410
Contract liabilities to related parties:			
<i>Trade related:</i>			
CCRE Group and its joint ventures and associates	55,269	80,242	7,888

In terms of project management services we provided to related parties, we were engaged by, and entered into project management agreements with, the project companies who are related parties to us. In terms of advances to and repayment from our related parties, we do not plan to continue such arrangement after the Listing.

Our Directors confirm that the transactions with respect to the amounts due from and due to related parties were conducted on an arm's length basis, and would not distort our financial results during the Track Record Period or make the historical results not reflective of our future performance. Our Directors also confirm that all related party balances which are non-trade in nature will be fully settled prior to the Listing. For further details on related party balances and transactions, please refer to Note 23 in the Accountants' Report in Appendix I to this prospectus.

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QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to our Group. Our Group's credit risk is primarily attributable to trade and other receivables and contract assets. Our Group's exposure to credit risk arising from cash and cash equivalents is limited because the counterparties are banks and financial institutions with sound credit rating for which our Group considers to have low credit risk.

Our Group does not provide any other guarantees which would expose our Group to credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position after deducting any impairment allowance. There is no significant concentration of credit risk within our Group.

Trade receivables and contract assets

Our Group measures loss allowances for trade receivables and contract assets, including trade-related amount due from related parties, at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As our Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between our Group's different customer bases.

Credit risk arising from other receivables

In respect of other receivables, our Group monitors the exposures and manages them based on historical settlement records and past experience, current conditions and forecasts of future economic conditions. At each reporting date, our Group measures the expected credit losses of other debtors in following ways:

If, at the reporting date, the credit risk on other receivable has not increased significantly since initial recognition, our Group measures the loss allowance for other receivable at an amount equal to 12-month expected credit loss. Our Group measures the loss allowance for other receivables at an amount equal to the lifetime expected credit loss if the credit risk on other receivable has increased significantly since initial recognition and no impairment loss has occurred. Our Group measures the loss allowance for other receivables at an amount equal to the lifetime expected credit loss if impairment losses has occurred since initial recognition.

Liquidity risk

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. Prior to the Listing, cash management measures adopted by entities within our Group are subject to approval by CCRE's board when the borrowings exceed certain predetermined levels of authority. After completion of the Listing, such approval authority will be exercised by our Board. Our Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains

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sufficient reserves of cash and readily realisable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following tables show the remaining contractual maturities at the end of the reporting period of our Group's non-derivative financial liabilities, which are based on contractual undiscounted cash flows and the earliest date our Group can be required to pay.

As at December 31, 2018						
Contractual undiscounted cash flows						
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Carrying amount at December 31
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade and other payables	61,217	—	—	—	61,217	61,217
Lease liabilities	588	—	—	—	588	568
	<u>61,805</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>61,805</u>	<u>61,785</u>

As at December 31, 2019						
Contractual undiscounted cash flows						
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Carrying amount at December 31
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade and other payables	170,563	—	—	—	170,563	170,563
Lease liabilities	4,873	4,073	593	—	9,539	9,092
	<u>175,436</u>	<u>4,073</u>	<u>593</u>	<u>—</u>	<u>180,102</u>	<u>179,655</u>

As at December 31, 2020						
Contractual undiscounted cash flows						
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Carrying amount at December 31
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade and other payables	113,885	—	—	—	113,885	113,885
Lease liabilities	7,750	4,012	1,324	—	13,086	12,352
	<u>121,635</u>	<u>4,012</u>	<u>1,324</u>	<u>—</u>	<u>126,971</u>	<u>126,237</u>

LISTING EXPENSES

During the Track Record Period, we incurred listing expenses of RMB10.4 million, primarily consisting of sponsors fee and professional fees. Based on the mid-point of the indicative Offer Price range of HK\$2.80 per Share and assuming no Over-allotment Option will be exercised, the total listing expenses in connection with the Spin-off and the Global Offering, including underwriting commission, is estimated to be approximately RMB84.1 million, of which (i) RMB29.2 million is borne by CCRE; and (ii) the remaining RMB54.9 million is borne by us.

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DIVIDEND POLICY

In May 2019, cash dividends of RMB526 million, attributable to the previous financial years, were approved and declared by Zhongyuan Jianye, of which RMB320 million was paid in cash in 2019. The remaining dividends were settled by offsetting with other receivables from CCRE.

In June 2020, cash dividends of RMB470 million, attributable to the previous financial years, were approved and declared by Zhongyuan Jianye, of which RMB200 million was paid in cash in 2020. The remaining dividends were settled by offsetting with other receivables from CCRE.

After the completion of the Listing, we expect to declare and distribute approximately 50% of our net profit for a given year as dividends to our Shareholders. Any future determination to declare and pay any dividends would require the approval of the Board and will be at their discretion. In addition, any final dividend for a financial year will be subject to shareholders' approval and the relevant laws. Please refer to a Summary of the Constitution of the Company and Cayman Islands Company Law set out in Appendix III to this prospectus. The Board will review dividend policy from time to time in light of the following factors in determining whether dividends are to be declared and paid:

- our result of operations;
- our cash flows;
- our financial condition;
- our Shareholders' interests;
- general business conditions and strategies;
- our capital requirements and surplus;
- the payment by our subsidiaries of cash dividends to us; and
- other factors the Board may deem relevant.

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DISTRIBUTABLE RESERVES

The Companies Act provides that the share premium account of a company incorporated in the Cayman Islands, such as our Company, may be applied in such manner as it may from time to time determine, subject to the provisions, if any, of its memorandum and articles of association, provided that no distribution or dividend may be paid to its members out of the share premium account unless, immediately following the date on which the distribution or dividend is proposed to be paid, such company shall be able to pay its debts as they fall due in the ordinary course of business.

Sensitivity Analysis of Historical Results

The table below sets forth a sensitivity analysis for our average management fees, illustrating its impact on our profit before income tax if our average management fees had been 5% and 10% higher or lower during the Track Record Period, assuming all other variables were held constant:

	Year ended December 31,		
	2018	2019	2020
	RMB'000	RMB'000	RMB'000
	Increase/(decrease) in profit before tax		
If our average management fees had been 5% higher/lower	33,820/ (33,820)	51,450/ (51,450)	57,604/ (57,604)
If our average management fees had been 10% higher/lower	67,640/ (67,640)	102,900/ (102,900)	115,208/ (115,208)

The table below sets forth a sensitivity analysis for our personnel cost, illustrating its impact on our profit before income tax if our personnel costs had been 5% and 10% higher or lower during the Track Record Period, assuming all other variables were held constant:

	Year ended December 31,		
	2018	2019	2020
	RMB'000	RMB'000	RMB'000
	Increase/(decrease) in profit before tax		
If our average personnel cost had been 5% higher/lower	(3,483)/ 3,483	(6,708)/ 6,708	(8,423)/ 8,423
If our average personnel cost had been 10% higher/lower	(6,965)/ 6,965	(13,415)/ 13,415	(16,847)/ 16,847

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UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

The following unaudited pro forma statement of adjusted consolidated net tangible assets of our Group is prepared in accordance with paragraph 4.29 of the Listing Rules and is set out below to illustrate the effect of the Global Offering on the consolidated net tangible assets of our Group attributable to equity shareholders of our Company as at December 31, 2020 as if the Global Offering had taken place on that date.

The unaudited pro forma statement of adjusted consolidated net tangible assets of our Group has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the financial position of our Group had the Global Offering been completed as at December 31, 2020 or at any future date.

	Consolidated net tangible assets attributable to equity shareholders of the Company as of 31 December 2020 ⁽¹⁾	Estimated net proceeds from the Global Offering ⁽²⁾⁽⁵⁾	Unaudited pro forma adjusted consolidated net tangible assets attributable to equity shareholders of the Company	Unaudited pro forma adjusted consolidated net tangible assets per Share	
	RMB'000	RMB'000	RMB'000	RMB ⁽³⁾	(HK\$) ⁽⁵⁾
Based on an Offer Price of HK\$2.40 per Share	1,006,264	610,516	1,616,780	0.49	0.59
Based on an Offer Price of HK\$3.20 per Share	1,006,264	821,196	1,827,460	0.55	0.67

Notes:

- (1) The consolidated net tangible assets attributable to equity shareholders of our Company as at December 31, 2020 is calculated based on the consolidated total equity attributable to equity shareholders of our Company of RMB1,007,392,000 as at December 31, 2020 after deducting the intangible assets of RMB1,128,000, which are extracted from the Accountants' Report set out in Appendix I to this prospectus.
- (2) The estimated net proceeds from the Global Offering are based on 328,172,000 shares to be issued at the estimated offer prices of HK\$2.40 per Share (being the low-end price) and HK\$3.20 per Share (being the high-end price), after deduction of the estimated underwriting fees and other estimated related expenses payable by the Group, respectively (excluding the expenses which have been charged to profit or loss up to December 31, 2020), assuming the Over-allotment Option is not exercised.
- (3) The unaudited pro forma adjusted consolidated net tangible assets per Share is arrived at after the adjustments as described in notes 2 above and is based on 3,295,288,120 Shares expected to be in issue immediately after the Global Offering, but do not take into account any shares which may be issued upon the exercise of the Over-allotment Option.
- (4) No adjustment has been made to the unaudited pro forma adjusted consolidated net tangible assets to reflect any trading results or other transactions of our Group entered into subsequent to December 31, 2020.
- (5) For the purpose of this unaudited pro forma statement of adjusted consolidated net tangible assets, the estimated net proceeds from the Global Offering and the unaudited pro forma adjusted consolidated net tangible assets per Share are converted from or into Hong Kong dollars at the rate of RMB0.82736 to HK\$1.00. No representation is made that the Renminbi amount has been, could have been or may be converted to Hong Kong dollars, or vice versa, at that rate or at any other rates or at all.

For further details on our unaudited pro forma adjusted net tangible assets, see Appendix II to this prospectus.

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NO MATERIAL ADVERSE CHANGE

Our Directors have confirmed that, since December 31, 2020 and up to the date of this prospectus, there has been no material adverse change in our financial or trading position or prospects and no event has occurred that would materially and adversely affect the information shown in our consolidated financial statements set out in the Accountants' Report included in Appendix I to this prospectus.

DISCLOSURE REQUIRED UNDER THE LISTING RULES

As of the Latest Practicable Date, our Directors confirmed that there are no circumstances that will give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

NO SIGNIFICANT INTERRUPTIONS

Our Directors confirm that there have been no interruptions in our business that may have a material adverse effect on our financial position and results of operations in the 12 months period prior to the Latest Practicable Date.

FUTURE PLANS AND USE OF PROCEEDS

FUTURE PLANS

Our objective is to maintain and further enhance our leadership position in the industry and to continue to expand our project coverage to different property types. Please see the sections headed “Business — Our Growth Strategies” and “Business — Our Expansion Plan” for a detailed description of our future plans.

USE OF PROCEEDS

We estimate that we will receive net proceeds from the Global Offering of approximately HK\$852.6 million, after deducting the underwriting commissions, the discretionary incentive fee (assuming the full payment of the discretionary incentive fee of 0.5% of the aggregate Offer Price of all the Offer Shares under the Global Offering) and the estimated expenses in relation to the Global Offering, assuming the Over-allotment Option is not exercised and an Offer Price of HK\$2.80 per Share, being the mid-point of the indicative offer price range stated in this prospectus. We intend to use the net proceeds we receive from the Global Offering as follows, and, to the extent necessary, we will also supplement the net proceeds with our internally available funds from business operation to achieve the following objectives:

1. Approximately 40.0% of the net proceeds or HK\$341.0 million will be used to scale up our business primarily through expanding into new markets in the “Greater Central China” region and enriching our service offerings. Geographically, we intend to set up new regional branch offices in the “Greater Central China” region which covers Hubei, Shaanxi, Shanxi, Hebei, Anhui, Jiangsu and Shandong provinces in addition to the Henan market to explore business opportunities in these provinces with large population and solid economic fundamentals. In addition, we intend to enrich our service offerings to cover government project management and capital project management. We intend to allocate the said net proceeds for the expansion of our business into these new markets in the following manner:
 - (i) approximately 10.0% of the net proceeds or HK\$85.2 million will be used to establish new regional branch offices, office leases, procurement of office supplies and other overhead costs. We expect to set up one regional branch office in each of the seven provinces (other than Henan) in the “Greater Central China” region by the end of 2021;
 - (ii) approximately 24.0% of the net proceeds or HK\$204.6 million will be used to recruit talents and experienced staffs to fulfill the various functions and duties to be undertaken by our new regional branch offices. In the second half of 2021, we expect to recruit one regional general manager and four business development specialists in each of seven provinces (other than Henan) in the “Greater Central China” region. These employees will primarily be responsible for business development, explore potential opportunities and liaise with Project Owners in local markets. With the continued expansion of our business in these provinces, by the end of 2022, we expect to have one regional general manager, seven department heads and 12 employees in each of these seven provinces. The aggregate number of new hires in this regard is expected to reach 140, with an aggregate additional personnel cost of approximately RMB60 million each year;

FUTURE PLANS AND USE OF PROCEEDS

- (iii) approximately 3.0% of the net proceeds or HK\$25.6 million will be used as business development expenses to promote and market our project management services and to enhance the brand recognition of the “Jianye (建業)” brand in these new markets. We plan to produce a series of short videos tailored for cities in these seven provinces, which is expected to be released each year (one city per province per year for three consecutive years), to enhance our brand recognition. In addition, we also plan to set up show rooms in an aggregate of 21 cities in these seven provinces over the next three years to promote the new “Jianye (建業)” lifestyle; and
 - (iv) approximately 3.0% of the net proceeds or HK\$25.6 million will be used to explore different types of services to enrich our service offerings. We plan to establish relevant departments/business units in our headquarters and regional branch offices to explore the government project management and capital project management business with an aim to provide us with additional revenue stream. We plan to recruit a team of employees that are experienced with government project management or capital project management to explore these new service offerings. Each of the government and capital project management is expected to include two employees at our headquarters and four employees in our regional branch offices to liaise with local government and potential financial institutions for cooperation and to conduct feasibility studies. We plan to recruit such new hires in 2021. The estimated additional personnel cost for developing these two new service offerings is expected to be approximately RMB8.0 million each year.
2. Approximately 36.0% of the net proceeds or HK\$306.9 million will be used to enrich our service capabilities through strategic investments in and potential acquisition of, companies focusing on core components and with specialized capabilities or qualifications in the project management industry value chain. For now, we plan to prioritize acquisition targets such as reputable real estate related construction consulting companies, cost consulting firms and project supervising enterprises with suitable qualifications and good track record in construction projects. Specifically, we intend to focus on potential targets in the “Greater Central China” region with at least three years of operation history and complete industry qualifications. In addition, we may prioritize strategic investments in order to leverage the experience of the management of the potential investment targets.

When evaluating potential acquisition or investment targets, we will consider, among others, (i) size and growth potential of their professional management teams; (ii) industry reputation and competitive position; (iii) synergy with our existing business and capabilities; and (iv) reasonableness of the purchase price/consideration. We plan to acquire three to five entities. For construction consulting companies, we target at firms with over 500 employees, with significant portion of business of advising top-tier property developers and have good reputation. For cost consulting firms, we target at firms with team size of about 160 to 200 employees, with Grade A qualification, significant portion of business of advising top tier property developers and have good reputation, and have the know-how of professional costing, record keeping budgeting, tendering, purchasing. For project supervisory firms, we target at firms with team size of over 600 employees, with significant portion of business of advising top tier property developers and have good reputation, and have the know-how of professional

FUTURE PLANS AND USE OF PROCEEDS

construction project supervision, construction, fire safety, decoration and other relevant technique. We believe our strategic acquisitions will provide a more diversified and comprehensive service offerings to our Project Owners, improve our principal business's core competitiveness and further help to establish industry barriers. For target companies that we consider suitable to supplement our professional capabilities, we plan to acquire a majority equity interest or a controlling stake of such target companies. As of the date of this prospectus, we have not identified any specific targets or participated in any discussion related to potential acquisition or investment transaction.

3. Approximately 14.0%, of the net proceeds or HK\$119.4 million will be used to further enhancing our information technology system and infrastructure in anticipation of our continued expansion and for the digitalization of our project management business. Based on our deep industry experience, we expect to commission external IT service providers to develop software systems specifically tailored for our project management business, and we expect to apply for copyright for such software systems. Such software system would help us to monitor the status of every project concurrently, and to organize our management of different cycles such as design, construction and sales cycles of each project. Such software would also facilitate the timely monitoring and interaction among our employees, our Project Owners, the contractors and suppliers, thereby enhancing the overall efficiency of our project management operations. It is expected that the software system would comprise about 15 modules. The estimated cost for developing each such software module is expected to be approximately RMB6.0 million. We also need to acquire hardware (including computers, servers and server rooms) which would cost about RMB15 million. We also plan to recruit up to five technicians to further strengthen our IT maintenance team with an estimated personnel cost of approximately RMB1.5 million per year.

Empowered by our new digital platform that covers the entire cycle of our operations, we believe we can realize the informatization of our business processes, the visualization of construction sites, the automation of data analytics and the establishment of a pre-warning system for risk control/management purposes. Through our new information technology system and infrastructure, we are able to monitor and supervise our projects under management remotely and more efficiently, and our Project Owners are able to keep track of the progress of relevant projects and analyze their investment results on a real-time basis. We believe this new information technology system will provide a solid basis for our Group to further penetrate into the new markets in the "Greater Central China" region.

4. Approximately 10.0% of the net proceeds or HK\$85.3 million will be used for working capital, marketing, and other general corporate purposes. We intend to increase our sales and marketing efforts through participating in industry conventions and exhibitions, meeting with potential customers, marketing our services through various promotion channels, and expanding our network through cooperation with local partners.

FUTURE PLANS AND USE OF PROCEEDS

Set forth below is the expected time frame for the use of the net proceeds from the Global Offering in accordance with the above allocation:

	For the year ending December 31,				Total	% of total net proceeds
	2021	2022	2023	2024		
	(HK\$ in millions)					
Expanding into new markets in the “Greater Central China” region and new service offerings						
Setting up of new regional branch offices	4.2	28.4	28.4	24.2	85.2	10%
Recruitment of new staffs to our new branches . . .	10.2	68.2	68.2	58.0	204.6	24%
Brand promotion	1.3	8.5	8.6	7.2	25.6	3%
Recruitment of new staffs and efforts in developing new service offerings (including both government projects and capital projects).	1.3	8.5	8.6	7.2	25.6	3%
Sub-total	17.0	113.6	113.8	96.6	341.0	40%
Pursuing strategic investments and acquisitions	—	153.4	153.5	—	306.9	36%
Enhancing our information technology system	16.1	39.8	39.8	23.7	119.4	14%
General working capital	42.6	42.7	—	—	85.3	10%
Total	75.7	349.5	307.1	120.3	852.6	100%

If the Offer Price is fixed at HK\$3.20 per Share, being the high-end of the Offer Price range stated in this prospectus, the net proceeds will be increased by approximately HK\$131.3 million. If the Offer Price is fixed at HK\$2.40 per Share, being the low-end of the Offer Price range stated in this prospectus, the net proceeds will be reduced by approximately HK\$131.3 million. The above allocation of the net proceeds will be adjusted on a pro rata basis in the event that the Offer Price is fixed at a higher or lower level compared to the mid-point of the indicative Offer Price range stated in this prospectus.

The Over-allotment Option will be granted by our Company. The additional net proceeds that would be received by our Company if the Over-allotment Option were exercised in full would be HK\$133.7 million, after deducting the underwriting commissions and other estimated expenses in connection with the Global Offering and assuming an Offer Price of HK\$2.80 per Share, being the midpoint of the proposed Offer Price range of HK\$2.40 to HK\$3.20 per Share.

To the extent that the net proceeds of the Global Offering are not immediately used for the above purposes and to the extent permitted by the relevant laws and regulations, we intend to deposit the net proceeds into short-term demand deposits with authorized financial institutions and/or licensed banks. We will issue an announcement if there is any material change in the abovementioned use of proceeds as and when appropriate.

CORNERSTONE INVESTOR

CORNERSTONE PLACING

We have entered into the cornerstone investment agreement (the “**Cornerstone Investment Agreement**”) with our cornerstone investor (the “**Cornerstone Investor**”), namely, Lucky Advent Limited (“**Lucky Advent**”), the guarantor (namely, Mr. Lou Gongwang (樓公望), the Joint Sponsors and the Joint Global Coordinators, pursuant to which the Cornerstone Investor has agreed to, subject to certain conditions, subscribe for such number of Offer Shares (rounded down to the nearest whole board lot of 2,000 Shares) at the Offer Price which may be purchased with an aggregate amount of US\$6.0 million (or approximately HK\$46.6 million), excluding brokerage, SFC transaction levy and Stock Exchange trading fee which the Cornerstone Investor is required to pay in respect of the Shares. The number of Shares to be subscribed for by the Cornerstone Investor (rounded down to the nearest whole board lot of 2,000 Shares) is subject to the determination of the Offer Price as illustrated below:

Cornerstone Investor	Investment amount	Offer Price	Number of Shares to be subscribed for (rounded down to nearest whole board lot of 2,000 Shares) ⁽¹⁾	Approximate % of total number of International Offer Shares ⁽²⁾		Approximate % of total Shares in issue immediately following the completion of the Global Offering	
				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
Lucky Advent	US\$6.0 million	HK\$2.40 (being the low-end of the indicative Offer Price range)	19,416,000	6.6%	5.6%	0.6%	0.6%
	(approximately HK\$46.6 million)	HK\$2.80 (being the mid-point of the indicative Offer Price range)	16,642,000	5.6%	4.8%	0.5%	0.5%
		HK\$3.20 (being the high-end of the indicative Offer Price range)	14,562,000	4.9%	4.2%	0.4%	0.4%

Note:

- (1) Calculated based on the investment amount stated in US\$ in the relevant cornerstone investment agreement being converted into HK\$ at the exchange rate of US\$1.00 to HK\$7.7664 for illustration purpose only.
- (2) Before any reallocation of the Offer Shares between the Hong Kong Public Offering and the International Offering.

To the best knowledge of our Company, the Cornerstone Investor is independent from our Company, our connected persons (as defined under the Listing Rules) and their respective associates, and they are not our existing Shareholder or close associate. The Cornerstone Placing will form part of the International Offering and the Cornerstone Investor will not subscribe for any other Shares under the Global Offering (other than pursuant to the Cornerstone Investment Agreement). The Shares to be subscribed for by the Cornerstone Investor will carry the same rights in all respects with the fully paid Shares in issue and will be counted towards the public float of our Company under Rule 8.08 and Rule 8.24 of the Listing Rules.

Immediately upon the completion of the Capitalization Issue and the Global Offering, the Cornerstone Investor will not have any board representation in our Company, nor become our substantial Shareholder, and will not further subscribe for any Offer Shares in the Global Offering. No preferential or special rights compared with other public shareholders have been

CORNERSTONE INVESTOR

granted to the Cornerstone Investor pursuant to the Cornerstone Placing. There will not be any benefit, direct or indirect, conferred on the Cornerstone Investor by virtue of or in relation to the Cornerstone Placing, other than a guaranteed allocation of the relevant Offer Shares following the principles as set out in the Guidance Letter HKEx-GL51-13 at the Offer Price. The Offer Shares to be subscribed for by the Cornerstone Investor may be affected by any reallocation of the Offer Shares between the International Offering and the Hong Kong Public Offering in the event of over-subscription under the Hong Kong Public Offering as described in the section headed “Structure of the Global Offering — The Hong Kong Public Offering — Reallocation” in this prospectus and the number of Offer Shares under the International Offering may be deducted to satisfy the public demands under the Hong Kong Public Offering. Details of the actual number of Shares to be allocated to the Cornerstone Investor will be disclosed in the announcement of results of allocations to be issued by the Company on or around Friday, May 28, 2021. Details of the allocation to the Cornerstone Investor will be disclosed in the announcement of results of allocation expected to be published on Friday, May 28, 2021.

CORNERSTONE INVESTOR

The information about our Cornerstone Investor set out below has been provided by the Cornerstone Investor in connection with the Cornerstone Placing.

Lucky Advent

Lucky Advent is a company incorporated in the British Virgin Islands with limited liability and is wholly-owned by Mr. Lou Gongwang (樓公望). Lucky Advent is principally engaged in investment holding. Its investments focus primarily on asset-light services, retail and consumer and TMT (technology, media and telecommunications). In particular, Lucky Advent has experience in investing in the project management industry, namely as a cornerstone investor in the listing of another project management company that is listed on the Stock Exchange. Lucky Advent has also participated as an anchor investor in various IPOs of other companies listed on the Stock Exchange. As confirmed by Lucky Advent, it is not a company listed on any stock exchange.

Mr. Lou serves as the vice president of the Zheshang Financial Committee (浙商財經理事會) of the PRC.

CONDITIONS PRECEDENT

The obligation of the Cornerstone Investor to subscribe for certain number of the Offer Shares under the Cornerstone Investment Agreement is subject to, among other things, the following conditions precedent:

- (1) the Hong Kong Underwriting Agreement and the International Underwriting Agreement being entered into and having become, effective and unconditional (in accordance with their respective original terms or as subsequently waived or varied by agreement of the parties thereto) by no later than the time and date as specified in the Hong Kong Underwriting Agreement and the International Underwriting Agreement, and neither the Hong Kong Underwriting Agreement nor the International Underwriting Agreement having been terminated;

CORNERSTONE INVESTOR

- (2) the Offer Price having been agreed upon in accordance with the manner stipulated in this prospectus;
- (3) the Listing Committee of the Stock Exchange having granted the listing of, and permission to deal in, the Shares (including the number of Offer Shares subscribed by the Cornerstone Investor under the Cornerstone Placing) as well as other applicable waivers and approvals and such approval, permission or waiver having not been revoked prior to the commencement of dealings in the Shares on the Stock Exchange;
- (4) no laws shall have been enacted or promulgated by any governmental authority which prohibits the consummation of the transactions contemplated in the Global Offering or the Cornerstone Investment Agreement, and there shall be no orders or injunctions from a court of competent jurisdiction in effect precluding or prohibiting consummation of such transactions; and
- (5) the respective representations, warranties, undertakings, confirmations, agreement and acknowledgment of the Cornerstone Investor under the Cornerstone Investment Agreement are accurate and true in all respects and not misleading and that there is no material breach of the Cornerstone Investment Agreement on the part of the Cornerstone Investor and the guarantor.

RESTRICTIONS ON DISPOSALS BY THE CORNERSTONE INVESTOR

The Cornerstone Investor has agreed that, among other things, without the prior written consent of each of our Company, the Joint Global Coordinators and the Joint Sponsors, it will not, whether directly or indirectly, at any time during the period of six months from the Listing Date (the “**Lock-Up Period**”): (1) dispose of, in any way, any of the Offer Shares subscribed by it under the Cornerstone Investment Agreement and any Shares or other securities of or interests in our Company which are derived from such Offer Shares subscribed by such Cornerstone Investor pursuant to any rights issue, capitalization issue or other form of capital reorganization (the “**Relevant Shares**”) or any interest in any company or entity holding any of the Relevant Shares; (2) allow itself to undergo a change of control (as defined in the Takeovers Code) at the level of its ultimate beneficial owner; or (3) enter into any transactions directly or indirectly with the same economic effect as any transactions described above.

After expiration of the Lock-Up Period, the Cornerstone Investor shall, subject to requirements under applicable laws and as specified in the Cornerstone Investment Agreement, be free to dispose of any Relevant Shares.

During the Lock-Up Period, the Cornerstone Investor may transfer the Relevant Shares in certain limited circumstances as permitted in the 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 in writing, and such Cornerstone Investor undertakes to procure, that such wholly-owned subsidiary, to be bound by such Cornerstone Investor’s obligations prescribed under the Cornerstone Investment Agreement and subject to the restrictions on disposals imposed on such Cornerstone Investor.

OTHER INFORMATION

According to the Cornerstone Investment Agreement, there will not be any deferred delivery of the Offer Shares to be subscribed by the Cornerstone Investor, nor will there be any deferred settlement of payment for such Offer Shares. The Cornerstone Investor has confirmed that: (i) apart from the Cornerstone Investment Agreement, our Company has not entered into any other side letter agreements/arrangements with the Cornerstone Investor; (ii) the Cornerstone Investor is not accustomed to take instructions from our Company, Directors, chief executive, Controlling Shareholders, substantial Shareholders, existing Shareholders or any of our subsidiaries or their respective close associates in relation to the acquisition, disposal, voting or other disposition of the Offer Shares; (iii) none of the subscriptions of the Offer Shares by the Cornerstone Investor is financed, directly or indirectly, by our Company, Directors, chief executive, Controlling Shareholders, substantial Shareholders, existing Shareholders or any of our subsidiaries or their respective close associates; and (iv) their subscription of the Offer Shares will be financed by their own internal resources.

Our Directors consider that the subscription of Shares by the Cornerstone Investor will be able to demonstrate to the public and also the project management industry that our Company has the potentials for future growth and expansion and is generally perceived as a company with good reputation and value.

UNDERWRITING

HONG KONG UNDERWRITERS

BNP Paribas Securities (Asia) Limited

CCB International Capital Limited

ICBC International Securities Limited

ABCI Securities Company Limited

China Galaxy International Securities (Hong Kong) Co., Limited

CMB International Capital Limited

CRIC Securities Company Limited

Livermore Holdings Limited

I Win Securities Limited

UNDERWRITING

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.

The Global Offering comprises the Hong Kong Public Offering of initially 32,818,000 Hong Kong Offer Shares and the International Offering of initially 295,354,000 International Offer Shares, subject, in each case, to adjustment on the basis as described in the section headed “Structure of the Global Offering”.

UNDERWRITING AGREEMENT AND EXPENSES

Hong Kong Public Offering

Hong Kong Underwriting Agreement

Pursuant to the Hong Kong Underwriting Agreement, we are offering initially 32,818,000 Shares (subject to reallocation) for subscription by way of the Hong Kong Public Offering on the terms and subject to the conditions of this prospectus and the Application Forms at the Offer Price.

Subject to (i) the Listing Committee granting the listing of, and permission to deal in, the Shares; (ii) the International Underwriting Agreement having been signed and becoming unconditional; and (iii) certain other conditions set forth in the Hong Kong Underwriting Agreement, the Hong Kong Underwriters have severally and not jointly agreed to apply or procure applications, on the terms and conditions of this prospectus and the related Application Forms, for their respective proportions of the Hong Kong Offer Shares which are being offered but are not taken up under the Hong Kong Public Offering.

