中駿商管智慧服務控股有限公司
SCE Intelligent Commercial Management Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 606

GLOBAL OFFERING

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

BofA SECURITIES

UBS

(in alphabetical order)

Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers

CITIC SECURITIES

HSBC

(in alphabetical order)

Joint Lead Managers

CRIC 克而瑞證劵 CRIC SECURITIES CO. LTD

富途證券

(in alphabetical order)

IMPORTANT: *If you are in any doubt about any of the contents of this Prospectus, you should obtain independent professional advice.*

SCE Intelligent Commercial Management Holdings Limited
中駿商管智慧服務控股有限公司

(Incorporated in the Cayman Islands with limited liability)

GLOBAL OFFERING

Number of Offer Shares under the Global Offering	:	**500,000,000 Shares (Subject to the Over-allotment Option)**
Number of Hong Kong Offer Shares	:	**50,000,000 Shares (subject to reallocation)**
Number of International Offer Shares	:	**450,000,000 Shares (including 50,000,000 Reserved Shares under the Preferential Offering) (subject to reallocation and the Over-allotment Option)**
Offer Price	:	**Not more than HK$4.60 per Offer Share and expected to be not less than HK$3.70 per Offer Share, plus brokerage of 1%, 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	:	**606**

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

BofA SECURITIES UBS

(in alphabetical order)

Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers

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Joint Lead Managers

CRIC 克而瑞證券 CRIC SECURITIES CO. LTD 富途證券

(in alphabetical order)

A copy of this Prospectus, having attached thereto the documents specified in "Appendix V—Documents Delivered to the Registrar of Companies and Available for Inspection" 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 other document referred to above.

The final Offer Price is expected to be fixed by agreement between the Joint Representatives (on behalf of the Underwriters) and our Company on the Price Determination Date, which is expected to be on or around June 24, 2021 and in any event, not later than June 25, 2021. The Offer Price will be not more than HK$4.60 per Offer Share and is currently expected to be not less than HK$3.70. If, for any reason, the final Offer Price is not agreed by June 25, 2021 between the Joint Representatives (on behalf of the Underwriters) and our Company, the Global Offering will not proceed and will lapse.

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 pursuant to an exemption from, or in a transaction subject to, the registration requirements of the U.S. Securities Act and in accordance with any applicable U.S. state securities laws. The Offer Shares are being offered and sold only outside the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act.

Applicants for Hong Kong Offer Shares are required to pay, on application, the maximum Offer Price of HK$4.60 for each Hong Kong Offer Share together with brokerage fee of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%, subject to refund if the Offer Price as finally determined is less than HK$4.60.

The Joint Representatives (on behalf of the Underwriters), and with our consent, may, where considered appropriate, reduce the number of Hong Kong Offer Shares and/or the indicative Offer Price range below that is stated in this Prospectus (which is HK$3.70 to HK$4.60) at any time prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such case, notices of the reduction in the number of Hong Kong Offer Shares and/or the indicative Offer Price range will be published on the website of our Company at www.sce-icm.com and on the website of the Stock Exchange at www.hkexnews.hk as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the day which is the last day for lodging applications under the Hong Kong Public Offering. Further details are set forth in "Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares and Reserved Shares" in this Prospectus. If applications for Hong Kong Offer Shares have been submitted prior to the day which is the last day for lodging applications under the Hong Kong Public Offering, in the event that the number of Offer Shares and/or the indicative Offer Price range is so reduced, such applications can subsequently be withdrawn.

The obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement are subject to termination by the Joint Representatives (on behalf of the Hong Kong Underwriters) if certain grounds for termination arise prior to 8:00 a.m. on the Listing Date. Such grounds are set out in "Underwriting—Underwriting Arrangements and Expenses—Hong Kong Public Offering—Grounds for Termination."

June 21, 2021

If there is any change in the following expected timetable, we will issue an announcement on the respective websites of the Company at **www.sce-icm.com** and the Stock Exchange at **www.hkexnews.hk**.

Despatch of **BLUE** Application Form to Qualifying China SCE Shareholders on or before	Monday, June 21, 2021
Hong Kong Public Offering and Preferential Offering commence and **WHITE** and **YELLOW** Application Forms available from	9:00 a.m. on Monday, June 21, 2021
Latest time to complete electronic applications under the **White Form eIPO** through the designated website at **www.eipo.com.hk**[2]	11:30 a.m. on Thursday, June 24, 2021
Application lists open[3]	11:45 a.m. on Thursday, June 24, 2021
Latest time to lodge **WHITE**, **YELLOW** and **BLUE** Application Forms	12:00 noon on Thursday, June 24, 2021
Latest time to give **electronic application instructions** to HKSCC[4]	12:00 noon on Thursday, June 24, 2021
Latest time to complete payment of **White Form eIPO** applications by effecting Internet banking transfer(s) or PPS payment transfer(s)	12:00 noon on Thursday, June 24, 2021
Application lists close	12:00 noon on Thursday, June 24, 2021
Expected Price Determination Date[5]	Thursday, June 24, 2021

(1) Announcement of:

- the Offer Price;

- the level of indications of interest in the International Offering; and

- the level of applications in the Hong Kong Public Offering and the Preferential Offering, on or before . . . . .Wednesday, June 30, 2021

(2) Results of allocations in the Hong Kong Public Offering and the Preferential Offering (with successful applicants' identification document numbers, where applicable) to be available through a variety of channels (see the section headed "How to Apply for Hong Kong Offer Shares and Reserved Shares—G. Publication of Results" in this Prospectus) from . . . . .Wednesday, June 30, 2021

Announcement of (1) and (2) above to be published on the website of the Company at **www.sce-icm.com** and the website of the Stock Exchange at **www.hkexnews.hk** on or before. . . . . .Wednesday, June 30, 2021

Results of allocations in the Hong Kong Public Offering (with successful applicants' identification document numbers, where appropriate) 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 . . . . .Wednesday, June 30, 2021

Dispatch/Collection of share certificates or deposit of share Certificates into CCASS in respect of wholly or partially successful applications pursuant to the Hong Kong Public Offering and the Preferential Offering on or before[6][7] . . . . .Wednesday, June 30, 2021

Dispatch/Collection of refund cheques and **White Form** e-Refund payment instructions in respect of wholly or partially successful applications (if applicable) and wholly or partially unsuccessful applications pursuant to the Hong Kong Public Offering and the Preferential Offering on or before[6][8] . . . . .Wednesday, June 30, 2021

Dealings in the Shares on the Stock Exchange expected to commence on . . . . .9:00 a.m. on Friday, July 2, 2021

Notes:

(1) All times and dates refer to Hong Kong local times and dates unless otherwise stated.

(2) You will not be permitted to submit your application 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 prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of application money) until 12:00 noon on the last day for submitting applications, when the application lists close.

(3) If there is/are a "black" rainstorm warning signal or a tropical cyclone warning signal number 8 or above and/or Extreme Conditions in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Thursday, June 24, 2021, the application lists will not open on that day. For further information please refer to the section headed "How to Apply for Hong Kong Offer Shares and Reserved Shares—F. Effect of Bad Weather and/or Extreme Conditions on the Opening of the Application Lists" in this Prospectus.

(4) Applicants who apply by giving electronic application instructions to HKSCC should refer to the section headed "How to Apply for 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.

(5) The Price Determination Date is expected to be on or around Thursday, June 24, 2021, and in any event will not be later than Friday, June 25, 2021. If, for any reason, the Offer Price is not agreed among the Joint Representatives (for themselves and on behalf of the Underwriters) and our Company on or before Friday, June 25, 2021, the Global Offering (including the Hong Kong Public Offering) will not proceed and will lapse.

(6) Applicants who have applied with (i) **WHITE** Application Forms or **BLUE** Application Form; (ii) **White Form eIPO** for (i) 1,000,000 or more Hong Kong Offer Shares or (ii) 1,000,000 or more Reserved Shares and have provided all information required by their Application Forms may collect their refund cheques and/or share certificates (as applicable) in person from our Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Wednesday, June 30, 2021 or such other date as notified by us in the newspapers. Applicants being individuals who are eligible for personal collection must not authorize any other person to make collection on their behalf. Applicants being corporations who are eligible for personal collection must attend by their authorized representatives bearing letters of authorization from their corporation stamped with the corporation's chop. Both individuals and authorized representatives of corporations must produce, at the time of collection, identification and (where applicable) authorization documents acceptable to our Hong Kong Share Registrar.

Applicants who have applied with **YELLOW** Application Forms for 1,000,000 or more Hong Kong Offer Shares under the Hong Kong Public Offering and have provided all information required by their Application Forms, may collect their refund cheques (where applicable) in person but may not collect their share certificates, which will be deposited into CCASS for the credit to 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. Applicants who have applied through **White Form eIPO** service by paying the application monies through single bank accounts may have refund monies (if any) dispatched to the bank account in the form of e-Refund payment instructions. Applicants who have applied through the **White Form eIPO** service and have paid their application monies through multiple bank accounts may have refund monies (if any) dispatched to the address as specified in their application instructions in the form of refund cheques by ordinary post at their own risk.

Applicants who have applied 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—J. Despatch/Collection of Share Certificates and Refund Monies—Personal Collection—(d) If you apply via Electronic Application Instructions to HKSCC" in this Prospectus.

Share certificates (if applicable) and/or refunded cheques (if applicable) for applicants who have applied for less than 1,000,000 Hong Kong Offer Shares or 1,000,000 Reserved Shares and any uncollected share certificates (if applicable) and/or refund cheques (if applicable) will be dispatched by ordinary post, at the risk of the applicants, to the addresses specified in the relevant applications shortly after the expiry of the time for collection at the date of dispatch of refund cheque as described in the sections headed "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.

(7) Share certificates are expected to be issued on Wednesday, June 30, 2021 but will only become valid certificates of title provided that the Global Offering becomes unconditional in all respects and neither of the Underwriting Agreements has been terminated in accordance with its terms before 8:00 a.m. on the Listing Date. Investors who trade Shares on the basis of publicly available allocation details prior to the receipt of share certificates or prior to the share certificates becoming valid certificates of title do so entirely at their own risk.

(8) Refund cheques will be issued (where applicable) and e-Refund payment instructions will be dispatched (where applicable) in respect of wholly or partially unsuccessful applications and in respect of successful applications if 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 cheques. Inaccurate completion of an applicant's Hong Kong identity card number or passport number may invalidate or delay encashment of the refund cheque.

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

This Prospectus is issued by SCE Intelligent Commercial Management Holdings 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 offered by this Prospectus pursuant to the Hong Kong Public Offering. This Prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any other jurisdiction or in any other circumstances. No action has been taken to permit a public offering of the Offer Shares or the distribution of this Prospectus in any jurisdiction other than Hong Kong. The distribution of this Prospectus and the offering 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 Representatives, 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 Global Offering.

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This summary aims to give you an overview of the information contained in this Prospectus. Since it 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"in this Prospectus. You should read that section carefully before you decide to invest in the Offer Shares.

OVERVIEW

We are a comprehensive property management service provider managing both commercial and residential properties in China. We had a large contracted property management portfolio encompassing 55 cities across 18 provinces, municipalities and autonomous regions in China as of the Latest Practicable Date. Our properties under management include a wide spectrum of property types including residential properties and commercial properties such as shopping malls and office buildings. As of December 31, 2020, we had 104 commercial and residential projects under management, with an aggregate GFA under management of approximately 16.2 million sq.m. and an aggregate contracted GFA of approximately 36.6 million sq.m. According to JLL, our total GFA under management ranked 15th among property management companies with commercial property management and operational services in China as of December 31, 2020.

During the Track Record Period, our revenue from commercial property management and operational services increased from RMB152.3 million in 2018 to RMB373.0 million in 2020, constituting 38.4% and 46.3% of our total revenue in the respective periods. We expect the percentage share of revenue from our commercial property management and operational services to continue to increase in the future given our strategic focus on developing the commercial property management and operational services segment.

We are also dedicated to the utilization and development of digitalization and operation automation systems and have employed technological solutions to strengthen our competitiveness, improve our service quality and customer satisfaction, reduce our reliance on labor, and reduce costs.

With over 18 years of experience in providing property management services in China, we have built a trusted brand image and reputation for quality services in China. For instance, we were named sixth in the "2020 China Commercial Real Estate Brand Value Top 10" (2020中國商業地產公司品牌價值TOP10) by CIA, earned the "2019 "Time Coordinates" Outstanding Commercial Property Operator of the Year" (2019"時代座標"年度商業地產優秀運營商) by Winshang.com and "Leading Enterprise in Quality Property Service in China 2019" (2019品質物業服務領先企業) by CIA.

We experienced rapid growth during the Track Record Period in revenue, net profit, aggregate GFA under management, and aggregate contracted GFA. Our revenue increased by 44.9% from RMB396.5 million in 2018 to RMB574.5 million in 2019. Our net profit increased by 122.0% from RMB34.8 million in 2018 to RMB77.3 million in 2019. Our revenue increased by 40.2% from RMB574.5 million in 2019 to RMB805.3 million in 2020, while our net profit increased by 110.2% from RMB77.3 million in 2019 to RMB162.5 million in 2020. Our aggregate GFA under management increased from approximately 10.6 million sq.m. as of December 31, 2018 to approximately 11.8 million sq.m. as of December 31, 2019 and further to approximately 16.2 million sq.m. as of December 31, 2020. Our aggregate contracted GFA increased from approximately 17.9 million sq.m. as of December 31, 2018 to approximately 22.5 million sq.m. as of December 31, 2019 and further to approximately 36.6 million sq.m. as of December 31, 2020.

During the Track Record Period, we provided property management services to substantially all of the properties developed by China SCE Group, our Controlling Shareholder, or its joint ventures and associates. The business relationship between our Group and China SCE Group is common among PRC property management companies and their parent companies and has been mutually beneficial and complementary. Our long-standing relationship and established track record of providing the services to China SCE Group is owed to our familiarity with the standards and requirements of China SCE Group, which has helped reduce communication costs, accumulate tacit knowledge of service provisions to China SCE Group, build mutual trust and has enabled us to constantly provide the high-quality property management services that met China SCE Group's stringent demands and requirements. During the Track Record Period, a substantial portion of our revenue was derived from projects developed by China SCE Group and Jointly Developed Projects, and a significant percentage of new property management service projects we obtained were projects developed by China SCE Group and Jointly Developed Projects. As a result, our growth during the Track Record Period was significantly attributable to the properties developed by the China SCE Group and its joint ventures and associates. See "Business" and "Relationship with Controlling Shareholders" for more details. We expect our business relationship with and reliance on China SCE Group to continue going forward.