UNDERWRITING

Grounds for Termination

The Joint Global Coordinators, for themselves and on behalf of the Hong Kong Underwriters, and the Joint Sponsors shall be entitled, by notice in writing to our Company, to 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 effect:
 - (i) any change, or any development involving a prospective change, or any event or series of events or circumstance resulting or likely to result in or representing any change or development involving a prospective change in local, national, regional or international financial, economic, political, military, industrial, fiscal, legal, regulatory, currency, credit or market conditions or exchange control or any monetary or trading settlement system (including, without limitation, conditions in the stock and bond markets, money and foreign exchange markets, the inter-bank markets or credit markets, a change in the system under which the Hong Kong currency is linked to that of the currency of the United States or a material change in the value of Hong Kong dollars or of the Renminbi against any foreign currencies) or the implementation of any exchange control in or affecting Hong Kong, the PRC, the Cayman Islands, the BVI, the United States, the United Kingdom, any member of the European Union, Singapore or any other jurisdiction relevant to any member of the Group or the Global Offering (collectively, the “**Relevant Jurisdictions**”); or
 - (ii) the imposition or declaration 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 shares or securities generally on the Stock Exchange, the New York Stock Exchange, the NASDAQ Global Market, the London Stock Exchange, the Shanghai Stock Exchange or the Shenzhen Stock Exchange; or
 - (iii) the imposition or declaration of any general moratorium on commercial banking activities or foreign exchange trading or securities settlement or clearance services 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 Jurisdiction, or any disruption in commercial banking or foreign exchange trading or securities settlement or clearance services, procedures or matters in those places or any of the Relevant Jurisdictions; or
 - (iv) any new laws, or any change or any development or announcement or publication involving a prospective change in existing laws, or any change, development or announcement or publication involving a prospective change, or any event or series of events resulting in or representing a change or a development involving a prospective change, in the interpretation or application thereof by any court or other competent authority, in each case, in or affecting any of the Relevant Jurisdictions; or

UNDERWRITING

- (v) any change or development involving a prospective change in taxation or currency exchange rates or foreign investment regulations in or affecting any of the Relevant Jurisdictions; or
- (vi) any litigation or claim of any third party being threatened or instigated against any member of the Group or any Director or any of the Controlling Shareholders; or
- (vii) the chairman or chief executive officer of the Company vacating his office; or
- (viii) any demand by any tax authority for payment for any tax liability for any member of the Group; or
- (ix) any event which gives rise or would give rise to liability on the part of the Company pursuant to the indemnity provisions of the Hong Kong Underwriting Agreement, or
- (x) any adverse change or development involving a prospective adverse change in the assets, liabilities, conditions, business, prospects (financial or otherwise), earnings, profits, losses or financial or trading position of the Group taken as a whole and/or any member of the Group which has a substantial business operation; or
- (xi) an authority or a judicial, political, regulatory body or organization in any of the Relevant Jurisdictions commencing any investigation, claims, proceedings or other action, or announcing an intention to investigate or take other action, against any member of the Group or any Director or any of the Controlling Shareholders; or
- (xii) any contravention by any member in the Group or any Director or any of the Controlling Shareholders of any applicable laws (including, without limitation, the Listing Rules) (save as disclosed in this prospectus); or
- (xiii) non-compliance of this prospectus (or any other documents used in connection with the contemplated offer and sale of the Shares) or any aspect of the Global Offering with the Listing Rules or any other applicable laws; or
- (xiv) the issue or requirement to issue by the Company of any supplement or amendment to this prospectus, the Application Forms, preliminary offering circular or offering circular or other documents in connection with the offer and sale of the Shares pursuant to the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance or the Listing Rules or any requirement or request of the Stock Exchange and/or the SFC; or
- (xv) an order or petition for the winding up or liquidation of any member of the Group or any composition, compromise or arrangement made by any member of the Group with its creditors or a scheme of arrangement entered into by any member of the Group or any resolution for the winding up or liquidation of any member of the Group or the appointment of a provisional liquidator, receiver or

UNDERWRITING

manager over all or part of the assets or undertaking of any member of the Group or anything analogous thereto occurring in respect of any member of the Group; or

- (xvii) 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; or
- (xvii) the imposition of economic sanctions or withdrawal of trading privileges, in whatever form, directly or indirectly, by, or for, any Relevant Jurisdiction; or
- (xviii) any local, national, regional or international event, or series of events, or circumstance in the nature of force majeure (including, without limitation, any acts of government, declaration of a national or international emergency or war, calamity, crisis, epidemic, pandemic, outbreak of disease, lock-outs, economic sanctions, strikes, fire, explosion, flooding, earthquake, volcanic eruption, civil commotion, riots, public disorder, acts of war, outbreak or escalation of hostilities (whether or not war is declared), acts of God or acts of terrorism (whether or not responsibility has been claimed)) in or affecting any of the Relevant Jurisdictions; or
- (xix) any demand by any creditor for repayment or payment of any indebtedness of any member of the Group 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 Hong Kong Underwriters) (1) has or will have or may have or is likely to have a material adverse effect, whether directly or indirectly, 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; or (2) has or will have or may have or is likely to have a material adverse effect on the success of the Global Offering or the level of applications under the Hong Kong Public Offering or the level of interest under the International Offering; or (3) makes or will make or may make or is likely to make it inadvisable or inexpedient or impracticable for any material part of this Agreement, or for any part of the Hong Kong Public Offering or the Global Offering to be performed or implemented or proceed or to market the Global Offering, or to deliver the Offer Shares on the terms and in the manner contemplated by this prospectus, the Application Forms, the formal notice, the preliminary offering circular or the offering circular; or (4) has or will have or may have the effect of making any part of the Hong Kong Underwriting Agreement (including underwriting) incapable of performance in accordance with its terms or preventing the processing of applications and/or payments pursuant to the Global Offering or pursuant to the underwriting thereof; or

- (b) there has come to the notice of the Joint Global Coordinators:
 - (i) that any statement contained in this prospectus or any of the other Offering Documents (as defined in the Hong Kong Underwriting Agreement) and/or any notices, announcements, advertisements, communications issued or used by or on behalf of the Company in connection with the Hong Kong Public Offering

UNDERWRITING

and the Preferential Offering (including any supplement or amendment thereto) was or has become untrue, incomplete, incorrect, inaccurate in any material respect or misleading in any respect or any forecasts, estimate, expressions of opinion, intention or expectation expressed in this prospectus or any of the offering documents and/or any notices, announcements, advertisements, communications or other documents issued or used 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 honest and made on reasonable grounds or, where appropriate, based on reasonable assumptions; or

- (ii) that any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of this prospectus, constitutes a material misstatement or omission from any of the Hong Kong Public Offering Documents and/or in any notices, announcements, advertisements, communications or other documents issued or used by or on behalf of the Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto); or
- (iii) either (i) there has been a breach of, or any matter, event, act, omission or circumstance rendering untrue, incorrect, incomplete or misleading in any respect, any of the warranties or (ii) or any matter, event, act, omission or circumstance which gives or is likely to give rise to any liability of the Company or any of the Controlling Shareholders pursuant to the indemnities given by any of the Company or any of the Controlling Shareholders under the Hong Kong Underwriting Agreement; or
- (iv) any material breach of any of the obligations imposed upon the Company or any of the Controlling Shareholders under the Hong Kong Underwriting Agreement or the International Underwriting Agreement; or
- (v) a prohibition on the Company for whatever reason from allotting, issuing or selling the Shares (including the Over-allotment Option Shares) pursuant to the terms of the Global Offering; or
- (vi) any expert described under “Statutory and General Information — D. Other Information — 8. Qualifications and consents of experts” in Appendix IV to this prospectus has withdrawn its respective consent (other than the Joint Sponsors) to the issue of this prospectus with the inclusion of its reports, letters, summaries of valuations and/or legal opinions (as the case may be) and references to its name included in the form and context in which it respectively appears; or
- (vii) any adverse change or development involving a prospective adverse change in the assets, business, general affairs, management, shareholder’s equity, profits, losses, properties, results of operations, in the position or condition (financial or otherwise) or prospects of any member of the Group taken as a whole, as determined by the Joint Global Coordinators in its sole and absolute discretion; or

UNDERWRITING

- (viii) the grant or agreement to grant the approval by the Listing Committee of the listing of, and permission to deal in, the Shares (including the Shares to be issued under the Global Offering (including any additional Shares that may be issued pursuant to the exercise of the Over-Allotment Option)) on the Main Board is refused or not granted, other than subject to customary conditions, on or before the Listing Date, or if granted, the approval is subsequently withdrawn, cancelled, qualified (other than by customary conditions), revoked or withheld; or
- (ix) the Company has withdrawn any of the Offering Documents (as defined in the Hong Kong Underwriting Agreement) (and/or any other documents issued or used in connection with the Global Offering) or the Global Offering; or
- (x) the investment commitments by any cornerstone investors, have been withdrawn, terminated or cancelled.

UNDERTAKINGS TO THE STOCK EXCHANGE PURSUANT TO THE LISTING RULES

Undertakings by our Company

Pursuant to Rule 10.08 of the Listing Rules, we have undertaken to the Stock Exchange that no further Shares or securities convertible into our equity securities (whether or not of a class already listed) may be issued by us or form the subject of any agreement to such an issue within six months from the Listing Date (whether or not such issue of Shares or our securities will be completed within six months from the Listing Date), except pursuant to the Capitalization Issue, the Global Offering, the exercise of the Over-allotment Option and/or under the circumstances prescribed by Rule 10.08 of the Listing Rules.

Undertakings by our Controlling Shareholders

Pursuant to Rule 10.07(1) of the Listing Rules, each of our Controlling Shareholders has undertaken to the Stock Exchange and to our Company that except pursuant to the Capitalization Issue and the Global Offering (including the exercise of the Over-allotment Option and the lending of any Shares pursuant to the Global Offering), he/it shall not and shall procure that the relevant registered holder(s) of the Shares not to:

- (a) in the period commencing on the date by reference to which disclosure of his/its shareholding in our Company is made in this prospectus and ending on the date which is six months from the Listing Date, dispose of, or enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the securities of our Company in respect of which he/it is shown by this prospectus to be the beneficial owners; or
- (b) in the period of six months commencing on the date on which the period referred to in paragraph (a) above expires, dispose of, or enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the securities of our Company referred to in the paragraph (a) above if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, he/it would then cease to be a group of Controlling Shareholders.

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Note (2) to Rule 10.07(2) of the Listing Rules provides that the rule does not prevent our Controlling Shareholders from using the Shares beneficially owned by he/it as security (including a charge or a pledge) in favor of an authorized institution (as defined in the Banking Ordinance, Chapter 155 of the Laws of Hong Kong) for a bona fide commercial loan.

In addition, pursuant to Note 3 to Rule 10.07(2) of the Listing Rules, each of our Controlling Shareholder has further undertaken to us and the Stock Exchange that, within the period commencing from the date by reference to which disclosure of his/its shareholdings in our Company is made in this prospectus and ending on a date which is 12 months from the Listing Date, it will:

- (a) when he/it pledges or charges any securities of our Company beneficially owned by him/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 such securities of our Company so pledged or charged; and
- (b) when he/it receives indications, either verbal or written, from any pledgee or chargee that any of the pledged or charged securities of our Company will be disposed of, immediately inform our Company of such indications.

We have agreed and undertaken to the Stock Exchange that, we shall inform the Stock Exchange as soon as we have been informed of the above matters (if any) by any of the Controlling Shareholders and make a public disclosure by way of an announcement which is published in accordance with the Listing Rules as soon as possible.

UNDERTAKINGS PURSUANT TO THE HONG KONG UNDERWRITING AGREEMENT

Undertakings by our Company

Pursuant to the Hong Kong Underwriting Agreement, except pursuant to the Capitalization Issue, the Global Offering and the exercise of the Over-allotment Option and the issue of Shares thereof, during the period commencing on the date of the Hong Kong Underwriting Agreement and up to and including the date falling six months after the Listing Date (the “**First Six-Month Period**”), we have undertaken to each of the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters that we will not, without the prior written consent of the Joint Sponsors and the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules:

- (a) allot, issue, sell, accept subscription for, offer to allot, issue or sell, contract or agree to allot, issue or sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to subscribe for or purchase, grant or purchase any option, warrant, contract or right to allot, issue or sell, make any short sell or otherwise transfer or dispose of or create an encumbrance over, or agree to transfer or dispose of or create an encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or any other securities of our Company, or any interest in any of the foregoing (including any securities convertible into or exchangeable or exercisable for or that represents the right to receive, or any

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warrants or other rights to purchase, any Shares or other equity securities of our Company), or deposit any Shares or other securities of our Company with a depositary in connection with the issue of depositary receipts; or

- (b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any Shares or any other securities of our Company, or any interest in any of the foregoing (including, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any equity securities of our Company); or
- (c) enter into any transaction with the same economic effect as any transaction described in sub-paragraph (a) or (b) above; or
- (d) offer to or agree to or announce any intention to effect any transaction specified in sub-paragraphs (a), (b) or (c) above,

in each case, whether any of the foregoing transactions is to be settled by delivery of Shares or other securities of our Company, in cash or otherwise (whether or not the issue of such Shares or other securities will be completed within the First Six-Month Period). Our Company further agrees that, in the event that our Company enters into any of the transactions described in sub-paragraphs (a), (b) or (c) above or offers to or agrees to or announces any intention to effect any such transaction at any time during the period of six months commencing on the date on which the First Six-Month Period expires (the “**Second Six-Month Period**”), we shall take all reasonable steps to ensure that any such transaction, offer, agreement or announcement will not, and no other act of our Company will, create a disorderly or false market for any Shares or other securities of our Company. During the Second Six-Month Period, the Company shall not enter into any of the transactions specified in sub-paragraphs (a), (b) or (c) above or offers to or agrees to or announces any intention to effect any such transaction, such that any Controlling Shareholder, directly or indirectly, would cease to be a controlling shareholder (within the meaning defined in the Listing Rules) of the Company.

Undertakings by our Controlling Shareholders

Pursuant to the Hong Kong Underwriting Agreement, each of our Controlling Shareholders has undertaken to each of our Company, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters that, except pursuant to the Global Offering, the Stock Borrowing Agreement and the exercise of the Over-allotment Option and the issue of the Shares thereof, without the prior written consent of the Joint Sponsors and the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules:

- (a) at any time during the First Six-Month Period, he/it will not, (i) sell, offer to sell, contract or agree to sell, mortgage, pledge, charge, hypothecate, lend, grant or sell any option, warrant, contract or right to purchase, grant or purchase any option, warrant, contract or right to sell, make short sell or otherwise transfer or dispose of or create an encumbrance over, or agree to transfer or dispose of or create an encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or any other securities of the Company or any interest respectively therein

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(including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares or any other securities of the Company or any interest in any of the foregoing) (the foregoing restriction is expressly agreed to preclude the Controlling Shareholders from engaging in any hedging or other transactions which is designed to or which reasonably could be expected to lead to or result in a sale or disposition of any Shares even if such Shares would be disposed of by someone other than the Controlling Shareholders, respectively. Such prohibited hedging or other transactions would include without limitation any put or call option with respect to any Shares or with respect to any security that includes, relates to or derives any significant part of its value from such Shares), or (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership (legal or beneficial) of the Shares or any other securities of the Company or any interest therein (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares or any other securities of the Company or any interest in any of the foregoing), or (iii) enter into any transaction with the same economic effect as any transaction specified in (i) or (ii) above, or (iv) offer to or agree to or announce any intention to effect any transaction specified in (i), (ii) or (iii) above, in each case, whether any of the transactions specified in (i), (ii) or (iii) above is to be settled by delivery of Shares or other securities of the Company or in cash or otherwise (whether or not the issue of such Shares or other securities of the Company will be completed within the First Six-Month Period);

- (b) he/it will not, during the Second Six-Month Period, enter into any of the transactions specified in (i), (ii) or (iii) above or offer to or agree to or announce any intention to effect any such transaction if, immediately following any sale, transfer or disposal or upon the exercise or enforcement of any option, right, interest or encumbrance pursuant to such transaction, it will cease to be a “controlling shareholder” (as the term is defined in the Listing Rules) of the Company; and
- (c) until the expiry of the Second Six-Month Period, in the event that he/it enters into any of the transactions specified in (a)(i), (ii) or (iii) above or offers to or agrees to or announces any intention to effect any such transaction, he/it will take all reasonable steps to ensure that it will not create a disorderly or false market for any Shares or other securities of the Company,
- (d) provided that, subject to strict compliance with any requirements of applicable Laws (including, without limitation and for the avoidance of doubt, the requirements of the Stock Exchange or of the SFC or of any other relevant authority), nothing in this paragraph (d) shall prevent any of the Controlling Shareholders from using Shares or other securities of the Company beneficially owned by it after consummation of the Global Offering as security in favor of an authorized institution (as defined in the Banking Ordinance (Chapter 155) of the laws of Hong Kong).

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Each of our Controlling Shareholders has further undertaken to each of our Company, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters that, at any time within a period commencing on the date of the Hong Kong Underwriting Agreement and ending on a date which is 12 months from the Listing Date:

- (a) upon any pledge or charge in favor of an authorized institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) of any Shares or securities or interests in the Shares or securities of the Company beneficially owned by him/it for a bona fide commercial loan, immediately inform the Company, the Joint Global Coordinators and the Joint Sponsors in writing of such pledge or charge together with the number of Shares or securities so pledged or charged; and
- (b) upon any indication received by him/it, either verbal or written, from any pledgee or chargee that any of the pledged or charged Shares or securities or interests in the Shares or securities of the Company will be disposed of, immediately inform the Company, the Joint Global Coordinators and the Joint Sponsors in writing of such indication.

The Company has undertaken to the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and each of the Hong Kong Underwriters, that, upon receiving such information in writing from the Controlling Shareholder, it shall, as soon as possible, notify the Stock Exchange and make a public disclosure in relation to such information in accordance with the Listing Rules.

INTERNATIONAL OFFERING

International Underwriting Agreement

In connection with the International Offering, it is expected that we will enter into the International Underwriting Agreement with the International Underwriters. Under the International Underwriting Agreement, the International Underwriters, subject to certain conditions, will agree severally and not jointly to procure purchasers for, or to purchase, their respective proportions of the International Offer Shares being offered under the International Offering.

Under the International Underwriting Agreement, it is expected that we will grant to the International Underwriters the Over-allotment Option, exercisable by the Joint Global Coordinators for themselves and on behalf of the International Underwriters, during the period from the Listing Date until 30 days after the last day for lodging applications under the Hong Kong Public Offering (i.e. Wednesday, June 23, 2021), to require us to allot and issue up to an aggregate of 49,224,000 additional Shares, representing approximately 15.0% of the number of Offer Shares initially being offered under the Global Offering, at the Offer Price, to cover over-allocations, if any, in the International Offering.

It is expected that the International Underwriting Agreement may be terminated on similar grounds as those in the Hong Kong Underwriting Agreement. Potential investors shall be reminded that if the International Underwriting Agreement is not entered into, the Global Offering will not proceed.

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UNDERWRITING COMMISSIONS AND LISTING EXPENSES

The Hong Kong Underwriters will receive an underwriting commission per Offer Share of 2.5% of the Offer Price from our Company in respect of all the Hong Kong Offer Shares (excluding any International Offer Shares reallocated to and from the Hong Kong Public Offering) and the International Underwriters are expected to receive an underwriting commission per Offer Share of 2.5% of the Offer Price from the Company in respect of the International Offer Shares. Our Company may, at our sole and absolute discretion, pay an incentive fee up to 0.5% of the Offer Price per Offer Share to one or more of the Underwriters and a discretionary bonus in an aggregate of no more than HK\$2 million to one or more of the Joint Global Coordinators.

Assuming the Over-allotment Option is not exercised, the aggregate commissions and fees, together with Stock Exchange listing fees, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%, legal and other professional fees and printing and all other expenses relating to the Global Offering and the Distribution, are currently estimated to be approximately HK\$101.6 million (assuming an Offer Price of HK\$2.80 per Offer Share, being the mid-point of the indicative Offering Price range stated in this prospectus), among which HK\$66.3 million is borne by us and the remaining by CCRE.

ACTIVITIES BY SYNDICATE MEMBERS

We describe below a variety of activities that each of the underwriters of the Hong Kong Public Offering and the International Offering, together referred to as “**Syndicate Members**,” may individually undertake, and which do not form part of the underwriting or the stabilizing process. When engaging in any of these activities, it should be noted that the Syndicate Members are subject to restrictions, including the following:

- (a) under the agreement among the Syndicate Members, all of them (except for the Stabilizing Manager or its designated affiliate as the stabilizing manager) must not, in connection with the distribution of the Offer Shares, effect any transactions (including issuing or entering into any option or other derivative transaction 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) all of them must comply with all applicable laws, including the market misconduct provisions of the SFO, including the provisions prohibiting insider dealing, false trading, price rigging and stock market manipulation.

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 accounts of others. In relation to the Shares, those activities could include acting as agent for buyers and sellers of the Shares, entering into over the counter or listed derivative transactions or listed and unlisted securities transactions (including issuing securities such as derivative warrants listed on a stock exchange) which have the Shares as their or part of their underlying assets. Those activities may require hedging activity by those entities involving directly or indirectly, buying and selling the Shares. All such activity could occur in Hong Kong and elsewhere in the world

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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 Stock Exchange or on any other stock exchange, the rules of the exchange may require the issuer of those securities (or one of its affiliates or agents) to act as a market maker or liquidity provider in the security, and this will also result in hedging activity in the Shares in most cases.

All of these activities may occur both during and after the end of the stabilizing period described in “Structure of the Global Offering — Stabilization”. These activities may affect the market price or value of the Shares, the liquidity or trading volume in the Shares, and the volatility of the Shares’ share price, and the extent to which this occurs from day to day cannot be estimated.

UNDERWRITERS’ INTEREST IN OUR GROUP

Except as disclosed in this prospectus and the obligations under the Hong Kong Underwriting Agreement and the International Underwriting Agreement and, if applicable, the Stock Borrowing Agreement, none of the Underwriters has any shareholding interest in any member of our Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

JOINT SPONSORS’ INDEPENDENCE

Each of the Joint Sponsors satisfies the independent criteria applicable to sponsors as set out in Rule 3A.07 of the Listing Rules.

MINIMUM PUBLIC FLOAT

Our Directors and the Joint Global Coordinators will ensure that there will be a minimum of 25% of the total issued Shares held in public hands in accordance with Rule 8.08 of the Listing Rules after completion of the Global Offering.

STRUCTURE OF THE GLOBAL OFFERING

THE GLOBAL OFFERING

This prospectus is published in connection with the Hong Kong Public Offering as part of the Global Offering. The Global Offering comprises:

- (a) the Hong Kong Public Offering of 32,818,000 Shares (subject to reallocation as mentioned below) in Hong Kong as described below under “— The Hong Kong Public Offering;” and
- (b) the International Offering of 295,354,000 Offer Shares (including 32,818,000 Reserved Shares under the Preferential Offering) (subject to reallocation and the Over-allotment Option as mentioned below) outside the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act, as described below in “— the International Offering”.

In connection with the Global Offering, it is expected that we will grant the Over-allotment Option to the International Underwriters, exercisable by the Joint Global Coordinators on behalf of the International Underwriters, at any time within 30 days after the last day for lodging applications under the Hong Kong Public Offering (ie. Wednesday, June 23, 2021), to require us to allot and issue up to an aggregate of 49,224,000 additional Shares, representing approximately 15.0% of the initial number of Offer Shares under the Global Offering, at the Offer Price, to cover over-allocations, if any, in the International Offering.

Investors may either:

- apply for the Hong Kong Offer Shares under the Hong Kong Public Offering; or
- apply for or indicate an interest for the International Offer Shares under the International Offering,

but may not do both, except that Qualifying CCRE 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.

Directors and/or their close associates, who are Qualifying CCRE Shareholders, may apply for Reserved Shares under the Preferential Offering but may not apply for Hong Kong Offer Shares as members of the public in the Hong Kong Public Offering or apply for or indicate an interest for International Offer Shares under the International Offering.

Qualifying CCRE Shareholders may make an application for Reserved Shares on a **BLUE** Application Form and, in addition, 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 328,172,000 Offer Shares in the Global Offering will represent approximately 10.0% of our enlarged share capital immediately after the completion of the Global Offering, without taking into account the exercise of the Over-allotment Option. If the Over-allotment Option is exercised in full, the Offer Shares will represent approximately 11.3% of our enlarged share capital immediately following the exercise of the Over-allotment Option.

STRUCTURE OF THE GLOBAL OFFERING

References to applications, Application Forms, application or subscription monies, or procedure for applications relate solely to the Hong Kong Public Offering and the Preferential Offering.

THE HONG KONG PUBLIC OFFERING

We are initially offering 32,818,000 Offer Shares for subscription by the public in Hong Kong at the Offer Price, representing approximately 10.0% of the total number of Shares initially available under the Global Offering.

The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to institutional and professional investors. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities.

Completion of the Hong Kong Public Offering is subject to the conditions set forth below in “— Conditions of the Global Offering”.

Allocation

Allocation of Hong Kong Offer Shares to investors under the Hong Kong Public Offering will be based 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. We may, if necessary, allocate the Hong Kong Offer Shares on the basis of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Offer Shares and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

For allocation purposes only, the total number of the Offer Shares available under the Hong Kong Public Offering is to be divided equally into two pools, Pool A and Pool B with any odd board lots being allocated to Pool A:

- Pool A: the Offer Shares will be allocated on an equitable basis to applicants who have applied for the Offer Shares with an aggregate subscription price of HK\$5 million or less (excluding the brokerage fee, the SFC transaction levy and the Stock Exchange trading fee); and
- Pool B: the Offer Shares will be allocated on an equitable basis to applicants who have applied for Offer Shares with an aggregate subscription price of more than HK\$5 million (excluding the brokerage fee, the SFC transaction levy and the Stock Exchange trading fee).

Investors should be aware that applications in Pool A and applications in Pool B may receive different allocation ratios. If the Offer Shares in one (but not both) of the pools are under-subscribed, the surplus Offer Shares will be transferred to the other pool to satisfy demand in the pool and be allocated accordingly. For the purpose of this subsection only, the “subscription price” for the Offer Shares means the price payable on application therefor (without regard to the Offer Price as finally determined). Applicants can only receive an

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allocation of Hong Kong Offer Shares from either Pool A or Pool B but not from both pools. Multiple or suspected multiple applications under the Hong Kong Public Offering and any application for more than 16,408,000 Hong Kong Offer Shares will be rejected.

The Offer Shares to be offered in the Hong Kong Public Offering and the International Offering may be reallocated as between these offerings at the discretion of the Joint Global Coordinators.

Reallocation

The allocation of Offer Shares between the Hong Kong Public Offering and the International Offering is subject to reallocation under the Listing Rules. In accordance with the clawback requirements set forth in paragraph 4.2 of Practice Note 18 of the Listing Rules and the Guidance Letter HKEx-GL91-18 issued by the Stock Exchange, if the Offer Shares under the International Offering are fully subscribed or over-subscribed and the number of Offer Shares validly applied for under the Hong Kong Public Offering represents (i) 15 times or more but less than 50 times, (ii) 50 times or more but less than 100 times, and (iii) 100 times or more of the number of Hong Kong Offer Shares initially available under the Hong Kong Public Offering, the 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 Hong Kong Offer Shares will be increased to 98,452,000 Offer Shares (in the case of (i)), 131,270,000 Offer Shares (in the case of (ii)) and 164,086,000 Offer Shares (in the case of (iii)), representing approximately 30.0%, approximately 40.0% and approximately 50.0% of the Offer Shares initially available under the Global Offering (before any exercise of the Over-allotment Option), respectively.

In each case, the additional Offer Shares reallocated to the Hong Kong Public Offering will be allocated between Pool A and Pool B in equal proportion 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.

If (i) the Offer Shares under the International Offering are fully subscribed or oversubscribed, and if the number of Offer Shares validly applied for in the Hong Kong Public Offering represents more than 100%, but less than 15 times, of the number of Hong Kong Offer Shares initially available under the Hong Kong Public Offering; or (ii) the Offer Shares under the International Offering are not fully subscribed, and if the number of Offer Shares validly applied for in the Hong Kong Public Offering represents more than 100% of the number of Hong Kong Offer Shares initially available under the Hong Kong Public Offering, the Joint Global Coordinators may, at their discretion, reallocate the Offer Shares initially allocated for the International Offering to the Hong Kong Public Offering to satisfy valid applications under the Hong Kong Public Offering, provided that the total number of Hong Kong Offer Shares available under the Hong Kong Public Offering shall not be increased to more than 65,636,000 Offer Shares, representing two times the number of Hong Kong Offer Shares initially available under the Hong Kong Public Offering and approximately 20% of the total number of Offer Shares initially available under the Global Offering (before any exercise of the Over-allotment Option), and the final Offer Price shall be fixed at the low end of the Offer Price range (that is, HK\$2.40 per Offer Share) stated in this prospectus in accordance with Guidance Letter HKEx-GL91-18 issued by the Stock Exchange.

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Any such clawback and reallocation between the International Offering and the Hong Kong Public Offering will be completed prior to any adjustment of the number of Offer Shares pursuant to the exercise of the Over-allotment Option, if any.

If the Hong Kong Public Offering is not fully subscribed and International Offering is fully or over subscribed, the Joint Global Coordinators have the authority to reallocate all or any unsubscribed Hong Kong Offer Shares to the International Offering in such proportions as the Joint Global Coordinators deem appropriate. However, if neither the Hong Kong Public Offering nor the International Offering is fully subscribed, the Global Offering will not proceed unless fully underwritten by the Underwriters under the terms and conditions of the Underwriting Agreements.

The Preferential Offering will not be subject to reallocation between the Hong Kong Public Offering and the International Offering.

Applications

Each applicant under the Hong Kong Public Offering will be required to give an undertaking and confirmation in the application submitted by him or her that he or she and any person(s) for whose benefit he or she is making the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any International Offer Shares under the International Offering (except in respect of Reserved Shares applied for pursuant to the Preferential Offering), and such applicant's application is liable to be rejected if the said undertaking and/or confirmation is breached and/or untrue (as the case may be) or it has been or will be placed or allocated International Offer Shares under the International Offering.

The listing of the Offer Shares on the Stock Exchange is sponsored by the Joint Sponsors. Applicants under the Hong Kong Public Offering are required to pay, on application, the maximum Offer Price of HK\$3.20 per Offer Share in addition to the brokerage, the SFC transaction levy and the Stock Exchange trading fee payable on each Offer Share. If the Offer Price, as finally determined in the manner described in “— Pricing and Allocation” below, is less than the maximum price of HK\$3.20 per Offer Share, appropriate refund payments (including the brokerage, the SFC transaction levy and the Stock Exchange trading fee attributable to the surplus application monies) will be made to successful applicants, without interest. For more details, see “How to Apply for Hong Kong Offer Shares and Reserved Shares.”

THE PREFERENTIAL OFFERING

Basis of the Assured Entitlement

In order to enable CCRE Shareholders to participate in the Global Offering on a preferential basis as to allocation only, subject to the Stock Exchange granting approval for the listing of, and permission to deal in, the Shares on the Main Board of the Stock Exchange and the Global Offering becoming unconditional, Qualifying CCRE Shareholders are being invited to apply for an aggregate of 32,818,000 Reserved Shares in the Preferential Offering, representing approximately 11.11% and 10.0% of the Offer Shares available under the International Offering and the Global Offering, respectively (assuming the Over-allotment Option is not exercised) as Assured Entitlement. The Reserved Shares are being offered out of the International Offer Shares under the International Offering and are not subject to

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reallocation as described in the section entitled “— The Hong Kong Public Offering — Reallocation” 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 integral multiple of 90 CCRE Shares held by Qualifying CCRE Shareholders as of 4:30 p.m. on the Record Date.

Qualifying CCRE Shareholders should note that Assured Entitlement to Reserved Shares may not represent a number of a full board lot of 2,000 Shares. Further, the Reserved Shares allocated to the Qualifying CCRE Shareholders will be rounded down to the closest whole number if required, and dealings in odd lots of the Shares may be at a price below the prevailing market price for full board lots.

Assured Entitlement of Qualifying CCRE Shareholders to Reserved Shares are not transferable and there will be no trading in nil-paid entitlements on the Stock Exchange.

Qualifying CCRE Shareholders who hold less than 90 CCRE Shares on the Record Date and therefore will not have an Assured Entitlement to the Reserved Shares will still be entitled to participate the Preferential Offering by applying only for excess Reserved Shares as further described below.

Basis of Allocation for Applications for Reserved Shares

Qualifying CCRE 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. A valid application for a number of Reserved Shares which is less than or equal to a Qualifying CCRE Shareholder's Assured Entitlement under the Preferential Offering will be accepted in full, subject to the terms and conditions set out in the **BLUE** Application Forms and assuming the conditions of the Preferential Offering are satisfied.

Where a Qualifying CCRE Shareholder applies for a number of Reserved Shares which is greater than the Qualifying CCRE Shareholder's Assured Entitlement under the Preferential Offering, the relevant Assured Entitlement will be satisfied in full (subject to terms and conditions mentioned above and set forth on the **BLUE** Application Forms but the excess portion of such application will only be met to the extent that there are sufficient Available Reserved Shares (as defined below).

Where a Qualifying CCRE Shareholders 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 CCRE Shareholders (other than HKSCC Nominees) who intend to apply for less than their Assured Entitlement using the **BLUE** Application Forms for Assured Entitlement or who intend to apply for excess Reserved Shares using the **BLUE** Application Forms 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 and make a payment of the corresponding amount. If you are a Qualifying CCRE Shareholder and

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wish to apply for excess Reserved Shares in addition to your Assured Entitlement, you should complete and sign the **BLUE** Application Form for excess Reserved Shares and lodge it, together with a separate remittance for the full amount payable on application in respect of the excess Reserved Shares applied for.

To the extent that the excess applications for the Reserved Shares are:

- (a) less than the Reserved Shares not taken up by the Qualifying CCRE Shareholders' Assured Entitlement (the "**Available Reserved Shares**"), the Available Reserved Shares will first be allocated to satisfy such excess applications for the Reserved Shares in full and thereafter will be allocated, at the discretion of the Joint 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 a fair and reasonable basis, which is consistent with the allocation basis commonly used in the case of over-subscriptions in public offerings in Hong Kong, where a higher allocation percentage will be applied in respect of smaller applications of excess Reserved Shares. If there is an odd lot number of Shares left after satisfying the excess applications, such number of odd lot Shares will be re-allocated, at the discretion of the Joint Global Coordinators, to the International Offering.

Save for the above, the Preferential Offering will not be subject to the clawback and reallocation arrangement between the International Offering and the Hong Kong Public Offering.

Beneficial CCRE Shareholders whose CCRE Shares are held by a nominee company should note that our Company will regard the nominee company as a single CCRE Shareholder according to the register of members of CCRE. Accordingly, such Beneficial CCRE Shareholders whose CCRE Shares are held by a nominee company should note that the arrangement under paragraph (c) above will not apply to them individually. Any Beneficial CCRE Shareholders whose CCRE 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 CCRE Shares in the name of the beneficial owner prior to the Record Date.

Qualifying CCRE Shareholders may include certain persons who are directors of our Company and our close associates (including CCRE) or are existing CCRE Shareholders ("**Non-Independent Participants**"). Non-Independent Participants who are Qualifying CCRE Shareholders may be included as the eligible participants under the Preferential Offering, subject to the conditions that:

- (a) no preferential treatment will be given to the Non-Independent Participants who are Qualifying CCRE Shareholders in the allocation of the Reserved Shares under the Preferential Offering;

STRUCTURE OF THE GLOBAL OFFERING

- (b) the Non-Independent Participants in their capacity as Qualifying CCRE Shareholders will not apply for such number of Reserved Shares which is more than the total number of Reserved Shares;
- (c) save as the Preferential Offering, none of the Non-Independent Participants will participate or indicate any interest in the International Placing and the Hong Kong Public Offering;
- (d) the allocation of the Reserved Shares will be on a pro rata basis amongst all Qualifying CCRE Shareholders (who have applied for the Reserved Shares) and no preferential treatment (in terms of allocation) will be given to the Non-Independent Participants (who have applied for the Reserved Shares and in their capacity as Qualifying CCRE Shareholders) as compared to other Qualifying CCRE Shareholders; and
- (e) the minimum public float requirement under Rule 8.08(1) of the Listing Rules will be complied with immediately after completion of the Spin-off.

Applications by Qualifying CCRE Shareholders for Hong Kong Offer Shares

In addition to any application for Reserved Shares made on a **BLUE** Application Form, Qualifying CCRE 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 through the **White Form eIPO** service. Qualifying CCRE Shareholders will receive no preference as to entitlement or allocation in respect of applications for Hong Kong Offer Shares made on **WHITE** or **YELLOW** Application Forms or by giving **electronic application instructions** to HKSCC or through the **White Form eIPO** service under the Hong Kong Public Offering.

Beneficial CCRE Shareholders who hold CCRE Shares through 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》), CSDCC does not provide services relating to the subscription of newly issued shares. Accordingly, Beneficial CCRE Shareholders who hold CCRE Shares through 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 Shenzhen-Hong Kong Stock Connect.

Qualifying CCRE Shareholders

Only CCRE Shareholders whose names appeared on the register of members of CCRE on the Record Date are entitled to subscribe for the Reserved Shares under the Preferential Offering.

Overseas Shareholders

This prospectus and the Application Forms will not be registered under the applicable securities legislations of any jurisdiction other than Hong Kong.

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As of the Record Date, there were no CCRE Shareholders whose addresses, as shown on the register of members of CCRE on the Record Date, were in jurisdictions outside Hong Kong.

Distribution of this Prospectus and the BLUE Application Forms

A **BLUE** Application Form has been despatched to each Qualifying CCRE Shareholder. In addition, Qualifying CCRE Shareholders will receive a copy of this prospectus in the manner in which they have elected, or deemed to have elected, to receive corporate communications under CCRE' corporate communications policy.

Qualifying CCRE Shareholders may also obtain a printed copy of this prospectus during normal business hours from any of the designated branches of the receiving banks and the designated offices of each of those Hong Kong Underwriters as set out in "How to Apply for Hong Kong Offer Shares and Reserved Shares."

Distribution of this prospectus and/or the **BLUE** Application Form(s) into any jurisdiction other than Hong Kong may be restricted by law. Persons into whose possession this prospectus and/or the **BLUE** Application Form(s) come (including, without limitation, agents, custodians, nominees and trustees) should inform themselves of, and observe, any such restriction. Any failure to comply with such restriction may constitute a violation of the securities laws of any such jurisdiction.

Receipt of this prospectus and/or the **BLUE** Application Form(s) does not and will not constitute an offer in those jurisdictions in which it would be illegal to make an offer and, in those circumstances, this prospectus and/or the **BLUE** Application Form(s) must be treated as sent for information only and should not be copied or redistributed.

Application Procedures

The procedures for application under and the terms and conditions of the Preferential Offering are set out in "How to Apply for Hong Kong Offer Shares and Reserved Shares — B. Applications for Reserved Shares" and on the **BLUE** Application Forms.

The documents to be issued in connection with the Hong Kong Public Offering and the Preferential Offering will not be registered or filed under applicable securities or equivalent legislation of any jurisdiction other than Hong Kong. No action has been taken to permit an offering of the Hong Kong Offer Shares and the Reserved Shares or the distribution of this prospectus in any jurisdiction other than Hong Kong. Accordingly, this prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation.

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THE INTERNATIONAL OFFERING

Number of Offer Shares Initially Offered

We will be initially offering for subscription under the International Offering 295,354,000 Shares, representing approximately 90.0% of the Offer Shares under the Global Offering and approximately 9.0% of our enlarged issued share capital immediately after completion of the Global Offering, assuming the Over-allotment Option is not exercised.

Allocation

The International Offering will include selective marketing of Offer Shares to institutional and professional investors and other investors anticipated to have a sizeable demand for our Offer Shares. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities. Prospective professional, institutional and other investors will be required to specify the number of the Offer Shares under the International Offering they would be prepared to acquire either at different prices or at particular price. This process, known as “book-building,” is expected to continue up to the last day for lodging applications under Hong Kong Public Offering.

Allocation of the Offer Shares pursuant to the International Offering will be determined by the Joint Global Coordinators and will be based on a number of factors including the level and timing of demand, total size of the relevant investor’s invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to hold or sell its Shares, after the listing of the Shares on the Stock Exchange. Such allocation is intended to result in a distribution of the Offer Shares under the International Offering on a basis which would lead to the establishment of a solid professional and institutional shareholder base to the benefit of us and our 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 applications of Offer Shares under the Hong Kong Public Offering.

Reallocation

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” or 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, it is expected that we will grant the Over-allotment Option to the International Underwriters.

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Pursuant to the Over-allotment Option, the International Underwriters have the right, exercisable by the Joint Global Coordinators on behalf of the International Underwriters at any time during the 30-day period from the last day for lodging applications under the Hong Kong Public Offering (ie. until Wednesday, June 23, 2021), to require our Company to issue up to 49,224,000 Shares, representing approximately 15.0% of the total number of the Offer Shares initially available under the Global Offering, under the International Offering to, cover over-allocations in the International Offering, if any.

If the Over-allotment Option is exercised in full, the additional Shares to be issued by our Company pursuant thereto will represent approximately 1.45% of our issued share capital immediately following the exercise of the Over-allotment Option. In the event that the Over-allotment Option is exercised, an announcement will be made.

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 our 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 persons acting for it, to conduct any such stabilizing action. Such stabilization action, if taken, will be conducted at the absolute discretion of the Stabilizing Manager or any person acting for it and may be discontinued at any time, and is required to be brought to an end within 30 days of the last day for the lodging applications under the Hong Kong Public Offering. Stabilization action permitted in Hong Kong pursuant to the Securities and Futures (Price Stabilizing) Rules of the SFO includes (i) over-allocating for the purpose of preventing or minimizing any reduction in the market price of our Shares, (ii) selling or agreeing to sell our Shares so as to establish a short position in them for the purpose of preventing or minimizing any reduction in the market price of our Shares, (iii) purchasing, or agreeing to purchase, our Shares pursuant to the Over-allotment Option in order to close out any position established under (i) or (ii) above, (iv) purchasing, or agreeing to purchase, any of our Shares for the sole purpose of preventing or minimizing any reduction in the market price of our Shares, (v) selling or agreeing to sell any Shares in order to liquidate any position established as a result of those purchases, and (vi) offering or attempting to do anything as described in paragraph (ii), (iii), (iv) or (v).

Specifically, prospective applicants for and investors in Shares should note that:

- the Stabilizing Manager, or any person acting for it may, in connection with the stabilizing action, maintain a long position in the Shares;
- there is no certainty as to the extent to which and the time period for which the Stabilizing Manager, or any person acting for it will maintain such a long position;

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- 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;
- no stabilizing action can be taken to support the price of the Shares for longer than the stabilizing period which will begin on the Listing Date and is expected to expire on Wednesday, June 23, 2021, being the 30th day after the last day of closing of the application lists under the Hong Kong Public Offering. After this date, when no further action may be taken to support the price of the Shares, demand for the Shares, and therefore the price of the Shares, could fall;
- the price of any security (including the Shares) cannot be assured to stay at or above the Offer Price by the taking of any stabilizing action; and
- stabilizing bids or transactions effected in the course of the stabilizing action may be made at any price at or below the Offer Price, which means that stabilizing bids may be made or transactions effected 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 (Chapter 571W of the laws of Hong Kong) 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 arrangement as detailed below or a combination of these means.

Stock Borrowing Arrangement

To facilitate the settlement of over-allocation in connection with the Global Offering, the Stabilizing Manager may choose to borrow, whether on its own or through its affiliates, up to 49,224,000 Shares, representing approximately 15.0% of the Offer Shares, from Joy Bright pursuant to the Stock Borrowing Agreement which is expected to be entered into between the Stabilizing Manager and Joy Bright.

Such stock borrowing arrangement is fully described in this prospectus and must be for the sole purpose of covering any short position prior to the exercise of the Over-allotment Option. The same number of Offer Shares so borrowed must be returned to Joy Bright or its nominees on or before the third Business Day following the earlier of (a) the last day on which the Over-allotment Option may be exercised, (b) the day on which the Over-allotment Option is exercised in full, or (c) such earlier time as the Stabilizing Manager, and Joy Bright may agree in writing. No payment will be made to Joy Bright by the Stabilizing Manager or its agent in relation to such stock borrowing arrangement.

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PRICING AND ALLOCATION

The Offer Price is expected to be fixed by agreement between us and the Joint Global Coordinators (on behalf of the Hong Kong Underwriters) on the Price Determination Date, when market demand for the Offer Shares will be determined. The Price Determination Date is expected to be on or around Monday, May 24, 2021 (Hong Kong time), and in any event, no later than Thursday, May 27, 2021 (Hong Kong time). Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the Offer Price range stated in this prospectus.

The Offer Price will not be more than HK\$3.20 and is expected to be not less than HK\$2.40 unless otherwise announced by no later than the morning of the last day for lodging applications under the Hong Kong Public Offering as further explained below. If you apply for the Offer Shares under the Hong Kong Public Offering, you must pay the maximum offer price of HK\$3.20 per Offer Share, plus 1% brokerage fee, 0.0027% SFC transaction levy and 0.005% Stock Exchange trading fee.

If the Offer Price, as finally determined in the manner described below, is lower than HK\$3.20, we will refund the respective difference, including the brokerage fee, the Stock Exchange trading fee and the SFC transaction levy attributable to the surplus application monies. We will not pay interest on any refunded amounts. For more details, see “How to Apply for Hong Kong Offer Shares and Reserved Shares.”

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 around, the last day for lodging applications under the Hong Kong Public Offering.

The Joint Global Coordinators, on behalf of the Hong Kong Underwriters, may, where considered appropriate based on the level of interest expressed by prospective professional, institutional and other investors during the book-building process, and with the consent of our Company, reduce the number of Offer Shares and/or the indicative Offer Price range below that stated in this prospectus prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, we will as soon as practicable following the decision to make any such reduction: (a) issue a supplemental prospectus updating investors of the change in the number of Offer Shares and/or indicative Offer Price, together with an update of the financial and other information in connection with such change; (b) extend the period under which the Global Offering was open for acceptance to allow potential investors the sufficient time to consider their subscriptions or reconsider their existing subscriptions; and (c) require potential investors who had applied for the Offer Shares to confirm their applications in accordance with the procedures set out in the supplemental prospectus and all unconfirmed applications will not be valid.

Upon issue of such a notice, the revised number of Offer Shares and/or Offer Price range will be final and conclusive and the Offer Price, if agreed upon by us and the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters), 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

STRUCTURE OF THE GLOBAL OFFERING

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 confirm or revise, as appropriate, the working capital statement, the Global Offering statistics as currently set out in the section “Summary,” and any other financial information which may change as a result of such reduction. In the absence of any such notice so published, the Offer Price, if agreed upon with our Company and the Joint Global Coordinators (on behalf of the Hong Kong Underwriters) will under no circumstances be set outside the Offer Price range stated in this prospectus.

If you have already submitted an application for the Hong Kong Offer Shares before the last day for lodging applications under the Hong Kong Public Offering, you will not be allowed to subsequently withdraw your application. However, if the number of Offer Shares and/or the Offer Price range is reduced, applicants 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.

The Offer Price, the level of indication of interest in the International Offering, the level of applications in the Hong Kong Public Offering and Preferential Offering, the basis of allotment of Hong Kong Offer Shares and Reserved Shares and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Hong Kong Public Offering and Preferential Offering are expected to be made available in a variety of channels in the manner described in the section “How to Apply for Hong Kong Offer Shares and Reserved Shares — G. Publication of Results”.

UNDERWRITING AGREEMENT

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 the agreement on the Offer Price.

We expect to enter into the International Underwriting Agreement relating to the International Offering on the Price Determination Date. The underwriting arrangements under the Hong Kong Underwriting Agreement and the International Underwriting Agreement are summarized in the section “Underwriting”.

CONDITIONS OF THE GLOBAL OFFERING

Acceptance of all applications for Offer Shares is conditional on, among others:

- the Listing Committee granting approval for the listing of, and permission to deal in, the Shares to be issued pursuant to the Global Offering (including any Shares which may be issued by us pursuant to the exercise of the Over-allotment Option);
- the Offer Price being duly agreed among our Company and the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters);
- the execution and delivery of the International Underwriting Agreement on the Price Determination Date; and
- the obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement and the obligations of the International Underwriters under the International Underwriting Agreement becoming unconditional and not having

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been terminated in accordance with the terms of the respective agreements, in each case on or before the dates and times specified in the Hong Kong Underwriting Agreement and/or the International Underwriting Agreement, as the case may be (unless and to the extent such conditions are validly waived on or before such dates and times) and in any event not later than 30 days after the date of this prospectus.

If, for any reason, the Offer Price is not agreed between our Company and the Joint Global Coordinators (on behalf of the Hong Kong Underwriters) on or before Thursday, May 27, 2021, 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, each other offering becoming unconditional and not having been terminated in accordance with its respective terms. If the above conditions are not fulfilled or waived prior to the times and dates specified, the Global Offering will lapse and the Stock Exchange will be notified immediately. Notice of the lapse of the Hong Kong Public Offering will be published by our Company on the website of the Stock Exchange (www.hkexnews.hk) and on our website (www.centralchinamgt.com) on the next day following such lapse. In such situation, all application monies will be returned, without interest, on the terms set forth in the section “How to Apply for Hong Kong Offer Shares and Reserved Shares — J. Despatch/Collection of Share Certificates and Refund 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).

DEALING ARRANGEMENTS

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Monday, May 31, 2021, it is expected that dealings in our Shares on the Stock Exchange will commence at 9:00 a.m. on Monday, May 31, 2021.

The Shares will be traded in board lots of 2,000 Shares each and the stock code of the Shares is 9982.

HOW TO APPLY FOR HONG KONG OFFER SHARES AND RESERVED SHARES

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 designated website www.eipo.com.hk of the **White Form eIPO** service; or
- electronically cause HKSCC Nominees to apply for the Hong Kong Offer Shares on your behalf.

None of you or your joint applicant(s) may make more than one application (whether individually or jointly), except (i) where you are a nominee and provide the required information in your application; and (ii) if you are a Qualifying CCRE Shareholder, you may also apply for Reserved Shares by using a **BLUE** Application Form.

Our Company, the Joint Global Coordinators, the **White Form eIPO** Service Provider and their respective agents may reject or accept any application in full or in part for any reason at their discretion.

2. WHO CAN APPLY

You can apply for Hong Kong Offer Shares on a **WHITE** or **YELLOW** Application Form if you or the person(s) for whose benefit you are applying:

- are 18 years of age or older;
- have a Hong Kong address; and
- are outside the U.S., and are not a U.S. person (as defined in Regulation S).

You can also or alternatively apply for Reserved Shares on a **BLUE** Application Form if you are also a Qualifying CCRE Shareholder.

If you apply online through the **White Form eIPO** service, in addition to the above, you must also: (i) have a valid Hong Kong identity card number and (ii) provide a valid e-mail address and a contact telephone number.

HOW TO APPLY FOR HONG KONG OFFER SHARES AND RESERVED SHARES

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 or her representative capacity, and stamped with your corporation's chop.

If an application is made by a person under a power of attorney, the Joint Global Coordinators may accept it at their discretion and on any conditions they think fit, including evidence of the attorney's authority.

The number of joint applicants may not exceed four and they may not apply by means of the **White Form eIPO** service for the Hong Kong Offer Shares.

Unless permitted by the Listing Rules, you cannot apply for any Hong Kong Offer Shares if you are:

- an existing beneficial owner of Shares in our Company and/or any of our subsidiaries;
- a Director or chief executive officer of our Company and/or any of our subsidiaries;
- a close associate (as defined in the Listing Rules) of any of the above; or
- have been allocated or have applied for or indicated an interest in 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 **White Form eIPO** service at www.eipo.com.hk.

For Hong Kong Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS Participant's stock account, use a **YELLOW** Application Form or electronically instruct HKSCC via CCASS to cause HKSCC Nominees to apply for you.

HOW TO APPLY FOR HONG KONG OFFER SHARES AND RESERVED SHARES

Where to Collect the Application Forms

You can collect a **WHITE** Application Form and a prospectus during normal business hours from 9:00 a.m. on Tuesday, May 18, 2021 until 12:00 noon on Monday, May 24, 2021 from:

- any of the following offices of the Hong Kong Underwriters:

BNP Paribas Securities (Asia) Limited	59/F-63/F, Two International Finance Centre 8 Finance Street, Central Hong Kong
CCB International Capital Limited	12/F., CCB Tower 3 Connaught Road Central Central Hong Kong
ICBC International Securities Limited	37/F, ICBC Tower 3 Garden Road Hong Kong
ABCI Securities Company Limited	10/F, Agricultural Bank of China Tower 50 Connaught Road Central Hong Kong
China Galaxy International Securities (Hong Kong) Co., Limited	20/F Wing On Centre 111 Connaught Road Central Hong Kong
CMB International Capital Limited	45/F, Champion Tower 3 Garden Road Central Hong Kong
CRIC Securities Company Limited	Room 2007 & 2403 Great Eagle Centre 23 Harbour Road Wan Chai, Hong Kong
Livermore Holdings Limited	Unit 1214A 12/F Tower II Cheung Sha Wan Plaza 833 Cheung Sha Wan Road Kowloon, Hong Kong
I Win Securities Limited	Room 1916 Hong Kong Plaza 188 Connaught Road West Sai Wan, Hong Kong

HOW TO APPLY FOR HONG KONG OFFER SHARES AND RESERVED SHARES

- any of the following branches of the receiving banks:

Industrial and Commercial Bank of China (Asia) Limited

	<u>Branch</u>	<u>Address</u>
Hong Kong Island . . .	Queen's Road Central Branch	Basement, Ground Floor and First Floor of 122 QRC, Nos. 122-126 Queen's Road Central, Hong Kong
	Causeway Bay Branch	Shop A on G/F, 1/F, Hennessy Apartments, 488 & 490 Hennessy Road, Hong Kong
Kowloon	Tsim Sha Tsui Branch	Shop 1&2, G/F, No. 35-37 Hankow Road, Tsimshatsui, Kowloon
	Prince Edward Branch	777 Nathan Road, Mongkok, Kowloon
New Territories.	Sha Tsui Road Branch	Shop 4, G/F Chung On Building, 297-313 Sha Tsui Road, Tsuen Wan, New Territories
	Shatin Branch	Shop 22J, Level 3, Shatin Centre, New Territories

You can collect a **YELLOW** Application Form and a copy of this prospectus during normal business hours from 9:00 a.m. on Tuesday, May 18, 2021 until 12:00 noon on Monday, May 24, 2021 from the Depository Counter of HKSCC at 1/F, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong or from your stockbroker.

Time for Lodging Application Forms

Your completed **WHITE** or **YELLOW** Application Form, together with a cheque or a banker's cashier order attached and marked payable to "ICBC (Asia) Nominee Limited — Central China Management Company Public Offer" for the payment, should be deposited in the special collection boxes provided at any of the branches of the receiving banks listed above, at the following times:

Tuesday, May 18, 2021	—	9:00 a.m. to 5:00 p.m.
Thursday, May 20, 2021	—	9:00 a.m. to 5:00 p.m.
Friday, May 21, 2021	—	9:00 a.m. to 5:30 p.m.
Saturday, May 22, 2021	—	9:00 a.m. to 1:00 p.m.
Monday, May 24, 2021	—	9:00 a.m. to 12:00 noon

The application lists will be open from 11:45 a.m. to 12:00 noon on Monday, May 24, 2021, the last application day or such later time as described in "— F. Effect of Bad Weather on the Opening of the Application Lists" in this section.

4. TERMS AND CONDITIONS OF AN APPLICATION

Follow the detailed instructions in the **WHITE** or **YELLOW** Application Form carefully; otherwise, your application may be rejected.

By submitting a **WHITE** or **YELLOW** Application Form or applying through the **White Form eIPO** service, among other things, you:

- undertake to execute all relevant documents and instruct and authorize our Company and/or the Joint Global Coordinators (or their agents or nominees), as agents of our Company, to execute any documents for you and to do on your behalf all things necessary to register any Hong Kong Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association;
- agree to comply with the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Articles of Association;
- confirm that you have read the terms and conditions and application procedures set out in this prospectus and in the Application Form(s) and agree to be bound by them;
- confirm that you have received and read this prospectus and have only relied on the information and representations contained in this prospectus in making your application and will not rely on any other information or representations except those in any supplement to this prospectus;
- confirm that you are aware of the restrictions on the Global Offering in this prospectus;
- agree that none of our Company, the Joint Global Coordinators, the Joint Sponsors, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering is or will be liable for any information and representations not in this prospectus (and any supplement to it);
- undertake and confirm that you or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the International Offering nor participated in the International Offering (except in respect of Reserved Shares applied for pursuant to the Preferential Offering);
- agree to disclose to our Company, the Hong Kong Share Registrar, receiving banks, the Joint Global Coordinators, the Joint Sponsors, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and/or their respective advisers and agents any personal data which they may require about you and the person(s) for whose benefit you have made the application;
- if the laws of any place outside Hong Kong apply to your application, agree and warrant that you have complied with all such laws and none of our Company, the Joint Global Coordinators, the Joint Sponsors, the Joint Bookrunners, the Joint

HOW TO APPLY FOR HONG KONG OFFER SHARES AND RESERVED SHARES

Lead Managers and the Underwriters nor any of their respective officers or advisers will breach any law outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus and the Application Form;

- agree that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;
- agree that your application will be governed by the laws of Hong Kong;
- represent, warrant and undertake that (a) you understand that the Hong Kong Offer Shares have not been and will not be registered under the U.S. Securities Act; and (b) you and any person for whose benefit you are applying for the Hong Kong Offer Shares are outside the U.S. (as defined in Regulation S) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S;
- warrant that the information you have provided is true and accurate;
- agree to accept the Hong Kong Offer Shares applied for, or any lesser number allocated to you under the application;
- authorize our Company to place your name(s) or the name of the HKSCC Nominees on our Company's register of members as the holder(s) of any Hong Kong Offer Shares allocated to you, and our Company and/or its agents to send any share certificate(s) and/or any e-Refund payment instructions and/or any refund cheque(s) to you or the first-named applicant for joint application by ordinary post at your own risk to the address stated on the application, unless you have fulfilled the criteria mentioned in "Personal Collection" section in the prospectus to collect the share certificate(s) and/or refund cheque(s) in person;
- declare and represent that except for an application made by a Qualifying CCRE Shareholder under the Preferential Offering, 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;
- understand that our Company and the Joint Global Coordinators will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Offer Shares to you and that you may be prosecuted for making a false declaration;
- (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or to the **White Form eIPO** Service Provider by you or by any one as your agent or by any other person; and
- (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**

HOW TO APPLY FOR HONG KONG OFFER SHARES AND RESERVED SHARES

application instructions to HKSCC; and (ii) you have due authority to sign the Application Form or give **electronic application instructions** on behalf of that other person as their agent.

Additional Instructions for YELLOW Application Forms

You may refer to the **YELLOW** Application Form for details.

5. APPLYING THROUGH THE WHITE FORM eIPO SERVICE

General

Individuals who meet the criteria in “— 2. Who Can Apply” in this section, may apply through the **White Form eIPO** service for the Offer Shares to be allotted and registered in their own names through the designated website at www.eipo.com.hk.

Detailed instructions for application through the **White Form eIPO** service are on the designated website. If you do not follow the instructions, your application may be rejected and may not be submitted to our Company. If you apply through the designated website, you authorize the **White Form eIPO** Service Provider to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the **White Form eIPO** service.

Time for Submitting Applications under the White Form eIPO Service

You may submit your application to the **White Form eIPO** Service Provider at www.eipo.com.hk from 9:00 a.m. on Tuesday, May 18, 2021 until 11:30 a.m. on Monday, May 24, 2021 (24 hours daily, except on the last application day) and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Monday, May 24, 2021 or such later time under “— F. Effect of Bad Weather on the Opening of the Application Lists” in this section.

No Multiple Applications

If you apply by means of **White Form eIPO**, once you complete payment in respect of any **electronic application instruction** given by you or for your benefit through the **White Form eIPO** service to make an application for Hong Kong Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an electronic application instruction under the **White Form eIPO** 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.

If you are suspected of submitting more than one application through the **White Form eIPO** service or by any other means (except where you applied as or for a Qualifying CCRE Shareholder under the Preferential Offering), all of your applications are liable to be rejected.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, 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).

Commitment to sustainability

The obvious advantage of **White Form eIPO** service is to save the use of paper via the self-serviced and electronic application process. Computershare Hong Kong Investor Services Limited being the designated **White Form eIPO** Service Provider, will contribute HK\$2 for each “CENTRAL CHINA MANAGEMENT COMPANY LIMITED” White Form eIPO application submitted via the website www.eipo.com.hk to support sustainability.

6. APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC VIA CCASS

General

CCASS Participants may give **electronic application instructions** to apply for the Hong Kong Offer Shares and to arrange payment of the money due on application and payment of refunds under their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a CCASS Investor Participant, you may give these **electronic application instructions** through the CCASS Phone System by calling 852 2979 7888 or through the CCASS Internet System <https://ip.ccass.com> (using the procedures in HKSCC’s “An Operating Guide for Investor Participants” in effect from time to time).

HKSCC can also input **electronic application instructions** for you if you go to:

Hong Kong Securities Clearing Company Limited
Customer Service Center
1/F One & Two Exchange Square
8 Connaught Place
Central
Hong Kong

and complete an input request form.

You can also collect a prospectus from this address.

HOW TO APPLY FOR HONG KONG OFFER SHARES AND RESERVED SHARES

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 Hong Kong Share Registrar.

Giving Electronic Application Instructions to HKSCC via CCASS

Where you have given **electronic application instructions** to apply for the Hong Kong Offer Shares and a **WHITE** Application Form is signed by HKSCC Nominees on your behalf:

- (i) HKSCC Nominees will only be acting as a nominee for you and is not liable for any breach of the terms and conditions of the **WHITE** Application Form or this prospectus;
- (ii) HKSCC Nominees will do the following things on your behalf:
 - agree that the Hong Kong Offer Shares to be allotted shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the CCASS Participant's stock account on your behalf or your CCASS Investor Participant's stock account;
 - agree to accept the Hong Kong Offer Shares applied for or any lesser number allocated;
 - undertake and confirm that you have not applied for or taken up, will not apply for or take up, or indicate an interest for, any Offer Shares under the International Offering (except in respect of Reserved Shares applied for under the Preferential Offering);
 - (if the **electronic application instructions** are given for your benefit) declare that only one set of **electronic application instructions** has been given for your benefit;
 - (if you are an agent for another person) declare that you have only given one set of **electronic application instructions** for the other person's benefit and are duly authorized to give those instructions as their agent;
 - confirm that you understand that our Company, our Directors and the Joint Global Coordinators will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Offer Shares to you and that you may be prosecuted if you make a false declaration;

HOW TO APPLY FOR HONG KONG OFFER SHARES AND RESERVED SHARES

- authorize our Company to place HKSCC Nominees' name on our Company's register of members as the holder of the Hong Kong Offer Shares allocated to you and to send share certificate(s) and/or refund monies under the arrangements separately agreed between us and HKSCC;
- confirm that you have read the terms and conditions and application procedures set out in this prospectus and agree to be bound by them;
- confirm that you have received and/or read a copy of this prospectus and have relied only on the information and representations in this prospectus in causing the application to be made, save as set out in any supplement to this prospectus;
- agree that none of our Company, the Joint Global Coordinators, the Joint Sponsors, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering, is or will be liable for any information and representations not contained in this prospectus (and any supplement to it);
- agree to disclose your personal data to our Company, the Hong Kong Share Registrar, receiving banks, the Joint Global Coordinators, the Joint Sponsors, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and/or its respective advisers and agents;
- agree (without prejudice to any other rights which you may have) that once HKSCC Nominees' application has been accepted, it cannot be rescinded for innocent misrepresentation;
- agree that any application made by HKSCC Nominees on your behalf is irrevocable before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), such agreement to take effect as a collateral contract with us and to become binding when you give the instructions and such collateral contract to be in consideration of our Company agreeing that it will not offer any Hong Kong Offer Shares to any person before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application before the fifth day after the time of the opening of the Application Lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong) if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance gives a public notice under that section which excludes or limits that person's responsibility for this prospectus;

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- agree that once HKSCC Nominees' application is accepted, neither that application nor your **electronic application instructions** can be revoked, and that acceptance of that application will be evidenced by our Company's announcement of the Hong Kong Public Offering results;
- agree to the arrangements, undertakings and warranties under the participant agreement between you and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, for the giving **electronic application instructions** to apply for Hong Kong Offer Shares;
- agree with our Company, for itself and for the benefit of each Shareholder (and so that our Company will be deemed by its acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for itself and on behalf of each of the Shareholders, with each CCASS Participant giving electronic application instructions) to observe and comply with the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Companies Ordinance and the Articles of Association; and
- agree that your application, any acceptance of it and the resulting contract will be governed by the Laws of Hong Kong.

Effect of Giving Electronic Application Instructions to HKSCC via CCASS

By giving **electronic application instructions** to HKSCC or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees shall be liable to our Company or any other person in respect of the things mentioned below:

- instructed and authorized HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Hong Kong Offer Shares on your behalf;
- instructed and authorized HKSCC to arrange payment of the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or if the Offer Price is less than the maximum Offer Price per Offer Share initially paid on application, refund of the application monies (including brokerage, SFC transaction levy and the Stock Exchange trading fee) by crediting your designated bank account; and
- instructed and authorized HKSCC to cause HKSCC Nominees to do on your behalf all the things stated in the **WHITE** Application Form and in this prospectus.

HOW TO APPLY FOR HONG KONG OFFER SHARES AND RESERVED SHARES

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 number of 2,000 Hong Kong Offer Shares. Instructions for more than 2,000 Hong Kong Offer Shares must be in one of the numbers set out in the table in the Application Forms. No application for any other number of Hong Kong Offer Shares will be considered and any such application is liable to be rejected.

Time for Inputting Electronic Application Instructions⁽¹⁾

CCASS Clearing/Custodian Participants can input electronic application instructions at the following times on the following dates:

Tuesday, May 18, 2021	—	9:00 a.m. to 8:30 p.m.
Thursday, May 20, 2021	—	8:00 a.m. to 8:30 p.m.
Friday, May 21, 2021	—	8:00 a.m. to 8:30 p.m.
Monday, May 24, 2021	—	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 Tuesday, May 18, 2021 until 12:00 noon on Monday, May 24, 2021 (24 hours daily, except on Monday, May 24, 2021, the last application day).

The latest time for inputting your **electronic application instructions** will be 12:00 noon on Monday, May 24, 2021, the last application day or such later time as described in “— F. Effect of Bad Weather on the Opening of the Application Lists” in this section.

No Multiple Applications

If you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Hong Kong Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Hong Kong Offer Shares for which you have given such instructions and/or for which such instructions have been given for your benefit. Any **electronic application instructions** to make an application for the Hong Kong Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, 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 Hong Kong Share Registrar, the receiving banks, the Joint Global Coordinators, the Joint Sponsors, the Joint Bookrunners, the Joint Lead Managers and the Underwriters and any of their respective advisers and agents about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

B. APPLICATIONS FOR RESERVED SHARES

1. WHO CAN APPLY

Only CCRE Shareholders whose names appeared on the register of members of CCRE at 4:30 p.m. on the Record Date are entitled to subscribe for the Reserved Shares under the Preferential Offering.

According to the register of members of CCRE on the Record Date, there was no CCRE Shareholders with registered addresses in, or who are otherwise known by CCRE to be residents of, jurisdictions outside Hong Kong on the Record Date, in respect of whom the directors of CCRE and the 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 CCRE Shareholder is resident or the requirements of the relevant regulatory body or stock exchange in that jurisdiction.

Notwithstanding any other provision in this prospectus or the **BLUE** Application Forms, the Company reserves the right to permit any CCRE Shareholder to take up his/her/its Assured Entitlement to the Reserved Shares if the Company, in its absolute discretion, is satisfied that the transaction in question is exempt from or not subject to the legislation or regulations giving rise to the transactions described above.

Qualifying CCRE Shareholders are entitled to apply on the basis of an Assured Entitlement of one Reserved Share for every 90 CCRE Shares held by them as of 4:30 p.m. on the Record Date.

Qualifying CCRE Shareholder who hold less than 90 CCRE Shares as of 4:30 p.m. 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.

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If you are a firm, the application must be in the individual members' names, but not in the name of your firm. If you are a body corporate, the **BLUE** 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. Our Company and the Joint Global Coordinators, as the Company's agents, will have full discretion to reject or accept any application, in full or in part, without giving any reason.

Unless permitted by the Listing Rules, you cannot apply for any Reserved Shares if you are:

- an existing beneficial owner of Shares in our Company and/or any of our subsidiaries;
- a director or chief executive of our Company and/or any of our subsidiaries (other than Qualifying CCRE Shareholders); or
- a close associate (as defined in the Listing Rules) of any of the above persons.

2. HOW TO APPLY

An application for Reserved Shares under the Preferential Offering may only be made by Qualifying CCRE Shareholders using **BLUE** Application Forms which have been despatched to Qualifying CCRE Shareholders by our Company.

Qualifying CCRE 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 CCRE Shareholders who hold less than 90 CCRE Shares as of 4:30 p.m. 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 CCRE 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 assuming the conditions of the Preferential Offering are satisfied.

Where a Qualifying CCRE Shareholder applies for a number of Reserved Shares which is greater than the Qualifying CCRE Shareholder's Assured Entitlement under the Preferential Offering, the relevant Assured Entitlement will be satisfied in full (subject to terms and conditions of an application mentioned above) but the excess portion of such application will only be satisfied to the extent that there are sufficient Available Reserved Shares as described below.

HOW TO APPLY FOR HONG KONG OFFER SHARES AND RESERVED SHARES

Where a Qualifying CCRE 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 CCRE Shareholders (other than HKSCC Nominees) who intend to apply for less than their Assured Entitlement using the **BLUE** Application Forms for Assured Entitlement or who intend to apply for excess Reserved Shares using the **BLUE** Application Forms 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 and make a payment of the corresponding amount. If you are a Qualifying CCRE Shareholder and wish to apply for excess Reserved Shares in addition to your Assured Entitlement, you should complete and sign the **BLUE** Application Form for excess Reserved Shares and lodge it, together with a separate remittance for the full amount payable on application in respect of the excess Reserved Shares applied for or apply for.

To the extent that excess applications for the Reserved Shares are:

- (i) less than the Reserved Shares not taken up by the Qualifying CCRE Shareholders' Assured Entitlement (the "**Available Reserved Shares**"), the Available Reserved Shares will first be allocated to satisfy such excess applications for the Reserved Shares in full and thereafter will be allocated, at the discretion of the Joint Global Coordinators, to the International Offering;
- (ii) equal to the Available Reserved Shares, the Available Reserved Shares will be allocated to satisfy such excess applications for the Reserved Shares in full; or
- (iii) more than the Available Reserved Shares, the Available Reserved Shares will be allocated on 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 of excess Reserved Shares. If there are an odd lot number of Shares left after satisfying the excess applications, such number of odd lot Shares will be reallocated, at the discretion of the Joint 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.

Qualifying CCRE Shareholders who have applied for Reserved Shares under the Preferential Offering on a **BLUE** Application Form, may also make one application either on a **WHITE** or **YELLOW** Application Form, or by giving **electronic application instructions** to HKSCC via CCASS (if you are a CCASS Investor Participant or act through a CCASS Clearing or Custodian Participant) or through the **White Form eIPO** service for the Hong Kong Offer Shares in the Hong Kong Public Offering. However, Qualifying CCRE Shareholders will receive no preference as to entitlement or allocation in respect of applications for Hong Kong Offer Shares made on **WHITE** or **YELLOW** Application Forms or by giving **electronic application instructions** to HKSCC or through the **WHITE Form eIPO** service under the Hong Kong Public Offering.

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Persons who held their CCRE Shares as of 4:30 p.m. 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 CCRE Shares as of 4:30 p.m. 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 THE PROSPECTUS AND THE BLUE APPLICATION FORMS

The **BLUE** Application Forms have been despatched to all Qualifying CCRE Shareholders, to their address recorded on the register of members of CCRE, at 4:30 p.m. on the Record Date.

In addition, a printed copy of this Prospectus will be despatched to all Qualifying CCRE Shareholders to their address recorded on the register of members of CCRE on the Record Date.