OUR BUSINESS MODEL

During the Track Record Period, we generated revenue primarily from two business segments:

- **Commercial property management and operational services**: comprising (i) basic commercial property management services, such as cleaning, security, repair and maintenance, tenant assistance, marketing and promotion services; (ii) pre-opening management service, including market research and positioning, preliminary consulting and planning, architectural design consultation, tenant sourcing and opening preparation services; and (iii) other value-added services, such as tenant management, rent collection, car park management, advertising spaces and other common area management services and property leasing services.
- **Residential property management services**: comprising (i) basic residential property management services, primarily cleaning, security, landscaping and repair and maintenance services; (ii) value-added services to non-property owners, primarily pre-sale management services to property developers during their pre-sale activities, such as cleaning, security and maintenance services for pre-sale display units and sales offices, and pre-delivery inspection services; and (iii) community value-added services, primarily housekeeping and cleaning services, and car park management, clubhouse operation and common area value-added services.

The table below sets forth a breakdown of our total revenue by service category and customer type for the years indicated:

	For the year ended December 31,					
	2018		2019		2020	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Commercial property management and operational services						
By service category						
Basic commercial property management services	108,058	27.3	119,584	20.8	123,662	15.3
Pre-opening management services	–	–	57,739	10.1	193,891	24.1
Other value-added services	44,204	11.1	63,793	11.1	55,483	6.9
Subtotal	152,262	38.4	241,116	42.0	373,036	46.3
By customer type						
China SCE Group	38,077	9.6	94,064	16.4	212,913	26.4
Joint ventures or associates of China SCE Group(1)	4,337	1.1	20,169	3.5	34,539	4.3
Independent Third Parties(2)	109,848	27.7	126,883	22.1	125,584	15.6
Subtotal	152,262	38.4	241,116	42.0	373,036	46.3
Residential property management services						
By service category						
Basic residential property management services	215,000	54.2	244,716	42.6	294,230	36.5
Value-added services to non-property owners	14,510	3.7	73,094	12.7	113,178	14.1
Community value-added services	14,735	3.7	15,591	2.7	24,840	3.1
Subtotal	244,245	61.6	333,401	58.0	432,248	53.7

	For the year ended December 31,					
	2018		2019		2020	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
By customer type						
China SCE Group	27,565	7.0	73,525	12.8	101,533	12.6
Joint ventures or associates of China SCE Group(1)	2,092	0.5	11,909	2.0	27,044	3.4
Independent Third Parties	214,588	54.1	247,967	43.2	303,671	37.7
Subtotal	244,245	61.6	333,401	58.0	432,248	53.7
Total	**396,507**	**100.0**	**574,517**	**100.0**	**805,284**	**100.0**

Notes:

(1) Refer to joint ventures or associates of China SCE Group and other entities controlled by Mr. Wong's family.

(2) Primarily include tenants of properties (including projects developed by China SCE Group and Jointly Developed Projects) under our management.

We started to offer pre-opening management services for shopping malls in 2019 as part of China SCE Group's overall strategy to expand its shopping mall portfolio. In 2019, China SCE Group started acquiring land for mixed-use purposes that allow the development of shopping malls in conjunction with residential projects in the same location in order to further expand its business. According to JLL, an increasing number of developers are now paying more attention to continuous rental income instead of instant capital gain from selling properties; moreover, developers are incentivized to acquire land for mixed-use properties as this trend falls under government's near-term economic development objectives; additionally, developing these properties will require more expertise, which might lead to fewer competitions in bidding. According to China SCE Group's 2020 annual report, China SCE Group accelerated its expansion in the commercial property development business by acquiring land bank to develop 14 new shopping malls in 2020. As of December 31, 2018, 2019 and 2020, China SCE Group had three, three and five developed shopping malls/shopping streets, and nil, seven and 19 shopping malls under development or planned to be developed as of the respective dates. As of the Latest Practicable Date, China SCE Group had 22 shopping malls under development or planned to be developed. As the number of commercial projects under development or planning by China SCE Group increased, so did China SCE Group's demand for pre-opening management services. We have been engaged by China SCE Group to provide pre-opening management services (which had previously been provided by employees of China SCE Group, some of whom had been transferred to our Group during the Track Record Period) for all shopping malls under development by China SCE Group, primarily attributable to our familiarity with the needs and requirements of China SCE Group, as many of our executives and employees have previously worked for China SCE Group. As a result, our pre-opening management services business segment grew rapidly from 2019 to 2020, which was in line with China SCE Group's expansion in the commercial property development business.

Gross Profit and Gross Profit Margin by Service Category and Type of Developer

The table below sets forth a breakdown of our gross profit and gross profit margin from commercial property management and operational services by service category for the years indicated:

	For the year ended December 31,					
	2018		2019		2020	
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Basic commercial property management services	55,949	51.8	56,230	47.0	57,937	46.9
Pre-opening management services	–	–	35,859	62.1	133,020	68.6
Other value-added services	16,560	37.5	31,659	49.6	29,132	52.5
Total	**72,509**	**47.6**	**123,748**	**51.3**	**220,089**	**59.0**

The table below sets forth a breakdown of our gross profit and gross profit margin generated from residential property management services by service category for the years indicated:

	For the year ended December 31,					
	2018		2019		2020	
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Basic Property management services	54,993	25.6	64,558	26.4	93,014	31.6
Value-added services to non-property owners	5,576	38.4	18,691	25.6	35,615	31.5
Community value-added services	3,917	26.6	5,293	33.9	7,859	31.6
Total	**64,486**	**26.4**	**88,542**	**26.6**	**136,488**	**31.6**

The table below sets forth a breakdown of our gross profit and gross profit margin by type of developer for the years indicated:

	For the year ended December 31,					
	2018		2019		2020	
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Commercial property management and operational services						
Projects developed by China SCE Group	44,637	42.6	96,060	52.7	188,553	60.6
Jointly Developed Projects	27,872	58.8	27,688	47.2	29,919	50.2
Projects developed by property developers which are non-China SCE Group and its joint ventures and associates(1)	–	–	–	–	1,617	68.6
Residential property management services						
Projects developed by China SCE Group	63,046	26.4	84,084	26.6	123,999	31.6
Jointly Developed Projects	556	25.3	3,439	25.5	9,831	32.1
Projects developed by property developers which are non-China SCE Group and its joint ventures and associates	884	25.3	1,019	26.9	2,658	27.2
Total	**136,995**	**34.6**	**212,290**	**37.0**	**356,577**	**44.3**

Note:

(1) We did not provide any commercial property management and operational services to projects developed by property developers which are non-China SCE Group and its joint ventures and associates in 2018 and 2019. Our revenue from Independent Third Parties in 2018 and 2019 were primarily derived from services rendered to Independent Third Party tenants of projects developed by China SCE Group and Jointly Developed Projects that were under our management.

Gross profit margin by service category

Our gross profit margin increased from 34.6% in 2018 to 37.0% in 2019, primarily as a result of the commencement of our pre-opening management services for commercial property developers, which generally had high margins in comparison with other services. This increase was partially offset by rising labor costs. Our gross profit margin increased from 37.0% in 2019 to 44.3% in 2020, primarily due to a further expansion of our pre-opening management services, as well as a reduction in social insurance costs due to the PRC government policy aimed at mitigating the impact of COVID-19 to businesses.

During the Track Record Period, we had high gross profit margin for pre-opening management services primarily due to the following reasons (i) pre-opening management services were generally more complex and less labor-intensive comparing to other types of property management services; (ii) economies of scale, as the same employees could provide pre-opening management services to multiple properties concurrently; and (iii) we believe the quality of our services and our ability to help to procure internationally or domestically renowned tenants and other tenants for the commercial properties enabled us to charge high prices.

Gross profit margin by type of developer

For commercial properties, during the Track Record Period, our gross profit margin for projects developed by China SCE Group was generally higher than our gross profit margin for Jointly Developed Projects, primarily because most of our pre-opening management services, which generally had high margins in comparison with other services because pre-opening services were generally more complex and less labor-intensive comparing to other types of property management services, were rendered to projects developed by China SCE Group. We started to offer pre-opening management services for shopping malls in 2019 as part of China SCE Group's overall strategy to expand its shopping mall portfolio. As the number of commercial projects under development or planning by China SCE Group increased, so did China SCE Group's demand for pre-opening management services, and our pre-opening management services business segment grew rapidly from 2019 to 2020, which was in line with China SCE Group's expansion in the commercial property development business. Our gross profit margin for Jointly Developed Projects decreased from 2018 to 2019 primarily because (i) we granted a one-month fee waiver for tenants of Shanghai SCE Plaza Phase One as part of our promotional initiative in 2019; (ii) we received additional payment from the property developer for the opening preparation of Shanghai SCE Plaza Phase Two delivered in 2018 due to the low occupancy rate expected at the opening of the property; and (iii) a reduction in basic property management fees for certain tenants of Shanghai SCE Plaza Phase Two in 2019 as a result of fee negotiation. Our gross profit margin for projects developed by property developers which are non-China SCE Group and its joint ventures and associates was higher than properties developed by other types of property developers in 2020 because we had provided only consultation services, which had high gross profit margin, to projects developed by property developers which are non-China SCE Group and its joint ventures and associates.

For residential properties, during the Track Record Period, our gross profit margin for properties developed by different types of developers had generally been comparable. Our gross profit margin for residential property management services, across all of projects developed by China SCE Group, Jointly Developed Projects and projects developed by property developers which are non-China SCE Group and its joint ventures and associates, generally increased in 2020 due to the reduction in social insurance costs relating to the PRC government policy aimed at mitigating the impact of the COVID-19 outbreak to businesses as well as economies of scale, but the increase in gross profit margin for properties developed by property developers which are non-China SCE Group and its joint ventures and associates lagged behind in terms of relative growth in the gross profit margin primarily because two new management projects (out of a total of ten projects developed by property developers which are non-China SCE Group and its joint ventures and associates under our management as of December 31, 2020) we obtained through acquisition in 2020 had historically been underperforming and it takes time to consolidate the newly acquired business and streamline its operations to align them with our existing projects, which affected the overall gross profit margin for properties developed by property developers which are non-China SCE Group and its joint ventures and associates.

Average Property Management Fee

The following table sets forth the average property management fee of the properties under our management by property type for the years or periods indicated.

	For the year ended December 31,		
	2018	**2019**	**2020**
	RMB per sq.m. per month		
Average property management fees for basic commercial property management services	31.2	29.5	27.7
Average property management fees for basic residential property management services	2.3	2.4	2.4
– *Projects developed by China SCE Group*	2.3	2.4	2.4
– *Jointly Developed Projects*	–	–	2.9
– *Projects developed by property developers which are non-China SCE Group and its joint ventures and associates*	2.7	2.5	1.8

Average property management fees for basic commercial property management services

In 2018, 2019 and 2020, we had higher average property management fee for commercial property management services than all listed Chinese property management companies that disclosed such information, according to JLL. For the years ended December 31, 2018, 2019 and 2020, our average property management fee per sq.m. for basic commercial property management services was RMB31.2, RMB29.5 and RMB27.7, respectively. We believe that our high commercial property management fee is a testament to our ability in positioning commercial properties under our management and providing high quality services.

During the Track Record Period, we could charge high average property management fee for commercial property management services primarily due to the following reasons: (i) our commercial properties under management are generally situated in the prime locations of their respective cities, which allowed us charge relatively high average property management fee; (ii) a high percentage of our revenue from basic commercial property management services was generated from retail properties (i.e. shopping malls and shopping streets), which generally had higher average property management fees than other commercial property types (e.g. office buildings), because (i) retail properties typically require more frequent basic services, such as cleaning, security, repair and maintenance, as a result of higher customers traffic and flow of inventory and goods, in order to maintain service quality, and (ii) shopping malls and shopping streets generally have a larger proportion of public area (such as atrium) that requires property management service than office buildings, according to JLL; and (iii) we believe the quality of our services also enabled us to charge relatively high fees.

Our average property management fees for basic commercial property management services decreased from 2018 to 2019, primarily due to a reduction in price for basic commercial property management services for Quanzhou Funworld as we stopped offering certain promotion and consulting services as part of the basic commercial property management service work scope, partially offset by an increase in price for basic commercial property management services for Beijing CBD SCE Funworld because we raised the price for our basic commercial property management services for new incoming tenants and during our contract renewal process with existing tenants to align our price with the prevailing market rate for similar properties in the same area. Our average property management fees further decreased from 2019 to 2020, primarily due to the lower price for basic commercial property management services for Xianyou Funworld, Xiamen SCE Building and Tianyue office building, which came under our management in 2020, as compared to the majority of other existing properties under our management, and an increase in occupancy rate of Quanzhou SCE Plaza Office Building, which also had relatively low price for basic commercial property management services, partially offset by an increase in price for basic commercial property management services for Beijing CBD SCE Funworld because we raised the price for our basic commercial property management services for new incoming tenants and during our contract renewal process with existing tenants to align our price with the prevailing market rate for similar properties in the same area. According to JLL, the average basic commercial property management fee of most of the commercial properties that contributed to the basic commercial property management services revenue of the Group was within the range of the prevailing basic commercial property management market rates at similar locations for similar property types.

Average property management fees for basic residential property management services

During the Track Record Period, our overall average property management fees for basic residential property management services remained stable. Our average property management fees for basic residential property management for Jointly Developed Projects were high comparing to other properties primarily because all of our Jointly Developed Projects were located in Yangtze River Delta Economic Zone and Bohai Rim Economic Zone, where the average property management fees for basic property management services were generally higher than other regions. Our average property management fees for basic residential property management for projects developed by property developers which are non-China SCE Group and its joint ventures and associates decreased from 2018 to 2020, primarily due to an exhibition venue, (which is considered part of our residential property management portfolio because it is adjacent to our residential property under management and is managed by our residential property management service team) which had a relatively low property management fee level and high GFA size, that we started to manage in June 2019. In addition to the effect of the exhibition venue, our average property management fees for projects developed by property developers which are non-China SCE Group and its joint ventures and associates further decreased from 2019 to 2020, because two new projects delivered charged lower prices for basic residential property management services due to their less prime locations in Kunshan and Nantong. According to JLL, the average basic residential property management fee of each of our top 10 residential properties by revenue is within the range of the prevailing basic residential property management market rates at similar locations for similar property types.