Qualifying CCRE Shareholders may also obtain a printed copy of this prospectus during normal business hours from any of the designated branches of the receiving banks and the designated offices of each of the Hong Kong Underwriters as set out in “— A. Applications for Hong Kong Offer Shares — 3. Applying for Hong Kong Offer Shares — Where to collect the Application Forms” in this section. An electronic copy of this prospectus (which is identical to the printed prospectus) can be accessed and downloaded from the websites of our Company at www.centralchinamgt.com and the Stock Exchange at www.hkexnews.hk, respectively.

Qualifying CCRE Shareholders who require a replacement **BLUE** Application Form should contact Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong or on its hotline 2862 8555.

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.

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.

4. APPLYING BY USING BLUE APPLICATION FORM

- (a) If you are applying by using the **BLUE** Application Form for Assured Entitlement, you may apply for a number of Reserved Shares pursuant to your Assured Entitlement that is equal to or less than the number stated in Box B. If you intend to apply for a number of Reserved Shares that is less than your Assured Entitlement, you **MUST** apply for a number which is one of the numbers set out in the table in the **BLUE** Application Form and make a payment of the corresponding amount (other than HKSCC Nominees). You need to complete and sign the **BLUE** Application Form for Assured Entitlement and submit one cheque (or banker's cashier order) for the exact amount of remittance printed in Box B or the corresponding amount payable as set out in the table in the **BLUE** Application Form.
- (b) If you are applying by using the **BLUE** Application Form for excess Reserved Shares, you **MUST** apply for a number which is one of the numbers set out in the table in the **BLUE** Application Form and make a payment of the corresponding amount (other than HKSCC Nominees). You need to complete and sign the **BLUE** Application Form for excess Reserved Shares and submit one separate cheque (or banker's cashier order) for the exact amount of remittance.
- (c) If you intend to apply for both Reserved Shares pursuant to your Assured Entitlement and excess Reserved Shares, you must submit both **BLUE** Application Form for Assured Entitlement and **BLUE** Application Form for excess Reserved Shares. Each **BLUE** Application Form must be accompanied by a separate check (or banker's cashier order) for the exact amount of remittance.
- (d) 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 cheque/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 cheque/banker's cashier order or is accompanied by more than one cheque/banker's cashier order for each of the application for Assured Entitlement and excess application for Reserved Shares;
 - the account name on cheque/banker's cashier order is not pre-printed or certified by the issuing bank;

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- 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 cheque/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 cheque/banker's cashier order is not "ICBC (Asia) Nominee Limited — Central China Management Company Preferential Offer";
- the cheque has not be crossed "Account payee only";
- the cheque was post-dated;
- the applicant's payment is not made correctly or the applicant pays by cheque or banker's cashier order and the cheque 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 cheque/banker's cashier order;
- 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.

5. WHEN MAY APPLICATIONS BE MADE**Applications on BLUE Application Forms**

Your completed **BLUE** Application Form, together with a cheque/banker's cashier order attached and marked payable to "ICBC (Asia) Nominee Limited — Central China Management Company Preferential Offer", should be deposited in the special collection boxes provided at any of the branches of the receiving banks listed in "— A. Applications for Hong Kong Offer Shares — 3. Applying for Hong Kong Offer Shares — Where to Collect the Application Forms" at the specified times on the following dates:

Tuesday, May 18, 2021	—	9:00 a.m. to 5:00 p.m.
Thursday, May 20, 2021	—	9:00 a.m. to 5:00 p.m.
Friday, May 21, 2021	—	9:00 a.m. to 5:30 p.m.
Saturday, May 22, 2021	—	9:00 a.m. to 1:00 p.m.
Monday, May 24, 2021	—	9:00 a.m. to 12:00 noon

Completed **BLUE** Application Forms, together with a payment attached, must be lodged by 12 noon on Monday, May 24, 2021, the last day for applications, or such later time as described in "— F. EFFECT OF BAD WEATHER ON THE OPENING OF THE APPLICATION LISTS" below.

Application lists

The application lists will be open from 11:45 a.m. to 12:00 noon on Monday, May 24, 2021, the last application day or such later time as described in "— F. Effect of Bad Weather on the Opening of the Application Lists" in this section.

No proceedings will be taken on applications for Reserved Shares and no allotment of any such Reserved Shares will be made until after the closing of the application lists.

How many applications may be made

You should refer to "— D. How many applications can you make" below 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.

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. WARNING FOR ELECTRONIC APPLICATIONS

The subscription of the Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC is only a facility provided to CCASS Participants. Similarly, the application for Hong Kong Offer Shares through the **White Form eIPO** service is also only a facility provided by the **White Form eIPO** Service Provider to public investors. Such facilities are subject to capacity limitations and potential service interruptions and you are advised not to wait until the last application day in making your electronic applications. Our Company, our Directors, the Joint Global Coordinators, the Joint Sponsors, the Joint Bookrunners, the Joint Lead Managers and the Underwriters take no responsibility for such applications and provide no assurance that any CCASS Participant or person applying through the **White Form eIPO** service will be allotted any Hong Kong Offer Shares (as the case may be).

To ensure that CCASS Investor Participants can give their **electronic application instructions**, they are advised not to wait until the last minute to input their instructions to the systems. In the event that CCASS Investor Participants have problems in the connection to CCASS Phone System/CCASS Internet System for submission of **electronic application instructions**, they should either (i) submit a **WHITE** or **YELLOW** Application Form, or (ii) go to HKSCC's Customer Service Centre to complete an input request form for **electronic application instructions** before 12:00 noon on Monday, May 24, 2021.

D. 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 CCRE Shareholder applying for Reserved Shares under the Preferential Offering on a **BLUE** Application Form, you may also make one application for Hong Kong Offer Shares either on a **WHITE** or **YELLOW** Application Form or 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 **White Form eIPO** service through the designated website at www.eipo.com.hk. 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 "Structure of the Global Offering -The Preferential Offering."

HOW TO APPLY FOR HONG KONG OFFER SHARES AND RESERVED SHARES

All of your applications will be rejected if more than one application on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or through the **White Form eIPO** service, is made for your benefit (including the part of the application made by HKSCC Nominees acting on **electronic application instructions**). If an application is made by an unlisted company and:

- the principal business of that company is dealing in securities; and
- you exercise statutory control over that company,

then the application will be treated as being for your benefit.

“Unlisted company” means a company with no equity securities listed on the Stock Exchange. “Statutory control” means you:

- control the composition of the board of directors of the company;
- control more than half of the voting power of the company; or
- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

E. HOW MUCH ARE THE HONG KONG OFFER SHARES AND THE RESERVED SHARES

The Application Forms have tables showing the exact amount payable for Shares.

You must pay the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee in full upon application for the Shares under the terms set out in the Application Forms.

You may submit an application using a **WHITE** or **YELLOW** Application Form or through the **White Form eIPO** service in respect of a minimum of 2,000 Hong Kong Offer Shares. Each application or **electronic application instruction** in respect of more than 2,000 Hong Kong Offer Shares must be in one of the numbers set out in the table in the **WHITE** or **YELLOW** Application Form, or as otherwise specified on the designated website at www.eipo.com.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 Stock Exchange trading fee are paid to the Stock Exchange (in the case of the SFC transaction levy, collected by the Stock Exchange on behalf of the SFC).

For further details on the Offer Price, see the section headed “Structure of the Global Offering — Pricing and Allocation”.

HOW TO APPLY FOR HONG KONG OFFER SHARES AND RESERVED SHARES

F. EFFECT OF BAD WEATHER ON THE OPENING OF THE APPLICATION LISTS

The application lists will not open if there is/are:

- a tropical cyclone warning signal number 8 or above;
- 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 Monday, May 24, 2021. Instead they will open between 11:45 a.m. and 12:00 noon on the next business day which does not have either of those warnings or Extreme Conditions in Hong Kong in force at any time between 9:00 a.m. and 12:00 noon.

If the application lists do not open and close on Monday, May 24, 2021 or if there is a tropical cyclone warning signal number 8 or above or a “black” rainstorm warning signal and/or Extreme Conditions in force in Hong Kong that may affect the dates mentioned in the section headed “Expected Timetable,” an announcement will be made in such event.

G. PUBLICATION OF RESULTS

Our Company expects to announce the final Offer Price, the level of indication of interest in the International Offering, the level of applications in the Hong Kong Public Offering and the Preferential Offering and the basis of allocation of the Hong Kong Offer Shares and Reserved Shares on Friday, May 28, 2021 on our Company’s website at www.centralchinamgt.com and the website of the Stock Exchange at www.hkexnews.hk.

The results of allocations and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Hong Kong Public Offering and the Preferential Offering will be available at the times and date and in the manner specified below:

- in the announcement to be posted on our Company’s website at www.centralchinamgt.com and the Stock Exchange’s website at www.hkexnews.hk by no later than 8:00 a.m. on Friday, May 28, 2021;
- from the designated results of allocations website at www.iporeresults.com.hk (alternatively: English <https://www.eipo.com.hk/en/Allotment>; Chinese <https://www.eipo.com.hk/zh-hk/Allotment>) with a “search by ID” function on a 24-hour basis from 8:00 a.m. on Friday, May 28, 2021 to 12:00 midnight on Thursday, June 3, 2021;
- by telephone enquiry line by calling +852 2862 8555 between 9:00 a.m. and 6:00 p.m. on Friday, May 28, 2021, Monday, May 31, 2021, Tuesday, June 1, 2021 and Wednesday, June 2, 2021;
- in the special allocation results booklets which will be available for inspection during opening hours from Friday, May 28, 2021 to Monday, May 31, 2021 at all the designated branches of the receiving banks.

HOW TO APPLY FOR HONG KONG OFFER SHARES AND RESERVED SHARES

If our Company accepts your offer to subscribe (in whole or in part), which it may do by announcing the basis of allocations and/or making available the results of allocations publicly, there will be a binding contract under which you will be required to purchase the Hong Kong Offer Shares and the Reserved Shares if the conditions of the Global Offering are satisfied and the Global Offering is not otherwise terminated. Further details, see “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.

H. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED HONG KONG OFFER SHARES AND/OR RESERVED SHARES

You should note the following situations in which the Hong Kong Offer Shares and/or Reserved Shares will not be allotted to you:

(i) If your application is revoked:

By completing and submitting an Application Form or giving electronic application instructions to HKSCC or to the **White Form eIPO** Service Provider you agree that your application or the application made by HKSCC Nominees on your behalf cannot be revoked on or before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong). This agreement will take effect as a collateral contract with our Company.

Your application or the application made by HKSCC Nominees on your behalf may only be revoked on or before such fifth day if a person responsible for this prospectus under section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance) gives a public notice under that section which excludes or limits that person’s responsibility for this prospectus.

If any supplement to this prospectus is issued, applicants who have already submitted an application will be notified that they are required to confirm their applications. If applicants have been so notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked.

If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the announcement 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.

HOW TO APPLY FOR HONG KONG OFFER SHARES AND RESERVED SHARES

(ii) If our Company or our agents exercise their discretion to reject your application:

Our Company, the Joint Global Coordinators, the **White Form eIPO** Service Provider and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

(iii) If the allotment of Hong Kong Offer Shares and/or Reserved Shares is void:

The allotment of Hong Kong Offer Shares and/or Reserved Shares will be void if the Listing Committee of the Stock Exchange does not grant permission to list our Shares either:

- within three weeks from the closing date of the application lists; or
- within a longer period of up to six weeks if the Listing Committee notifies our Company of that longer period within three weeks of the closing date of the application lists.

(iv) If:

- you make multiple applications or are suspected of making multiple applications (other than an application (if any) made on the **BLUE** Application Form in your capacity as a Qualifying CCRE Shareholder);
- you or the person for whose benefit you are applying have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) Hong Kong Offer Shares and International Offer Shares (excepted in respect of Reserved Shares applied for pursuant to the Preferential Offering);
- your Application Form is not completed in accordance with the stated instructions;
- your **electronic application instructions** through the **White Form eIPO** service are not completed in accordance with the instructions, terms and conditions on the designated website at www.eipo.com.hk;
- your payment is not made correctly or the cheque or banker's cashier order paid by you is dishonored upon its first presentation;
- the Underwriting Agreements do not become unconditional or are terminated;
- our Company or the Joint Global Coordinators believes or believe that by accepting your application, it or they would violate applicable securities or other laws, rules or regulations; or
- your application is for more than 50% of the Hong Kong Offer Shares initially offered under the Hong Kong Public Offering.

HOW TO APPLY FOR HONG KONG OFFER SHARES AND RESERVED SHARES

I. REFUND OF APPLICATION MONIES

If an application is rejected, not accepted or accepted in part only, or if the Offer Price as finally determined is less than the maximum offer price of HK\$3.20 per Offer Share (excluding brokerage, SFC transaction levy and the Stock Exchange trading fee thereon), or if the conditions of the Hong Kong Public Offering are not fulfilled in accordance with “Structure of the Global Offering — Conditions of the Global Offering” in this prospectus or if any application is revoked, the application monies, or the appropriate portion thereof, together with the related brokerage, SFC transaction levy and the Stock Exchange trading fee, will be refunded, without interest or the cheque or banker’s cashier order will not be cleared.

Any refund of your application monies will be made on or before Friday, May 28, 2021.

J. DESPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND MONIES

You will receive one share certificate for all Hong Kong Offer Shares allotted to you under the Hong Kong Public Offering (except pursuant to applications made on **YELLOW** Application Forms or by **electronic application instructions** to HKSCC via CCASS where the share certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of the Shares. No receipt will be issued for sums paid on application. If you apply by **WHITE** or **YELLOW** or **BLUE** Application Form, subject to personal collection as mentioned below, the following will be sent to you (or, in the case of joint applicants, to the first-named applicant) by ordinary post, at your own risk, to the address specified on the Application Form:

- share certificate(s) for all the Hong Kong Offer Shares allotted to you (for **YELLOW** Application Forms, share certificates will be deposited into CCASS as described below); and
- refund cheque(s) crossed “Account Payee Only” in favor of the applicant (or, in the case of joint applicants, the first-named applicant) for (i) all or the surplus application monies for the Hong Kong Offer Shares and/or Reserved Shares, wholly or partially unsuccessfully applied for; and/or (ii) the difference between the Offer Price and the maximum Offer Price per Offer Share paid on application in the event that the Offer Price is less than the maximum Offer Price (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest). Part of the Hong Kong identity card number/passport number, provided by you or the first-named applicant (if you are joint applicants), may be printed on your refund cheque, if any. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque(s). Inaccurate completion of your Hong Kong identity card number/passport number may invalidate or delay encashment of your refund cheque(s).

Subject to arrangement on despatch/collection of share certificates and refund monies as mentioned below, any refund cheques and share certificates are expected to be posted on or before Friday, May 28, 2021. The right is reserved to retain any share certificate(s) and any surplus application monies pending clearance of cheque(s) or banker’s cashier’s order(s).

HOW TO APPLY FOR HONG KONG OFFER SHARES AND RESERVED SHARES

Share certificates will only become valid at 8:00 a.m. on Monday, May 31, 2021 provided that the Global Offering has become unconditional and the right of termination described in the “Underwriting” section in this prospectus has not been exercised. Investors who trade shares prior to the receipt of share certificates or the share certificates becoming valid do so at their own risk.

Personal Collection

(i) If you apply using a WHITE Application Form or BLUE Application Form

If you apply for (i) 1,000,000 or more Hong Kong Offer Shares on a **WHITE** Application Form or (ii) 1,000,000 or more Reserved Shares on a **BLUE** Application Form and have provided all information required by your Application Form, you may collect your refund cheque(s) and/or share certificate(s) from Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Friday, May 28, 2021 or such other date as notified by us in the newspapers.

If you are an individual who is eligible for personal collection, you must not authorize any other person to collect for you. If you are a corporate applicant who is eligible for personal collection, your authorized representative must bear a letter of authorization from your corporation stamped with your corporation’s chop. Both individuals and authorized representatives must produce, at the time of collection, evidence of identity acceptable to the Hong Kong Share Registrar.

If you do not collect your refund cheque(s) and/or share certificate(s) personally within the time specified for collection, they will be despatched promptly to the address specified in your Application Form by ordinary post at your own risk.

If you apply for (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 cheque(s) and/or share certificate(s) will be sent to the address on the relevant Application Form on or before Friday, May 28, 2021, by ordinary post and at your own risk.

(ii) If you apply using a YELLOW Application Form

If you apply for 1,000,000 or more Hong Kong Offer Shares, please follow the same instructions as described above for collecting refund cheque(s). If you have applied for less than 1,000,000 Hong Kong Offer Shares, your refund cheque(s) will be sent to the address on the relevant Application Form on or before Friday, May 28, 2021, by ordinary post and at your own risk.

If you apply by using a **YELLOW** Application Form and your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for credit to your or the designated CCASS Participant’s stock account as stated in your Application Form on Friday, May 28, 2021, or upon contingency, on any other date determined by HKSCC or HKSCC Nominees.

HOW TO APPLY FOR HONG KONG OFFER SHARES AND RESERVED SHARES

- *If you apply through a designated CCASS participant (other than a CCASS investor participant)*

For Hong Kong Offer Shares credited to your designated CCASS Participant's stock account (other than CCASS Investor Participant), you can check the number of Hong Kong Offer Shares allotted to you with that CCASS participant.

- *If you are applying as a CCASS investor participant*

Our Company will publish the results of CCASS Investor Participants' applications together with the results of the Hong Kong Public Offering in the manner described in "— G. Publication of Results" above. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Friday, May 28, 2021 or any other date as determined by HKSCC or HKSCC Nominees. Immediately after the credit of the Hong Kong Offer Shares to your stock account, you can check your new account balance via the CCASS Phone System and CCASS Internet System.

(iii) If you apply through the White Form eIPO Service

If you apply for 1,000,000 or more Hong Kong Offer Shares through the **White Form eIPO** service and your application is wholly or partially successful, you may collect your Share certificate(s) from Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Friday, May 28, 2021, or such other date as notified by our Company in the newspapers as the date of despatch/collection of Share certificates/e-Refund payment instructions/refund cheques.

If you do not collect your Share certificate(s) personally within the time specified for collection, they will be sent to the address specified in your application instructions by ordinary post at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares through the **White Form eIPO** service, your Share certificate(s) (where applicable) will be sent to the address specified in your application instructions on or before Friday, May 28, 2021 by ordinary post at your own risk.

If you apply and pay the application monies from a single bank account, any refund monies will be despatched to that bank account in the form of e-Refund payment instructions. If you apply and pay the application monies from multiple bank accounts, any refund monies will be despatched to the address as specified in your application instructions in the form of refund cheque(s) on or before Friday, May 28, 2021 by ordinary post at your own risk.

(iv) If you apply via Electronic Application Instructions to HKSCC

Allocation of Hong Kong Offer Shares

For the purposes of allocating Hong Kong Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives **electronic application instructions** or each person for whose benefit instructions are given will be treated as an applicant.

Deposit of Share Certificates into CCASS and Refund of Application Monies

- If your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of your designated CCASS Participant's stock account or your CCASS Investor Participant stock account on Friday, May 28, 2021, or, on any other date determined by HKSCC or HKSCC Nominees.
- Our Company expects to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, our Company will include information relating to the relevant beneficial owner), your Hong Kong identity card number/passport number or other identification code (Hong Kong business registration number for corporations) and the basis of allotment of the Hong Kong Public Offering in the manner specified in "— G. Publication of Results" above on Friday, May 28, 2021. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Friday, May 28, 2021 or such other date as determined by HKSCC or HKSCC Nominees.
- If you have instructed your broker or custodian to give **electronic application instructions** on your behalf, you can also check the number of Hong Kong Offer Shares allotted to you and the amount of refund monies (if any) payable to you with that broker or custodian.
- If you have applied as a CCASS Investor Participant, you can also check the number of Hong Kong Offer Shares allotted to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time) on Friday, May 28, 2021. Immediately following the credit of the Hong Kong Offer Shares to your stock account and the credit of refund monies to your bank account, HKSCC will also make available to you an activity statement showing the number of Hong Kong Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.

HOW TO APPLY FOR HONG KONG OFFER SHARES AND RESERVED SHARES

- Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the Offer Price and the maximum Offer Price per Offer Share initially paid on application (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest) will be credited to your designated bank account or the designated bank account of your broker or custodian on Friday, May 28, 2021.

K. COMMENCEMENT OF DEALING IN THE SHARES

Dealings in the Shares on the Stock Exchange are expected to commence from 9:00 a.m. on Monday, May 31, 2021. The Shares will be traded in board lots of 2,000 each. The stock code of the Shares is 9982.

L. ADMISSION OF THE SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, our Shares and we comply with the stock admission requirements of HKSCC, our Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or any other date as determined by HKSCC chooses. Settlement of transactions between Exchange Participants (as defined in the Listing Rules) is required to take place in CCASS on the second Business Day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Investors should seek the advice of their stockbroker or other professional adviser for details of the settlement arrangement as such arrangements may affect their rights and interests.

All necessary arrangements have been made enabling the Shares to be admitted into CCASS.

The following is the text of a report set out on pages I-1 to I-42, received from the Company's reporting accountants, KPMG, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus.



ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF CENTRAL CHINA MANAGEMENT COMPANY LIMITED AND ICBC INTERNATIONAL CAPITAL LIMITED AND CCB INTERNATIONAL CAPITAL LIMITED

Introduction

We report on the historical financial information of Central China Management Company Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages I-4 to I-42, which comprises the consolidated statements of financial position of the Group as at 31 December 2018, 2019 and 2020, the statement of financial position of the Company as at 31 December 2020, the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated cash flow statements, for each of the years ended 31 December 2018, 2019 and 2020 (the "Relevant Periods"), 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-42 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 18 May 2021 in connection with the initial listing of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purpose of the accountants' report, a true and fair view of the Group's financial position as at 31 December 2018, 2019 and 2020 and the Company's financial position as at 31 December 2020 and of the Group's financial performance and cash flows for the Relevant Periods in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited 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 20(b) to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Relevant Periods.

No statutory financial statements for the Company

No statutory statements have been prepared for the Company since its incorporation.

KPMG

Certified Public Accountants

8th Floor, Prince's Building

10 Chater Road

Central, Hong Kong

18 May 2021

HISTORICAL FINANCIAL INFORMATION

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The consolidated financial statements of the Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by KPMG Huazhen LLP in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the "Underlying Financial Statements").

Consolidated statements of profit or loss and other comprehensive income*(Expressed in Renminbi)*

	Note	Year ended 31 December		
		2018	2019	2020
		RMB'000	RMB'000	RMB'000
Revenue	4	676,399	1,028,995	1,152,082
Other income	5	649	1,545	5,787
Personnel cost	6(b)	(69,650)	(134,151)	(168,468)
Depreciation and amortisation expenses	6(c)	(2,025)	(8,272)	(12,916)
Listing expenses		—	—	(10,448)
Other operating expenses		(55,385)	(26,692)	(38,539)
Expected credit losses on trade and other receivables and contract assets	21(a)	(5,605)	(2,967)	(13,774)
Finance costs	6(a)	(45)	(242)	(389)
Share of profit/(loss) of an associate .		—	8	(998)
Profit before taxation	6	544,338	858,224	912,337
Income tax	7	(140,461)	(217,127)	(230,867)
Profit for the year		<u>403,877</u>	<u>641,097</u>	<u>681,470</u>
Attributable to:				
Equity shareholders of the Company .		<u>403,877</u>	<u>641,097</u>	<u>681,470</u>
Other comprehensive income for the year (after tax and reclassification adjustments)				
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Exchange differences on translation of financial statements of overseas subsidiaries		—	—	16
Other comprehensive income for the year		—	—	16
Total comprehensive income for the year		403,877	641,097	681,486
Attributable to:				
Equity shareholders of the Company .		<u>403,877</u>	<u>641,097</u>	<u>681,486</u>
Earnings per share				
— Basic and diluted	10	N/A	N/A	N/A

The accompanying notes form part of the Historical Financial Information.

Consolidated statements of financial position
(Expressed in Renminbi)

		As at 31 December		
		2018	2019	2020
		RMB'000	RMB'000	RMB'000
	Note			
Non-current assets				
Property, plant and equipment	11	1,342	24,369	24,342
Intangible assets		1,591	1,813	1,128
Interest in an associate	12	—	4,008	3,010
Deferred tax assets	19	2,345	3,087	6,531
		<u>5,278</u>	<u>33,277</u>	<u>35,011</u>
Current assets				
Contract assets	13	134,911	194,148	238,149
Trade and other receivables	14	972,949	804,431	1,017,292
Cash and cash equivalents	15	85,384	345,381	384,599
		<u>1,193,244</u>	<u>1,343,960</u>	<u>1,640,040</u>
Current liabilities				
Trade and other payables	16	61,217	170,563	113,885
Contract liabilities	13	377,381	398,784	474,949
Lease liabilities	17	568	4,564	7,281
Current taxation	19	82,980	52,067	66,473
		<u>522,146</u>	<u>625,978</u>	<u>662,588</u>
Net current assets		<u>671,098</u>	<u>717,982</u>	<u>977,452</u>
Total assets less current liabilities		<u>676,376</u>	<u>751,259</u>	<u>1,012,463</u>
Non-current liabilities				
Lease liabilities	17	—	4,528	5,071
NET ASSETS		<u>676,376</u>	<u>746,731</u>	<u>1,007,392</u>
CAPITAL AND RESERVES				
Share capital	20(a)	150,000	150,000	—*
Reserves	20(d)	526,376	596,731	1,007,392
Total equity attributable to equity shareholders of the Company		<u>676,376</u>	<u>746,731</u>	<u>1,007,392</u>
TOTAL EQUITY		<u>676,376</u>	<u>746,731</u>	<u>1,007,392</u>

* The balance represents amount less than RMB1,000.

The accompanying notes form part of the Historical Financial Information.

Statement of financial position of the Company
(Expressed in Renminbi)

	Note	As at 31 December 2020 <u>RMB'000</u>
Non-current asset		
Property, plant and equipment		13
Interests in a subsidiary		487,819
		<u>487,832</u>
Current liabilities		
Other payables		585
Net current liabilities		<u>585</u>
Total assets less current liabilities		<u>487,247</u>
CAPITAL AND RESERVES		
Share capital	20(a)	—*
Reserves	20(d)	487,247
TOTAL EQUITY		<u>487,247</u>

* The balance represents amount less than RMB1,000.

The accompanying notes form part of the Historical Financial Information.

Consolidated statements of changes in equity
(Expressed in Renminbi)

	Note	Share capital RMB'000	Capital reserve RMB'000	Statutory reserve fund RMB'000	Exchange reserves RMB'000	Retained profits RMB'000	Total RMB'000
		(Note 20(a))	(Note 20(d)(i))	(Note 20(d)(ii))	(Note 20(d)(iii))		
Balance at 1 January 2018		150,000	(48,439)	18,051	—	131,860	251,472
Changes in equity for 2018:							
Profit and total comprehensive income		—	—	—	—	403,877	403,877
Appropriation to statutory reserve fund	20(d)(ii)	—	—	34,716	—	(34,716)	—
Deemed contribution from the parent company	1	—	17,967	—	—	—	17,967
Equity settled share-based payment	18	—	3,060	—	—	—	3,060
Balance at 31 December 2018 and 1 January 2019		150,000	(27,412)	52,767	—	501,021	676,376
Changes in equity for 2019:							
Profit and total comprehensive income		—	—	—	—	641,097	641,097
Appropriation to statutory reserve fund	20(d)(ii)	—	—	22,233	—	(22,233)	—
Dividends approved in respect of the previous year	20(b)	—	—	—	—	(526,000)	(526,000)
Deemed distribution to the parent company	1	—	(47,465)	—	—	—	(47,465)
Equity settled share-based payment	18	—	2,723	—	—	—	2,723
Balance at 31 December 2019 and 1 January 2020		150,000	(72,154)	75,000	—	593,885	746,731
Changes in equity for 2020:							
Profit for the year		—	—	—	—	681,470	681,470
Other comprehensive income		—	—	—	16	—	16
Total comprehensive income		—	—	—	16	681,470	681,486
Appropriation to statutory reserve fund	20(d)(ii)	—	—	69,138	—	(69,138)	—
Dividends approved in respect of the previous year	20(b)	—	—	—	—	(470,000)	(470,000)
Deemed contribution from the parent company	1	—	48,004	—	—	—	48,004
Equity settled share-based payment	18	—	1,171	—	—	—	1,171
Arising from reorganisation		(150,000)	150,000	—	—	—	—
Balance at 31 December 2020		—*	127,021	144,138	16	736,217	1,007,392

* The balance represents amount less than RMB1,000.

The accompanying notes form part of the Historical Financial Information.

Consolidated cash flow statements
(Expressed in Renminbi)

	Note	Year ended 31 December		
		2018	2019	2020
		RMB'000	RMB'000	RMB'000
Operating activities				
Cash generated from operations	15(b)	601,726	889,241	828,922
PRC tax paid	19(a)	(82,486)	(217,517)	(214,206)
Net cash generated from operating activities		<u>519,240</u>	<u>671,724</u>	<u>614,716</u>
Investing activities				
Payment for the purchase of property, plant and equipment		(315)	(16,167)	(3,207)
Payment for the purchase of intangible assets		(1,494)	(1,668)	(573)
Advance to related parties		(610,986)	(66,552)	(775,400)
Repayment from related parties		4,000	44,012	400,000
Investment in an associate		—	(4,000)	—
Interest received		649	1,377	5,458
Net cash used in investing activities		<u>(608,146)</u>	<u>(42,998)</u>	<u>(373,722)</u>
Financing activities				
Dividend paid	20(b)	—	(320,000)	(200,000)
Deemed contribution from/(distribution to) the parent company	1	20,450	(78,730)	3,738
Advance from related parties		29,725	35,394	—
Capital element of lease rentals paid	15(c)	(511)	(5,151)	(5,125)
Interest element of lease rentals paid	15(c)	(45)	(242)	(389)
Net cash generated from/(used in) financing activities		<u>49,619</u>	<u>(368,729)</u>	<u>(201,776)</u>
Net (decrease)/increase in cash and cash equivalents		<u>(39,287)</u>	<u>259,997</u>	<u>39,218</u>
Cash and cash equivalents at the beginning of the year	15(a)	<u>124,671</u>	<u>85,384</u>	<u>345,381</u>
Cash and cash equivalents at the end of the year	15(a)	<u>85,384</u>	<u>345,381</u>	<u>384,599</u>

The accompanying notes form part of the Historical Financial Information.

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1 BASIS OF PREPARATION AND PRESENTATION OF THE HISTORICAL FINANCIAL INFORMATION

Central China Management Company Limited (the "Company") was established in the Cayman Islands on 22 October 2020, as an exempted company with limited liability under the Companies Act, Cap.22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands.

The Company is an investment holding company and has not carried on any business operations since the date of its incorporation save for the group reorganisation mentioned below (the "Reorganisation"). The Company and its subsidiaries (together, the "Group") are principally engaged in the provision of project management services (the "Listing Business") in Henan and other provinces in the People's Republic of China (the "PRC"). During the Relevant Periods, the Listing Business was operated as one of the principal businesses of Central China Real Estate Limited (建業地產股份有限公司) ("CCRE"), a company listed on the Stock Exchange of Hong Kong Limited.

Prior to the incorporation of the Company, the Listing Business was carried out by Central China City Development Company Limited (河南中原建業城市發展有限公司, "Zhongyuan Jianye") and certain other subsidiaries of CCRE (the "Other CCRE Operating Entities"). Apart from the Listing Business, these entities are also engaged in the real estate development and investment business (the "Non-listing Business") either through separate legal entities or divisions thereof. The Non-listing Business typically participates in land auctions, tendering or acquisitions with its own capital investment and operates under an "asset-heavy" and capital intensive business model. The directors of the Company considered that the Non-listing Business is objectively distinguishable from the Listing Business which mainly provides project management services and operates under an "asset-light" business model.

To rationalise the corporate structure in preparation of the listing of the Listing Business on The Stock Exchange of Hong Kong Limited, the Group underwent the Reorganisation, as detailed in the section headed "History, Development and Reorganisation" in the prospectus. As part of the Reorganisation, Zhongyuan Jianye disposed of its equity interests in four invested entities engaging in the Non-Listing Business, which include its two subsidiaries, Anyang Zhiteng Real Estate Co., Ltd. ("Anyang Zhiteng") and Lushi Lingchuang Real Estate Co., Ltd. ("Lushi Lingchuang"), its joint venture, Qingfeng Jianhong Urban Development Co., Ltd. ("Qingfeng Jianhong"), and its associate, Henan Zhongyuan Central China Lianhe Jianshe Development Co., Ltd. ("Lianhe Jianshe") (together, the "Excluded Entities"). Meanwhile, the Listing Business previously operated by Other CCRE Operating Entities was also transferred to the Group by way of assignment of the existing uncompleted project management contracts owned by these entities to Zhongyuan Jianye.

For the purpose of this report, the historical financial information of the Excluded Entities has been excluded since the beginning of the Relevant Periods as if Zhongyuan Jianye had never held any equity interests in such entities. Cash flows in connection with the investments in and the disposal of the Excluded Entities are reflected as capital distributions to or capital contributions from the shareholders, as appropriate.

In addition, since part of the Listing Business functioned as divisions of Other CCRE Operating Entities, a process has been completed to specifically identify assets, liabilities, revenue, expenses and cash flows associated with the Listing Business in preparing the Historical Financial Information. Assets, liabilities and expenses that were related to the broader business of these entities were also assessed to allocate these items between the Listing Business and the Non-listing Business operated by them. Transactions and balances which are directly attributable to the Listing Business were included in the Historical Financial Information based on specific identification except for those set out below, for which allocations were made based on the most relevant allocation bases in the views of the directors of the Company:

- Personnel costs and other operating expenses have been principally allocated either based on headcount to the extent a separate group of personnel could be specifically identified and attributed to the Listing Business, or otherwise allocated based on contract sales;
- Income tax was included in the Historical Financial Information based upon the aggregated profit before taxation of the Listing Business and the effective income tax rate for the Listing Business.

Upon completion of the Reorganisation, the Company became the holding company of the Group. The Reorganisation involved inserting several newly formed investment holding entities with no substantive operations as the new holding companies of the Listing Business. There were no changes in the economic substance of the ownership and the Listing Business before and after the Reorganisation. Accordingly, the Historical Financial Information has been prepared and presented as a continuation of the financial statements of the Listing Business with its assets and liabilities recognised and measured on a carry over basis. The consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated cash flow statements of the Group for the Relevant Periods as set out in this report include the financial performance and cash flows of the companies now comprising the Group as if the current group structure operating the Listing Business had been in existence and remained unchanged throughout the Relevant Periods, or since their respective dates of

incorporation or establishment, whichever is a shorter period. The consolidated statements of financial position of the Group as at 31 December 2018, 2019 and 2020 as set out in this report have been prepared to present the financial position of the companies now comprising the Group as at those dates as if the current group structure operating the Listing Business had been in existence as at the respective dates, taking into account the respective dates of incorporation or establishment, where applicable. Intra-group balances, transactions and unrealised gains/losses on intra-group transactions are eliminated in full in preparing the Historical Financial Information.

The directors of the Company believe the basis of preparation and presentation described above results in the Historical Financial Information reflecting the assets and liabilities associated with the Listing Business and costs and expenses that would be necessary for the Listing Business to operate as a stand-alone group. However, since the Listing Business did not operate as a stand-alone group during the Relevant Periods, the Historical Financial Information may not be indicative of the Listing Business's future performance and do not necessarily reflect what its results of operations, financial position, and cash flows would have been had the Listing Business operated as a stand-alone group during the Relevant Periods.

As at the date of this report, no audited financial statements have been prepared for the Company and Start Ahead Investment Limited, as they either have not carried on any business since the date of incorporation or are investment holding companies and not subject to statutory audit requirements under the relevant rules and regulations in the jurisdiction of incorporation. The financial statements of the subsidiaries of the Group for which there are statutory requirements were prepared in accordance with the relevant accounting rules and regulations applicable to entities in the countries in which they were incorporated and/or established.

Upon completion of the Reorganisation and as at the date of this report, the Company has direct or indirect interests in the following subsidiaries, all of which are private companies:

Company Name	Date and place of incorporation/ establishment	Registered/ authorised and paid-up capital	Proportion of ownership interests			Principal activities	Name of statutory auditor
			As at 31 December				
			2018	2019	2020		
Held by the Company:							
Start Ahead Investment Limited 前啟投資有限公司(a)(d)	22 October 2020 The British Virgin Islands ("BVI")	USD50,000/ USD1	Not applicable	Not applicable	100%	Investment holding	N/A
Held by a subsidiary:							
Central China Management (Hong Kong) Limited ("CCMGT(HK)") 中原建業(香港)有限公司(a)(d)	22 October 2020 Hong Kong	HKD1/ HKD1	Not applicable	Not applicable	100%	Investment holding	N/A
Henan Start Ahead Commercial Management Co., Ltd. 河南前啟商業管理有限公司(b)(c)(d)	27 October 2020 The PRC	RMB 10,000,000/—	Not applicable	Not applicable	100%	Investment holding	N/A
Henan Zhongyuan Central China City Development Co., Ltd. ("Zhongyuan Jianye") 河南中原建業城市發展有限公司(b)(c)(e)	26 December 1992 The PRC	RMB600,000,000/ RMB150,000,000	100%	100%	100%	Project management services and Property development	河南立信興豫會計師事務所有限公司
Zhongyuan Central China (Hainan) Management Services Co., Ltd. 中原建業(海南)管理服務有限公司 (b)(c)(d)	22 March 2021 The PRC	RMB 10,000,000/—	Not applicable	Not applicable	Not applicable	Project management services	N/A

Notes:

All companies now comprising the Group have adopted 31 December as their financial year end date.

- (a) These companies are limited liability companies incorporated outside of the PRC.
- (b) These companies established as wholly foreign owned enterprises in the PRC and are limited liability companies.
- (c) The official name of these entities are in Chinese. The English translation of the names are for identification only.
- (d) No statutory financial statements have been prepared for these entities for the Relevant Periods as they were newly incorporated/established in 2020 and 2021.
- (e) The audited financial statements of Zhongyuan Jianye for the years ended 31 December 2018 and 2019 were prepared in accordance with the generally accepted accounting standards in the PRC and audited by 河南立信興豫會計師事務所有限公司. The audited financial statements for the year ended 31 December 2020 are yet to be prepared.

The Historical Financial Information has been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs") which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). Further details of the significant accounting policies adopted are set out in Note 2.

The HKICPA has issued a number of new and revised HKFRSs. For the purpose of preparing this Historical Financial Information, the Group has adopted all applicable new and revised HKFRSs that are effective during the Relevant Periods, including HKFRS 9 *Financial Instruments*, HKFRS 15 *Revenue from contracts with customers* and HKFRS 16 *Leases*, consistently throughout the Relevant Periods. The Group has not adopted any amendments, new standards or interpretations that are not yet effective for the accounting period beginning on 1 January 2020 except the Amendments to HKFRS 16, *Covid-19-Related Rent Concessions*. The revised and new accounting standards and interpretations issued but not yet effective and have not been adopted for the accounting period beginning on 1 January 2020 are set out in Note 24.

The Historical Financial Information also complies with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The accounting policies set out below have been applied consistently to all periods presented in the Historical Financial Information.

2 SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of measurement

The Historical Financial Information is presented in RMB, rounded to the nearest thousand, except as otherwise indicated. The measurement basis used in the preparation of the Historical Financial Information is the historical cost basis.

(b) Use of estimates and judgements

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in Note 3.

(c) Consolidation and combination

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is included into the Historical Financial Information from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the Historical Financial Information. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 2(h)(ii)).

(d) Associates

An associate is an entity in which the Group or the Company has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

An investment in an associate is accounted for in the consolidated financial statements under the equity method. Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). The cost of the investment includes purchase price, other costs directly attributable to the acquisition of the investment, and any direct investment into the associate that forms part of the Group's equity investment. Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment (see note 2(h)(ii)). Any acquisition-date excess over cost, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the period are recognised in the profit or loss, whereas the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognised in other comprehensive income.

When the Group's share of losses exceeds its interest in the associate, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method together with any other long-term interests that in substance form part of the Group's net investment in the associate (after applying the ECL model to such other long-term interests where applicable (see note 2(h)(i))).

Unrealised profits and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's interest in the investee, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

If an investment in an associate becomes an investment in a joint venture or vice versa, retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method.

In all other cases, when the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former investee at the date when significant influence is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset.

(e) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see note 2(h)(ii)).

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight-line method over the estimated useful lives as follows:

—	Properties leased for own use	Over the lease terms
—	Motor vehicles	4 years
—	Furniture, fixtures and equipment	3 to 5 years
—	Leasehold improvements	1 to 3 years

Where parts of an item of property, plant and equipment have different useful lives, the cost or valuation of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

(f) Intangible assets

Intangible assets that are acquired by the Group are stated at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (see note 2(h)(ii)).

Amortisation of intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over the assets' estimated useful lives. The following intangible assets with finite useful lives are amortised from the date they are available for use and their estimated useful lives are as follows:

— Software	2 years
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Both the period and method of amortisation are reviewed annually.

(g) Leased assets

At inception of a contract, the Group assesses whether the 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. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

(i) As a lessee

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see notes 2(e) and 2(h)(ii)).

(h) Credit losses and impairment of assets

(i) Credit losses from financial instruments and contract assets

The Group recognises a loss allowance for expected credit losses (ECLs) on the following items:

- financial assets measured at amortised cost (including cash and cash equivalents and trade and other receivables); and
- contract assets as defined in HKFRS 15 (see note 2(i)).

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

The expected cash shortfalls are discounted using the following discount rates where the effect of discounting is material:

- fixed-rate financial assets, trade and other receivables and contract assets: effective interest rate determined at initial recognition or an approximation thereof;
- variable-rate financial assets: current effective interest rate.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

ECLs are measured on either of the following bases:

- 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

For all other financial instruments (including loan commitments issued), the Group recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument (including a loan commitment) has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (ii) the financial asset is 90 days past due. The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- failure to make payments of principal or interest on their contractually due dates;
- an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);
- an actual or expected significant deterioration in the operating results of the debtor; and
- existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Basis of calculation of interest income

Interest income recognised in accordance with note 2(p)(ii) is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset.

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

- significant financial difficulties of the debtor;
- a breach of contract, such as a default or past due event;
- it becoming probable that the borrower will enter into bankruptcy or other financial reorganisation;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or
- the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset, lease receivable or contract asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(ii) Impairment of other non-current assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment, including right-of-use assets;
- intangible assets;
- investment in an associate; and
- investment in a subsidiary in the Company's statement of financial position.

If any such indication exists, the asset's recoverable amount is estimated.

— *Calculation of recoverable amount*

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

— *Recognition of impairment losses*

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

— *Reversals of impairment losses*

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

(i) Contract assets and contract liabilities

A contract asset is recognised when the Group recognises revenue (see note 2(p)) before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are assessed for expected credit losses (ECL) in accordance with the policy set out in note 2(h)(i) and are reclassified to receivables when the right to the consideration has become unconditional (see note 2(j)).

A contract liability is recognised when the customer pays non-refundable consideration before the Group recognises the related revenue (see note 2(p)). A contract liability would also be recognised if the Group has an unconditional right to receive non-refundable consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised (see note 2(j)).

For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method (see note 2(p)(ii))

(j) Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset (see note 2(i)).

Receivables are stated at amortised cost using the effective interest method less allowance for credit losses (see note 2(h)(i)).

(k) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for expected credit losses (ECL) in accordance with the policy set out in note 2(h)(i).

(l) Trade and other payables

Trade and other payables are initially recognised at fair value. Trade and other payables are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(m) Employee benefits**(i) Short term employee benefits and contributions to defined contribution retirement plans**

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

Contributions to appropriate local defined contribution retirement schemes pursuant to the relevant labour rules and regulations in the PRC are recognised as an expense in profit or loss as incurred.

(ii) Equity-settled share-based payments

The fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in a capital reserve within equity. The fair value is measured at grant date using the binomial lattice model, taking into account the terms and conditions upon which the options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the options, the total estimated fair value of the options is spread over the vesting period, taking into account the probability that the options will vest.

During the vesting period, the number of share options that is expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognised in prior periods is charged/credited to the profit or loss for the period of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the capital reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of options that vest (with a corresponding adjustment to the capital reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the shares. The equity amount is recognised in the capital reserve until either the option in relation to the Company's shares is exercised (when it is included in the amount recognised in its own share capital for the shares issued) or the option expires (when it is released directly to retained profits).

(n) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or
- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:
 - the same taxable entity; or
 - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(o) Provisions and contingent liabilities

Provisions are recognised when the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(p) Revenue and other income

Income is classified by the Group as revenue when it arises from the provision of services in the ordinary course of the Group's business.

Revenue is recognised when control over a service is transferred to the customer, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Where the contract contains a financing component which provides a significant financing benefit to the customer for more than 12 months, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction with the customer, and interest income is accrued separately under the effective interest method. Where the contract contains a financing component which provides a significant financing benefit to the Group, revenue recognised under that contract includes the interest expense accreted on the

contract liability under the effective interest method. The Group takes advantage of the practical expedient in paragraph 63 of HKFRS 15 and does not adjust the consideration for any effects of a significant financing component if the period of financing is 12 months or less.

Further details of the Group's revenue and other income recognition policies are as follows:

(i) Project management service fee income

Project management service fee income is recognised on a straight-line basis over the estimated service period.

Variable consideration

For project management contracts that contain variable consideration based on the future sales performance of the project, the Group estimates the amount of consideration to which it will be entitled using the most likely amount.

The estimated amount of variable consideration is included in the transaction price only to the extent that it is highly probable that such an inclusion will not result in a significant revenue reversal in the future when the uncertainty associated with the variable consideration is subsequently resolved.

At the end of each reporting period, the Group updates the estimated transaction price (including updating its assessment of whether an estimate of variable consideration is constrained) to represent faithfully the circumstances present at the end of the reporting period and the changes in circumstances during the reporting period.

Principal versus agent

When another party is involved in providing goods or services to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e. the Group is a principal) or to arrange for those goods or services to be provided by the other party (i.e. the Group is an agent).

The Group is a principal if it controls the specified good or service before that good or service is transferred to a customer. The Group is an agent if its performance obligation is to arrange for the provision of the specified good or service by another party. In this case, the Group does not control the specified good or service provided by another party before that good or service is transferred to the customer. When the Group acts as an agent, it recognises revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party.

(ii) Interest income

Interest income is recognised as it accrues under the effective interest method using the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. For financial assets measured at amortised cost that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit-impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of loss allowance) of the asset (see note 2(h)(i)).

(iii) Dividend income

Dividend income from unlisted investments is recognised when the shareholder's right to receive payment is established.

(q) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. The transaction date is the date on which the Group initially recognises such non-monetary assets or liabilities. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured.

The results of foreign operations are translated into RMB at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items are translated into RMB at the closing foreign exchange rates at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

(r) Related parties

- (a) A person, or a close member of that person's family, is related to the Group if 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 the Group's parent.
- (b) An entity is related to the Group if any of the following conditions applies:
 - (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a).
 - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
 - (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 Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(s) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

3 ACCOUNTING JUDGEMENT AND ESTIMATES

Estimates and judgements used in preparing the Historical Financial Information are evaluated continually and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal to the related actual results. The estimates and assumptions that may have a significant effect on the carrying amounts of assets and liabilities mainly include those related to property development activities.

Note 21 contains information about the assumption and their risk factors relating to financial instruments. Other accounting judgements and key sources of significant estimation uncertainty are as follows:

(a) Credit loss for trade receivables, contract assets and other financial assets

Credit losses for trade receivables, contract assets and other financial assets including other receivables, amount due from related parties are determined based on assumptions about risk of default and expected credit loss rates. The Group adjusts judgement in making the assumption and selecting inputs for computing such impairment loss, broadly based on the available customers' historical data, existing market conditions including forward looking estimates at the end of each Relevant Periods.

(b) Variable consideration

Variable consideration comprises base management fees based on pre-agreed milestones and incentive fees that the Group may earn by meeting the conditions set out in the Group's project management service contracts with customers. The estimated amount of variable consideration will be included in the transaction price only to the extent that it is highly probable that such an inclusion will not result in a significant revenue reversal in the future when the uncertainty associated with the variable consideration is subsequently resolved. The Group considers whether the amount of variable consideration is constrained based on its historical experience, current negotiations with customers and the current economic conditions.

4 REVENUE AND SEGMENT REPORTING

(a) Revenue

The principal activities of the Group are provision of project management services.

(i) Revenue from contracts with customers is as follows:

	Year ended 31 December		
	2018	2019	2020
	RMB'000	RMB'000	RMB'000
Revenue from contracts with customers within the scope of HKFRS15 and recognised over time			
— Provision of project management services	676,399	1,028,995	1,152,082

The Group provides project management service to customers. Such services are recognised as a performance obligation satisfied over time as the customers simultaneously receive and consume the benefits provided by the Group's project management service. Revenue for these project management services are recognised over the estimated service period.

The project management service fees are invoiced to the clients periodically on a payment schedule and/or milestones agreed between the customers and the Group. The Group recognised a contract asset over the service period representing the Group's right to consideration for the services performed because the rights are conditional on the Group's future performance in achieving specified milestones. Contract asset is transferred to trade receivables at the point at which the rights become unconditional. Payments received before the related service is performed are included in the consolidated statement of financial position as contract liabilities.

The Group does not consider the advance payments pertaining to the project management service to have contained significant financing component.

(ii) Revenue expected to be recognised in the future arising from provision of project management services

As at 31 December 2018, 2019 and 2020, the aggregated amount of the transaction price allocated to the remaining performance obligations under the Group's existing contracts is RMB1,576,398,000, RMB1,973,792,000 and RMB2,790,191,000, respectively. This amount represents revenue expected to be recognised in the future from project management service contracts entered into by the customers with the Group. The Group will recognise the expected revenue in future when or as the control is transferred or by measuring the progress towards complete satisfaction of the performance obligation, which is usually expected to occur over the next 12 to 48 months.

The above amount does not include any amounts of incentive fee that the Group may earn in the future by meeting the conditions set out in the Group's project management service contracts with customers, unless at the reporting date it is highly probable that the Group will satisfy the conditions for earning those bonuses.

(b) Segment reporting**(i) Services from which reportable segments derive their revenue**

Information reported to the Group's chief operating decision maker for the purposes of resource allocation and assessment of segment performance is more focused on the Group as a whole, as all of the Group's activities are considered to be primarily dependent on the performance on project management service. Resources are allocated based on what is beneficial for the Group in enhancing its project management service activities as a whole rather than any specific service. Performance assessment is based on the results of the Group as a whole. Therefore, management considers there is only one operating segment under the requirements of HKFRS 8, *Operating segments*.

(ii) Geographical information

No geographical information is shown as the revenue and profit from operations of the Group is substantially derived from activities in Henan province in the PRC.

5 OTHER INCOME

	Year ended 31 December		
	2018	2019	2020
	RMB'000	RMB'000	RMB'000
Interest income on financial assets measured at amortised cost	649	1,377	5,458
Others	—	168	329
	<u>649</u>	<u>1,545</u>	<u>5,787</u>

6 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

	Year ended 31 December		
	2018	2019	2020
	RMB'000	RMB'000	RMB'000
(a) Finance costs			
Interest on lease liabilities (note 15(c))	45	242	389
(b) Personnel cost			
Salaries, wages and other benefits	64,181	127,296	165,267
Contributions to defined contribution retirement plan	2,409	4,132	2,030
Equity settled share-based payment expenses (note 18)	3,060	2,723	1,171
	<u>69,650</u>	<u>134,151</u>	<u>168,468</u>

Employees of the Group's PRC subsidiaries are required to participate in defined contribution retirement schemes which are administered and operated by the local municipal government. The PRC subsidiaries contribute funds which are calculated on certain percentage of the average Employee salary as agreed by the local municipal government to the scheme to fund the retirement benefits of the employees.

The Group has no other material obligation for the payment of retirement benefits associated with these schemes beyond the annual contributions described above.

Due to the impact of an outbreak of novel coronavirus ("COVID-19"), a number of policies including the relief of social insurance have been promulgated by the government since February 2020 to expedite resumption of economic activities, which contributed to the relief of certain cost of defined contribution scheme during the year ended 31 December 2020.

	Note	Year ended 31 December		
		2018	2019	2020
		RMB'000	RMB'000	RMB'000
(c) Other items				
Depreciation charge	11			
— owned property, plant and equipment		262	3,682	6,012
— right-of-use assets		541	3,133	5,646
		<u>803</u>	<u>6,815</u>	<u>11,658</u>
Amortisation cost of intangible assets . .		<u>1,222</u>	<u>1,457</u>	<u>1,258</u>
Auditor's remuneration		<u>12</u>	<u>57</u>	<u>1,612</u>

7 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(a) Taxation in the consolidated statements of profit or loss and other comprehensive income represents:

		Year ended 31 December		
		2018	2019	2020
		RMB'000	RMB'000	RMB'000
Current tax				
PRC Corporate Income Tax	(iii)	141,862	217,869	234,311
Deferred tax				
Origination and reversal of temporary differences		<u>(1,401)</u>	<u>(742)</u>	<u>(3,444)</u>
		<u>140,461</u>	<u>217,127</u>	<u>230,867</u>

- (i) Pursuant to the rules and regulations of the Cayman Island and the BVI, the Group is not subject to any income tax in the Cayman Islands and the BVI.
- (ii) The income tax rate applicable to group entities incorporated in Hong Kong for the income subject to Hong Kong Profits Tax during the Relevant Periods is 16.5%. No provision for Hong Kong Profits Tax has been made as the Group did not earn any income subject to Hong Kong Profits Tax during the Relevant Periods.
- (iii) The Groups' PRC subsidiaries are subject to Corporate Income Tax ("CIT") at a statutory rate of 25% on their respective taxable income during the Relevant Periods.

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

	Year ended 31 December		
	2018	2019	2020
	RMB'000	RMB'000	RMB'000
Profit before taxation	544,338	858,224	912,337
Tax on profit before tax, calculated at 25%	136,085	214,556	228,084
Tax effect of non-deductible expenses	4,376	2,571	2,783
Income tax expense	<u>140,461</u>	<u>217,127</u>	<u>230,867</u>

8 DIRECTORS' EMOLUMENTS

Directors' emoluments are as follows:

Year ended		Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Share-based payments (note 18)	Total
31 December 2018	Director's fee RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Mr. Wu Po Sum (i) . . .	—	—	—	—	—	—
Mr. Hu Bing (ii)	—	—	—	—	—	—
Mr. Ma Xiaoteng (iii) . . .	—	131	651	—	1,224	2,006
	—	131	651	—	1,224	2,006
Year ended		Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Share-based payments (note 18)	Total
31 December 2019	Director's fee RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Mr. Wu Po Sum (i) . . .	—	—	—	—	—	—
Mr. Hu Bing (ii)	—	—	—	—	—	—
Mr. Ma Xiaoteng (iii) . . .	—	1,569	4,000	28	1,734	7,331
	—	1,569	4,000	28	1,734	7,331
Year ended		Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Share-based payments (note 18)	Total
31 December 2020	Director's fee RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Mr. Wu Po Sum (i) . . .	—	—	—	—	—	—
Mr. Hu Bing (ii)	—	—	2,437	—	—	2,437
Mr. Ma Xiaoteng (iii) . . .	—	1,501	4,119	2	912	6,534
Ms. Wu Wallis (i)	—	—	—	—	—	—
	—	1,501	6,556	2	912	8,971

Notes:

- (i) Mr. Wu Po Sum joined the Group's business in June 2015 and was appointed as Chairman and non-executive Director on 22 October 2020. Mr. Wu Po Sum did not receive any emoluments from the Group during the Relevant Periods. Ms. Wu Wallis, the daughter of Mr. Wu Po Sum, joined the Group as a non-executive director on 6 November 2020.
- (ii) Mr. Hu Bing joined the Group's business in June 2015 and was subsequently appointed as a director of Zhongyuan Jianye in July 2020 and an executive director of the Company on 6 November 2020.
- (iii) Mr. Ma Xiaoteng joined the Group's business in June 2015 and was subsequently appointed as the president of Zhongyuan Jianye in February 2019 and an executive director of the Company on 6 November 2020. His emoluments disclosed above represent the compensations as his services for the Listing Business as a senior manager of Other CCRE Operating Entities and the president of Zhongyuan Jianye during the Relevant Periods.
- (iv) Mr. Xu Ying, Mr. Zhu Baoguo and Mr. Siu Chi Hung were appointed as independent non-executive directors on 12 May 2021.

During the Relevant Periods, no amounts were paid or payable by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of any office in connection with the management of the affairs of any member of the Group.

9 INDIVIDUALS WITH HIGHEST EMOLUMENTS

For the years ended 31 December 2018, 2019 and 2020, of the five highest emoluments, 1, 1 and 2 individuals are directors whose emoluments are disclosed in note 8. The aggregate of the emoluments in respect of the remaining individuals are as follows:

	Year ended 31 December		
	2018	2019	2020
	RMB'000	RMB'000	RMB'000
Salaries and other emoluments	1,789	3,084	2,153
Discretionary bonuses	4,835	11,373	5,312
Retirement scheme contributions	64	51	5
Equity settled share-based payment	1,836	989	—
	<u>8,524</u>	<u>15,497</u>	<u>7,470</u>

The emoluments of the above individuals with the highest emoluments are within the following bands:

	Year ended 31 December		
	2018	2019	2020
Nil-HKD1,000,000	1	—	—
HKD1,000,001-HKD1,500,000	1	—	—
HKD2,000,001-HKD2,500,000	1	1	1
HKD2,500,001-HKD3,000,000	—	1	1
HKD3,000,001-HKD3,500,000	—	—	1
HKD3,500,001-HKD4,000,000	—	1	—
HKD6,000,001-HKD6,500,000	1	—	—
HKD8,500,001-HKD9,000,000	—	1	—
	<u>4</u>	<u>4</u>	<u>3</u>

During the Relevant Periods, no amounts were paid or payable by the Group to the above 4, 4 and 3 highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of any office in connection with the management of the affairs of any member of the Group.

10 EARNINGS PER SHARE

Earnings per share information for the years ended 31 December 2018, 2019 and 2020 is not presented as its inclusion, for the purpose of this report, is not considered meaningful due to the Reorganisation and the preparation of the results of the Group for the Relevant Periods on the basis as disclosed in Note 1.

11 PROPERTY, PLANT AND EQUIPMENT

(a) Reconciliation of carrying amount

	Properties leased	Motor Vehicles	Furniture,	Leasehold	Total
	for own use		fixtures and	improvements	
	RMB'000	RMB'000	equipment	RMB'000	RMB'000
Cost			RMB'000		
At 1 January 2018	1,623	533	270	—	2,426
Additions	—	—	315	—	315
At 31 December 2018	1,623	533	585	—	2,741
Additions	13,675	4,495	3,395	8,277	29,842
At 31 December 2019	15,298	5,028	3,980	8,277	32,583
Additions	8,385	608	1,638	1,000	11,631
Disposals	(1,809)	—	—	—	(1,809)
At 31 December 2020	21,874	5,636	5,618	9,277	42,405
Accumulated depreciation:					
At 1 January 2018	(135)	(304)	(157)	—	(596)
Charge for the year	(541)	(61)	(201)	—	(803)
At 31 December 2018	(676)	(365)	(358)	—	(1,399)
Charge for the year	(3,133)	(631)	(1,821)	(1,230)	(6,815)
At 31 December 2019	(3,809)	(996)	(2,179)	(1,230)	(8,214)
Charge for the year	(5,646)	(1,143)	(1,322)	(3,547)	(11,658)
Written back on disposals	1,809	—	—	—	1,809
At 31 December 2020	(7,646)	(2,139)	(3,501)	(4,777)	(18,063)
Net book value:					
At 31 December 2018	947	168	227	—	1,342
At 31 December 2019	11,489	4,032	1,801	7,047	24,369
At 31 December 2020	14,228	3,497	2,117	4,500	24,342

(b) Right-of-use assets

The analysis of the net book value of the Group's right-of-use assets is as follows:

	Note	As at 31 December		
		2018	2019	2020
		RMB'000	RMB'000	RMB'000
Properties leased for own use, carried at depreciated cost	(i)	947	11,489	14,228

The analysis of expense items in relation to leases recognised in profit or loss is as follows:

	Year ended 31 December		
	2018	2019	2020
	RMB'000	RMB'000	RMB'000
Depreciation charge of right-of-use assets:			
Properties leased for own use	541	3,133	5,646
Interest on lease liabilities (note 6(a))	45	242	389
Expense relating to short-term leases	—	1,406	2,514

Additions to right-of-use assets were RMB nil, RMB13,675,000 and RMB8,385,000 in 2018, 2019 and 2020, respectively. This amount included the capitalised lease payments payable under new tenancy agreements.

Details of total cash outflow for leases, the maturity analysis of lease liabilities and the future cash outflows arising from leases that are not yet commenced are set out in notes 15(c) and 17, respectively.

(i) Properties leased for own use

The Group has leased a number of properties as its office and employee dormitory through tenancy agreements. The leases typically run for an initial period of 2 to 5 years. Some leases include an option to renew the lease and all terms should be renegotiated towards the end of the lease term. None of the leases includes variable lease payments.

12 INTEREST IN AN ASSOCIATE

The following list contains an associate of the Group, which is an unlisted corporate entity, whose quoted market price is not available:

Company name	Date and place of incorporation/ establishment	Registered/ authorised and paid-up capital	Effective interest held by the Group			Principal activities
			As at 31 December			
			2018	2019	2020	
Biyang Jianheng Real Estate Development Co., Ltd 泌陽縣建恒房地產開發有限公司	12 September 2019 The PRC	RMB20,000,000/ RMB20,000,000	—	20%	20%	Property development

Note:

The entity is PRC limited liability company. The official name of the entity is in Chinese. The English name is for identification purpose only.

The associate mentioned above is accounted for using the equity method in the consolidated financial statements.

The information of the associate is as below:

	As at or for the year ended 31 December		
	2018	2019	2020
	RMB'000	RMB'000	RMB'000
Carrying amount of the associate	—	4,008	3,010
Amounts of the Group's share of the associate's			
Profit/(loss) from continuing operations	—	8	(998)
Other comprehensive income	—	—	—
Total comprehensive income/(loss)	—	8	(998)

13 CONTRACT ASSETS AND CONTRACT LIABILITIES

(a) Contract assets

	As at 31 December		
	2018	2019	2020
	RMB'000	RMB'000	RMB'000
Contract assets			
Project management service	134,911	194,148	238,149

All of contract assets are expected to be recovered within one year.

(b) Contract liabilities

	As at 31 December		
	2018	2019	2020
	RMB'000	RMB'000	RMB'000
Contract liabilities			
Project management service			
— Billings in advance of performance	377,381	398,784	474,949

Movements in contract liabilities

	Year ended 31 December		
	2018	2019	2020
	RMB'000	RMB'000	RMB'000
At 1 January	250,749	377,381	398,784
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	(189,878)	(331,268)	(307,639)
Increase in contract liabilities as a result of billing in advance of project management service	316,510	352,671	383,804
At 31 December	<u>377,381</u>	<u>398,784</u>	<u>474,949</u>

The amount of billings in advance of performance and advance payments received expected to be recognised as income after more than one year is RMB48,535,000, RMB123,574,000 and RMB100,146,000, respectively, as at 31 December 2018, 2019 and 2020. All of the other contract liabilities are expected to be recognised as income within one year.

14 TRADE AND OTHER RECEIVABLES

	Note	As at 31 December		
		2018	2019	2020
		RMB'000	RMB'000	RMB'000
Trade debtors and bills receivable		22,213	39,300	156,748
Less: allowance for credit losses		(4,495)	(4,935)	(14,779)
Trade debtors and bills receivable, net of loss allowance	(a)	17,718	34,365	141,969
Amounts due from related parties	23(c)	954,848	766,402	869,213
Other debtors		353	2,085	3,630
Financial assets measured at amortised cost		972,919	802,852	1,014,812
Deposits and prepayments		30	1,579	2,480
		<u>972,949</u>	<u>804,431</u>	<u>1,017,292</u>

Amounts due from related parties are unsecured, interest-free and have no fixed terms of payment, the details of which are set out in note 23(c).

All of the trade and other receivables are expected to be recovered or recognised as expense within one year or on demand.

(a) Ageing analysis

As of the end of the reporting period, the ageing analysis of trade debtors and bills receivable (which are included in trade and other receivables), based on the invoice date and net of loss allowance, is as follows:

	As at 31 December		
	2018	2019	2020
	RMB'000	RMB'000	RMB'000
Within 3 months	4,664	17,580	89,414
3 months to 6 months	1,024	5,204	25,311
6 months to 1 year	7,589	7,168	21,145
over 1 year	4,441	4,413	6,099
	<u>17,718</u>	<u>34,365</u>	<u>141,969</u>

Trade debtors and bills receivable are due when the receivables are recognised. Further details on the Group's credit policy and credit risk arising from trade debtors and bills receivable are set out in note 21(a).

15 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION

(a) Cash and cash equivalents comprise:

	As at 31 December		
	2018	2019	2020
	RMB'000	RMB'000	RMB'000
Cash and cash equivalents in the consolidated statement of financial position and in the consolidated cash flow statement.	85,384	345,381	384,599

(b) Reconciliation of profit before taxation to cash generated from operations:

	Note	Year ended 31 December		
		2018	2019	2020
		RMB'000	RMB'000	RMB'000
Operating activities				
Profit before taxation		544,338	858,224	912,337
Adjustments for:				
Depreciation and amortisation	6(c)	2,025	8,272	12,916
Interest income	5	(649)	(1,377)	(5,458)
Equity settled share-based payment expenses.	6(b)	3,060	2,723	1,171
Share of (profit)/loss of an associate . .	12	—	(8)	998
Finance costs.	6(a)	45	242	389
Changes in working capital:				
Increase in contract assets		(91,209)	(59,237)	(57,553)
Decrease/(increase) in trade and other receivables		6,594	(14,321)	(107,461)
Decrease in restricted bank deposits . .		3,592	—	—
Increase/(decrease) in trade and other payables		7,298	73,320	(4,582)
Increase in contract liabilities.		126,632	21,403	76,165
Cash generated from operations		<u>601,726</u>	<u>889,241</u>	<u>828,922</u>

(c) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's cash flow statement as cash flows from financing activities.

	<u>Lease liabilities</u>
	<u>RMB'000</u>
At 1 January 2018	1,079
Changes from financing cash flows:	
Capital element of lease rentals paid	(511)
Interest element of lease rentals paid	(45)
Total changes from financing cash flows	(556)
Other Changes:	
Increase in lease liabilities from entering into new leases during the year	—
Interest expenses (note 6(a))	45
Total other changes	45
At 31 December 2018 and 1 January 2019	568
Changes from financing cash flows:	
Capital element of lease rentals paid	(5,151)
Interest element of lease rentals paid	(242)
Total changes from financing cash flows	(5,393)
Other Changes:	
Increase in lease liabilities from entering into new leases during the year	13,675
Interest expenses (note 6(a))	242
Total other changes	13,917
At 31 December 2019 and 1 January 2020	9,092
Changes from financing cash flows:	
Capital element of lease rentals paid	(5,125)
Interest element of lease rentals paid	(389)
Total changes from financing cash flows	(5,514)
Other Changes:	
Increase in lease liabilities from entering into new leases during the year	8,385
Interest expenses (note 6(a))	389
Total other changes	8,774
At 31 December 2020	12,352

16 TRADE AND OTHER PAYABLES

		<u>As at 31 December</u>		
		<u>2018</u>	<u>2019</u>	<u>2020</u>
		<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>
	Note			
Amounts due to related parties	23(c)	35,502	71,496	17,415
Other creditors and accrued charges		25,715	99,067	96,470
		<u>61,217</u>	<u>170,563</u>	<u>113,885</u>

Amounts due to related parties are unsecured, interest-free and have no fixed terms of payment, the details of which are set out in note 23(c).

All of the trade and other payables are expected to be settled within one year or on demand.