Average property management fees by region

The following table sets forth the average property management fee of the commercial and residential properties under our management by geographical region for the years indicated:

	For the year ended December 31,		
	2018	2019	2020
	RMB per sq.m. per month		
Average property management fees for basic commercial property management services	**31.2**	**29.5**	**27.7**
Western Taiwan Straits Economic Zone	**36.9**	**32.4**	**29.8**
– Projects developed by China SCE Group	36.9	32.4	29.8
– Jointly Developed Projects	–	–	30.6
Yangtze River Delta Economic Zone	**21.4**	**20.2**	**18.8**
– Projects developed by China SCE Group	–	–	14.9
– Jointly Developed Projects	21.4	20.2	18.9
Bohai Rim Economic Zone	**92.1**	**99.5**	**107.3**
– Projects developed by China SCE Group	92.1	99.5	107.3
– Jointly Developed Projects	–	–	–
Average property management fees for basic residential property management services	**2.3**	**2.4**	**2.4**
Western Taiwan Straits Economic Zone	**2.3**	**2.4**	**2.4**
– Projects developed by China SCE Group	2.3	2.4	2.4
– Jointly Developed Projects	–	–	–
– Projects developed by property developers which are non-China SCE Group and its joint ventures and associates	2.7	2.7	2.6
Yangtze River Delta Economic Zone	**4.3**	**4.0**	**2.9**
– Projects developed by China SCE Group	4.3	4.1	3.3
– Jointly Developed Projects	–	–	3.2
– Projects developed by property developers which are non-China SCE Group and its joint ventures and associates	–	1.1	1.4
Bohai Rim Economic Zone	**2.2**	**2.2**	**2.5**
– Projects developed by China SCE Group	2.2	2.2	2.5
– Jointly Developed Projects	–	–[(1)]	2.6
– Projects developed by property developers which are non-China SCE Group and its joint ventures and associates	–	–	–
Guangdong-Hong Kong-Macau Greater Bay Area	**3.3**	**3.3**	**2.8**
– Projects developed by China SCE Group	3.3	3.3	2.8
– Jointly Developed Projects	–	–	–
– Projects developed by property developers which are non-China SCE Group and its joint ventures and associates	–	–	–
Central Western Region	**0.9**	**0.7**	**1.4**
– Projects developed by China SCE Group	0.9	0.7	1.4
– Jointly Developed Projects	–	–	–
– Projects developed by property developers which are non-China SCE Group and its joint ventures and associates	–	–	–

Note:

(1) One Jointly Developed Project was delivered to our management in Bohai Rim Economic Zone in December 2019 but did not generate any revenue for the year.

For detailed discussion on the average property management fee of the commercial and residential properties under our management by geographical region, see "Business—Commercial Property Management and Operational Services—Our Geographic Presence" and "Business—Residential Property Management Services—Our Geographic Presence."

OUR COMPETITIVE STRENGTHS

We believe the following competitive strengths have contributed and will continue to contribute to our success: (i) a comprehensive property management service provider in China with high commercial property management fee, strong brand recognition and industry reputation; (ii) diversified property portfolio and service offerings catering to the demands of a variety of customers; (iii) strong commercial operation and management capabilities; (iv) advanced IT systems empowering our operational efficiency and service quality; (v) strong support from the diversified portfolio and brand recognition of China SCE Group bringing us solid growth opportunities; and (vi) an experienced management team with strong execution capability to lead our future development.

OUR BUSINESS STRATEGIES

We intend to strengthen our position in commercial property management and operational services and residential property management services and by implementing the following strategies: (i) solidify our market position with organic growth, strategic acquisitions and support from China SCE Group; (ii) continue to invest in technology to improve service quality, customer experience and engagement and enhance our operational efficiency; (iii) continue to improve and enhance our service quality, our brand awareness and customer loyalty; (iv) continue to expand along the value chain and diversify our value-added service offerings; and (v) continue to attract, cultivate, and retain talent to support our growth.

COMMERCIAL PROPERTY MANAGEMENT AND OPERATIONAL SERVICES

We provide commercial property management and operational services to a diversified portfolio of commercial properties, including shopping centers and office buildings. We began to provide commercial property management and operational services to commercial properties in 2009. We have a long-term and stable cooperation with China SCE Group, and have been providing commercial property management and operational services to all commercial properties developed by China SCE Group. In 2018, 2019 and 2020, revenue generated from commercial property management and operational services amounted to RMB152.3 million, RMB241.1 million and RMB373.0 million, respectively, representing approximately 38.4%, 42.0% and 46.3%, respectively, of our total revenue for the same periods. As of December 31, 2020, our commercial properties under management included ten properties with total GFA under management of 1.0 million sq.m. See "Business—Our Business Model" for a revenue breakdown by service category.

The table below sets forth a breakdown of our total GFA under management for commercial properties as of the dates indicated, and revenue generated from commercial property management and operational services for the years indicated, by developer type:

	As of or for the year ended December 31,								
	2018			2019			2020		
	GFA	Revenue		GFA	Revenue		GFA	Revenue	
	sq.m.	*RMB'000*	*%*	*sq.m.*	*RMB'000*	*%*	*sq.m.*	*RMB'000*	*%*
Projects developed by China SCE Group[1]	354,003	104,838	68.9	354,003	182,442	75.7	539,489	311,130	83.4
Jointly Developed Projects[2]	344,996	47,424	31.1	344,996	58,674	24.3	450,286	59,548	16.0
Projects developed by property developers which are non-China SCE Group and its joint ventures and associates[3]	–	–	–	–	–	–	–[4]	2,358	0.6
Total	**698,999**	**152,262**	**100.0**	**698,999**	**241,116**	**100.0**	**989,775**	**373,036**	**100.0**

Notes:

(1) Refers to properties solely developed by China SCE Group, as well as properties jointly developed by China SCE Group and other parties where China SCE Group held a controlling interest in such properties.

(2) Refers to projects jointly developed by China SCE Group and other property developers where China SCE Group did not hold a controlling interest in such properties.

(3) Refers to properties solely developed by property developers which are non-China SCE Group and its joint ventures and associates.

(4) The GFA under management was nil because we only provided operation consultancy services (i.e. market research and positioning services and tenant sourcing services under our pre-opening services segment) and did not provide any basic commercial property management services (therefore having no GFA under management) to these projects developed by property developers which are non-China SCE Group and its joint ventures and associates in 2020. We did not provide any commercial property management and operational services to projects developed by property developers which are non-China SCE Group and its joint ventures and associates in 2018 and 2019. Our revenue from Independent Third Parties in 2018 and 2019 were primarily derived from services rendered to Independent Third Party tenants of projects developed by China SCE Group and Jointly Developed Projects that were under our management.

Revenue from commercial property management and operational services generally increased during the Track Record Period, primarily driven by the increase in total GFA under management as a result of our business expansion and the increase of number of properties that utilized our commercial value-added services. See "Financial Information—Results of Operations—Revenue—Commercial property management and operational services segment" for details.

The table below sets forth a breakdown of our revenue generated from commercial property management services by property types for the years indicated:

	For the year ended December 31,					
	2018		2019		2020	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Shopping malls/shopping street	90,866	59.7	172,791	71.7	302,675	81.1
Office buildings	61,396	40.3	68,325	28.3	70,361	18.9
Total	**152,262**	**100.0**	**241,116**	**100.0**	**373,036**	**100.0**

We generally price our commercial property management and operational services charged on a fixed fee basis, such as pre-opening management services and basic commercial property management services, with reference to, among other things, (i) brand, size and location of a commercial property; (ii) availability of utilities; (iii) level of complexity in tenant sourcing; (iv) the service period; and (v) the fees charged by Independent Third Parties to adjacent comparable commercial properties. For services charged on a commission basis, in addition to the above factors considered for fixed-fee pricing, we also consider projected revenue in formulating our commission rate. See "Business—Commercial Property Management and Operational Services—Commercial Property Management and Operational Service Fees—Our Pricing Policy" for details.

RESIDENTIAL PROPERTY MANAGEMENT SERVICES

As of December 31, 2018, 2019 and 2020, our total GFA under management of residential properties was approximately 9.9 million sq.m., 11.1 million sq.m. and 15.2 million sq.m., respectively. During the Track Record Period, we derived a majority of our revenue from residential property management services segment for the residential properties that were either (i) developed by China SCE Group or (ii) jointly developed by China SCE Group and other property developers, which accounted for approximately 98.6%, 98.9% and 97.7% of our total revenue from our residential property management services segment in 2018, 2019 and 2020, respectively. As of December 31, 2020, our portfolio of residential properties under management included 91 residential properties and three public facilities ancillary to the residential properties, with a total GFA under management of 15.2 million sq.m. See "Business—Our Business Model" for a revenue breakdown by service category.

The table below sets forth a breakdown of our total GFA under management for residential properties as of the dates indicated, and revenue generated from residential property management services for the years indicated, by developer type:

	As of or for the year ended December 31,								
	2018			2019			2020		
	GFA	Revenue		GFA	Revenue		GFA	Revenue	
	sq.m.	*RMB'000*	*%*	*sq.m.*	*RMB'000*	*%*	*sq.m.*	*RMB'000*	*%*
Projects developed by China SCE Group[(1)]	9,795,497	238,559	97.7	10,540,429	316,096	94.8	13,685,928	391,871	90.6
Jointly Developed Projects[(2)]	–	2,196	0.9	354,300	13,512	4.1	1,009,585	30,594	7.1
Projects developed by property developers which are non-China SCE Group and its joint ventures and associates[(3)]	88,531	3,490	1.4	178,843	3,793	1.1	559,455	9,783	2.3
Total	**9,884,028**	**244,245**	**100.0**	**11,073,572**	**333,401**	**100.0**	**15,254,968**	**432,248**	**100.0**

Notes:

(1) Refers to properties solely developed by China SCE Group, as well as properties jointly developed by China SCE Group and other property developers where China SCE Group held a controlling interest in such properties.

(2) Refers to projects jointly developed by China SCE Group and other property developers where China SCE Group did not hold a controlling interest in such properties. As we provided value-added services to non-property owners to some of these projects before their delivery, we recorded revenue from such services despite not having any GFA under management for some of the periods.

(3) Refer to properties solely developed by property developers which are non-China SCE Group and its joint ventures and associates.

Revenue from residential property management services generally increased during the Track Record Period, primarily driven by the increase in total GFA under management as a result of our business expansion. See "Financial Information—Results of Operations—Revenue—Residential property management services segment" for details.

We generally price our basic property management services by taking into account factors, such as the types and locations of the properties, the scope and quality of the services proposed, the related budgeted expenses and target profit margins, the profiles of the property owners and residents, the local government's guidance price on property management fees (where applicable), and the pricing of comparable properties when determining the property management fee. We regularly evaluate our financial information to assess whether we are collecting sufficient property management fees to sustain our profit margins. During renewal negotiations for our residential property management service agreements, we may raise our property management fee rates as a condition precedent to continuing our services. For our value-added services, we typically charge a fixed fee or a percentage of fees collected as commission. See "Business—Residential Property Management Services—Residential Property Management Services—Our Pricing Policy" for details.

OUR CUSTOMERS AND SUPPLIERS

Our customers primarily consist of property developers, property owners, residents and tenants of the properties we manage. In 2018, 2019 and 2020, revenue from our five largest customers amounted to RMB75.6 million, RMB192.3 million and RMB355.2 million, respectively, accounting for 19.1%, 33.5% and 44.1% of our total revenue for the same periods, respectively. In 2018, 2019 and 2020, revenue generated from our services provided to China SCE Group, our largest customer, amounted to RMB65.6 million, RMB167.6 million and RMB314.4 million, respectively, accounting for 16.6%, 29.2% and 39.0% of our total revenue, respectively. See "Business—Customers" for details. We expect that the proportion of our revenue attributable to properties developed by China SCE Group, its joint ventures and associates will be no less than 85.0% for the three years after the Track Record Period.

Our suppliers are primarily subcontractors located in China which provide cleaning, security, landscaping, certain repair and maintenance services. Other than China SCE Group, all of our five largest suppliers during the Track Record Period were subcontractors that were Independent Third Parties. In 2018, 2019 and 2020, purchases from our five largest suppliers amounted to RMB21.5 million, RMB40.2 million and RMB40.9 million, respectively, accounting for 8.3%, 11.1% and 9.2% of our total purchases for the same periods, respectively. In 2019 and 2020, China SCE Group was our single largest supplier, and purchases from China SCE Group amounted to RMB15.2 million and RMB16.2 million, respectively, accounting for approximately 4.2% and 3.6%, respectively, of our total cost of sales.

THE SPIN-OFF AND PREFERENTIAL OFFERING

Our Listing will constitute a spin-off from China SCE Group Holdings, our Controlling Shareholder. The Spin-off is not subject to shareholders' approval of China SCE Group Holdings. Our Directors believe that the Spin-off brings a number of benefits, including (i) providing China SCE Group Holdings and its shareholders an opportunity to realize the value of investment in our Group; (ii) enabling us to build our identity as a separately listed group and having a separate fund-raising platform; (iii) enhancing our corporate profile and broadening our investor base; and (iv) enabling a more focused development, strategic planning and better allocation of resources for China SCE Group and our Group.

In order to enable China SCE 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 and such approval not having been withdrawn and the Global Offering becoming unconditional, Qualifying China SCE Shareholders are being invited to apply for an aggregate of 50,000,000 Reserved Shares in the Preferential Offering, representing approximately 10% of the Offer Shares initially being offered under the Global Offering (assuming that the Over-allotment Option is not exercised), as an Assured Entitlement. In the event the Over-allotment Option is exercised, the number of Reserved Shares will not change. For details, see "Structure of the Global Offering—The Preferential Offering."

CONTROLLING SHAREHOLDERS AND CONTINUING CONNECTED TRANSACTIONS

Immediately upon completion of the Spin-off (assuming the Reserved Shares under the Preferential Offering are not taken up by our Controlling Shareholders who are Qualifying China SCE Shareholders and without taking into account any Shares which may be issued pursuant to the exercise of the Over-allotment Option), our Company will be owned as to 62.43% by Happy Scene, which is in turn wholly owned by Affluent Way. Affluent Way is wholly owned by China SCE Group Holdings, which is ultimately owned as to approximately 50.04% by Mr. Wong through three wholly-owned holding companies, namely Newup, East

Waves and Keen Century. As a result, Happy Scene, Affluent Way, China SCE Group Holdings, Newup, East Waves, Keen Century and Mr. Wong constitute a group of our Controlling Shareholders under the Listing Rules. See "Relationship with Controlling Shareholders" for further details.