17 LEASE LIABILITIES

	31 December 2018		31 December 2019		31 December 2020	
	Present value of the minimum lease payments RMB'000	Total minimum lease payments RMB'000	Present value of the minimum lease payments RMB'000	Total minimum lease payments RMB'000	Present value of the minimum lease payments RMB'000	Total minimum lease payments RMB'000
Within 1 year	568	588	4,564	4,873	7,281	7,750
After 1 year but within 2 years	—	—	3,957	4,073	3,799	4,012
After 2 years but within 5 years	—	—	571	593	1,272	1,324
	—	—	4,528	4,666	5,071	5,336
	<u>568</u>	<u>588</u>	<u>9,092</u>	<u>9,539</u>	<u>12,352</u>	<u>13,086</u>
Less: total future interest expenses		(20)		(447)		(734)
Present value of lease liabilities		<u>568</u>		<u>9,092</u>		<u>12,352</u>

18 EQUITY SETTLED SHARE-BASED TRANSACTION

(a) Share options granted on 23 May 2017

On 23 May 2017, CCRE conditionally granted 10,000,000 share options to the Group's key management, for the service provided to the Group. The exercise price is HK\$1.764 per share. The share option scheme was effective from 23 May 2017. Under the share option schemes, no share option is vested within first year from the date of grant. 20% of the share options are vested within the second year from the date of grant and 40% of the share options are vested in each of the third and fourth year from the date of grant. Each option gives the holders the right to subscribe for one ordinary share of CCRE. All the options granted will be exercisable within 10 years after grant date.

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted. The estimate of the fair value of the share options granted is measured based on a binomial lattice model. The contractual life of the share option is used as an input into this model. Expectations of early exercise are incorporated into the binomial lattice model.

Fair value of share options and assumption

Fair value at measurement date	HK\$0.522
Share price	HK\$1.750
Exercise price	HK\$1.764
Expected volatility	46%
Option life	10 years
Expected dividends	7%
Risk-free interest rate	1.36%

(b) Share options granted on 12 June 2018

On 12 June 2018, CCRE conditionally granted 3,000,000 share options to Group's key management, for services provided to the Group. The exercise price is HK\$4.296 per share. The share option scheme was effective from 12 June 2018. Under the share option schemes, no share option is vested within first year from the date of grant. 20% of the share options are vested within the second year from the date of grant and 40% of the share options are vested in each of the third and fourth year from the date of grant. Each option gives the holders the right to subscribe for one ordinary share of CCRE. All the options granted will be exercisable within 10 years after grant date.

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted. The estimate of the fair value of the share options granted is measured based on a binomial lattice model. The contractual life of the share option is used as an input into this model. Expectations of early exercise are incorporated into the binomial lattice model.

Fair value of share options and assumption

Fair value at measurement date	HK\$1.566
Share price	HK\$4.290
Exercise price	HK\$4.296
Expected volatility	45%
Option life	10 years
Expected dividends	3%
Risk-free interest rate	2.92%

(c) The number and the weighted average exercise price of share options granted by CCRE are as follows:

	Year ended 31 December					
	2018		2019		2020	
	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options
	HK\$		HK\$	HK\$		
Outstanding at 1 January	1.76	10,000,000	2.35	13,000,000	2.46	10,857,000
Granted during the year	4.30	3,000,000	—	—	—	—
Exercised during the year	—	—	1.76	(2,143,000)	1.76	(7,857,000)
Lapsed during the year	—	—	—	—	—	—
Outstanding at 31 December	2.35	13,000,000	2.46	10,857,000	4.30	3,000,000
Exercisable at 31 December	1.76	2,000,000	2.10	4,457,000	4.30	1,800,000

The options outstanding at 31 December 2018, 31 December 2019 and 31 December 2020 had a weighted average exercise price of HKD2.35, HKD2.46 and HKD4.30 respectively and a weighted average remaining contractual life of 8.64 years, 7.69 years and 7.45 years respectively.

19 INCOME TAX IN THE STATEMENT OF FINANCIAL POSITION

(a) Current taxation in the consolidated statement of financial position represents:

	Total		
	RMB'000		
At 1 January 2018			21,121
Charged to profit or loss (note 7(a))			141,862
Tax paid			(82,486)
Deemed distribution to the parent company			2,483
At 31 December 2018 and 1 January 2019			82,980
Charged to profit or loss (note 7(a))			217,869
Tax paid			(217,517)
Deemed contribution from the parent company			(31,265)
At 31 December 2019 and 1 January 2020			52,067
Charged to profit or loss (note 7(a))			234,311
Tax paid			(214,206)
Deemed contribution from the parent company			(5,699)
At 31 December 2020			66,473

	As at 31 December		
	2018	2019	2020
	RMB'000	RMB'000	RMB'000
Representing:			
Current taxation	82,980	52,067	66,473

- (b) The components of deferred tax assets recognised in the consolidated statement of financial position and the movements during the year are as follows:

	Credit loss allowance
	RMB'000
At 1 January 2018	944
Credited to profit or loss (note 7(a))	1,401
At 31 December 2018 and 1 January 2019	2,345
Credited to profit or loss (note 7(a))	742
At 31 December 2019 and 1 January 2020	3,087
Credited to profit or loss (note 7(a))	3,444
At 31 December 2020	6,531

	As at 31 December		
	2018	2019	2020
	RMB'000	RMB'000	RMB'000
Representing:			
Deferred tax assets	2,345	3,087	6,531

20 CAPITAL, RESERVES AND DIVIDENDS

(a) Share Capital

For the purpose of this report, the share capital as at 1 January 2018, 31 December 2018 and 31 December 2019 represented the aggregate amount of the paid-in capital of the companies now comprising the Group after the elimination of investments in subsidiaries.

The Company was incorporated on 22 October 2020 in the Cayman Islands as an exempted company with limited liability. Upon incorporation, the Company's authorised share capital was HK\$380,000 divided into 38,000,000 Shares with a per value of HK\$0.01 each, of which 1 share was issued and allotted, credited as fully paid.

In November 2020, the Company became the holding company of the subsidiaries now comprising the Group. The share capital in the consolidated statements of financial position as at 31 December 2020 represented the share capital of the Company.

(b) Dividends

In May 2019, cash dividends of RMB526,000,000, attributable to the previous financial year, were approved and declared by Zhongyuan Jianye, of which RMB320,000,000 was paid in cash in 2019. The remaining dividends were settled by offsetting with other receivables from CCRE.

In June 2020, cash dividends of RMB470,000,000, attributable to the previous financial year, were approved and declared by Zhongyuan Jianye, of which RMB200,000,000 was paid in cash in 2020. The remaining dividends were settled by offsetting with other receivables from CCRE.

No dividends were paid by the Company since the date of its incorporation.

(c) Deemed contribution from/distribution to parent company

As further explained in note 1, for the purpose of this report, deemed contribution from or distribution to parent company represents the net amount of assets and liabilities distributed to or contributed from the parent company for no monetary consideration. These assets and liabilities represent (i) certain assets and liabilities historically associated with the Listing Business but were retained by the parent company; and (ii) certain assets and liabilities historically associated with the Non-Listing Business but were retained by the Group.

(d) Nature and purpose of reserves**(i) Capital reserve**

The capital reserve comprises the following:

- During the Relevant Periods, share options were granted to certain key management of the Group by CCRE, which then indirectly held 100% equity interest of the Group. The Group recognised a total expense and a corresponding capital reserve of RMB3,060,000, RMB2,723,000, and RMB1,171,000 during the year ended 31 December 2018, 2019 and 2020; and
- Deemed contribution from/distribution to parent company as disclosed in note 1.

(ii) PRC statutory reserve

According to the PRC Company Law, the PRC subsidiaries of the Group are required to transfer 10% of their profit after taxation, as determined under the PRC Accounting Regulations, to the statutory surplus reserve until the reserve balance reaches 50% of their registered capital.

The transfer to this reserve must be made before distribution of a dividend to shareholders.

Statutory reserve fund can be used to make up previous years' losses, if any, and may be converted into share capital by the issue of new shares to shareholders in proportion to their existing shareholdings or by increasing the par value of the shares currently held by them, provided that the balance after such issue is not less than 25% of the registered capital.

(iii) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in notes 2(q).

(e) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

	Note	Share capital RMB'000	Capital reserve RMB'000	Exchange reserve RMB'000	Accumulative losses RMB'000	Total RMB'000
Balance 22 October 2020 (date of incorporation)		—	—	—	—	—
Changes in equity for 2020						
Loss for the period		—	—	—	(578)	(578)
Other comprehensive income for the period		—	—	6	—	6
Total comprehensive income for the period		—	—	6	(578)	(572)
Issuance of ordinary share		—*	—	—	—	—*
Deemed capital injection from CCRE	(i)	—	487,819	—	—	487,819
Balance at 31 December 2020		—*	487,819	6	(578)	487,247

* The balances represent amounts less than RMB1,000.

- (i) On 9 November 2020, CCRE extended USD74.74 million (RMB equivalent of 500 million) to CCMGT(HK), which transferred such amount to Central China Real Estate Group (China) Co., Ltd., on the same date, to complete the transfer of Zhongyuan Jianye as part of the Reorganisation. As the fund transferred was solely for the purpose of the Reorganisation and the Group did not have an obligation to repay the amount in cash or another financial asset, it was deemed as a capital contribution from CCRE to the Company.

(f) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so it can continue to provide returns for equity shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

The results of the directors' review of the Group's capital structure are used as a basis for the determination of the level of dividends, if any, that are declared. The Group's overall strategy remains unchanged during the Relevant Periods.

The Group was not subject to externally imposed capital requirements during the Relevant Periods.

21 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

The Group is not exposed to any significant currency risk or interest rate risk. Exposure to credit and liquidity risks arises in the normal course of the Group's business. The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade and other receivables and contract assets. The Group's exposure to credit risk arising from cash and cash equivalents is limited because the counterparties are banks and financial institutions with sound credit rating for which the Group considers to have low credit risk.

The Group does not provide any other guarantees which would expose the Group to credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position after deducting any impairment allowance. There is no significant concentration of credit risk within the Group.

(i) Trade receivables and contract assets

There is no significant concentration of credit risk within the Group. Trade receivables are due upon the date of billing.

The Group measures loss allowances for trade receivables and contract assets, including trade-related amount due from related parties, at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables, including trade related amount due from related parties:

	As at 31 December		
	Expected loss rate	Gross carrying amount	Expected credit loss allowance
	%	RMB'000	RMB'000
Within 3 months	2.8%	4,799	135
3 months to 6 months	6.0%	10,217	608
6 months to 1 year	22.4%	9,775	2,186
Over 1 year	32.2%	6,550	2,109
		<u>31,341</u>	<u>5,038</u>

	As at 31 December		
	2019		
	Expected loss rate	Gross carrying amount	Expected credit loss allowance
	%	RMB'000	RMB'000
Within 3 months	3.2%	19,785	641
3 months to 6 months	6.0%	8,388	503
6 months to 1 year	22.1%	8,150	1,801
Over 1 year	33.4%	6,626	2,213
		<u>42,949</u>	<u>5,158</u>

	As at 31 December		
	2020		
	Expected loss rate	Gross carrying amount	Expected credit loss allowance
	%	RMB'000	RMB'000
Within 3 months	3.3%	93,288	3,079
3 months to 6 months	6.8%	27,158	1,847
6 months to 1 year	23.2%	27,547	6,402
Over 1 year	36.3%	9,578	3,479
		<u>157,571</u>	<u>14,807</u>

The following table provides information about the Group's exposure to credit risk and ECLs for contract assets:

	As at 31 December								
	2018			2019			2020		
	Expected loss rate	Gross carrying amount	Expected credit loss allowance	Expected loss rate	Gross carrying amount	Expected credit loss allowance	Expected loss rate	Gross carrying amount	Expected credit loss allowance
Contract assets	2.8%	<u>138,797</u>	<u>3,886</u>	3.2%	<u>200,646</u>	<u>6,498</u>	4.2%	<u>248,515</u>	<u>10,366</u>

Expected loss rates are based on actual loss experience over the past years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

When assessing the recoverable amounts of trade receivables and contract assets as at 31 December 2020, the uncertainty has increased due to the COVID-19 pandemic. However, the Group closely monitors the settlement status of trade receivables and chases the collection of project management fee timely and considers that there is no significant change to the ECL assessment due to COVID-19.

Receivables that were neither past due nor impaired related to a wide range of customers for whom there was no recent history of default.

Receivables that were past due but not impaired related to a number of customers that had a good track record with the Group. Based on past experience, management believed that no impairment allowance was necessary in respect of these balances as there had been no significant change in credit quality and the balances were still considered fully recoverable.

Movement in the loss allowance account in respect of trade receivables and contract assets during the year is as follows:

	As at 31 December		
	2018	2019	2020
	RMB'000	RMB'000	RMB'000
At 1 January	3,427	8,924	11,656
Impairment losses recognised during the year . . .	5,497	2,732	13,517
At 31 December	<u>8,924</u>	<u>11,656</u>	<u>25,173</u>

(ii) Credit risk arising from other receivables

In respect of other receivables, the Group monitors the exposures and manages them based on historical settlement records and past experience, current conditions and forecasts of future economic conditions.

At each reporting date, the Group measures the expected credit losses of other debtors in following ways:

If, at the reporting date, the credit risk on other receivables has not increased significantly since initial recognition, the Group measures the loss allowance for other receivables at an amount equal to 12-month expected credit loss. The Group measures the loss allowance for other receivables at an amount equal to the lifetime expected credit loss if the credit risk on other receivables has increased significantly since initial recognition and no impairment loss has occurred. The Group measures the loss allowance for other receivables at an amount equal to the lifetime expected credit loss if impairment losses has occurred since initial recognition.

The following table provides information about the Group's exposure to credit risk and ECLs for other receivables, including non-trade related amount due from related parties:

	As at 31 December								
	2018			2019			2020		
	Expected loss rate	Gross carrying amount	Expected credit loss allowance	Expected loss rate	Gross carrying amount	Expected credit loss allowance	Expected loss rate	Gross carrying amount	Expected credit loss allowance
		RMB'000	RMB'000		RMB'000	RMB'000		RMB'000	RMB'000
For other receivables that the credit risk has not increased significantly since initial recognition	0.1%	<u>947,072</u>	<u>456</u>	0.1%	<u>765,752</u>	<u>691</u>	0.1%	<u>872,996</u>	<u>948</u>

Expected loss rates are based on historical loss experience. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions (e.g. impact of COVID-19, development in macroeconomic environment and etc.) over the expected lives of the receivables.

Movement in the loss allowance account in respect of other receivables during the year is as follows:

	As at 31 December		
	2018 RMB'000	2019 RMB'000	2020 RMB'000
At 1 January	348	456	691
Impairment losses recognised during the year . . .	<u>108</u>	<u>235</u>	<u>257</u>
At 31 December	<u><u>456</u></u>	<u><u>691</u></u>	<u><u>948</u></u>

(b) 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 the parent company's board 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 readily realisable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following tables show the remaining contractual maturities at the end of the reporting period of the Group's non-derivative financial liabilities, which are based on contractual undiscounted cash flows and the earliest date the Group can be required to pay

As at 31 December 2018					
Contractual undiscounted cash flow					
	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Carrying amount at 31 December
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade and other payables	61,217	—	—	61,217	61,217
Lease liabilities	588	—	—	588	568
	<u>61,805</u>	<u>—</u>	<u>—</u>	<u>61,805</u>	<u>61,785</u>

As at 31 December 2019					
Contractual undiscounted cash flow					
	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Carrying amount at 31 December
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade and other payables	170,563	—	—	170,563	170,563
Lease liabilities	4,873	4,073	593	9,539	9,092
	<u>175,436</u>	<u>4,073</u>	<u>593</u>	<u>180,102</u>	<u>179,655</u>

As at 31 December 2020					
Contractual undiscounted cash flow					
	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Carrying amount at 31 December
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade and other payables	113,885	—	—	113,885	113,885
Lease liabilities	7,750	4,012	1,324	13,086	12,352
	<u>121,635</u>	<u>4,012</u>	<u>1,324</u>	<u>126,971</u>	<u>126,237</u>

(c) Fair value measurement

The carrying amounts of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 31 December 2018, 2019 and 2020.

22 COMMITMENTS

Capital commitments outstanding at 31 December 2018, 2019 and 2020 not provided for in the Historical Financial Statements were as follows:

	As at 31 December		
	2018 RMB'000	2019 RMB'000	2020 RMB'000
Contracted for	<u>1,107</u>	<u>7,295</u>	<u>3,494</u>

23 MATERIAL RELATED PARTY TRANSACTIONS

(a) Name and relationship with related parties

Name of party	Relationship with the Group
Central China Real Estate Limited ("CCRE") 建業地產股份有限公司 (together with its subsidiaries, "CCRE Group")	The ultimate parent company of Zhongyuan Jianye
Henan Central China New Life Service Co., Ltd ("Henan Central China New Life") 河南建業新生活服務有限公司	Company controlled by the ultimate controlling shareholder, Mr. Wu Po Sum
Henan Aiou Electronic Science and Technology Co., Ltd ("Henan Aiou") 河南艾歐電子科技有限公司	Company controlled by the ultimate controlling shareholder, Mr. Wu Po Sum
Henan Jianye Property Management Co., Ltd ("Jianye Property Management") 河南建業物業管理有限公司	Company controlled by the ultimate controlling shareholder, Mr. Wu Po Sum
Biyang Jianheng Real Estate Development Co., Ltd ("Biyang Jianheng") 泌陽縣建恒房地產開發有限公司	An associate of the Group
Zhoukou Lvcheng Real Estate Co., Ltd ("Zhoukou Lvcheng") 周口綠城房地產開發有限公司	A joint venture of CCRE Group
Xiangcheng Zhiteng Urban Construction Co., Ltd ("Xiangcheng Zhiteng") 襄城置騰城市建設有限公司	A joint venture of CCRE Group
Qingfeng Jianhong Urban Development Co., Ltd ("Qingfeng Jianhong") 清豐建宏城市發展有限公司	A joint venture of CCRE Group
Shenqiu Forest Peninsula Real Estate Co., Ltd ("Shenqiu Forest Peninsula") 沈丘縣森林半島置業有限公司	A joint venture of CCRE Group
Zhongyu Guoxin Real Estate Co., Ltd ("Zhongyu Guoxin") 中譽國信置業有限公司	A joint venture of CCRE Group
Xiangcheng Forest Peninsula Real Estate Co., Ltd ("Xiangcheng Forest Peninsula") 項城市森林半島置業有限公司	A joint venture of CCRE Group
Linzhou Zhongji Real Estate Development Co., Ltd ("Linzhou Zhongji") 林州重機房地產開發有限公司	A joint venture of CCRE Group
Shangqiu Hesheng Real Estate Co., Ltd ("Shangqiu Hesheng") 商丘合盛置業有限公司	An associate of CCRE Group
Taiqian Jiandong Real Estate Co., Ltd ("Taiqian Jiandong") 台前建東置業有限公司	An associate of CCRE Group
Fugou Jianyecheng Real Estate Co., Ltd ("Fugou Jianyecheng") 扶溝縣建業城置業有限公司	An associate of CCRE Group
Nanzhao Shengjing Real Estate Development Co., Ltd ("Nanzhao Shengjing") 南召縣盛景置業發展有限公司	An associate of CCRE Group

(b) Significant related party transactions

In addition to the related party information disclosed else where in the Historical Financial Information, the Group entered into the following related party transactions during the Relevant Periods.

	Year ended 31 December		
	2018	2019	2020
	RMB'000	RMB'000	RMB'000
Provision of project management service to:			
CCRE Group and its joint ventures and associates	99,671	133,949	121,247
An associate	—	9	3,068
Advance to:			
CCRE Group and its joint ventures.	610,986	44,006	772,600
An associate	—	22,546	2,800
Repayment from:			
CCRE Group and its joint ventures.	4,000	250,012	670,000
Advance from:			
CCRE Group and its joint ventures and associates	29,725	35,394	—
Repayment to:			
CCRE Group and its joint ventures and associates	—	—	52,119
Dividend to:			
CCRE Group	—	526,000	470,000
Receiving other miscellaneous services from related parties . .	1,179	3,909	7,542

(c) Balance with related parties

	As at 31 December		
	2018	2019	2020
	RMB'000	RMB'000	RMB'000
Amounts due from:			
<i>Trade related:</i>			
CCRE Group and its joint ventures and associates	8,585	745	795
An associate	—	2,681	—
	<u>8,585</u>	<u>3,426</u>	<u>795</u>
<i>Non-trade related:</i>			
CCRE Group and its joint ventures.	946,263	740,129	842,794
An associate	—	22,546	25,324
Others	—	301	300
	<u>946,263</u>	<u>762,976</u>	<u>868,418</u>
	<u>954,848</u>	<u>766,402</u>	<u>869,213</u>
Amounts due to:			
<i>Trade related:</i>			
Companies controlled by the ultimate controlling shareholder	5,777	6,377	15,718
<i>Non-trade related:</i>			
CCRE Group and its joint ventures and associates	29,725	65,119	1,697
	<u>35,502</u>	<u>71,496</u>	<u>17,415</u>
Contract assets from related parties:			
<i>Trade related:</i>			
CCRE Group and its joint ventures and associates	17,184	15,901	27,285
An associate	—	—	410
Contract liabilities to related parties:			
<i>Trade related:</i>			
CCRE Group and its joint ventures and associates	55,269	80,242	7,888

All the balances are unsecured, interest-free and payable on demand.

Trade-related amounts due from related parties are in relation to provision of project management services to related parties. Trade-related amounts due to related parties represent collection of service fees on behalf of Jianye Property Management for its provision of property management services to the customers of the Group.

The directors of the Company confirm that the non-trade nature balances will be settled before the listing of the Company's shares on the Stock Exchange.

(d) Key management compensation

Compensations for key management other than those for directors as disclosed in note 8 is set out below:

	Year ended 31 December		
	2018	2019	2020
	RMB'000	RMB'000	RMB'000
Salaries and other short-term employee benefits	4,909	16,717	13,130
Equity settled share-based payment	1,836	989	259
	<u>6,745</u>	<u>17,706</u>	<u>13,389</u>

24 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE RELEVANT PERIODS

Up to the date of this report, the HKICPA has issued a number of amendments and a new standard, HKFRS 17, Insurance contracts, which are not yet effective for the accounting period beginning 1 January 2020 and which have not been adopted in the Historical Financial Information.

	Effective for accounting periods beginning on or after
<i>HKFRS 17, Insurance contracts</i>	1 January 2021
<i>Amendments to HKFRS 3, Reference to the Conceptual Framework</i>	1 January 2022
<i>Amendments to HKAS 16, Property, Plant and Equipment: Proceeds before Intended Use</i>	1 January 2022
<i>Amendments to HKAS 37, Onerous Contracts — Cost of Fulfilling a Contract</i>	1 January 2022
<i>Annual Improvements to HKFRSs 2018-2020 Cycle</i>	1 January 2022
<i>Amendments to HKAS 1, Classification of Liabilities as Current or Non-current</i>	1 January 2023
<i>Amendments to HKFRS 10 and HKAS 28, Sale or contribution of assets between an investor and its associate or joint venture</i>	To be determined

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the financial statements.

25 SUBSEQUENT EVENTS**(a) Capitalisation issue**

Pursuant to the shareholder resolution passed on 12 May 2021, the Company capitalised the amount due to CCRE (mainly including the purchase consideration of RMB500 million paid by the Company arising out of the transfer of Zhongyuan Jianye pursuant to the Reorganisation) by allotting and issuing 2,967,116,119 shares of the Company to CCRE, credited as fully paid.

SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company or any of its subsidiaries in respect of any period subsequent to 31 December 2020.

The information set forth in this appendix does not form part of the Accountants' Report prepared by KPMG, Certified Public Accountants, Hong Kong, the reporting accountants of the Company, as set forth in Appendix I to this prospectus, and is included herein for illustrative purposes only.

The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" in this prospectus and the financial information included in the Accountants' Report set forth in Appendix I to this prospectus.

A UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following unaudited pro forma statement of adjusted consolidated net tangible assets of the Group is prepared in accordance with paragraph 4.29 of the Listing Rules and is set out below to illustrate the effect of the Global Offering on the consolidated net tangible assets of the Group attributable to equity shareholders of the Company as at 31 December 2020 as if the Global Offering had taken place on that date.

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the financial position of the Group had the Global Offering been completed as at 31 December 2020 or at any future date.

	Consolidated net tangible assets attributable to equity shareholders of the Company as of 31 December 2020 ⁽¹⁾	Estimated net proceeds from the Global Offering ⁽²⁾⁽⁵⁾	Unaudited pro forma adjusted consolidated net tangible assets attributable to equity shareholders of the Company	Unaudited pro forma adjusted consolidated net tangible assets per Share	
	RMB'000	RMB'000	RMB'000	RMB ⁽³⁾	(HK\$) ⁽⁵⁾
Based on an Offer Price of HK\$2.40 per Share	1,006,264	610,516	1,616,780	0.49	0.59
Based on an Offer Price of HK\$3.20 per Share	1,006,264	821,196	1,827,460	0.55	0.67

Notes:

- (1) The consolidated net tangible assets attributable to equity shareholders of the Company as at 31 December 2020 is calculated based on the consolidated total equity attributable to equity shareholders of the Company of RMB1,007,392,000 as at 31 December 2020 after deducting the intangible assets of RMB1,128,000, which are extracted from the Accountants' Report set out in Appendix I to this prospectus.
- (2) The estimated net proceeds from the Global Offering are based on 328,172,000 shares to be issued at the estimated offer prices of HK\$2.40 per Share (being the low-end price) and HK\$3.20 per Share (being the high-end price), after deduction of the estimated underwriting fees and other estimated related expenses payable by the Group, respectively (excluding the expenses which have been charged to profit or loss up to 31 December 2020), assuming the Over-allotment Option is not exercised.
- (3) The unaudited pro forma adjusted consolidated net tangible assets per Share is arrived at after the adjustments as described in notes 2 above and is based on 3,295,288,120 Shares expected to be in issue immediately after the Global Offering, but do not take into account any shares which may be issued upon the exercise of the Over-allotment Option.
- (4) No adjustment has been made to the unaudited pro forma adjusted consolidated net tangible assets to reflect any trading results or other transactions of the Group entered into subsequent to 31 December 2020.
- (5) For the purpose of this unaudited pro forma statement of adjusted consolidated net tangible assets, the estimated net proceeds from the Global Offering and the unaudited pro forma adjusted consolidated net tangible assets per Share are converted from or into Hong Kong dollars at the rate of RMB0.82736 to HK\$1.00. No representation is made that the Renminbi amount has been, could have been or may be converted to Hong Kong dollars, or vice versa, at that rate or at any other rates or at all.

The following is the text of a report received from the reporting accountants, KPMG, Certified Public Accountants, Hong Kong, in respect of the Group's pro forma financial information for the purpose in this prospectus.

B INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION



INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION

TO THE DIRECTORS OF CENTRAL CHINA MANAGEMENT COMPANY LIMITED

We have completed our assurance engagement to report on the compilation of pro forma financial information of Central China Management Company Limited (the "Company") and its subsidiaries (collectively the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted consolidated net tangible assets as at 31 December 2020 and related notes as set out in Part A of Appendix II to the prospectus dated 18 May 2021 (the "Prospectus") issued by the Company. The applicable criteria on the basis of which the Directors have compiled the pro forma financial information are described in Part A of Appendix II to the Prospectus.

The pro forma financial information has been compiled by the Directors to illustrate the impact of the proposed offering of the ordinary shares of the Company (the "Global Offering") on the Group's financial position as at 31 December 2020 as if the Global Offering had taken place at 31 December 2020. As part of this process, information about the Group's financial position as at 31 December 2020 has been extracted by the Directors from the Group's historical financial information included in the Accountants' Report as set out in Appendix I to the Prospectus.

Directors' Responsibilities 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 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies Hong Kong Standard on Quality Control 1 “Quality Control for Firms That Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements” issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants’ Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the 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 (“HKSAE”) 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 purpose of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of events or transactions as at 31 December 2020 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 event or 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’ judgement, having regard to the reporting accountants’ understanding of the nature of the Group, the event or 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.

Our procedures on the pro forma financial information have not been carried out in accordance with attestation standards or other standards and practices generally accepted in the United States of America, auditing standards of the Public Company Accounting Oversight Board (United States) or any overseas standards and accordingly should not be relied upon as if they had been carried out in accordance with those standards and practices.

We make no comments regarding the reasonableness of the amount of net proceeds from the issuance of the Company's shares, the application of those net proceeds, or whether such use will actually take place as described in the section headed "Future Plans and Use of Proceeds" in the Prospectus.

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 purposes of the pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

KPMG

Certified Public Accountants

Hong Kong

18 May 2021

Set out below is a summary of certain provisions of the Memorandum and Articles of Association of the Company and of certain aspects of Cayman company law.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on October 22, 2020 under the Companies Act, Cap. 22 (Act 3 of 1961, as consolidated and revised) of the Cayman Islands (the “**Companies Act**”). The Company’s constitutional documents consist of its Amended and Restated Memorandum of Association (the “**Memorandum**”) and its Amended and Restated Articles of Association (the “**Articles**”).

1. MEMORANDUM OF ASSOCIATION

- (a) The Memorandum states, *inter alia*, that the liability of members of the Company is limited to the amount, if any, for the time being unpaid on the shares respectively held by them and that the objects for which the Company is established are unrestricted (including acting as an investment company), and that the Company shall have and be capable of exercising all the functions of a natural person of full capacity irrespective of any question of corporate benefit, as provided in section 27(2) of the Companies Act and in view of the fact that the Company is an exempted company that the Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands.
- (b) The Company may by special resolution alter its Memorandum with respect to any objects, powers or other matters specified therein.

2. ARTICLES OF ASSOCIATION

The Articles were conditionally adopted on May 12, 2021 with effect from the Listing Date. The following is a summary of certain provisions of the Articles:

(a) Shares

(i) *Classes of shares*

The share capital of the Company consists of ordinary shares.

(ii) *Variation of rights of existing shares or classes of shares*

Subject to the Companies Act, if at any time the share capital of the Company is divided into different classes of shares, all or any of the special rights attached to the shares or any class of shares may (unless otherwise provided for by the terms of issue of that class) be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting the provisions of the Articles relating to general meetings will *mutatis mutandis* apply, but so that the necessary quorum (other than at an adjourned meeting) shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class and at any

adjourned meeting two holders present in person or by proxy (whatever the number of shares held by them) shall be a quorum. Every holder of shares of the class shall be entitled to one vote for every such share held by him.

Any special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

(iii) Alteration of capital

The Company may by ordinary resolution of its members:

- (i) increase its share capital by the creation of new shares;
- (ii) consolidate all or any of its capital into shares of larger amount than its existing shares;
- (iii) divide its shares into several classes and attach to such shares any preferential, deferred, qualified or special rights, privileges, conditions or restrictions as the Company in general meeting or as the directors may determine;
- (iv) subdivide its shares or any of them into shares of smaller amount than is fixed by the Memorandum; or
- (v) cancel any shares which, at the date of passing of the resolution, have not been taken and diminish the amount of its capital by the amount of the shares so cancelled.

The Company may reduce its share capital or any capital redemption reserve or other undistributable reserve in any way by special resolution.

(iv) Transfer of shares

All transfers of shares may be effected by an instrument of transfer in the usual or common form or in a form prescribed by The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) or in such other form as the board may approve and which may be under hand or, if the transferor or transferee is a clearing house or its nominee(s), by hand or by machine imprinted signature or by such other manner of execution as the board may approve from time to time.

Notwithstanding the foregoing, for so long as any shares are listed on the Stock Exchange, titles to such listed shares may be evidenced and transferred in accordance with the laws applicable to and the rules and regulations of the Stock Exchange that are or shall be applicable to such listed shares. The register of members in respect of its listed shares (whether the principal register or a branch register) may be kept by recording the particulars required by Section 40 of the

Companies Act in a form otherwise than legible if such recording otherwise complies with the laws applicable to and the rules and regulations of the Stock Exchange that are or shall be applicable to such listed shares.

The instrument of transfer shall be executed by or on behalf of the transferor and the transferee provided that the board may dispense with the execution of the instrument of transfer by the transferee. The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members in respect of that share.

The board may, in its absolute discretion, at any time transfer any share upon the principal register to any branch register or any share on any branch register to the principal register or any other branch register.

The board may decline to recognise any instrument of transfer unless a fee (not exceeding the maximum sum as the Stock Exchange may determine to be payable) determined by the Directors is paid to the Company, the instrument of transfer is properly stamped (if applicable), it is in respect of only one class of share and is lodged at the relevant registration office or registered office or such other place at which the principal register is kept accompanied by the relevant share certificate(s) and such other evidence as the board may reasonably require to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The registration of transfers may be suspended and the register closed on giving notice by advertisement in any newspaper or by any other means in accordance with the requirements of the Stock Exchange, at such times and for such periods as the board may determine. The register of members must not be closed for periods exceeding in the whole thirty (30) days in any year.

Subject to the above, fully paid shares are free from any restriction on transfer and free of all liens in favour of the Company.

(v) *Power of the Company to purchase its own shares*

The Company is empowered by the Companies Act and the Articles to purchase its own shares subject to certain restrictions and the board may only exercise this power on behalf of the Company subject to any applicable requirements imposed from time to time by the Stock Exchange.

Where the Company purchases for redemption a redeemable share, purchases not made through the market or by tender must be limited to a maximum price determined by the Company in general meeting. If purchases are by tender, tenders must be made available to all members alike.

The board may accept the surrender for no consideration of any fully paid share.

(vi) Power of any subsidiary of the Company to own shares in the Company

There are no provisions in the Articles relating to ownership of shares in the Company by a subsidiary.

(vii) Calls on shares and forfeiture of shares

The board may from time to time make such calls upon the members in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium). A call may be made payable either in one lump sum or by installments. If the sum payable in respect of any call or instalment is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding twenty per cent. (20%) per annum as the board may agree to accept from the day appointed for the payment thereof to the time of actual payment, but the board may waive payment of such interest wholly or in part. The board may, if it thinks fit, receive from any member willing to advance the same, either in money or money's worth, all or any part of the monies uncalled and unpaid or installments payable upon any shares held by him, and upon all or any of the monies so advanced the Company may pay interest at such rate (if any) as the board may decide.

If a member fails to pay any call on the day appointed for payment thereof, the board may serve not less than fourteen (14) clear days' notice on him requiring payment of so much of the call as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment and stating that, in the event of non-payment at or before the time appointed, the shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the board to that effect. Such forfeiture will include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture.

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, notwithstanding, remain liable to pay to the Company all monies which, at the date of forfeiture, were payable by him to the Company in respect of the shares, together with (if the board shall in its discretion so require) interest thereon from the date of forfeiture until the date of actual payment at such rate not exceeding twenty per cent. (20%) per annum as the board determines.