We have entered into certain agreements with our connected persons which will constitute continuing connected transactions under Chapter 14A of the Listing Rules upon Listing. See "Connected Transactions" for further details.

SUMMARY KEY FINANCIAL INFORMATION

The summary historical data of financial information set forth below have been derived from, and should be read in conjunction with, our combined financial information, including the accompanying notes, set forth in the Accountants' Report attached as Appendix I to this Prospectus, as well as the information set forth in "Financial Information." Our financial information was prepared in accordance with HKFRSs.

Selected Items of Combined Statements of Profit or Loss and Other Comprehensive Income

	Year ended December 31,		
	2018	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*
Revenue	**396,507**	**574,517**	**805,284**
Cost of sales	(259,512)	(362,227)	(448,707)
Gross profit	136,995	212,290	356,577
Profit before tax	50,664	106,814	222,680
Profit for the year	**34,820**	**77,298**	**162,510**
Attributable to:			
Owners of the parent	27,407	70,049	155,729
Non-controlling interest	7,413	7,249	6,781

During the Track Record Period, we recorded continuous increase in our revenue and profit, primarily due to an increase in the revenue and profit from both commercial property management and operational services and residential property management services, which was mainly driven by the increase in the total GFA under management and number of property management projects as a result of our business expansion. See "Financial Information—Results of Operations" for details.

Selected Items of Combined Statements of Financial Position

	As of December 31		
	2018	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*
Non-current assets			
Property and equipment	7,242	7,297	11,240
Total non-current assets	23,781	20,216	26,129
Current assets			
Trade receivables	15,147	98,638	73,552
Cash and bank balances	82,603	74,578	503,944
Total current assets	1,312,931	1,078,537	1,091,529
Total assets	1,336,712	1,098,753	1,117,658
Current liabilities			
Trade payables	26,180	34,799	51,175
Total current liabilities	1,052,670	748,680	579,684
Net current assets	260,261	329,857	511,845
Total non-current liabilities	1,267	–	290
Total equity	282,775	350,073	537,684

	As of December 31		
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
Attributable to:			
Owners of the parent	280,830	340,879	521,709
Non-controlling interests	1,945	9,194	15,975

During the Track Record Period, our current assets and current liabilities fluctuated as a result of fluctuations in amounts due from related parties and amounts due to related parties, primarily because we were part of China SCE Group and China SCE Group conducts centralized fund management and allocation. See "Financial Information—Description of Certain Combined Statements of Financial Position Items" and "Financial Information—Related Party Transactions" for details.

Our total equity increased during the Track Record Period primarily attributable to (i) an increase in retained profits as a result of our business expansion, and (ii) the issuance of shares on March 2, 2020 to certain entities owned by employees and business partners of China SCE Group. See Note 25(b) of the Accountants' Report in Appendix I of this prospectus.

Selected Items of Combined Statements of Cash Flows

	For the year ended December 31,		
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
Net cash generated from operating activities	54,309	45,907	301,977
Net cash generated from/(used in) investing activities	(910,546)	312,890	554,880
Net cash generated from/(used in) financing activities	822,313	(366,821)	(426,411)
Net increase/(decrease) in cash and bank balances	(33,924)	(8,024)	430,446
Cash and bank balances at the beginning of the year	116,527	82,603	74,578
Effect of foreign exchange rate changes, net	–	(1)	(1,080)
Cash and bank balances at the end of the year, represented by bank balances and cash	**82,603**	**74,578**	**503,944**

During the Track Record Period, our net cash generated from/(used in) investing activities and net cash generated from/(used in) financing activities fluctuated primarily because we were part of China SCE Group and China SCE Group conducts centralized fund management and allocation. See "Financial Information—Liquidity and Capital Resources" and "Financial Information—Related Party Transactions" for details.

Summary of Key Financial Ratios

	As of or for the Year ended December 31,		
	2018	2019	2020
Current ratio(1)	1.2	1.4	1.9
Return on equity(2)	12.3%	22.1%	30.2%
Net profit margin	8.8%	13.5%	20.2%

Notes:

(1) Current ratio is calculated based on our total current assets as of the end of the relevant years divided by our total current liabilities as of the end of the corresponding years.

(2) Return on equity is calculated based on profit for the years ended December 31, 2018, 2019 and 2020 divided by our total equity as of the end of the corresponding years and multiplied by 100%.

See "Financial Information—Major Financial Ratios" for details.

GLOBAL OFFERING STATISTICS

The statistics in the following table are based on the assumptions that: (i) the Global Offering is completed and 500,000,000 Shares are issued and sold in the Global Offering; (ii) the Over-allotment Option is not exercised; and (iii) 2,000,000,000 Shares are issued and outstanding upon completion of the Global Offering.

	Based on an Offer Price of HK$3.70 per Offer Share	Based on an Offer Price of HK$4.60 per Offer Share
Market capitalization of our Shares	HK$7,400,000,000	HK$9,200,000,000
Unaudited pro forma adjusted combined net tangible asset value per Share(1)	HK$1.20	HK$1.42

Note:

(1) The unaudited pro forma adjusted combined net tangible asset value per Share is calculated after making the adjustments referred to in "Appendix II—Unaudited Pro Forma Financial Information."

DIVIDEND POLICY

Our Board is responsible for submitting proposals in respect of dividend payments, if any, to our Shareholders for approval at general meetings. A decision to declare any dividends and the amount of such dividends depend on various factors, including our results of operation, cash flows, financial condition, future business prospects, capital requirements, statutory and contractual restrictions on the payment of dividends by us and other factors that our Board considers relevant. Except for a special dividend of RMB43,542,000 declared by Beijing World City to its then sole shareholder, Max Fresh Investments Limited, in August 2020, which had been fully settled subsequent to the Track Record Period, and cash considerations in the amounts of RMB10.0 million and RMB97.9 million paid to China SCE Group for certain Reorganization procedures recorded as deemed distributions to the then equity owners in 2019 and 2020, respectively, we did not declare or pay any dividend during the Track Record Period. For more details, see "Financial Information—Dividend Policy and Distributable Reserve."

USE OF PROCEEDS

We estimate that we will receive net proceeds of approximately HK$1,986.7 million from the Global Offering, after deducting the underwriting commissions and other estimated expenses payable by us in connection with the Global Offering, assuming that the Over-allotment Option is not exercised and assuming an Offer Price of HK$4.15 per Offer Share (being the mid-point of the indicative Offer Price range set forth on the cover page of this Prospectus). We intend to use such net proceeds from the Global Offering for the purposes and in the amounts as set forth: (i) approximately 50% will be used to pursue strategic acquisition of and investment in other property management companies and service providers in order to scale up our business and diversify our service offerings; (ii) approximately 25% will be used to invest in technology to improve service quality, customer experience and engagement and enhance our operational efficiency; (iii) approximately 10% will be used to expand our business along the value chain and diversify our value-added service offerings; (iv) approximately 5% of the net proceeds will be used to attract, cultivate, and retain talent to support our growth; and (v) approximately 10% will be used for general business operations and working capital.

Of the approximately 50% of the net proceeds which we intend to use to pursue strategic acquisition of and investment in other property management companies and service providers in order to scale up our business and diversify our service offerings, in general, we intend to obtain majority interest in the acquisition targets. As of the Latest Practicable Date, we had not identified any acquisition or investment targets for our use of net proceeds from the Global Offering. We target companies which meet the following criteria when we evaluate potential investments or acquisitions:

(i). In respect of property management companies, we will consider their scope of service, geographic coverage (such as city size, population, income level of the local populace, local competitive environment and average property management fee level), financial track record, growth potential, brand image, overall competitiveness and other factors that may contribute to our long term growth and success. In particular,

- for commercial property management companies, we plan to focus on companies operating in economically developed areas such as the Yangtze River Delta Economic Zone and the Guangdong-Hong Kong-Macau Greater Bay Area, as well as other high growth areas such as Fujian province, Yunnan province, Shandong province, Henan province and Hubei province. Our main criteria generally include the competence of the management team, the size of the business, financial performance, market reputation and compliance record. Specifically, we intend to focus on companies that have a total GFA under management of at least 0.5 million sq.m. and an annual revenue of at least RMB20.0 million; and

- for residential and other property management companies, we plan to focus on companies operating in the Bohai Rim Economic Zone, the Yangtze River Delta Economic Zone, the Guangdong-Hong Kong-Macau Greater Bay Area and the Western Taiwan Straits Economic Zone that either complement our existing property management portfolio or broaden the scope of our property portfolio to include other property types such as industrial parks and public facilities. Specifically, we intend to focus on companies that have a total GFA under management of at least 1.0 million sq.m. and an annual revenue of at least RMB10.0 million.

(ii). In respect of service providers, we will focus on companies providing services such as cleaning, repair and maintenance and other services in order to optimize our business structure and achieve synergy effect. We believe investing in or acquiring these providers will create synergy effect which enables us to improve the efficiency in our supplier selection process as well as control our costs more effectively even though historically we outsourced such functions to subcontractors.

According to JLL, the property management industry is fragmented, with approximately 130,000 property management service providers operating in the industry in 2020. As advised by JLL, there are over 650 commercial property management service providers in the market that meet our criteria of having a total GFA under management of at least 0.5 million sq.m., and an annual revenue of at least RMB20.0 million; in addition, there are over 1,400 residential property management service providers in the market that meet our criteria of having a total GFA under management of at least 1.0 million sq.m., and an annual revenue of at least RMB10.0 million. Consequently, our Directors believe that our selection criteria are in line with the industry practice and there are sufficient number of suitable target companies available in the market for our aforementioned expansion plan. However, we cannot assure you that our expansion plan will be successful. See "Risk Factors—Risks Relating to Our Business and Industry—Our future acquisitions may not be successful and we may face difficulties in integrating acquired operations with our existing operation."

To the extent that the net proceeds are not immediately applied to the above purposes (including situations under which we cannot timely identify suitable targets for acquisition) and to the extent permitted by applicable law and regulations, we will deposit the net proceeds into short-term demand deposits with licensed banks or authorized financial institutions. We will make an appropriate announcement if there is any change to the above proposed use of proceeds or if any amount of the proceeds will be used for general corporate purpose.

For more information, see "Future Plans and Use of Proceeds."

RECENT DEVELOPMENTS AND NO MATERIAL ADVERSE CHANGE

Our Business Operations and Financial Position Subsequent to the Track Record Period

Since December 31, 2020 and up to the Latest Practicable Date, we had entered into contracts to provide commercial property management and operational services with respect to five commercial properties, among which one was developed by an Independent Third Party, with aggregate contracted GFA of approximately 78.0 thousand sq.m. and four were developed by China SCE Group, with aggregated contracted GFA of approximately 323.1 thousand sq.m., and to provide property management services with respect to 18 residential properties, among which two was developed by property developers which are non-China SCE Group and its joint ventures and associates, with aggregate contracted GFA of approximately 124.7 thousand sq.m. and 16 were developed by China SCE Group or its joint ventures and associates, with aggregated contracted GFA of approximately 2,864.0 thousand sq.m; we had also been negotiating for the management of five residential properties developed by property developers which are non-China SCE Group and its joint ventures and associates located in the Western Taiwan Straits Economic Zone. During the same period, the GFA under management newly delivered for our management amounted to approximately 45.1 thousand sq.m. and 1,424.3 thousand sq.m. with respect to commercial properties and residential properties, respectively. As of December 31, 2020, there were eight properties with an aggregate GFA of 1.4 million sq.m. under development by China SCE Group that had not yet engaged property management service providers. As of the Latest Practicable Date, we had signed preliminary property management contracts with two of such properties, and had not yet submitted tenders to the other six properties under development by China SCE Group as these properties had not yet started the tender solicitation process. For 2018, 2019 and 2020, China SCE Group's property management expenses attributable to us constituted 80.6%, 86.2% and 90.3% of its total property management expenses, respectively.

Since December 31, 2020 and up to the Latest Practicable Date, our business remained stable which was in line with the past trends and our expectations. To the best of our knowledge, since December 31, 2020 (being the date on which the latest audited combined financial information of our Group was prepared) and up to the date of this prospectus, there is no change to the overall economic and market condition in China or in the PRC commercial property management and operational service market and residential property management service market in which we operate that may have a material adverse effect on our business operations and financial position. Our Directors confirmed that, as of the date of this Prospectus, there has been no material adverse change in our financial or trading position, indebtedness, mortgage, contingent liabilities, guarantees or prospects as of December 31, 2020, the latest date of our financial statements. Our Directors are of the view that our listing expenses will not materially adversely affect our financial performance subsequent to the Track Record Period. See "—Listing Expenses."

COVID-19 Pandemic

To the best of our Directors' knowledge, as of the Latest Practicable Date, there had been no cases of COVID-19 infection of the residents, tenants or our staff of properties we managed in the PRC and none of our staff was subject to the mandatory quarantine requirements and thus failed to report to duties. Since the outbreak of COVID-19 and up to the Latest Practicable Date, we had not encountered any material disruption to the services provided or materials supplied to us. Given the nature of our business operations, our Directors are of the view that the risk of our Group having to suspend our operations is remote. Due to social distancing and travel restrictions, our revenue from certain valued-added services were negatively affected; there were some slight delays in delivery of residential properties for which we had contracted to provide property management service, which affected the growth in our revenue; the pace of potential tenants entering into agreement with us also dropped and there were very few new tenants move-ins during the first quarter of 2020, but the number of new tenants entering into agreement with us and the number of new tenants moving into the commercial properties managed by us increased in the second quarter of 2020 as the COVID-19 outbreak became stabilized in the PRC; additionally, certain measures were taken to assist some of our commercial property tenants to survive the pandemic, including commercial property management fee waivers and rent waivers by property owners (which affected our commission on rent collection services); however, our overall gross margin increased, partially as a result of the reduction in social insurance costs due to the PRC government policy aimed at mitigating the impact of COVID-19 to businesses. Given that (i) we had not experienced any material disruptions in providing our services as a result of the COVID-19 outbreak, (ii) our revenue stream had been resilient and experienced growth in 2020, and (iii) our overall gross profit margin increased in 2020 comparing to 2019, our Directors are of the view that there had been no material adverse effect on our operations and financial performance resulting from the recent COVID-19 pandemic since its outbreak and up to the date of the prospectus. However, in light of the recent resurgence of COVID-19 infection cases in the PRC as of the Latest Practicable Date, we cannot assure you that our business operation and financial performance will not be adversely and materially affected by the potential new waves of COVID-19 outbreak in the future. See "Business—Effects of the COVID-19 Outbreak" and "Financial Information—Results of Operations—Revenue" for details.

In the unlikely event that we are forced to reduce or suspend part of our business operations, whether due to government policy or any other reasons beyond our control as a result of the COVID-19 outbreak, we estimate that, based on the assumptions below, our Group will remain financially viable for 22 months. Our key assumptions of the worst case scenario where our business is forced to be suspended due to the impact of the COVID-19 outbreak include: (i) all of our operations would cease; (ii) no revenue would be generated; (iii) staff cost and subcontracting cost would be reduced to 70.0% of the usual level, event cost would be reduced to zero, and other cost of sales, selling and marketing expenses and administrative expenses would be reduced to 50% of the usual level; (iv) only 10.0% of the net proceeds from the Global Offering can be used for general business operations and working capital purposes; (v) there would be no dividend payment; (vi) all amounts due from related parties would be settled upon request; and (vii) trade and other receivables would be settled based on historical settlement pattern, and trade and other payables would be settled as they fall due.

NON-COMPLIANCE MATTERS

As advised by our PRC Legal Advisors that, during the Track Record Period and up to the Latest Practicable Date, except for the insufficient contribution to social insurance and housing provident fund as disclosed in "Business—Employees—Social Insurance and Housing Provident Fund Contributions," the non-filing of certain lease agreements as disclosed in "Business—Properties." and the entry into certain preliminary residential property management contracts without participation in tender process as disclosed in "Business—Residential Property Management Services—Tender Process, we had complied with relevant PRC laws and regulations in all material respects.

LISTING EXPENSES

The total amount of listing expenses that will be borne by us in connection with the Global Offering, including underwriting commissions for the Global Offering, is estimated to be HK$88.3 million (based on the mid-point of the indicative Offer Price range), of which HK$56.1 million is expected to be accounted for as a deduction from equity upon completion of the Listing. The remaining fees and expenses of HK$32.2 million were or are expected to be charged to our profit or loss, of which approximately HK$9.6 million was charged for the year ended December 31, 2020, and approximately HK$22.6 million is expected to be charged for the year ending December 31, 2021. We expect total listing expense to represent approximately 4.3% of gross IPO proceeds. The professional fees and/or other expenses related to the preparation of Listing are currently in estimates for reference only and the actual amount to be recognized is subject to adjustment based on audit and the then changes in variables and assumptions. Our Directors are of the view that our listing expenses will not materially adversely affect our financial performance for the year ending December 31, 2021.

RISK FACTORS

Our operations involve certain risks, some of which are beyond our control. These risks can be broadly categorized into: (i) risks related to our business and industry; (ii) risks related to doing business in China; and (iii) risks related to the Global Offering. Some of the risks generally associated with our business and industry include (i) our future growth may not materialize as planned; (ii) a majority of our revenue is generated from projects developed by China SCE Group and its joint ventures or associates, which is our connected persons and we do not have control over; (iii) we cannot assure you that we can secure new or renew our existing commercial property management and operational service agreements or residential property management service agreements on favorable terms, or at all; (iv) our future acquisitions may not be successful and we may face difficulties in integrating acquired operations with our existing operation; and (v) certain anchor stores or other major tenants have significant impact on our ability to attract shoppers to retail commercial properties under our management.

These risks are not the only significant risks that may affect the value of our Shares. You should carefully consider all of the information set forth in this Prospectus and, in particular, should evaluate the specific risks set forth in "Risk Factors" in deciding whether to invest in our Shares.

In this Prospectus, unless the context otherwise requires, the following terms shall have the meanings set out below. Certain other terms are explained in "Glossary" in this Prospectus.

"Affluent Way"	Affluent Way International Limited (裕威國際有限公司), a limited liability company incorporated in the BVI on August 15, 2007, wholly owned by China SCE Group Holdings, and one of our Controlling Shareholders;
"Application Form(s)"	**WHITE** Application Form(s), **YELLOW** Application Form(s) and **GREEN** Applications Form(s), or where the context so requires, any of them in connection with the Hong Kong Public Offering and the **BLUE** Application Form(s) in connection with the Preferential Offering;
"Articles of Association" or "Articles"	the articles of association of the Company conditionally adopted on June 10, 2021, which will become effective upon the Listing Date, as amended from time to time, a summary of which is set out in Appendix III to this Prospectus;
"associates"	has the meaning ascribed to it under the Listing Rules;
"Assured Entitlement"	the entitlement of the Qualifying China SCE 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 China SCE Group Holdings at 4:30 p.m. on the Record Date;
"Available Reserved Shares"	has the meaning ascribed to it in "Structure of the Global Offering—The Preferential Offering—Basis of Allocation for Applications for Reserved Shares" in this Prospectus;
"Beijing World City"	北京世界城物業管理有限公司 (Beijing World City Property Management Co., Ltd.), a company established in PRC with limited liability on June 27, 2007 and an indirect wholly-owned subsidiary of our Company;

"Beneficial China SCE Shareholder(s)"	any beneficial owner of China SCE Shares whose China SCE Shares are registered, as shown in the register of members of China SCE Group Holdings, in the name of a registered China SCE Shareholder on the Record Date;
"**BLUE** Application Form(s)"	the application form(s) for the Preferential Offering for use by the Qualifying China SCE Shareholders for the subscription of the Reserved Shares pursuant to the Preferential Offering;
"Board" or "Board of Directors"	the board of Directors of our Company;
"Business Day" or "business day"	a day on which banks in Hong Kong are generally open for normal banking business to the public and which is not a Saturday, a Sunday or a public holiday in Hong Kong;
"BVI"	the British Virgin Islands;
"CAGR"	compound annual growth rate;
"Capitalization Issue"	the issue of 1,498,837,020 Shares to be made upon capitalization of certain sum standing to the credit of the share premium account of the Company as referred to in "Appendix IV—Statutory and General Information—A. Further Information about our Company—3. Written Resolutions of our Shareholders Passed on June 10, 2021" to this Prospectus;
"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 a 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, 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 operations and functions of CCASS as from time to time;
"CCASS Participant"	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant;
"China" or the "PRC"	the People's Republic of China, but for the purpose of this Prospectus and for geographical reference only and except where the context requires, references in this Prospectus to "China" and the "PRC" do not include Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan;
"China SCE Group"	China SCE Group Holdings and its subsidiaries which for the purpose of this Prospectus and unless the context otherwise requires, excludes our Group;
"China SCE Group Holdings"	China SCE Group Holdings Limited (中駿集團控股有限公司) (formerly known as China SCE Property Holdings Limited (中駿置業控股有限公司)) (stock code: 1966), an exempted company incorporated in the Cayman Islands with limited liability on November 30, 2007, the shares of which are listed on the Main Board of the Stock Exchange, and one of our Controlling Shareholders;
"China SCE Share(s)"	ordinary share(s) of HK$0.1 each in the share capital of China SCE Group Holdings;
"China SCE Shareholder(s)"	holder(s) China SCE Share(s);
"Chinese government" or "PRC government"	the central government of the PRC and all governmental subdivisions (including provincial, municipal and other regional or local government entities) and instrumentalities thereof or, where the context requires, any of them;
"CIA"	China Index Academy (中國指數研究院), an independent market research company;
"close associate(s)"	has the meaning ascribed to it under the Listing Rules;

"Companies Act"	the Companies Act, Cap. 22 (Act 3 of 1961, as consolidated and revised) of the Cayman Islands;
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the laws of Hong Kong), as amended, supplemented or otherwise modified from time to time;
"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," "the Company," or "our Company"	SCE Intelligent Commercial Management Holdings Limited (中駿商管智慧服務控股有限公司) (formerly known as China SCE Commercial Holdings Limited (中駿商業控股有限公司)), an exempted liability company incorporated in the Cayman Islands with limited liability on August 20, 2019;
"connected person(s)"	has the meaning ascribed to it under the Listing Rules;
"Controlling Shareholder(s)"	has the meaning ascribed to it under the Listing Rules and, unless the context requires otherwise, refers to Happy Scene, Affluent Way, China SCE Group Holdings, Newup, East Waves, Keen Century and Mr. Wong;
"core connected person(s)"	has the meaning ascribed to it under the Listing Rules;
"COVID-19"	a viral respiratory disease caused by the severe acute respiratory syndrome coronavirus 2;
"CSDCC"	China Securities Depository and Clearing Corporation Limited (中國證券登記結算有限責任公司);
"Deed of Indemnity"	the deed of indemnity dated June 17, 2021 executed by our Controlling Shareholders in favor of our Company (for ourselves and for each of our subsidiaries), as further described under "Appendix IV—Statutory and General Information—D. Other Information—1. Tax and other indemnities" in this Prospectus;
"Director(s)" or "our Directors"	the director(s) of our Company;

"East Waves"	East Waves Investments Limited (東濤投資有限公司), a limited liability company incorporated in the BVI on October 22, 2019, which is wholly owned by Mr. Wong, and one of our Controlling Shareholders;
"Exchange Participant(s)"	a person: (a) who, in accordance with the Listing Rules, may trade on or through the Stock Exchange; and (b) whose name is entered in a list, register or roll kept by the Stock Exchange as a person who may trade on or through the Stock Exchange;
"Extreme Conditions"	extreme conditions caused by a super typhoon as announced by the Government of Hong Kong;
"Fujian Cippon Tai Wo"	福建世邦泰和物業管理有限公司 (Fujian Cippon Tai Wo Property Management Co., Ltd.), a company established in the PRC with limited liability on April 1, 2003 and an indirect wholly-owned subsidiary of our Company;
"Global Offering"	the Hong Kong Public Offering and the International Offering (including the Preferential Offering);
"**GREEN** Application Form(s)"	the application form(s) to be completed by the **White Form eIPO** Service Provider, Computershare Hong Kong Investor Services Limited;
"Group," "the Group," "our Group," "we" or "us"	our Company and, except where the context otherwise requires, all of its subsidiaries or where the context refers to any time prior to its incorporation, the business which its predecessors or the predecessors of its present subsidiaries were engaged in and which were subsequently assumed by it;
"Happy Scene"	Happy Scene Global Limited (樂景環球有限公司), a company incorporated in BVI with limited liability on September 16, 2020, which is indirectly wholly-owned by China SCE Group Holdings, and one of our Controlling Shareholders;
"HKFRSs"	Hong Kong Financial Reporting Standards issued by the HKICPA;
"HKICPA"	Hong Kong Institute of Certified Public Accountants;

"HKSCC"	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited;
"HKSCC Nominees"	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC;
"HK$" or "Hong Kong dollars" "HK dollars" or "cents"	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong;
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC;
"Hong Kong Offer Shares"	the 50,000,000 Shares initially offered by our Company for subscription at the Offer Price pursuant to the Hong Kong Public Offering (subject to adjustment as described in the section headed "Structure of the Global Offering" in this Prospectus);
"Hong Kong Public Offering"	the offer of the Hong Kong Offer Shares for subscription by the public in Hong Kong (subject to adjustment as described in the section headed "Structure of the Global Offering" in this Prospectus) at the Offer Price (plus brokerage, SFC transaction levies and Stock Exchange trading fee), on and subject to the terms and conditions described in this Prospectus and the Application Forms;
"Hong Kong Share Registrar"	Computershare Hong Kong Investor Services Limited;
"Hong Kong Underwriters"	the underwriters of the Hong Kong Public Offering listed in "Underwriting—Hong Kong Underwriters" in this Prospectus;
"Hong Kong Underwriting Agreement"	the underwriting agreement dated June 17, 2021 relating to the Hong Kong Public Offering entered into by, among others, our Company, the Joint Sponsors, the Joint Representatives and the Hong Kong Underwriters as further described in "Underwriting—Underwriting Arrangements and Expenses—Hong Kong Public Offering—Hong Kong Underwriting Agreement" in this Prospectus;

"Independent Third Party(ies)"	an individual or a company who, as far as the Directors are aware after having made all reasonable enquiries is not a connected person of the Company within the meaning of the Listing Rules;
"International Offer Shares"	the 450,000,000 Shares initially offered by our Company for subscription at the Offer Price pursuant to the International Offering (including 50,000,000 Reserved Shares being offered under the Preferential 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 under the U.S. Securities Act, as further described in the section headed "Structure of the Global Offering" in this Prospectus;
"International Underwriters"	the group of international underwriters, led by the Joint Representatives, that is expected to enter into the International Underwriting Agreement to underwrite the International Offering;
"International Underwriting Agreement"	the underwriting agreement expected to be entered into on or around June 24, 2021 by, among others, our Company and the International Underwriters in respect of the International Offering, as further described in the section headed "Underwriting—The International Offering" in this Prospectus;
"JLL"	Jones Lang LaSalle Corporate Appraisal and Advisory Limited, our independent industry consultant;
"JLL Report"	the independent industry report prepared by JLL and commissioned by us;
"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 Representatives"	Merrill Lynch (Asia Pacific) Limited and UBS AG Hong Kong Branch;
"Joint Sponsors"	Merrill Lynch Far East Limited and UBS Securities Hong Kong Limited;
"Keen Century"	Keen Century Investments Limited (建世投資有限公司), a limited liability company incorporated in the BVI on October 9, 2019, which is wholly owned by Mr. Wong and one of our Controlling Shareholders;
"Latest Practicable Date"	June 11, 2021, being the latest practicable date for the purpose of ascertaining certain information in this Prospectus prior to its publication;
"Listing"	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 July 2, 2021 on which dealings in our Shares first commence on the Stock Exchange;
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time;
"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;