(b) Directors***(i) Appointment, retirement and removal***

At each annual general meeting, one third of the Directors for the time being (or if their number is not a multiple of three, then the number nearest to but not less than one third) shall retire from office by rotation provided that every Director shall

be subject to retirement at an annual general meeting at least once every three years. The Directors to retire by rotation shall include any Director who wishes to retire and not offer himself for re-election. Any further Directors so to retire shall be those who have been longest in office since their last re-election or appointment but as between persons who became or were last re-elected Directors on the same day those to retire will (unless they otherwise agree among themselves) be determined by lot.

Neither a Director nor an alternate Director is required to hold any shares in the Company by way of qualification. Further, there are no provisions in the Articles relating to retirement of Directors upon reaching any age limit.

The Directors have the power to appoint any person as a Director either to fill a casual vacancy on the board or as an addition to the existing board. Any Director appointed to fill a casual vacancy shall hold office until the first general meeting of members after his appointment and be subject to re-election at such meeting and any Director appointed as an addition to the existing board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

A Director may be removed by an ordinary resolution of the Company before the expiration of his period of office (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and the Company) and members of the Company may by ordinary resolution appoint another in his place. Unless otherwise determined by the Company in general meeting, the number of Directors shall not be less than two. There is no maximum number of Directors.

The office of director shall be vacated if:

- (aa) he resigns by notice in writing delivered to the Company;
- (bb) he becomes of unsound mind or dies;
- (cc) without special leave, he is absent from meetings of the board for six (6) consecutive months, and the board resolves that his office is vacated;
- (dd) he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors;
- (ee) he is prohibited from being a director by law; or
- (ff) he ceases to be a director by virtue of any provision of law or is removed from office pursuant to the Articles.

The board may appoint one or more of its body to be managing director, joint managing director, or deputy managing director or to hold any other employment or executive office with the Company for such period and upon such terms as the board may determine and the board may revoke or terminate any of such appointments. The board may delegate any of its powers, authorities and

discretions to committees consisting of such Director or Directors and other persons as the board thinks fit, and it may from time to time revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes, but every committee so formed must, in the exercise of the powers, authorities and discretions so delegated, conform to any regulations that may from time to time be imposed upon it by the board.

(ii) Power to allot and issue shares and warrants

Subject to the provisions of the Companies Act and the Memorandum and Articles and to any special rights conferred on the holders of any shares or class of shares, any share may be issued (a) with or have attached thereto such rights, or such restrictions, whether with regard to dividend, voting, return of capital, or otherwise, as the Directors may determine, or (b) on terms that, at the option of the Company or the holder thereof, it is liable to be redeemed.

The board may issue warrants or convertible securities or securities of similar nature conferring the right upon the holders thereof to subscribe for any class of shares or securities in the capital of the Company on such terms as it may determine.

Subject to the provisions of the Companies Act and the Articles and, where applicable, the rules of the Stock Exchange and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, all unissued shares in the Company are at the disposal of the board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and on such terms and conditions as it in its absolute discretion thinks fit, but so that no shares shall be issued at a discount to their nominal value.

Neither the Company nor the board is obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to members or others with registered addresses in any particular territory or territories being a territory or territories where, in the absence of a registration statement or other special formalities, this would or might, in the opinion of the board, be unlawful or impracticable. Members affected as a result of the foregoing sentence shall not be, or be deemed to be, a separate class of members for any purpose whatsoever.

(iii) Power to dispose of the assets of the Company or any of its subsidiaries

There are no specific provisions in the Articles relating to the disposal of the assets of the Company or any of its subsidiaries. The Directors may, however, exercise all powers and do all acts and things which may be exercised or done or approved by the Company and which are not required by the Articles or the Companies Act to be exercised or done by the Company in general meeting.

(iv) Borrowing powers

The board may exercise all the powers of the Company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and assets and uncalled capital of the Company and, subject to the Companies Act, to issue debentures, bonds and other securities of the Company, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

(v) Remuneration

The ordinary remuneration of the Directors is to be determined by the Company in general meeting, such sum (unless otherwise directed by the resolution by which it is voted) to be divided amongst the Directors in such proportions and in such manner as the board may agree or, failing agreement, equally, except that any Director holding office for part only of the period in respect of which the remuneration is payable shall only rank in such division in proportion to the time during such period for which he held office. The Directors are also entitled to be prepaid or repaid all travelling, hotel and incidental expenses reasonably expected to be incurred or incurred by them in attending any board meetings, committee meetings or general meetings or separate meetings of any class of shares or of debentures of the Company or otherwise in connection with the discharge of their duties as Directors.

Any Director who, by request, goes or resides abroad for any purpose of the Company or who performs services which in the opinion of the board go beyond the ordinary duties of a Director may be paid such extra remuneration as the board may determine and such extra remuneration shall be in addition to or in substitution for any ordinary remuneration as a Director. An executive Director appointed to be a managing director, joint managing director, deputy managing director or other executive officer shall receive such remuneration and such other benefits and allowances as the board may from time to time decide. Such remuneration may be either in addition to or in lieu of his remuneration as a Director.

The board may establish or concur or join with other companies (being subsidiary companies of the Company or companies with which it is associated in business) in establishing and making contributions out of the Company's monies to any schemes or funds for providing pensions, sickness or compassionate allowances, life assurance or other benefits for employees (which expression as used in this and the following paragraph shall include any Director or past Director who may hold or have held any executive office or any office of profit with the Company or any of its subsidiaries) and ex-employees of the Company and their dependents or any class or classes of such persons.

The board may pay, enter into agreements to pay or make grants of revocable or irrevocable, and either subject or not subject to any terms or conditions, pensions or other benefits to employees and ex-employees and their dependents, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or ex-employees or their dependents are or may become entitled under any such scheme or fund as is mentioned in the previous paragraph. Any

such pension or benefit may, as the board considers desirable, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement.

The board may resolve to capitalise all or any part of any amount for the time being standing to the credit of any reserve or fund (including a share premium account and the profit and loss account) whether or not the same is available for distribution by applying such sum in paying up unissued shares to be allotted to (i) employees (including directors) of the Company and/or its affiliates (meaning any individual, corporation, partnership, association, joint-stock company, trust, unincorporated association or other entity (other than the Company) that directly, or indirectly through one or more intermediaries, controls, is controlled by or is under common control with, the Company) upon exercise or vesting of any options or awards granted under any share incentive scheme or employee benefit scheme or other arrangement which relates to such persons that has been adopted or approved by the members in general meeting, or (ii) any trustee of any trust to whom shares are to be allotted and issued by the Company in connection with the operation of any share incentive scheme or employee benefit scheme or other arrangement which relates to such persons that has been adopted or approved by the members in general meeting.

(vi) Compensation or payments for loss of office

Pursuant to the Articles, payments to any Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually entitled) must be approved by the Company in general meeting.

(vii) Loans and provision of security for loans to Directors

The Company must not make any loan, directly or indirectly, to a Director or his close associate(s) if and to the extent it would be prohibited by the Companies Ordinance (Chapter 622 of the laws of Hong Kong) as if the Company were a company incorporated in Hong Kong.

(viii) Disclosure of interests in contracts with the Company or any of its subsidiaries

A Director may hold any other office or place of profit with the Company (except that of the auditor of the Company) in conjunction with his office of Director for such period and upon such terms as the board may determine, and may be paid such extra remuneration therefor in addition to any remuneration provided for by or pursuant to the Articles. A Director may be or become a director or other officer of, or otherwise interested in, any company promoted by the Company or any other company in which the Company may be interested, and shall not be liable to account to the Company or the members for any remuneration, profits or other benefits received by him as a director, officer or member of, or from his interest in, such other company. The board may also cause the voting power conferred by the shares in any other company held or owned by the Company to be exercised in such manner in all respects as it thinks fit, including the exercise thereof in favour of any

resolution appointing the Directors or any of them to be directors or officers of such other company, or voting or providing for the payment of remuneration to the directors or officers of such other company.

No Director or proposed or intended Director shall be disqualified by his office from contracting with the Company, either with regard to his tenure of any office or place of profit or as vendor, purchaser or in any other manner whatsoever, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company or the members for any remuneration, profit or other benefits realised by any such contract or arrangement by reason of such Director holding that office or the fiduciary relationship thereby established. A Director who to his knowledge is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with the Company must declare the nature of his interest at the meeting of the board at which the question of entering into the contract or arrangement is first taken into consideration, if he knows his interest then exists, or in any other case, at the first meeting of the board after he knows that he is or has become so interested.

A Director shall not vote (nor be counted in the quorum) on any resolution of the board approving any contract or arrangement or other proposal in which he or any of his close associates is materially interested, but this prohibition does not apply to any of the following matters, namely:

- (aa) any contract or arrangement for giving to such Director or his close associate(s) any security or indemnity in respect of money lent by him or any of his close associates or obligations incurred or undertaken by him or any of his close associates at the request of or for the benefit of the Company or any of its subsidiaries;
- (bb) any contract or arrangement for the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his close associate(s) has himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;
- (cc) any contract or arrangement concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his close associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;
- (dd) any contract or arrangement in which the Director or his close associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company; or

(ee) any proposal or arrangement concerning the adoption, modification or operation of a share option scheme, a pension fund or retirement, death, or disability benefits scheme or other arrangement which relates both to Directors, his close associates and employees of the Company or of any of its subsidiaries and does not provide in respect of any Director, or his close associate(s), as such any privilege or advantage not accorded generally to the class of persons to which such scheme or fund relates.

(c) Proceedings of the Board

The board may meet for the despatch of business, adjourn and otherwise regulate its meetings as it considers appropriate. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have an additional or casting vote.

(d) Alterations to constitutional documents and the Company's name

The Articles may be rescinded, altered or amended by the Company in general meeting by special resolution. The Articles state that a special resolution shall be required to alter the provisions of the Memorandum, to amend the Articles or to change the name of the Company.

(e) Meetings of members

(i) Special and ordinary resolutions

A special resolution of the Company must be passed by a majority of not less than three-fourths of the votes cast by such members as, being entitled so to do, vote in person or, in the case of such members as are corporations, by their duly authorized representatives or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given in accordance with the Articles.

Under the Companies Act, a copy of any special resolution must be forwarded to the Registrar of Companies in the Cayman Islands within fifteen (15) days of being passed.

An ordinary resolution is defined in the Articles to mean a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorized representatives or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given in accordance with the Articles.

(ii) Voting rights and right to demand a poll

Subject to any special rights or restrictions as to voting for the time being attached to any shares, at any general meeting on a poll every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorized representative shall have one vote for every fully paid share of which he is the holder but so that no amount paid up or credited as paid up on a share in

advance of calls or installments is treated for the foregoing purposes as paid up on the share. A member entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

At any general meeting a resolution put to the vote of the meeting is to be decided by way of a poll save that the chairman of the meeting may in good faith, allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands in which case every member present in person (or being a corporation, is present by a duly authorized representative), or by proxy(ies) shall have one vote provided that where more than one proxy is appointed by a member which is a clearing house (or its nominee(s)), each such proxy shall have one vote on a show of hands.

If a recognised clearing house (or its nominee(s)) is a member of the Company it may authorise such person or persons as it thinks fit to act as its representative(s) at any meeting of the Company or at any meeting of any class of members of the Company provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised pursuant to this provision shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same powers on behalf of the recognised clearing house (or its nominee(s)) as if such person was the registered holder of the shares of the Company held by that clearing house (or its nominee(s)) including, where a show of hands is allowed, the right to vote individually on a show of hands.

Where the Company has any knowledge that any shareholder is, under the rules of the Stock Exchange, required to abstain from voting on any particular resolution of the Company or restricted to voting only for or only against any particular resolution of the Company, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

(iii) Annual general meetings and extraordinary general meetings

The Company must hold an annual general meeting of the Company every year within a period of not more than fifteen (15) months after the holding of the last preceding annual general meeting or a period of not more than eighteen (18) months from the date of adoption of the Articles, unless a longer period would not infringe the rules of the Stock Exchange.

Extraordinary general meetings may be convened on the requisition of one or more shareholders holding, at the date of deposit of the requisition, not less than one-tenth of the paid up capital of the Company having the right of voting at general meetings. Such requisition shall be made in writing to the board or the secretary for the purpose of requiring an extraordinary general meeting to be called by the board for the transaction of any business specified in such requisition. Such meeting shall be held within 2 months after the deposit of such requisition. If within 21 days of such deposit, the board fails to proceed to convene such meeting, the requisitionist(s) himself/herself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the board shall be reimbursed to the requisitionist(s) by the Company.

(iv) Notices of meetings and business to be conducted

An annual general meeting must be called by notice of not less than twenty-one (21) clear days and not less than twenty (20) clear business days. All other general meetings must be called by notice of at least fourteen (14) clear days and not less than ten (10) clear business days. The notice is exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and must specify the time and place of the meeting and particulars of resolutions to be considered at the meeting and, in the case of special business, the general nature of that business.

In addition, notice of every general meeting must be given to all members of the Company other than to such members as, under the provisions of the Articles or the terms of issue of the shares they hold, are not entitled to receive such notices from the Company, and also to, among others, the auditors for the time being of the Company.

Any notice to be given to or by any person pursuant to the Articles may be served on or delivered to any member of the Company personally, by post to such member's registered address or by advertisement in newspapers in accordance with the requirements of the Stock Exchange. Subject to compliance with Cayman Islands law and the rules of the Stock Exchange, notice may also be served or delivered by the Company to any member by electronic means.

All business that is transacted at an extraordinary general meeting and at an annual general meeting is deemed special, save that in the case of an annual general meeting, each of the following business is deemed an ordinary business:

- (aa) the declaration and sanctioning of dividends;
- (bb) the consideration and adoption of the accounts and balance sheet and the reports of the directors and the auditors;
- (cc) the election of directors in place of those retiring;
- (dd) the appointment of auditors and other officers; and
- (ee) the fixing of the remuneration of the directors and of the auditors.

(v) Quorum for meetings and separate class meetings

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, but the absence of a quorum shall not preclude the appointment of a chairman.

The quorum for a general meeting shall be two members present in person (or, in the case of a member being a corporation, by its duly authorized representative) or by proxy and entitled to vote. In respect of a separate class meeting (other than

an adjourned meeting) convened to sanction the modification of class rights the necessary quorum shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class.

(vi) Proxies

Any member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member of the Company and is entitled to exercise the same powers on behalf of a member who is an individual and for whom he acts as proxy as such member could exercise. In addition, a proxy is entitled to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such member could exercise as if it were an individual member. Votes may be given either personally (or, in the case of a member being a corporation, by its duly authorized representative) or by proxy.

(f) Accounts and audit

The board shall cause true accounts to be kept of the sums of money received and expended by the Company, and the matters in respect of which such receipt and expenditure take place, and of the property, assets, credits and liabilities of the Company and of all other matters required by the Companies Act or necessary to give a true and fair view of the Company's affairs and to explain its transactions.

The accounting records must be kept at the registered office or at such other place or places as the board decides and shall always be open to inspection by any Director. No member (other than a Director) shall have any right to inspect any accounting record or book or document of the Company except as conferred by law or authorised by the board or the Company in general meeting. However, an exempted company must make available at its registered office in electronic form or any other medium, copies of its books of account or parts thereof as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Act of the Cayman Islands.

A copy of every balance sheet and profit and loss account (including every document required by law to be annexed thereto) which is to be laid before the Company at its general meeting, together with a printed copy of the Directors' report and a copy of the auditors' report, shall not less than twenty-one (21) days before the date of the meeting and at the same time as the notice of annual general meeting be sent to every person entitled to receive notices of general meetings of the Company under the provisions of the Articles; however, subject to compliance with all applicable laws, including the rules of the Stock Exchange, the Company may send to such persons summarised financial statements derived from the Company's annual accounts and the directors' report instead provided that any such person may by notice in writing served on the Company, demand that the Company sends to him, in addition to summarised financial statements, a complete printed copy of the Company's annual financial statement and the directors' report thereon.

At the annual general meeting or at a subsequent extraordinary general meeting in each year, the members shall appoint an auditor to audit the accounts of the Company and such auditor shall hold office until the next annual general meeting. Moreover, the members may, at any general meeting, by special resolution remove the auditor at any time before the expiration of his terms of office and shall by ordinary resolution at that meeting appoint another auditor for the remainder of his term. The remuneration of the auditors shall be fixed by the Company in general meeting or in such manner as the members may determine.

The financial statements of the Company shall be audited by the auditor in accordance with generally accepted auditing standards which may be those of a country or jurisdiction other than the Cayman Islands. The auditor shall make a written report thereon in accordance with generally accepted auditing standards and the report of the auditor must be submitted to the members in general meeting.

(g) Dividends and other methods of distribution

The Company in general meeting may declare dividends in any currency to be paid to the members but no dividend shall be declared in excess of the amount recommended by the board.

The Articles provide dividends may be declared and paid out of the profits of the Company, realised or unrealised, or from any reserve set aside from profits which the directors determine is no longer needed. With the sanction of an ordinary resolution dividends may also be declared and paid out of share premium account or any other fund or account which can be authorised for this purpose in accordance with the Companies Act.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide, (i) all dividends shall be declared and paid according to the amounts paid up on the shares in respect whereof the dividend is paid but no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share and (ii) all dividends shall be apportioned and paid pro rata according to the amount paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. The Directors may deduct from any dividend or other monies payable to any member or in respect of any shares all sums of money (if any) presently payable by him to the Company on account of calls or otherwise.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared on the share capital of the Company, the board may further resolve either (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the shareholders entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment, or (b) that shareholders entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the board may think fit.

The Company may also upon the recommendation of the board by an ordinary resolution resolve in respect of any one particular dividend of the Company that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to shareholders to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, interest or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post addressed to the holder at his registered address, or in the case of joint holders, addressed to the holder whose name stands first in the register of the Company in respect of the shares at his address as appearing in the register or addressed to such person and at such addresses as the holder or joint holders may in writing direct. Every such cheque or warrant shall, unless the holder or joint holders otherwise direct, be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the register in respect of such shares, and shall be sent at his or their risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company. Any one of two or more joint holders may give effectual receipts for any dividends or other moneys payable or property distributable in respect of the shares held by such joint holders.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared the board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

All dividends or bonuses unclaimed for one year after having been declared may be invested or otherwise made use of by the board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends or bonuses unclaimed for six years after having been declared may be forfeited by the board and shall revert to the Company.

No dividend or other monies payable by the Company on or in respect of any share shall bear interest against the Company.

(h) Inspection of corporate records

Pursuant to the Articles, the register and branch register of members shall be open to inspection for at least two (2) hours during business hours by members without charge, or by any other person upon a maximum payment of HK\$2.50 or such lesser sum specified by the board, at the registered office or such other place at which the register is kept in accordance with the Companies Act or, upon a maximum payment of HK\$1.00 or such lesser sum specified by the board, at the office where the branch register of members is kept, unless the register is closed in accordance with the Articles.

(i) Rights of minorities in relation to fraud or oppression

There are no provisions in the Articles relating to rights of minority shareholders in relation to fraud or oppression. However, certain remedies are available to shareholders of the Company under Cayman Islands law, as summarised in paragraph 3(f) of this Appendix.

(j) Procedures on liquidation

A resolution that the Company be wound up by the court or be wound up voluntarily shall be a special resolution.

Subject to any special rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of shares:

- (i) if the Company is wound up and the assets available for distribution amongst the members of the Company shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed *pari passu* amongst such members in proportion to the amount paid up on the shares held by them respectively; and
- (ii) if the Company is wound up and the assets available for distribution amongst the members as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up on the shares held by them respectively.

If the Company is wound up (whether the liquidation is voluntary or by the court) the liquidator may, with the authority of a special resolution and any other sanction required by the Companies Act divide among the members in specie or kind the whole or any part of the assets of the Company whether the assets shall consist of property of one kind or shall consist of properties of different kinds and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator, with the like authority, shall think fit, but so that no contributory shall be compelled to accept any shares or other property in respect of which there is a liability.

(k) Subscription rights reserve

The Articles provide that to the extent that it is not prohibited by and is in compliance with the Companies Act, if warrants to subscribe for shares have been issued by the Company and the Company does any act or engages in any transaction which would result in the subscription price of such warrants being reduced below the par value of a share, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of a share on any exercise of the warrants.

3. CAYMAN ISLANDS COMPANY LAW

The Company is incorporated in the Cayman Islands subject to the Companies Act and, therefore, operates subject to Cayman Islands law. Set out below is a summary of certain provisions of Cayman company law, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of Cayman company law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar:

(a) Company operations

As an exempted company, the Company's operations must be conducted mainly outside the Cayman Islands. The Company is required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the amount of its authorised share capital.

(b) Share capital

The Companies Act provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the value of the premiums on those shares shall be transferred to an account, to be called the "share premium account". At the option of a company, these provisions may not apply to premiums on shares of that company allotted pursuant to any arrangement in consideration of the acquisition or cancellation of shares in any other company and issued at a premium.

The Companies Act provides that the share premium account may be applied by the company subject to the provisions, if any, of its memorandum and articles of association in (a) paying distributions or dividends to members; (b) paying up unissued shares of the company to be issued to members as fully paid bonus shares; (c) the redemption and repurchase of shares (subject to the provisions of section 37 of the Companies Act); (d) writing-off the preliminary expenses of the company; and (e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company.

No distribution or dividend may be paid to members out of the share premium account unless immediately following the date on which the distribution or dividend is proposed to be paid, the company will be able to pay its debts as they fall due in the ordinary course of business.

The Companies Act provides that, subject to confirmation by the Grand Court of the Cayman Islands (the "**Court**"), a company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, by special resolution reduce its share capital in any way.

(c) Financial assistance to purchase shares of a company or its holding company

There is no statutory restriction in the Cayman Islands on the provision of financial assistance by a company to another person for the purchase of, or subscription for, its own or its holding company's shares. Accordingly, a company may provide financial assistance if the directors of the company consider, in discharging their duties of care and acting in good faith, for a proper purpose and in the interests of the company, that such assistance can properly be given. Such assistance should be on an arm's-length basis.

(d) Purchase of shares and warrants by a company and its subsidiaries

A company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a shareholder and the Companies Act expressly provides that it shall be lawful for the rights attaching to any shares to be varied, subject to the provisions of the company's articles of association, so as to provide that such shares are to be or are liable to be so redeemed. In addition, such a company may, if authorised to do so by its articles of association, purchase its own shares, including any redeemable shares. However, if the articles of association do not authorise the manner and terms of purchase, a company cannot purchase any of its own shares unless the manner and terms of purchase have first been authorised by an ordinary resolution of the company. At no time may a company redeem or purchase its shares unless they are fully paid. A company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any issued shares of the company other than shares held as treasury shares. A payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

Shares purchased by a company is to be treated as cancelled unless, subject to the memorandum and articles of association of the company, the directors of the company resolve to hold such shares in the name of the company as treasury shares prior to the purchase. Where shares of a company are held as treasury shares, the company shall be entered in the register of members as holding those shares, however, notwithstanding the foregoing, the company is not be treated as a member for any purpose and must not exercise any right in respect of the treasury shares, and any purported exercise of such a right shall be void, and a treasury share must not be voted, directly or indirectly, at any meeting of the company and must not be counted in determining the total number of issued shares at any given time, whether for the purposes of the company's articles of association or the Companies Act.

A company is not prohibited from purchasing and may purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. There is no requirement under Cayman Islands law that a company's memorandum or articles of association contain a specific provision enabling such purchases and the directors of a company may rely upon the general power contained in its memorandum of association to buy and sell and deal in personal property of all kinds.

Under Cayman Islands law, a subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

(e) Dividends and distributions

The Companies Act permits, subject to a solvency test and the provisions, if any, of the company's memorandum and articles of association, the payment of dividends and distributions out of the share premium account. With the exception of the foregoing, there are no statutory provisions relating to the payment of dividends. Based upon English case law, which is regarded as persuasive in the Cayman Islands, dividends may be paid only out of profits.

No dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of the company's assets (including any distribution of assets to members on a winding up) may be made to the company, in respect of a treasury share.

(f) Protection of minorities and shareholders' suits

The Courts ordinarily would be expected to follow English case law precedents which permit a minority shareholder to commence a representative action against or derivative actions in the name of the company to challenge (a) an act which is ultra vires the company or illegal, (b) an act which constitutes a fraud against the minority and the wrongdoers are themselves in control of the company, and (c) an irregularity in the passing of a resolution which requires a qualified (or special) majority.

In the case of a company (not being a bank) having a share capital divided into shares, the Court may, on the application of members holding not less than one fifth of the shares of the company in issue, appoint an inspector to examine into the affairs of the company and to report thereon in such manner as the Court shall direct.

Any shareholder of a company may petition the Court which may make a winding up order if the Court is of the opinion that it is just and equitable that the company should be wound up or, as an alternative to a winding up order, (a) an order regulating the conduct of the company's affairs in the future, (b) an order requiring the company to refrain from doing or continuing an act complained of by the shareholder petitioner or to do an act which the shareholder petitioner has complained it has omitted to do, (c) an order authorising civil proceedings to be brought in the name and on behalf of the company by the shareholder petitioner on such terms as the Court may direct, or (d) an order providing for the purchase of the shares of any shareholders of the company by other shareholders or by the company itself and, in the case of a purchase by the company itself, a reduction of the company's capital accordingly.

Generally claims against a company by its shareholders must be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by the company's memorandum and articles of association.

(g) Disposal of assets

The Companies Act contains no specific restrictions on the power of directors to dispose of assets of a company. However, as a matter of general law, every officer of a company, which includes a director, managing director and secretary, in exercising his powers and discharging his duties must do so honestly and in good faith with a view to the best interests of the company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

(h) Accounting and auditing requirements

A company must cause proper books of account to be kept with respect to (i) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place; (ii) all sales and purchases of goods by the company; and (iii) the assets and liabilities of the company.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

An exempted company must make available at its registered office in electronic form or any other medium, copies of its books of account or parts thereof as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Act of the Cayman Islands.

(i) Exchange control

There are no exchange control regulations or currency restrictions in the Cayman Islands.

(j) Taxation

Pursuant to the Tax Concessions Act of the Cayman Islands, the Company has obtained an undertaking:

- (1) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciation shall apply to the Company or its operations; and
- (2) that the aforesaid tax or any tax in the nature of estate duty or inheritance tax shall not be payable on or in respect of the shares, debentures or other obligations of the Company.

The undertaking for the Company is for a period of twenty years from October 27, 2020.

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save for certain stamp duties

which may be applicable, from time to time, on certain instruments executed in or brought within the jurisdiction of the Cayman Islands. The Cayman Islands are a party to a double tax treaty entered into with the United Kingdom in 2010 but otherwise is not party to any double tax treaties.

(k) Stamp duty on transfers

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

(l) Loans to directors

There is no express provision in the Companies Act prohibiting the making of loans by a company to any of its directors.

(m) Inspection of corporate records

The notice of registered office is a matter of public record. A list of the names of the current directors and alternate directors (if applicable) is made available by the Registrar of Companies for inspection by any person on payment of a fee. The register of mortgages is open to inspection by creditors and members.

Members of the Company have no general right under the Companies Act to inspect or obtain copies of the register of members or corporate records of the Company. They will, however, have such rights as may be set out in the Company's Articles.

(n) Register of members

An exempted company may maintain its principal register of members and any branch registers at such locations, whether within or without the Cayman Islands, as the directors may, from time to time, think fit. The register of members shall contain such particulars as required by Section 40 of the Companies Act. A branch register must be kept in the same manner in which a principal register is by the Companies Act required or permitted to be kept. The company shall cause to be kept at the place where the company's principal register is kept a duplicate of any branch register duly entered up from time to time.

There is no requirement under the Companies Act for an exempted company to make any returns of members to the Registrar of Companies of the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection. However, an exempted company shall make available at its registered office, in electronic form or any other medium, such register of members, including any branch register of members, as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Act of the Cayman Islands.

(o) Register of Directors and Officers

The Company is required to maintain at its registered office a register of directors and officers which is not available for inspection by the public. A copy of such register must be filed with the Registrar of Companies in the Cayman Islands and any change must be notified to the Registrar within thirty (30) days of any change in such directors or officers.

(p) Beneficial Ownership Register

An exempted company is required to maintain a beneficial ownership register at its registered office that records details of the persons who ultimately own or control, directly or indirectly, 25% or more of the equity interests or voting rights of the company or have rights to appoint or remove a majority of the directors of the company. The beneficial ownership register is not a public document and is only accessible by a designated competent authority of the Cayman Islands. Such requirement does not, however, apply to an exempted company with its shares listed on an approved stock exchange, which includes the Stock Exchange. Accordingly, for so long as the shares of the Company are listed on the Stock Exchange, the Company is not required to maintain a beneficial ownership register.

(q) Winding up

A company may be wound up (a) compulsorily by order of the Court, (b) voluntarily, or (c) under the supervision of the Court.

The Court has authority to order winding up in a number of specified circumstances including where the members of the company have passed a special resolution requiring the company to be wound up by the Court, or where the company is unable to pay its debts, or where it is, in the opinion of the Court, just and equitable to do so. Where a petition is presented by members of the company as contributories on the ground that it is just and equitable that the company should be wound up, the Court has the jurisdiction to make certain other orders as an alternative to a winding-up order, such as making an order regulating the conduct of the company's affairs in the future, making an order authorising civil proceedings to be brought in the name and on behalf of the company by the petitioner on such terms as the Court may direct, or making an order providing for the purchase of the shares of any of the members of the company by other members or by the company itself.

A company (save with respect to a limited duration company) may be wound up voluntarily when the company so resolves by special resolution or when the company in general meeting resolves by ordinary resolution that it be wound up voluntarily because it is unable to pay its debts as they fall due. In the case of a voluntary winding up, such company is obliged to cease to carry on its business (except so far as it may be beneficial for its winding up) from the time of passing the resolution for voluntary winding up or upon the expiry of the period or the occurrence of the event referred to above.

For the purpose of conducting the proceedings in winding up a company and assisting the Court therein, there may be appointed an official liquidator or official liquidators; and the court may appoint to such office such person, either provisionally or

otherwise, as it thinks fit, and if more persons than one are appointed to such office, the Court must declare whether any act required or authorised to be done by the official liquidator is to be done by all or any one or more of such persons. The Court may also determine whether any and what security is to be given by an official liquidator on his appointment; if no official liquidator is appointed, or during any vacancy in such office, all the property of the company shall be in the custody of the Court.

As soon as the affairs of the company are fully wound up, the liquidator must make a report and an account of the winding up, showing how the winding up has been conducted and how the property of the company has been disposed of, and thereupon call a general meeting of the company for the purposes of laying before it the account and giving an explanation thereof. This final general meeting must be called by at least 21 days' notice to each contributory in any manner authorised by the company's articles of association and published in the Gazette.

(r) Reconstructions

There are statutory provisions which facilitate reconstructions and amalgamations approved by a majority in number representing seventy-five per cent. (75%) in value of shareholders or class of shareholders or creditors, as the case may be, as are present at a meeting called for such purpose and thereafter sanctioned by the Court. Whilst a dissenting shareholder would have the right to express to the Court his view that the transaction for which approval is sought would not provide the shareholders with a fair value for their shares, the Court is unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management.

(s) Take-overs

Where an offer is made by a company for the shares of another company and, within four (4) months of the offer, the holders of not less than ninety per cent. (90%) of the shares which are the subject of the offer accept, the offeror may at any time within two (2) months after the expiration of the said four (4) months, by notice in the prescribed manner require the dissenting shareholders to transfer their shares on the terms of the offer. A dissenting shareholder may apply to the Court within one (1) month of the notice objecting to the transfer. The burden is on the dissenting shareholder to show that the Court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority shareholders.

(t) Indemnification

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Court to be contrary to public policy (e.g. for purporting to provide indemnification against the consequences of committing a crime).

(u) Economic Substance Requirements

Pursuant to the International Tax Cooperation (Economic Substance) Act, 2018 of the Cayman Islands (“**ES Act**”) that came into force on January 1, 2019, a “relevant entity” is required to satisfy the economic substance test set out in the ES Act. A “relevant entity” includes an exempted company incorporated in the Cayman Islands as is the Company; however, it does not include an entity that is tax resident outside the Cayman Islands. Accordingly, for so long as the Company is a tax resident outside the Cayman Islands, including in Hong Kong, it is not required to satisfy the economic substance test set out in the ES Act.

4. GENERAL

Conyers Dill & Pearman, the Company’s special legal counsel on Cayman Islands law, have sent to the Company a letter of advice summarising certain aspects of Cayman Islands company law. This letter, together with a copy of the Companies Act, is available for inspection as referred to in section headed “Documents delivered to the Registrar of Companies and available for inspection” in Appendix V to this prospectus. Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he is more familiar is recommended to seek independent legal advice.

A. FURTHER INFORMATION ABOUT OUR GROUP**1. Incorporation of our Company**

Our Company was incorporated in the Cayman Islands under the Companies Act as an exempted company with limited liability on October 22, 2020. Our Company has established its principal place of business in Hong Kong at Room 7701A, 77/F, International Commerce Centre, No. 1 Austin Road West, Kowloon, Hong Kong and was registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under Part 16 of the Companies Ordinance on November 25, 2020. Ms. Ho Wing Nga has been appointed as one of the authorized representatives of our Company for the acceptance of service of process and notices in Hong Kong. The address for service of process on our Company in Hong Kong is the same as our registered place of business in Hong Kong as set out above.

As our Company was incorporated in the Cayman Islands, our operations are subject to the Cayman Companies Act and to our constitution, which comprises the Memorandum and the Articles. A summary of certain provisions of the Memorandum and Articles and relevant aspects of the Cayman Islands company law is set out in “Summary of the Constitution of the Company and Cayman Islands Company Law” in Appendix III to this prospectus.

2. Changes in the share capital of our Company

As of the date of incorporation of our Company, the authorized share capital of our Company was HK\$380,000 divided into 38,000,000 Shares. Upon its incorporation, one fully-paid Share was allotted and issued to the initial subscriber (an Independent Third Party), which was then transferred to CCRE on the same date.

On May 12, 2021, the authorized share capital of our Company was increased from HK\$380,000 divided into 38,000,000 Shares to HK\$100,000,000 divided into 10,000,000,000 Shares.

Pursuant to the resolutions of our Shareholders passed on May 12, 2021, our Company will capitalize all amounts due from us to CCRE (including the purchase consideration paid by us arising out of the transfer of Zhongyuan Jianye pursuant to our Reorganization) by allotting and issuing 2,967,116,119 Shares to CCRE, credited as fully paid at par on the Listing Date.

Immediately following completion of the Global Offering and the Spin-off (assuming the Over-allotment Option is not exercised), the issued share capital of our Company will be HK\$32,952,881.20 divided into 3,295,288,120 Shares, all fully paid or credited as fully paid, and 6,704,711,880 Shares will remain unissued.

Save as disclosed above, there has been no alteration in the share capital of our Company within two years immediately preceding the date of this prospectus.

3. Changes in the share capital of our subsidiaries

Our subsidiaries are listed in the section headed “History, Development and Reorganization” in this prospectus.

Save as disclosed in the section headed “History, Development and Reorganization”, there have been no changes in the share capital or registered capital of our subsidiaries during the two years preceding the date of this prospectus.

4. Written resolutions of our sole Shareholder passed on May 12, 2021

CCRE, our sole Shareholder, passed written resolutions on May 12, 2021 to resolve that, amongst other things:

- (a) the Memorandum was approved and conditionally adopted in substitution for and to the exclusion of the then existing memorandum of association of the Company and the Articles were approved and conditionally adopted in substitution for and to the exclusion of the then existing articles of association of our Company, in each case with effect from the Listing Date;
- (b) the authorized share capital of our Company was increased by HK\$99,620,000 to HK\$100,000,000 by the creation of an additional 9,962,000,000 Shares with par value of HK\$0.01 each;
- (c) conditional on (i) the Listing Committee of the Stock Exchange granting listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus; (ii) the Offer Price having been determined; (iii) the execution and delivery of the Underwriting Agreements on or around the respective dates as mentioned in this prospectus; (iv) the obligations of the Underwriters under the Underwriting Agreements becoming and remaining unconditional and not being terminated in accordance with the terms of the Underwriting Agreement or otherwise, in each case on or before the dates and times specified in the Underwriting Agreements:
 - (1) the Global Offering and the Over-allotment Option were approved and our Directors were authorized to allot and issue the Offer Shares pursuant to the Global Offering and such number of Shares as may be allotted and issued upon the exercise of the Over-allotment Option;
 - (2) the Spin-off and the Listing were approved;
 - (3) our Directors be and are hereby authorized to capitalize all amounts due from us to CCRE (including the purchase consideration paid by us arising out of the transfer of Zhongyuan Jianye pursuant to our Reorganization) by allotting and issuing 2,967,116,119 Shares, credited as fully paid at par on the Listing Date, to CCRE, the sole Shareholder, whose name appears on the register of Shareholders of our Company on the date of passing the resolutions and any Director was authorized to effect the Capitalization on Issue and to issue and allot Shares pursuant thereto;
 - (4) a general unconditional mandate (the “**Issuing Mandate**”) was given to the Directors to exercise all powers of our Company to allot, issue and deal with, otherwise than by way of rights issue, scrip dividend schemes or similar arrangements providing for allotment of Shares in lieu of the whole or in part of any dividend in accordance with the Articles, or any specific authority granted by the Shareholders in general meetings,

Shares with an aggregate number not exceeding the sum of 20% of the aggregate number of Shares in issue immediately following completion of the Spin-off and the Listing, such mandate to remain in effect until the conclusion of the next annual general meeting of our Company, or the expiration of the period within which the next annual general meeting of our Company is required by the Articles of Association or any applicable Cayman Islands law to be held, or the passing of an ordinary resolution by our Shareholders revoking or varying the authority given to the Directors, whichever is the earliest;

- (5) a general unconditional mandate (the “**Repurchase Mandate**”) was given to the Directors to exercise all powers of our Company to purchase Shares with total number not exceeding 10% of the total number of Shares in issue and to be issued immediately following the completion of the Spin-off and the Listing, until the conclusion of the next annual general meeting of our Company, or the expiration of the period within which the next annual general meeting of our Company is required by the Articles of Association or any applicable Cayman Islands law to be held, or the passing of an ordinary resolution by our Shareholders revoking or varying the authority given to the Directors, whichever is the earliest; and
- (6) the extension of the general mandate to allot, issue and deal with the Shares as mentioned in sub-paragraph (5) above by the addition to the aggregate number of Shares of our Company which may be allotted and issued or agreed (conditionally or unconditionally) to be allotted or issued by our Directors pursuant to such general mandate of an amount representing the aggregate number of Shares of our Company repurchased by our Company pursuant to sub-paragraph (6) above.

5. Reorganization

In preparation for the Spin-off and the Listing, the companies comprising our Group underwent the Reorganization and our Company became the holding company of our Group. For further details with regard to the Reorganization, please see the section headed “History, Development and Reorganization” in this prospectus.

6. Repurchases by our Company of its own securities

This section sets out information required by the Stock Exchange to be included in this prospectus concerning the repurchase by our Company of our own securities.

(a) Provisions of the Listing Rules

The Listing Rules permit companies with a primary listing on the Stock Exchange to repurchase their own securities on the Stock Exchange subject to certain restrictions, the more important of which are summarized below:

(i) Shareholders’ approval

All proposed repurchase of securities (which must be fully paid up in the case of shares) by a company with a primary listing on the Stock Exchange must be approved in advance by an ordinary resolution of the shareholders, either by way of general mandate or by specific approval.

(ii) Source of funds

Repurchases must be funded out of funds legally available for the purpose in accordance with the Memorandum and Articles of Association of our Company and the Listing Rules and the applicable laws of the Cayman Islands. A listed company may not repurchase its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange. Subject to the foregoing, under the Companies Act any repurchases by our Company may be made out of our Company's profits, out of our Company's share premium account, out of the proceeds of a new issue of Shares made for the purpose of the repurchase or, if authorized by the Articles and subject to the Companies Act, out of capital. Any amount of premium payable on the purchase over the par value of the Shares to be repurchased must be out of profits or from sums standing to the credit of our Company's share premium account or, if authorized by the Articles, and subject to the Companies Act, out of capital.

(iii) Trading Restrictions

The total number of shares which a listed company may repurchase on the Stock Exchange is the number of shares representing up to a maximum of 10% of the aggregate number of shares in issue and to be issued immediately following the completion of the Spin-off and the Listing. A company may not issue or announce a proposed issue of new securities for a period of 30 days immediately following a repurchase, whether on the Stock Exchange or otherwise (other than an issue of securities pursuant to an exercise of warrants, share options or similar instruments requiring our Company to issue securities which were outstanding prior to such repurchase) without the prior approval of the Stock Exchange. In addition, a listed company is prohibited from repurchasing its shares on the Stock Exchange if the purchase price is higher by 5% or more than the average closing market price for the five preceding trading days on which its shares were traded on the Stock Exchange. The Listing Rules also prohibit a listed company from repurchasing its securities which would result in the number of the listed securities which are in the hands of the public falling below the relevant prescribed minimum percentage as required by the Stock Exchange. A company is required to procure that the broker appointed by it to effect a repurchase of securities discloses to the Stock Exchange such information with respect to the repurchase as the Stock Exchange may request.

(iv) Status of repurchased shares

All repurchased securities (whether effected on the Stock Exchange or otherwise) will be automatically delisted and the certificates for those securities must be canceled and destroyed.

(v) Suspension of repurchase

A listed company shall not make any repurchase of securities on the Stock Exchange at any time after inside information has come to its knowledge until the information is made publicly available. In particular, during the period

of one month immediately preceding the earlier of (a) the date of the board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of a listed company's results for any year, half year, quarterly or any other interim period (whether or not required under the Listing Rules) and (b) the deadline for publication of an announcement of a listed company's results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules), and ending on the date of the results announcement, the listed company may not repurchase its shares on the Stock Exchange other than in exceptional circumstances. In addition, the Stock Exchange may prohibit a repurchase of securities on the Stock Exchange if a listed company has breached the Listing Rules.

(vi) Reporting requirements

Certain information relating to repurchases of securities on the Stock Exchange or otherwise must be reported to the Stock Exchange not later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the following business day. In addition, a listed company's annual report is required to disclose details regarding repurchases of securities made during the year, including a monthly analysis of the number of securities repurchased, the purchase price per share or the highest and lowest price paid for all such purchase, where relevant, and the aggregate prices paid.

(vii) Core connected persons

A listed company is prohibited from knowingly repurchasing securities on the Stock Exchange from a "core connected person", that is, a director, chief executive or substantial Shareholder of our Company or any of its subsidiaries or their close associates and a core connected person is prohibited from knowingly selling his securities to our Company.

(b) Reasons for repurchases

Our Directors believe that it is in the interests of our Company and our Shareholders for our Directors to have a general authority from our Shareholders to enable our Company to repurchase Shares in the market. Repurchases of Shares will only be made when our Directors believe that such repurchases will benefit our Company and our Shareholders. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value of our Company and its assets and/or its earnings per Share.

(c) Funding of repurchases and impact on working capital or gearing position

In repurchasing securities, our Company may only apply funds lawfully available for such purpose in accordance with its Memorandum and Articles of Association, the Listing Rules and the applicable laws of the Cayman Islands.

There could be a material adverse impact on the working capital or gearing position of our Company (as compared with the position disclosed in this prospectus) in the event that the Repurchase Mandate were to be carried out in full at any time during the share repurchase period.

However, our Directors do not propose to exercise the general mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of our Company or the gearing levels which in the opinion of our Directors are from time to time appropriate for our Company.

(d) General

The exercise in full of the Repurchase Mandate, on the basis of 3,295,288,120 Shares in issue immediately following the completion of the Spin-off and the Listing, could accordingly result in up to 329,528,812 Shares being repurchased by our Company during the period prior to the earliest occurrence of any of the following:

- (i) the conclusion of our next annual general meeting; or
- (ii) the end of the period within which we are required by any applicable law or the Articles of Association to hold our next annual general meeting; or
- (iii) when varied or revoked by an ordinary resolution of our Shareholders in general meeting.

None of our Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their close associates currently intends to sell any Shares to our Company.

Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Listing Rules and the applicable laws of the Cayman Islands and the Articles.

If, as a result of any repurchase of Shares, a Shareholder's proportionate interest in the voting rights of our Company is increased, such increase will be treated as an acquisition for the purposes of the Takeovers Code.

Accordingly, a Shareholder or a group of Shareholders acting in concert could obtain or consolidate control of our Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. Save as aforesaid, our Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any repurchases pursuant to the Repurchase Mandate. Any repurchase of Shares that results in the number of Shares held by the public being reduced to less than 25% of the Shares then in issue could only be implemented if the Stock Exchange agreed to waive the Listing Rules requirements regarding the public shareholding. It is believed that a waiver of this provision would not normally be given other than in exceptional circumstances.

No connected person of our Company has notified our Company that he or she has a present intention to sell Shares to our Company, or has undertaken not to do so, if the Repurchase Mandate is exercised.

B. FURTHER INFORMATION ABOUT OUR BUSINESS**1. Summary of material contracts**

The following contracts (not being contracts in the ordinary course of business) have been entered into by members of our Group within the two years preceding the date of this prospectus and are or may be material:





















- (a) an equity transfer agreement dated October 26, 2020 entered into between Zhongyuan Jianye and Anyang Hongye Real Estate Development Co., Ltd.* (安陽宏業房地產開發有限公司), pursuant to which Zhongyuan Jianye disposed of its 20% equity interest in Qingfeng Jianhong at a consideration of RMB16.7 million;
- (b) an equity transfer agreement dated October 27, 2020 entered into between Zhongyuan Jianye and Ningbo Yuekai Equity Investment Partnership (L.P.)* (寧波悅愷股權投資合夥企業(有限合夥)), pursuant to which Zhongyuan Jianye disposed of its 51% equity interest in Anyang Zhiteng at a consideration of RMB45.5 million;
- (c) an equity transfer agreement and a supplemented agreement both dated October 28, 2020 entered into between Zhongyuan Jianye and Henan Wanzhong Real Estate Development Co., Ltd.* (河南萬眾房地產開發有限公司), pursuant to which Zhongyuan Jianye disposed of its 20% equity interest in Lushi Lingchuang at a consideration of RMB20.4 million;
- (d) an equity transfer agreement dated October 28, 2020 entered into between Zhongyuan Jianye and Henan Haiyi Group Co., Ltd.* (河南海義集團有限公司), pursuant to which Zhongyuan Jianye disposed of its 4.44% equity interest in Lianhe Jianshe at a consideration of RMB13.3 million;
- (e) the equity transfer agreement dated November 3, 2020 entered into between CCMGT(HK) and CCRE China, pursuant to which CCRE China transferred its 25% equity interest in Zhongyuan Jianye at a consideration of RMB500 million;
- (f) the Deed of Indemnity;
- (g) the cornerstone investment agreement dated May 14, 2021 entered into by our Company, Lucky Advent Limited (as the cornerstone investor), Lou Gongwang (as guarantor), the Joint Sponsors and the Joint Global Coordinators pursuant to which such cornerstone investor agreed to subscribe for such number of Offer Shares (rounded down to the nearest whole board lot of 2,000 Shares) which may be purchased for an aggregate amount of US\$6.0 million (excluding brokerage, SFC transaction levy and Stock Exchange trading fee) at the Offer Price; and
- (h) the Hong Kong Underwriting Agreement.








2. Intellectual property rights of our Group

(a) Trademarks

As of the Latest Practicable Date, we had not registered any trademarks.

As of the Latest Practicable Date, we had obtained the licensing rights to use the following trademarks which are material to our business (with such rights being effective upon Listing):

No.	Trademark	Place of Registration	Class	Name of Registered Proprietor	Registration Number	Date of Registration	Expiry Date
1.		PRC	42	CCRE China	1147749	January 28, 1998	January 27, 2028
2.		PRC	36	CCRE China	5346722	October 21, 2009	October 20, 2029
3.		PRC	35	CCRE China	40419343	October 07, 2020	October 06, 2030
4.		PRC	35	CCRE China	41092823	September 07, 2020	September 06, 2030
5.		PRC	36	CCRE China	40410514	May 14, 2020	May 13, 2030
6.		PRC	37	CCRE China	40402126	July 14, 2020	July 13, 2030
7.		PRC	42	CCRE China	40394297	May 14, 2020	May 13, 2030
8.		PRC	35	CCRE China	20192374	July 21, 2017	July 20, 2027
9.		PRC	35	CCRE China	20191798	July 21, 2017	July 20, 2027
10.		PRC	43	CCRE China	20175347	July 21, 2017	July 20, 2027
11.		PRC	36	CCRE China	4329151	April 21, 2008	April 20, 2028
12.		PRC	37	CCRE China	1141839	January 07, 1998	January 06, 2028
13.		PRC	35	CCRE China	4329163	April 21, 2008	April 20, 2028
14.		PRC	37	CCRE China	5346721	October 21, 2009	October 20, 2029
15.		PRC	42	CCRE China	4329148	April 21, 2008	April 20, 2028
16.		PRC	42	CCRE China	5346719	September 07, 2009	September 06, 2029
17.		PRC	42	CCRE China	4329161	July 07, 2008	July 06, 2028
18.		PRC	37	CCRE China	5042915	July 07, 2009	July 06, 2029
19.		PRC	37	CCRE China	4533391	October 07, 2009	October 06, 2029
20.		PRC	42	CCRE China	4533387	September 21, 2008	September 20, 2028

No.	Trademark	Place of Registration	Class	Name of Registered Proprietor	Registration Number	Date of Registration	Expiry Date
21.	森林半岛	PRC	35	CCRE China	4340568	April 28, 2008	April 27, 2028
22.	总部港	PRC	35	CCRE China	7551255	December 07, 2010	December 06, 2030
23.	总部港	PRC	36	CCRE China	7555728	February 14, 2011	February 13, 2031
24.		PRC	36	CCRE China	6957431	June 28, 2011	June 27, 2031
25.	建业·十八新	PRC	36	CCRE China	12680386	October 21, 2014	October 20, 2024
26.	建业·十八新	PRC	37	CCRE China	12680574	October 21, 2014	October 20, 2024
27.	建业·十八新	PRC	42	CCRE China	12680590	October 21, 2014	October 20, 2024
28.		PRC	42	CCRE China	15057293	August 14, 2015	August 13, 2025
29.		PRC	37	CCRE China	15057061	August 14, 2015	August 13, 2025
30.		PRC	35	CCRE China	15056931	August 14, 2015	August 13, 2025
31.		PRC	36	CCRE China	15056997	May 21, 2016	May 20, 2026
32.	中原建业	PRC	37	CCRE China	30753488	December 07, 2019	December 06, 2029
33.	中原建业	PRC	35	CCRE China	30768291	February 21, 2019	February 20, 2029
34.	中原建业	PRC	36	CCRE China	30756934	April 28, 2020	April 27, 2030
35.	中原建业	PRC	42	CCRE China	30761799	April 21, 2019	April 20, 2029
36.	A  B 	Hong Kong	19, 36, 37, 42	CCRE China	301100294	April 23, 2008	April 22, 2028

(b) Domain names

As of the Latest Practicable Date, we registered the following domain name which is material to our business:

Domain name	Name of Registered Proprietor	Date of Registration	Expiry Date
centralchinamgt.com . . .	Zhongyuan Jianye	April 7, 2020	April 7, 2022

C. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. Particulars of Directors' service contracts and letters of appointment

Our executive Directors' service contracts have a term of three years commencing from the Listing Date (subject to termination in certain circumstances as stipulated in the relevant service agreement). In certain other circumstances, the service contract can also be terminated by us, including but not limited to certain breaches of our Directors' obligations under the contract or certain misconducts. The appointments of our executive Directors are also subject to the provisions of retirement and rotation of Directors under the Articles. The salary of each executive Director after each financial year is subject to adjustment as determined by our Company's remuneration committee and approved by a majority of the members of our Board (excluding our Director whose salary is under review).

The annual remuneration payable to our executive Directors by our Group (excluding any discretionary bonus) is as follows:

<u>Executive Director</u>	<u>Remuneration (per annum)</u>
Mr. Hu Bing	RMB2.2 million
Mr. Ma Xiaoteng	RMB1.8 million

Each of our non-executive Directors and independent non-executive Directors has entered into a letter of appointment with our Company for a period of three years commencing from the Listing Date (subject to termination in certain circumstances as stipulated in the relevant service agreement). The appointments of the non-executive Directors and independent non-executive Directors are also subject to the provisions of retirement and rotation of Directors under the Articles.

The annual remuneration payable to each of our non-executive Directors and independent non-executive Directors under the relevant letters of appointment is as follows:

<u>Non-executive Director</u>	<u>Remuneration (per annum)</u>
Mr. Wu Po Sum	HKD3,000,000
Ms. Wu Wallis (alias Li Hua)	HKD260,000

<u>Independent non-executive Director</u>	<u>Remuneration (per annum)</u>
Mr. Zhu Baoguo	HKD240,000
Mr. Xu Ying	HKD240,000
Mr. Siu Chi Hung	HKD240,000

Save for the above Director's fee, none of our independent non-executive Directors is expected to receive any other remuneration for holding their office as an independent non-executive Director.

Save as disclosed above, none of our Directors has or is proposed to have a service contract with any member of our Group, other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation).

2. Directors' remuneration

- (i) For the years ended December 31, 2018, 2019 and 2020, the aggregate amount of emoluments, salaries, allowances, discretionary bonus, defined contribution retirement plans and other benefits in kind (if applicable) paid by us to our Directors (in their role as senior management and employee before their appointment as Directors) were approximately RMB2.0 million, RMB7.3 million, RMB9.0 million respectively.
- (ii) For the years ended December 31, 2018, 2019 and 2020, no emoluments had been paid and no benefits in kind had been granted by our Group to our Directors at the time.
- (iii) Under the arrangements currently in force, the aggregate emoluments (excluding any discretionary bonus and share-based expenses) payable by our Group to and benefits in kind receivable by our Directors for the year ended December 31, 2021 are expected to be approximately RMB3.6 million.
- (iv) For the years ended December 31, 2018, 2019 and 2020, none of our Directors at the time or any past directors of any member of our Group has been paid any sum of money (i) as an inducement to join or upon joining our Group; or (ii) for loss of office as a director of any member of our Group or of any other office in connection with the management of the affairs of any member of our Group.
- (v) There has been no arrangement under which a Director at the time has waived or agreed to waive any emoluments for the years ended December 31, 2018, 2019 and 2020.

3. Interests and short position of our Directors and the chief executive in the shares, underlying shares or debentures of our Company and the associated corporations

Immediately following the completion of the Global Offering and the Spin-off (assuming there is no change in the shareholding in CCRE since the Latest Practicable Date and assuming the Reserved Shares under the Preferential Offering are fully taken up by Qualifying CCRE Shareholders), the interests and/or short positions (as applicable) of our Directors and the chief executive of our Company in our Shares or underlying Shares or debentures of our Company and any interests and/or short positions (as applicable) in the shares or underlying shares or debentures of any of our Company's associated corporations (within the meaning of Part XV of the SFO) (i) which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions (as applicable) which they are taken or deemed to have under such provisions of the SFO), (ii) which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or (iii) which will be required to be notified to our Company and the Stock

Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules, in each case once our Shares are listed, will be as follows:

(i) Long position in our Shares

<u>Name of Director</u>	<u>Nature of Interest</u>	<u>Class and number of Shares held</u>	<u>Percentage of shareholding in our Company</u>
Mr. Wu	Interest in a controlled corporation ^(Note)	2,067,147,776	62.73%
Mr. Hu Bing	Beneficial owner	11,122,222	0.34%

Note: Joy Bright is wholly-owned by Mr. Wu. Therefore, Joy Bright is a controlled corporation of Mr. Wu and Mr. Wu is deemed to be interested in the same number of Shares that Joy Bright is interested in under the SFO.

(ii) Long position in the shares of our associated corporation

<u>Name of Director</u>	<u>Name of associated corporation</u>	<u>Nature of interest</u>	<u>Class and number of shares held</u>	<u>Percentage of interests in our associated corporation</u>
Mr. Wu	Joy Bright	Beneficial owner	20,000	100%
Mr. Wu	CCRE	Interested in a controlled corporation ⁽¹⁾	2,044,431,867	68.90%
Ms. Wu Wallis (alias Li Hua)	CCRE	Interest of a spouse	7,000,000	0.24%
		Interest of a spouse (share options) ⁽²⁾	44,000	0.001%
Mr. Hu Bing . .	CCRE	Beneficial owner	11,000,000	0.37%
Mr. Ma Xiaoteng . .	CCRE	Beneficial owner (share options) ⁽³⁾	3,800,000	0.13%

Notes:

- Joy Bright is wholly-owned by Mr. Wu. Therefore, Joy Bright is a controlled corporation of Mr. Wu and Mr. Wu is deemed to be interested in the same number of CCRE Shares that Joy Bright is interested in under the SFO.
- The spouse of Ms. Wu Wallis (alias Li Hua) is interested in 7,000,000 CCRE Shares beneficially owned by him, as well as 44,000 CCRE Shares that may be allotted and issued to him upon full exercise of the share options granted by CCRE to him. Therefore, Ms. Wu Wallis (alias Li Hua) is deemed to be interested in the same number of CCRE Shares as her spouse is interested in under the SFO.
- Mr. Ma Xiaoteng is interested in 3,800,000 CCRE Shares that may be allotted and issued to him upon full exercise of the share options granted by CCRE to him.

4. Substantial shareholders

Save as disclosed in the section headed “Substantial Shareholders — Interest in our Company” in this prospectus, so far as our Directors are aware, immediately following the completion of the Global Offering and the Spin-off (assuming there is no change in the shareholding in CCRE since the Latest Practicable Date and assuming the Reserved Shares under the Preferential Offering are fully taken up by Qualifying CCRE Shareholders), no person will have an interest or short position in the Shares or the underlying Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or are, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group.

5. Disclaimers

- (a) save as disclosed in the paragraph headed “C. Further Information about Our Directors and Substantial Shareholders — 3. Interests and short position of our Directors and the chief executive in the shares, underlying shares or debentures of our Company and the associated corporations” in this section, none of our Directors or chief executive of our Company has any interests and short positions in the Shares, underlying shares and debentures of our Company or any associated corporation (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have taken under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers to be notified to our Company and the Stock Exchange, in each case once the Shares are listed on the Stock Exchange;
- (b) so far as is known to any of our Directors or chief executive of our Company, no person has an interest or short position in the Shares and underlying shares of our Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO, or is directly or indirectly interested in 10% or more of the number of shares carrying rights to vote in all circumstances at general meetings of any other member of our Group;
- (c) none of our Directors nor any of the persons listed in the paragraph headed “D. Other Information — 8. Qualifications and consents of experts” below is interested, directly or indirectly, in the promotion of, or in any assets which have been, within the two years immediately preceding the issue of this prospectus, acquired or disposed of by or leased to any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group;

- (d) none of our Directors or the persons listed in the paragraph headed “D. Other Information — 8. Qualifications and consents of experts” below is materially interested in any contract or arrangement with our Group subsisting at the date of this prospectus which is unusual in its nature or conditions or which is significant in relation to the business of our Group;
- (e) none of the persons listed in the paragraph headed “D. Other Information — 8. Qualifications and consents of experts” below has any shareholding in any member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group;
- (f) save as disclosed in the paragraph headed “C. Further Information about Our Directors and Substantial Shareholders — 1. Particulars of Directors’ Service Contracts and Letters of Appointment” in this section, none of our Directors has entered or has proposed to enter into any service agreements with our Company or any member of our Group (other than contracts expiring or determinable by the employer within one year without payment of compensation other than statutory compensation); and
- (g) save as disclosed in the section headed “Business” in this prospectus, so far as is known to our Directors, none of our Directors or their associates or any shareholder of our Company (which to the knowledge of our Directors owns 5% or more of the issued share capital of our Company) has any interest in any of the five largest customers of our Group.

D. OTHER INFORMATION

1. Tax and other indemnities

The Controlling Shareholders have entered into the Deed of Indemnity with and in favor of our Company (for itself and on behalf of its subsidiaries) (being the contract referred to in paragraph (f) of “B. Further Information About our Business — 1. Summary of material contracts” above) to provide indemnities on a joint and several basis in respect of, among other matters, taxation resulting from income, profits or gains earned, accrued or received as well as any property claim or estate duty to which any member of our Group may be subject and payable on or before the Listing Date and any expenses, costs, fines, penalties or other liabilities which any member of our Group may suffer.

2. Litigation

As of the Latest Practicable Date, no member of our Group was engaged in any litigation or arbitration of material importance and, so far as our Directors are aware, no litigation or claim of material importance is pending or threatened by or against any member of our Group.

3. Joint Sponsors

The Joint Sponsors satisfy the independence criteria applicable to sponsor set out in Rule 3A.07 of the Listing Rules. The Joint Sponsors will receive an aggregate fee of US\$1.5 million for acting as the joint sponsors for the Listing.

The Joint Sponsors have made an application on our Company's behalf to the Listing Committee for the listing of, and permission to deal in, all the Shares in issue and to be issued as mentioned in this prospectus. All necessary arrangements have been made for the Shares to be admitted into CCASS.

4. Preliminary expenses

No material preliminary expenses were incurred in relation to the incorporation of our Company.

5. No material adverse change

Our Directors confirm that there has been no material adverse change in our Group's financial or trading position since December 31, 2020 (being the date on which the latest audited consolidated financial information of our Group was prepared) and up to the date of this prospectus.

6. Promoter

Our Company has no promoter. Within the two years immediately preceding the date of this prospectus, 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 Spin-off and the related transactions described in this prospectus.

7. Taxation of holders of Shares

(a) Hong Kong

The sale, purchase and transfer of Shares registered with our Company's Hong Kong branch register of members will be subject to Hong Kong stamp duty, the current rate charged on each of the purchaser and seller is 0.1% of the consideration or, if higher, the fair value of the Shares being sold or transferred. Profits from dealings in the Shares arising in or derived from Hong Kong may also be subject to Hong Kong profits tax.

(b) Cayman Islands

Under the present Cayman Islands law, there is no stamp duty payable in the Cayman Islands on transfer of Shares.

(c) Consultation with professional advisors

Intending holders of the Shares are recommended to consult their professional advisors if they are in doubt as to the taxation implications of holding or disposing of or dealing in the Shares. It is emphasized that none of our Company, our Directors or the other parties involved in the Spin-off can accept responsibility for any tax effect on, or liabilities of, holders of Shares resulting from their holding or disposal of or dealing in Shares or exercise of any rights attaching to them.

8. Qualifications and consents of experts

The following are the qualifications of the experts who have given opinions or advice which are contained in this prospectus:

<u>Name</u>	<u>Qualifications</u>
ICBC International Capital Limited	A licensed corporation under the SFO to conduct type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities (as defined in the SFO)
CCB International Capital Limited	A licensed corporation under the SFO to conduct type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities (as defined in the SFO)
KPMG	Certified Public Accountants and Public Interest Entity Auditor registered in accordance with the Financial Reporting Council Ordinance
Commerce & Finance Law Offices	PRC legal advisors
Conyers Dill & Pearman	Cayman Islands legal advisors
China Index Academy	Industry consultant and brand valuer

Each of the experts named above has given and has not withdrawn its written consent to the issue of this prospectus with copies of its reports, letters, opinions, summaries of opinions and/or references to its names included herein in the form and context in which they respectively appear.

9. Binding effect

This prospectus shall have the effect, if an application is made in pursuance of it, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Miscellaneous Provisions) Ordinance so far as applicable.

10. 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 (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong). In case of any discrepancies between the English language version and Chinese language version of this prospectus, the English language version shall prevail.

11. Sole Financial Advisor

BNP Paribas Securities (Asia) Limited has been appointed by CCRE and our Company as their sole financial advisor in respect of the Spin-off. The appointment of BNP Paribas Securities (Asia) Limited was not made pursuant to the requirements of the Listing Rules, and the appointment of BNP Paribas Securities (Asia) Limited is separate and distinct from the appointment of the Joint Sponsors (which is required to be made by us pursuant to the Listing Rules). The Joint Sponsors have not relied on any of the work performed by BNP Paribas Securities (Asia) Limited in fulfilling those duties. The role of BNP Paribas Securities (Asia) Limited in the Listing is different from that of the Joint Sponsors in that it focuses on providing general corporate finance advisory services to CCRE and the Company in respect of the Spin-off. BNP Paribas Securities (Asia) Limited is a licensed corporation under the SFO to conduct Type 1 (dealing in securities), Type 2 (dealing in future contracts), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities (as defined in the SFO).

12. Miscellaneous

- (a) Within the two years immediately preceding the date of this prospectus:
 - (i) save as disclosed in the section headed “History, Development and Reorganization”, no share or loan capital of our Company or any of our subsidiaries has been issued or agreed to be issued fully or partly paid either for cash or for a consideration other than cash;
 - (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;
 - (iii) no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any capital of our Company or any of our subsidiaries; and
 - (iv) no commission has been paid or payable subscribing, agreeing to subscribe or procuring subscription or agreeing to procure subscription for any shares in our Company or any of our subsidiaries;
- (b) no founder, management or deferred Shares nor any debenture in our Company or any of our subsidiaries have been issued or agreed to be issued;
- (c) there has not been any interruption in the business of our Group which may have or has had a significant effect on the financial position of our Group in the 12 months preceding the date of this prospectus;

- (d) the principal register of members of our Company will be maintained in the Cayman Islands by Conyers Trust Company (Cayman) Limited and a branch register of members of our Company will be maintained in Hong Kong by Computershare Hong Kong Investor Services Limited. Unless our Directors otherwise agree, all transfer and other documents of title of Shares must be lodged for registration with and registered by our Company's share register in Hong Kong and may not be lodged in the Cayman Islands. All necessary arrangements have been made to enable the Shares to be admitted to CCASS;
- (e) no company within our Group is presently listed on any stock exchange or traded on any trading system;
- (f) our Directors have been advised that under the Cayman Companies Act the use of a Chinese name by our Company does not contravene the Cayman Companies Act;
- (g) our Company has no outstanding convertible debt securities or debentures;
- (h) none of the persons whose names are listed in the paragraph headed "D. Other Information — 8. Qualifications and consents of experts" under this Appendix IV:
 - (i) is interested beneficially or non-beneficially in any shares in any member of our Group; or
 - (ii) has any right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in any member of our Group; and
- (i) 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 and delivered to the Registrar of Companies in Hong Kong for registration were:

- (a) a copy of each of the **WHITE, YELLOW, GREEN** and **BLUE** Application Forms;
- (b) the written consents referred to in the section headed “Appendix IV — D. Other Information — 8. Qualifications and consents of experts” in this prospectus; and
- (c) a copy of each of the material contracts referred to in the section headed “Appendix IV — B. Further Information about our Business — 1. Summary of material contracts” in this prospectus.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the offices of Hogan Lovells at 11th Floor, One Pacific Place, 88 Queensway, Hong Kong during normal business hours up to and including the date which is 14 days from the date of this prospectus:

- (a) the Memorandum and the Articles;
- (b) the Accountants’ Report on our Group for the years ended December 31, 2018, 2019 and 2020 issued by KPMG, the text of which is set out in Appendix I to this prospectus;
- (c) the report from KPMG on the unaudited pro forma financial information of our Group, the text of which is set out in Appendix II to this prospectus;
- (d) the audited consolidated financial statements of our Group for the years ended December 31, 2018, 2019 and 2020;
- (e) the letter of advice issued by Conyers Dill & Pearman, our legal advisors as to Cayman Islands law, summarizing the constitution of our Company and certain aspects of Cayman Islands company law referred to in Appendix III to this prospectus;
- (f) the legal opinion issued by Commerce & Finance Law Offices, our PRC Legal Advisors, in respect of general matters of our Group and summarizing certain laws and regulations in the PRC applicable to us as referred to in the section headed “Regulatory Overview” in this prospectus;
- (g) the industry report on commissioned by our Company and prepared by China Index Academy, our industry consultant, as referred to in the section headed “Industry Overview” in this prospectus;
- (h) the valuation report on the value of the “Jianye (建業)” brand prepared by China Index Academy, as referred to in the section headed “Connected Transactions” in this prospectus;

- (i) the Cayman Companies Act;
- (j) the written consents referred to in the section headed “Appendix IV — Statutory and General Information — D. Other Information — 8. Qualifications and consents of experts” in this prospectus;
- (k) the material contracts referred to in the section headed “Appendix IV — Statutory and General Information — B. Further Information About Our Business — 1. Summary of material contracts” in this prospectus;
- (l) the service agreements and letters of appointment referred to in the section headed “Appendix IV — Statutory and General Information — C. Further Information About Our Directors and Substantial Shareholders — 1. Particulars of Directors’ service contracts and letters of appointment” in this prospectus; and
- (m) this prospectus.



中原建業有限公司
CENTRAL CHINA MANAGEMENT COMPANY LIMITED