"Memorandum" or "Memorandum of Association"	the amended and restated memorandum of association of the Company, conditionally adopted on June 10, 2021 and will come into effect upon listing, as amended, supplemented or otherwise modified from time to time, a summary of which is set out in Appendix III to this Prospectus;
"Mr. Wong"	Wong Chiu Yeung (黃朝陽), our ultimate Controlling Shareholder;
"Newup"	Newup Holdings Limited (新昇控股有限公司), a limited liability company incorporated in the BVI on October 25, 2007 which is wholly owned by Mr. Wong, and is one of our Controlling Shareholders;
"Non-Qualifying China SCE Shareholder(s)"	the China SCE Shareholder(s) whose names appeared in the register of members of China SCE Group Holdings as of 4:30 p.m. on the Record Date and whose addresses as shown in such register are in any of the Specified Territories and any China SCE Shareholders or Beneficial China SCE Shareholders at that time who are otherwise known by China SCE Group Holdings to be resident in any of the Specified Territories;
"Offer Price"	the final price per Offer Share in Hong Kong dollars (exclusive of brokerage fee of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%) at which Hong Kong Offer Shares are to be subscribed, to be determined in the manner further described in the section headed "Structure of the Global Offering—Pricing and Allocation" in this Prospectus;
"Offer Share(s)"	the Hong Kong Offer Shares and the International Offer Shares (including the Reserved Shares), together with, where relevant, any additional Shares which may be issued by our Company pursuant to the exercise of the Over-allotment Option;

"Over-allotment Option"	the option expected to be granted by our Company to the International Underwriters, exercisable by the Joint Representatives (on behalf of the International Underwriters) pursuant to the International Underwriting Agreement, pursuant to which our Company may be required to allot and issue up to an aggregate of 75,000,000 additional Shares at the Offer Price to, among other things, cover over-allocations in the International Offering, if any, further details of which are described in the section headed "Structure of the Global Offering" in this Prospectus;
"PRC Legal Advisors"	Jingtian & Gongcheng, our legal advisors as to PRC laws;
"Preferential Offering"	the preferential offering to the Qualifying China SCE Shareholders of 50,000,000 Reserved Shares (representing approximately 10% of the Offer Shares initially being offered under the Global Offering) in the form of the Assured Entitlement, as further described in the section headed "Structure of the Global Offering" and subject to the terms and conditions stated in this Prospectus and in the **BLUE** Application Form;
"Price Determination Agreement"	the agreement to be entered into by the Joint Representatives (on behalf of the Hong Kong 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 around June 24, 2021 (Hong Kong time) on which the Offer Price is determined, or such later time as the Joint Representatives (on behalf of the Hong Kong Underwriters) and our Company may agree, but in any event no later than June 25, 2021;
"Prospectus"	this Prospectus being issued in connection with the Hong Kong Public Offering;
"Qualifying China SCE Shareholder(s)"	China SCE Shareholder(s), whose name(s) appeared on the register of members of China SCE Group Holdings as of 4:30 p.m. on the Record Date, other than the Non-Qualifying China SCE Shareholders;

"Record Date"	June 15, 2021 being the record date for ascertaining the Assured Entitlement of the Qualifying China SCE Shareholders to the Reserved Shares;
"Regulation S"	Regulation S under the U.S. Securities Act;
"Reorganization"	the reorganization of our Group in preparation of the Listing, details of which are set out in the section headed "History, Reorganization and Corporate Structure" in this Prospectus;
"Reserved Shares"	the 50,000,000 Shares being offered pursuant to the Preferential Offering at the Offer Price to the Qualifying China SCE Shareholders as Assured Entitlement, which are to be allocated out of the International Offer Shares as described in the section headed "Structure of the Global Offering" in this Prospectus;
"Securities and Futures Ordinance" or "SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time;
"SFC"	the Securities and Futures Commission of Hong Kong;
"Shanghai SCE CM"	上海中駿商業管理有限公司 (Shanghai China SCE Commercial Management Co., Ltd.), a company established in PRC with limited liability on November 18, 2013, which is an indirect wholly-owned subsidiary of our Company;
"Share(s)"	ordinary share(s) with par value of HK$0.01 each in the share capital of the Company, which are to be traded in Hong Kong dollars and listed on the Main Board;
"Shareholders"	holders of our Shares;

"Specified Territories"	jurisdictions outside Hong Kong where, taking into account the legal restrictions under the applicable laws or requirements of the relevant regulatory body or stock exchange of such jurisdictions, China SCE Group Holdings and our Company consider the exclusion of the China SCE Shareholders with registered addresses in, or who are otherwise known by China SCE Group Holdings to be residents of, such jurisdictions from the Preferential Offering to be necessary or expedient;
"Spin-off"	the separate listing of our Shares on the Main Board, by way of Global Offering (including the Preferential Offering);
"Stabilizing Manager"	UBS AG Hong Kong Branch;
"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 period comprising the years ended December 31, 2018, 2019 and 2020;
"Underwriters"	the Hong Kong Underwriters and the International Underwriters;
"Underwriting Agreements"	the Hong Kong Underwriting Agreement and the International Underwriting Agreement;
"United States" or "U.S."	the United States of America, its territories, its possessions and all areas subject to its jurisdiction;
"U.S. dollars" or "US$"	United States dollars, the lawful currency of the United States;
"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;

"VAT"	the PRC value-added tax;
"**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 own name;
"**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;
"Xiamen Cippon Tai Wo"	廈門世邦泰和物業管理有限公司 (Xiamen Cippon Tai Wo Property Management Co., Ltd.) (formerly known as 廈門中駿物業有限公司 (Xiamen Zhongjun Property Co., Ltd.)), a company established in PRC with limited liability on November 4, 2002, which is an indirect wholly-owned subsidiary of our Company;
"**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;

Unless the content otherwise requires, references to "2018", "2019" and "2020" in this Prospectus refers to our financial year ended December 31 of such year.

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.

For ease of reference, the names of the PRC laws and regulations, governmental authorities, institutions, natural persons or other entities (including certain of our subsidiaries) have been included in the Prospectus in both the Chinese and English languages and in the event of any inconsistency, the Chinese versions shall prevail. English translations of official Chinese names are for identification purpose only.

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

"average property management fee(s)"	calculated as the sum of the property management fees recognized as revenue during a specified year divided by the daily-weighted revenue-bearing GFA (calculated as the revenue-bearing GFA weighted by the number of days during a specified year in which it contributes revenue), further divided by 12 (number of months during a year)
"Bohai Rim Economic Zone"	an economic region in China encompassing Beijing, Tianjin, Hebei province, Shandong province, Shanxi province and Liaoning province for the purpose of this Prospectus
"Central Western Region"	an economic region in China encompassing Chongqing, Yunnan province, Shaanxi province, Hunan province and Henan province for the purpose of this Prospectus
"commercial property(ies)"	for purposes of this Prospectus, properties which are used primarily for commercial purposes, mainly include shopping malls, shopping streets and office buildings
"commission basis"	a revenue-generating model whereby we collect a percentage of the total amount of property management fees that our customers pay on a monthly basis
"common area(s)"	common areas in residential properties such as lobbies, hallways, stairways, car parks, elevators and gardens, among others
"contracted GFA"	GFA managed or to be managed by our Group under our operating property management service contracts, including both GFA under management and undelivered GFA, as well as GFA of properties for which we are contracted to only provide services other than basic property management services
"CRM"	customer relationship management
"ERP"	enterprise resource planning

"GFA"	gross floor area
"GFA under management"	GFA of properties that have been delivered, or are ready to be delivered by property developers to property owners, for which we are already collecting property management fees in relation to contractual obligations to provide our services
Gross merchandise volume	the total value of merchandise sold over a given period of time through a particular marketplace
"Guangdong-Hong Kong-Macau Greater Bay Area"	an economic region in China encompassing Guangdong province, Hong Kong and Macau for the purpose of this Prospectus
"Internet"	international network that links together computers and allows data to be transferred between each computer using the TCP/IP protocols
"Internet of things" or "IoT"	the network of physical objects that are embedded with sensors, software, and other technologies for the purpose of connecting and exchanging data with other devices and systems over the Internet
"Jointly Developed Projects"	projects jointly developed by China SCE Group and other property developers where China SCE Group does not hold a controlling interest in such properties
"lump sum basis"	a revenue-generating model for our property management business line whereby we charge a pre-determined property management fee per sq.m. for all units (whether sold or unsold) on a monthly basis which represents the "all-inclusive" fees for all of the property management services provided by our employees and sub-contractors. Property developers, property owners and residents will be responsible for paying our property management fees for the sold and unsold units respectively on a monthly basis
"occupancy rate"	calculated as actual leased area divided by available lease area of a commercial property as of the end of the relevant period based on our internal record
"POS"	point of sale

"projects developed by China SCE Group"	projects solely developed by China SCE Group, as well as properties jointly developed by China SCE Group and other parties where China SCE Group holds a controlling interest in such properties
"projects developed by property developers which are non-China SCE Group and its joint ventures and associates"	projects solely developed by property developers which are non-China SCE Group and its joint ventures and associates
"property management fee collection rate"	calculated as the property management fees collected during the relevant period divided by the corresponding total property management fees receivable for the same period
"renewal rate"	the percentage of projects to which we are able to continue providing services upon expiry of the original terms and engage in new contracts
"residential property(ies)"	properties which are purely residential or mixed-use properties containing residential units and ancillary facilities that are non-residential in nature such as commercial or office units but excluding pure commercial properties
"retail commercial property(ies)"	property(ies) which is/are designated for use as shopping malls and/or shopping streets
"retention rate(s)"	the number of property management service agreements under which we had been providing property management services at the end of a period divided by the number of property management service agreements that existed during the same period (for the avoidance of doubt, for contracts that were renewed upon expiry during the relevant period, the original contract and the renewed contract together count as one contract for the purpose of retention rate calculation)

"revenue-bearing GFA"	for commercial properties, the GFA under management that has been leased to tenants for residential properties, the GFA under management with reference to which we charge property management fees, which excludes the GFA under management of certain common areas
"sq.m."	the measurement unit of square meters
"Top 100 Property Management Companies"	an annual ranking of China-based property management companies by overall competitiveness published by CIA based on a number of key indicators, including management scale, operational performance, service quality, growth potential and social responsibility
"undelivered GFA"	the total GFA of properties that are not ready to be delivered to property owners by property developers, for which we have not begun collecting property management fees in relation to contractual obligations to provide property management services
"Western Taiwan Straits Economic Zone"	an economic region in China encompassing Fujian province and Jiangxi province for the purpose of this Prospectus
"Yangtze River Delta Economic Zone"	an economic region in China encompassing Shanghai, Zhejiang province, Jiangsu province and Anhui province for the purpose of this Prospectus

This Prospectus contains certain forward-looking statements and information relating to our Company and its subsidiaries that are based on the beliefs of our management as well as assumptions made by and information currently available to our management. When used in this Prospectus, the words "aim," "anticipate," "believe," "can," "continue," "could," "forecast," "expect," "going forward," "intend," "ought to," "may," "might," "plan," "potential," "predict," "project," "seek," "should," "will," "would" and the negative of these words and other similar expressions, as they relate to our Group or our management, are intended to identify forward-looking statements. Such statements reflect the current views of our management with respect to future events, operations, liquidity and capital resources, some of which may not materialize or may change. These statements are subject to certain risks, uncertainties and assumptions, including the other risk factors as described in this Prospectus. You are strongly cautioned that reliance on any forward-looking statements involves known and unknown risks and uncertainties. The risks and uncertainties facing our Company which could affect the accuracy of forward-looking statements include, but are not limited to, the following:

- our operations and business prospects;
- future developments, trends and conditions in the industry and markets in which we operate;
- our strategies, plans, objectives and goals and our ability to successfully implement these strategies, plans, objectives and goals; our ability to identify and integrate suitable acquisition targets;
- general economic, political and business conditions in the markets in which we operate;
- the effects of the global financial markets and economic crisis;
- changes to the regulatory environment and general outlook in the industry and markets in which we operate;
- our ability to control or reduce costs;
- our dividend policy;
- the amount and nature of, and potential for, future development of our business;
- capital market developments;
- the actions and developments of our competitors;
- changes or volatility in interest rates, foreign exchange rates, equity prices or other rates or prices in the industry and markets in which we operate;

- certain statements in sections headed "Business" and "Financial Information" in this Prospectus with respect to trends in prices, volumes, operations, margins, overall market trends, risk management and exchange rates; and

- other statements in this Prospectus that are not historical facts.

This Prospectus also contains market data and projects that are based on a number of assumptions. The markets may not grow at the rates projected by the market data, or at all. The failure of the markets to grow at the projected rates may materially and adversely affect our business and the market price of our Shares. In addition, due to the rapidly changing nature of the PRC economy and the property management industry, projections or estimates relating to the growth prospects or future conditions of the markets are subject to significant uncertainties. If any of the assumptions underlying the market data prove to be incorrect, actual results may differ from the projections based on these assumptions.

We do not guarantee that the transactions and events described in the forward-looking statements in this Prospectus will happen as described, or at all. Actual outcomes may differ materially from the information contained in the forward-looking statements as a result of a number of factors, including, without limitation, the risks and uncertainties set forth in the section entitled "Risk Factors" in this Prospectus. You should read this Prospectus in its entirety and with the understanding that actual future results may be materially different from what we expect. The forward-looking statements made in this Prospectus relate only to events as of the date on which the statements are made or, if obtained from third-party studies or reports, the dates of the respective studies or reports. Since we operate in an evolving environment where new risks or uncertainties may emerge from time to time, you should not rely upon forward-looking statements as predictions of future events. We undertake no obligation, beyond what is required by law, to update any forward-looking statement to reflect events or circumstances after the date on which the statement is made, even when our situation may have changed.

Subject to the requirements of applicable laws, rules and regulations, we do not have any 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 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 in this Prospectus are qualified by reference to the cautionary statements in this section.

Potential investors should carefully consider each of the risks described below and all of the other information contained in this Prospectus, including the Accountants' Report included in Appendix I, before deciding to invest in the Offer Shares. Our business, financial condition, results of operations or prospects may be materially and adversely affected by any of these risks. You should pay particular attention to the fact that we are a company incorporated in the Cayman Islands and that our principal operations are conducted in the PRC and are governed by in a legal and regulatory environment that in some respects differ significantly from that of other countries. The trading price of the Offer Shares could decline due to any of these risks, as well as additional risks and uncertainties not presently known to us, and you may lose all or part of your investment.

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

Our future growth may not materialize as planned.

We have been seeking to expand our business since our inception through organic growth. As of December 31, 2018, 2019 and 2020, the projects we were contracted to manage had an aggregate GFA of 17.9 million sq.m., 22.5 million sq.m. and 36.6 million sq.m., respectively. We seek to continue to expand through increasing the total contracted GFA and the number of properties we manage in existing and new markets. In particular, we intend to focus on our strength as a comprehensive property management service provider and further solidify our market positions in first and second tier cities located within the Western Taiwan Straits Economic Zone, the Yangtze River Delta Economic Zone, the Bohai Rim Economic Zone, the Guangdong-Hong Kong-Macau Greater Bay Area and the Central Western Region. For further details, see the section entitled "Business—Our Strategies" in this Prospectus. However, we base our expansion plans on our assessment of market prospects, thus we cannot assure you that our assessment will prove to be correct or that our business will grow as planned. Our expansion plans may be affected by a number of factors, most of which are beyond our control. Such factors include but are not limited to:

- changes in PRC's economic and social conditions in general and the real estate market and property management industry in particular;
- changes in disposable personal income in the PRC;
- changes in government policies and regulations;
- changes in the supply of and demand for commercial property management and operational services and residential property management services;
- our ability to generate sufficient liquidity internally and obtain external financing;

- our ability to recruit and train competent employees;
- our ability to select and work with suitable and reliable subcontractors and suppliers;
- our ability to understand the needs of property owners, residents and tenants in the properties where we provide residential property management services and commercial property management and operational services;
- our ability to adapt to new markets where we have no prior experience and in particular, whether we can adapt to the administrative, regulatory, cultural and tax environments in such markets;
- our ability to manage any issues arising from unexpected natural disasters, epidemics, acts of terrorism or war;
- our ability to solidify our market position in existing market and our ability to leverage our brand name and to compete successfully in new markets, particularly against the incumbent players in such markets who might have more resources and experience than us; and
- our ability to improve our administrative, technical, operational and financial infrastructure.

Subject to uncertainties and risks which are mostly beyond our control, we cannot assure you that our future growth will materialize or that we will be able to manage our future growth effectively. Our business, financial condition, results of operations and growth prospects could be materially and adversely affected if our future plans fail to achieve positive results.

A majority of our revenue is generated from projects developed by China SCE Group and its joint ventures or associates, which is our connected persons and we do not have control over.

During the Track Record Period, a majority of our revenue was derived from commercial property management and operational services and residential property management services provided to projects developed by China SCE Group. In 2018, 2019 and 2020, substantially all of our revenue from the commercial property management and operational service segment was generated from projects developed by China SCE Group and its joint ventures or associates. In 2018, 2019 and 2020, our revenue generated from the provision of residential property management services provided to projects developed by China SCE Group and its joint ventures or associates amounted to RMB240.8 million, RMB329.6 million and RMB422.5 million, respectively, accounting for approximately 98.6%, 98.9% and 97.7%, respectively, of our total revenue from the residential property management service segment for the same periods. However, we do not have control over the management strategy of China SCE Group, nor the macroeconomic, regulatory or other factors that affect their business operations and financial positions. Any adverse development in the business or financial positions of China SCE Group or their ability to develop and maintain properties may materially and adversely affect our ability to procure new property management services from them and may result in delays in delivery of projects for our management and settlement of amounts payable to us. In addition, we cannot assure you that all of our commercial property management and operational service and residential property management service contracts with the China SCE Group will be renewed successfully upon their expiration. We may also fail to diversify our customer base or obtain property management contracts for projects developed by property developers which are non-China SCE Group and its joint ventures and associates. As a result, we cannot assure you that we will be able to procure service agreements from alternative sources to make up the shortfall in a timely manner or on favorable terms, or at all, which could materially and adversely affect our business, financial conditions and results of operations.

We cannot assure you that we can secure new or renew our existing commercial property management and operational service agreements or residential property management service agreements on favorable terms, or at all.

We believe that our ability to expand our portfolio of commercial property management and operational service agreements and residential property management service agreements is key to the sustainable growth of our business. The selection of a property management company depends on a number of factors, including but not limited to, service quality, industry reputation, pricing level and operational history of the property management company. We cannot assure you that we will be able to procure new property management service agreements on favorable terms, or at all. Our efforts may be hindered by factors beyond our control, which may include, among others, changes in general economic conditions, evolving government regulations as well as supply and demand dynamics within the property management industry. Even where we succeed in procuring property management service agreements, we cannot guarantee that such contracts will be renewed upon expiration, and we cannot assure you that such contracts will not be terminated for cause.

Specifically, for our residential property management business, during the Track Record Period, we generally obtained new residential property management service agreements by participating in tenders, and we often entered into preliminary management service agreements with property developers during the property development stage. Such agreements are transitional in nature and facilitate the transfer of legal and actual control of the properties from property developers to property owners. Preliminary property management service agreements typically expire when property owners' associations are established or new property management service agreements are entered into. As of December 31, 2020, 21 residential projects under our management established property owners' associations, accounting for 22.3% of the total number of residential projects under our management. See "Business—Residential Property Management Services—Residential Property Management Services—Residential Property Management Service Agreements." To continue managing the property, we would have to enter into a new property management service agreement with the property owners' associations. Although, during the Track Record Period, all property owners' associations of properties that had been managed by us under preliminary residential property management service agreements either retained us to continue its provision of residential property management services upon the termination of the preliminary management agreements, or haven't engaged any new property service provider, on which the original preliminary property service contract shall continue to be valid under PRC laws and regulations, there is no guarantee that the property owners' association will enter into a new property management service agreement with us instead of our competitors in the future. We may therefore bear the risk of termination of rendering services of the existing projects as a result of the set-up of property owners' associations. Our customers select us based on parameters such as quality and cost, and we cannot assure you that we will always be able to balance them on favorable terms for both sides.

Even where we succeed in entering into residential property management service agreements with property owners' associations, we cannot guarantee that they will be renewed upon expiration. It is also possible that they may be terminated for cause. In such cases, we would no longer be able to provide community value-added services to residential communities who have terminated our engagements, in addition to our residential property management services. There is no guarantee that we would be able to find other business opportunities and enter into alternative property management service agreements on favorable terms, or at all, which may adversely affect our business, financial position and results of operations.

Moreover, in addition to the direct loss of revenue and profit, as both termination and non-renewal may be detrimental to our reputation, we may experience material adverse effects to our brand value. We believe that our brand value is essential to our ability to secure new property management service agreements. Failure to cultivate our brand value may diminish our competitiveness within the industry and lead to an adverse effect on our growth prospects and results of operations.

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

We may expand our business through acquisitions of other property management companies and/or other businesses and integrate their operations into our business to further expand our business scale and service and geographical coverage. However, there can be no assurance that we will be able to identify suitable opportunities. Even if we manage to identify suitable opportunities, we may not be able to complete the acquisitions on terms favorable or acceptable to us, in a timely manner, or at all. In addition, we face competition from industry peers, particularly those listed on the Stock Exchange that are actively seeking quality acquisition or investment targets in the market to achieve their expansion goals. The inability to identify suitable acquisition targets or complete acquisitions could materially and adversely affect our competitiveness and growth prospects.

In addition, acquisitions and integration of acquired operations with our existing operation involve uncertainties and risks, including, without limitation:

- potential ongoing financial obligations and unforeseen or hidden liabilities;

- inability to apply our business model or standardized operational processes on the acquisition targets;

- difficulties in integrating acquired operations with our existing businesses;

- failure to achieve the intended objectives, benefits or revenue-enhancing opportunities;

- failure to protect and maintain the acquired rights relating to brand names and/or other material intellectual property rights; and

- diversion of resources and management attention.

Approximately 50% of the net proceeds raised from the Global Offering will be used to pursue selective strategic investment and acquisition opportunities and further develop strategic partnerships. See "Future Plans and Use of Proceeds" in this Prospectus for more details. As of the Latest Practicable Date, we had not identified any acquisition or investment targets for our use of net proceeds from the Global Offering. If we fail to identify suitable acquisition opportunities or our future acquisition transactions fail to consummate for other reasons which may be beyond our control, our proceeds from the Global Offering may not be effectively used.

Certain anchor stores or other major tenants have significant impact on our ability to attract shoppers to retail commercial properties under our management.

Retail commercial properties under our management are typically anchored by supermarkets, cinemas, food and beverage vendors and other large international or nationally recognized tenants. The operations of these retail commercial properties could be materially and adversely affected if these anchors or other major tenants fail to comply with their contractual obligations or cease their operations.

Certain anchor stores and other large retailers may have experienced, and may continue to experience decreases in consumer traffic in their retail stores due to factors including uncertainty and less-than-desirable levels of consumer confidence, increased competition from alternative retail options such as those accessible via the Internet and other forms of pressure on their business models. As pressure on these anchor stores and large retailers increases, their ability to maintain their stores and meet their obligations both to property owners and us and to their external lenders may be impaired and result in closures of their stores or them seeking lease modification with the property owners. Any lease modification or termination could be unfavorable to us as our various service fees from basic commercial property management services and other value-added services may decrease as a result of such modification or termination.

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

Failure to maintain our average property management fee and occupancy rate for commercial properties under management may have a material adverse effect on our business, financial condition and results of operations.

We have been expanding our commercial property management and operational services and achieved continual growth in revenue, GFA under management, contracted GFA and the number of projects under management relating to commercial properties in the recent years. A significant proportion of our revenue from our commercial property management and operational services was contributed by basic commercial property management services during the Track Record Period. For the years ended December 31, 2018, 2019 and 2020, revenue from basic commercial property management services was RMB108.1 million, RMB119.6 million and RMB123.7 million, respectively.

Revenue from our basic commercial property management services is affected by the average property management fee we charge. Historically, we had been able to charge a high average commercial property management fee. In 2018, 2019 and 2020, we had higher average property management fee for commercial property management services than all listed Chinese property management companies that disclosed such information, according to JLL. However, as we often have to negotiate with individual tenants for the fee we charge for basic commercial property management services, we cannot assure you that we can enter into new commercial property management service contracts, or renew our existing contracts, at a favorable price, or at all. If we cannot maintain our high average commercial property management fee, our business, financial condition and results of operations may be materially adversely affected.

Revenue from our basic commercial property management services is also affected by the occupancy rate of the properties under our management, as we charge basic commercial property management fees to the tenants and will earn the relevant income only when the relevant property has been leased out. We do not charge fees for GFA that has not been leased out, as we do not provide services to such area. We may not be able to assist property owners in leasing all of their properties to an appropriate mix of tenants. In addition, when leases for existing properties under our management expire, we may not be able to assist property owners in renewing such leases on favorable terms, if at all. Moreover, external factors, such as competition from e-commerce, the outbreak of pandemics and the general acceptance of the practice of working from home, may also affect tenants' willingness to rent retail or office space. Additionally, lower-than-expected occupancy rate may also affect our ability to negotiate our property management fee. If the commercial properties under our management fail to achieve the expected occupancy rate upon opening or maintain a high occupancy rate during their life cycle, our revenue may decrease, and as a result, our business, our results of operations and financial condition may be adversely affected.

A significant portion of our revenue growth is contributed by pre-opening management services we provide to China SCE Group and its joint ventures or associates, and we cannot assure you that we will be able to maintain the growth and profitability of our pre-opening management services, or at all.

During the Track Record Period, a significant portion of our revenue growth was contributed by pre-opening management services. We started to offer pre-opening management services in 2019 as part of China SCE Group's overall strategy to expand its shopping mall portfolio, and revenue from pre-opening management services constituted 10.1% and 24.1% of our total revenue in 2019 and 2020, respectively.

In 2019, China SCE Group started acquiring land for mixed-use purposes that allow the development of shopping malls in conjunction with residential projects in the same location in order to further expand its business. According to JLL, an increasing number of developers are now paying more attention to continuous rental income instead of instant capital gain from selling properties; moreover, developers are incentivized to acquire land for mixed-use properties as this trend falls under government's near-term economic development objectives; additionally, developing these properties will require more expertise, which might lead to fewer competitions in bidding. According to China SCE Group's 2020 annual report, China SCE Group accelerated its expansion in the commercial property development business by acquiring land bank to develop 14 new shopping malls in 2020. As the number of commercial projects under development or planning by China SCE Group increased, so did China SCE Group's demand for pre-opening management services. We have been engaged by China SCE Group to provide pre-opening management services for all shopping malls under development by China SCE Group, primarily attributable to our familiarity with the needs and requirements of China SCE Group, as many of our executives and employees have previously worked for China SCE Group. As a result, our pre-opening management services business segment grew rapidly from 2019 to 2020, which was in line with China SCE Group's expansion in the commercial property development business.

However, we do not have control over the management strategy of China SCE Group, nor the macroeconomic or other factors that affect their business operations and financial positions. We cannot assure you that China SCE Group will be able to expand its shopping mall portfolio as planned, which may adversely affect the growth and sustainability of our pre-opening management services business. Additionally, we cannot assure you that our pre-opening management services business in general, including the business from China SCE Group, its joint ventures and associates, and Independent Third Parties, will grow as expected, or will not decline in the future if it is proven to be unsustainable, which may in turn negatively impact the overall gross margin of our business. As a result, we cannot assure you that we will be able to maintain the growth and profitability of our pre-opening management services, or at all, which could materially and adversely affect our business, financial conditions and results of operations.

We may not be able to accurately position the retail commercial properties to which we provide pre-opening management services.

During the Track Record Period, a significant portion of our gross profit from commercial property management and operational service segment derived from the provision of pre-opening management services, which accounted for approximately nil, 29.0% and 60.4%, respectively, of gross profit from the commercial property management and operational service segment in 2018, 2019 and 2020. However, we may not be able to sustain the current growth of or further expand our pre-opening management services. In the event that we are not able to provide pre-opening management services that accurately position a retail commercial property and assess its potential competitive status, our ability to obtain additional pre-opening management service contracts from property developers may be affected. Our efforts to improve our ability to accurately assess the market demand and competitive status may not be successful which in turn would adversely affect our results of operations and financial condition.

We may not be able to assist property owners in renting out all newly developed properties and renewing existing leases.

Under our commercial property management and operational service segment, we provide tenant sourcing services with respect to units located within the shopping malls. However, we may not be able to assist property owners in leasing all of their new properties to an appropriate mix of tenants. In addition, when leases for existing properties under our management expire, we may not be able to assist property owners in renewing such leases on favorable terms, or at all. As we receive a service fee pursuant to our arrangements with the relevant property owners, if we are unable to rent out such properties to tenants, and the retail commercial properties under our management fail to achieve the occupancy rate upon opening or maintain a high occupancy rate during their life cycle as agreed, our income from tenant sourcing services may decrease, and as a result, our results of operations and financial condition may be adversely affected.

We may face fluctuations in our labor and subcontracting costs, and the increase in labor and subcontracting costs could harm our business and reduce our profitability.

The property management industry in the PRC is labor intensive, according to JLL. In 2018, 2019 and 2020, our labor costs, as reflected in our salaries and wages, accounted for 59.5%, 58.8% and 59.3% of our total cost of sales, respectively. We delegate certain services such as security services, cleaning services and repairs and maintenance services to third-party subcontractors. During the same periods, our subcontracting costs represented 28.4%, 29.4% and 30.3% of our total cost of sales, respectively. Since our labor and subcontracting costs together accounted for a significant portion of our cost of sales, we believe that controlling and reducing our labor and subcontracting costs is crucial for us to maintain and improve our profit margins as well as other operating costs.

We face pressure from rising labor and subcontracting costs due to various factors, including but not limited to:

- *increases in minimum wages*. The minimum wage in the regions where we operate has generally increased in recent years, which has a direct impact on our labor costs as well as the fees we pay to our third-party subcontractors.

- *increases in headcount*. As we expand our operations, the headcount of our property management staff, sales and marketing staff and administrative staff may increase. We may also need to retain and continuously recruit qualified employees to meet our growing demand for talent, which might further increase our total headcount. Any increases in headcount would also increase our costs in relation to, among others, recruiting, salaries, employee benefits, training, social insurance and housing provident fund contributions.

- *delay in implementing service professionalization and procedure standardization*. There is a lapse in time between our commencement of property management services for a particular property and any implementation of service professionalization and procedure standardization measures to that property to reduce labor costs. Before we carry out such measures, our ability to mitigate the impact of labor costs increase is limited.

We cannot assure you that we will be able to control our costs or improve our efficiency. Any failure in effectively controlling our costs may have a material and adverse impact on our business, financial position and results of operations.

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

During the Track Record Period, our Company and some of our PRC subsidiaries did not register for and/or fully contribute to certain social insurance and housing provident funds for their employees, primarily because (i) some of our employees declined to make their social insurance fund contributions of their own accord; (ii) some of our newly enrolled employees had not yet started making social insurance fund contribution; and (iii) rural household employees had already made contributions under their rural accounts. As such, we may be subject to late fees and fines for our insufficient contributions to the social insurance plans and housing provident fund as well as non-registration of an account for housing provident fund. Since 2019, local government authorities of certain places, such as Beijing, Shanghai, Tianjin, Guangdong, etc. have successively promulgated rules requesting the company to pay social insurance to tax authorities, which implements a tighter control of social insurance funds. As of the Latest Practicable Date, we had not received any notice from the local government authorities regarding any claim for inadequate contribution of our current and former employees. We made provision in the amount of RMB6.8 million, and reversal of provision in the amount of RMB0.4 million and RMB7.7 million to our combined statement of profit or loss and other comprehensive income in respect of such potential liabilities in 2018, 2019 and 2020, respectively. Net reversals of provision were recorded subsequent to the year ended 2018 as a result of reduced level of insufficient contribution payable to social insurance plans and housing provident fund together with certain PRC government relief measure on social insurance costs for COVID-19 in 2020, after writing back any unutilized provision aged over the two-year retrospective liability period.

According to the relevant PRC laws and regulations, (i) for outstanding social insurance fund registration that we fail to complete within the allotted time, the relevant government authorities may demand that we complete the insurance fund registration by a stipulated deadline. If we fail to rectify by that deadline, we may be liable to a fine of one to three times of the outstanding contribution amount and the supervisor and other personnel with direct responsibility may be subject to a fine ranging from RMB500 to RMB3,000; (ii) for outstanding social insurance fund contributions that we did not fully pay within the prescribed deadlines, the relevant PRC authorities may demand that we pay the outstanding social insurance contribution within a stipulated deadline and we may be liable for a late payment fee equal to 0.05% of the outstanding contribution amount of each day of delay; if we fail to make such payments within a stipulated deadline, we may be liable to a fine of one to three times of the outstanding contribution amount; and (iii) for the housing provident fund registration that we fail to complete before the prescribed deadline, the relevant government authorities may demand that we complete the housing provident fund registration by a stipulated deadline. If we fail to rectify by that deadline, we may be subject to a fine ranging from RMB10,000 to RMB50,000 for each non-compliant subsidiaries or branches and, for outstanding housing provident fund contributions that we did not fully pay within the prescribed period, the relevant government authorities may demand that we pay the outstanding housing provident fund contributions by a stipulated deadline. If we fail to rectify by that deadline, we may be subject to an order from the relevant People's court for compulsory enforcement. We cannot assure that the relevant local government authorities will not require us to pay the outstanding amount within a specific time limit or impose late or additional fees or fines on us, which may materially and adversely affect our financial condition and results of operation.

We may fail to effectively anticipate or control our costs in providing our property management services, for which we charge our customers on a lump sum basis.

During the Track Record Period, all of our property management fees for basic residential property management services were charged on a lump sum basis. On a lump sum basis, we charge property management fees at a pre-determined fixed lump sum price per sq.m., representing "all-inclusive" fees for the property management services provided. These management fees do not necessarily correspond with the actual amount of property management costs we incur. The amount we recognize as revenue is the full amount of property management fees we charge to the property owners or property developers, and the amount we recognize as our cost of sales is the actual costs we incur in connection with rendering our services. For more information on our fee model and relevant accounting policy, see "Business—Residential Property Management Services—Residential Property Management Services—Property Management Fees for Basic Residential Property Management Services" and "Financial Information—Critical Accounting Policies and Estimates—Revenue Recognition."

In the event that we fail to accurately anticipate our actual costs prior to negotiating and entering into our property management service agreements, and our fees are insufficient to sustain our profit margins, we would not be entitled to collect additional amounts from our customers. We also cannot guarantee that we will be able to adequately control our costs in the course of providing our property management services. Any losses we incur may materially and adversely affect our results of operations.

If we are unable to raise property management fee rates and there is a shortfall of working capital after deducting the property management costs, we would cut costs to reduce the shortfall. However, our ability to mitigate against such losses through cost-saving initiatives may not be successful. Such events could adversely impact our reputation, profitability, results of operations and financial position.

We are exposed to risks associated with third-party subcontractors to perform certain services to our customers.

We delegate certain property management services, such as cleaning services, landscaping services, repair and maintenance services, to third-party subcontractors. In 2018, 2019 and 2020, our subcontracting costs amounted to approximately RMB73.6 million, RMB106.6 million and RMB135.8 million, respectively, representing approximately 28.4%, 29.4% and 30.3% of our total cost of sales, respectively.

We select our third-party subcontractors based on factors such as service quality, industry reputation, qualification, price, past performance and cooperativeness. We also impose internal quality control measures on our subcontractors such as regular inspections, independent third-party assessment and customer feedback assessment. See "Business—Suppliers—Selection and Management of Our Subcontractors." However, we cannot assure you that they will always perform in accordance with our expectations. They may act in ways contrary to our or our customers' instructions, their contractual obligations and our quality standards and operational procedures. We may also fail to monitor their performance as directly and effectively as with our own employees. As a result, we are subject to risks associated with being responsible for any sub-standard performance by our third-party subcontractors, including but not limited to litigation, reputational damage, disruptions to our business, termination or non-renewal of our service agreements and monetary claims from our customers. We may also incur extra costs in order to monitor or replace third-party subcontractors which do not perform in accordance with our expectations, or mitigate or compensate damages incurred by such third-party subcontractors.

In addition, we may be unable to renew our existing subcontracting contracts upon expiration, or fail to seek suitable replacement in a timely manner, or on favorable terms, or at all. We also do not have control over our subcontractors to maintain qualified, experienced and sizable teams, or renew their qualifications. In any event that our third-party subcontractors fail to perform their contractual obligations properly and in a timely manner, our work process could be interrupted which could potentially result in a breach of contract between our customers and us. Any of such events could materially and adversely affect our service quality, reputation and performance, as well as our business, financial condition and results of operations.

We may not be able to collect property management fees from property owners, residents and/or property developers which could incur impairment losses on our trade receivables.

We may encounter difficulties in collecting property management fees from property owners especially in communities with relatively low occupancy rate. We cannot assure you that our collection measures will be effective or enable us to accurately predict our future collection rate. As of December 31, 2020, our outstanding trade receivables amounted to approximately RMB73.6 million. In 2018, 2019 and 2020, we recorded average trade receivable turnover days of 7.9 days, 36.5 days and 39.5 days, respectively. See "Financial Information—Description of Certain Combined Statements of Financial Position Items—Trade Receivables." Even though we seek to collect overdue property management fees through a number of collection measures, we cannot assure you that such measures will be effective or enable us to accurately predict our future collection rates.

As of December 31, 2018, 2019 and 2020, our allowance for impairment of trade receivables amounted to RMB0.1 million, RMB1.1 million and RMB1.0 million, respectively. Although our management's estimates and the related assumptions have been made in accordance with information available to us, such estimates or assumptions are subject to further adjustment if new information becomes known. See "Financial Information—Description of Certain Combined Statements of Financial Position Items—Trade Receivables." In the event that the actual recoverability is lower than expected, or that our past allowance for impairment of trade receivables becomes insufficient in light of any new information, we may need to provide for an additional allowance for impairment of trade receivables, which may adversely affect our cash flow position and our ability to meet our working capital requirements, and therefore materially and adversely affect our business, financial position and results of operations.

The collection of our trade receivables from residential property management services is subject to seasonal fluctuations.

We experienced seasonal fluctuations in the collection of our trade receivables from residential property management services during the Track Record Period and expect to continue experiencing such seasonal fluctuations going forward. Property owners, tenants and residents tend to settle outstanding residential property management fee balances toward the end of the year. In general, our trade receivable amounts from residential property management services increase throughout the year and decrease toward the end of the year when property owners, tenants, and residents clear their outstanding property management fee balances. Seasonal fluctuations in our collection rates and trade receivables require that we manage our liquidity carefully so as to provide our business with adequate cash for operations. Any inability to ensure adequate liquidity may hamper our ability to expand and grow our operations, which could in turn adversely affect our business, financial position and results of operations.

Our strategic plan to diversify our services may not succeed as planned, and therefore our overall growth strategy may not work as expected.

We have diversified our services by providing various value-added services to meet the evolving needs of our customers. For commercial properties, we provide pre-opening management services such as market research and positioning, preliminary consulting and planning, architectural design consultation, tenant sourcing and opening preparation services, as well as other value-added services, such as tenant management, rent collection, car park management, advertising spaces and other common area management services and property leasing services. For residential properties, we provide value-added services to non-property owners such as pre-sale management services, and community value-added services such as housekeeping and cleaning services, clubhouse operation and car park management and common area value-added services. See "Business—Our Business Model." However, our value-added services are still expanding and evolving depending on the circumstances of the project and our accumulated experiences in the relevant local market. With a relatively limited operating history and experience in certain regions, we may face unknown risks, rising expenses and fierce competition in the market. We cannot assure you that we will be able to grow our business as planned. The potential growth of our value-added services depends on our ability to continue to attract new users as well as to increase the spending and repeat purchase rate of existing users. We may fail to cater for various consumer preferences, or anticipate service trends that will appeal to existing potential customers. We may also be unfamiliar with the new business operations in new markets, and fail to effectively promote our new services to new markets. New services, or entrance into new markets, may also require substantial time, resources and capital, and profitability targets. We also may not have the same level of familiarity with the practices for provision of new services or relationships with our strategic partners, third-party subcontractors and other suppliers as we do in the property management industries. We may not be able to recruit sufficient qualified personnel to support the growth of our value-added services.

Furthermore, we intend to use approximately 10% of the net proceeds from the Global Offering to expand our business along the value chain and diversify our value-added service offerings. We cannot assure you that our investment in our value-added business can be recovered in a timely manner, or at all, or our results of return would be more competitive than that of other comparable companies. Our development of and investment in our diversified service platform may be subject to PRC laws and regulations governing license approval and renewal. See the section entitled "Regulatory Overview—I. Laws and Regulations relating to Property Management Services—(II) Qualifications of Property Service Enterprise" in this

Prospectus for further details. We cannot assure you that we can obtain or renew our license on time, if at all. Specifically, we cannot assure you that we will be able to obtain the value-added telecommunication business operating licence (operating e-commerce) required for our proposed online shopping platform. We cannot guarantee that our future strategic development plan, which is based upon our forward-looking assessment of market prospect and customer preference, will always turn out to be successful. A number of factors beyond our control may also affect our plan for the diversified services, which include changes in the PRC's economic conditions in general, government policies and regulations on relevant industries and changes in supply and demand for our services. Any of the foregoing could adversely affect our reputation, business, cash flows, financial position and results of operations.

Rapid growth of the e-commerce business in the PRC may have negative impact on the operation of physical stores which may in turn affect our profitability.

As the e-commerce business in the PRC has experienced rapid growth, the purchasing habits of the consumers may undergo significant changes. People may tend to shop online instead of visiting the physical stores which result in decrease of consumer traffic at retail commercial properties under our management. This may negatively impact the business and financial condition of our tenants. In the event that the business and financial condition of these tenants are affected by the change in purchasing habits or preferences of the consumers, they may decrease their rental area or even cease to rent the shop units. We cannot assure you that we will be able to maintain our historical growth rates of revenue and profit, or remain profitable, if such adverse changes occur.

Our business operations may be affected by the COVID-19 pandemic.

A respiratory illness caused by a novel coronavirus ("**COVID-19**") was first detected at the end of 2019 and continued to spread globally in over 200 countries and territories. In March 2020, the World Health Organization characterized the outbreak of COVID-19 a pandemic. The accelerated spread of the virus globally has caused extreme volatility in the global financial market. For example, China experienced a slower-than-usual growth of 3.2% in its GDP in the second quarter of 2020, following a steep 6.8% slump in the first quarter, which was the biggest contraction since its quarterly GDP records began; the U.S. economy suffered its sharpest downturn since at least the 1940s in the second quarter of 2020, with its GDP shrinking 9.5% from the first, a drop that equals an annualized pace of 32.9%, and the US stock markets experienced the repeated triggering of stock market "circuit breakers."

The COVID-19 pandemic has caused and may continue to cause a long-term adverse impact on the economy and social conditions in China and other affected countries, which may have an indirect impact on the PRC property development and management industries, and adversely affect our business operations. In response to the COVID-19 pandemic, the PRC government has imposed measures across the PRC including, but not limited to, travel restrictions and quarantine for travelers or returnees, whether infected or not, and an extended shutdown of certain business operations. To comply with the requirements of local governments with respect to community management during the outbreak of the COVID-19 pandemic, for example, we assigned additional personnel and incurred additional costs to conduct visitor control for properties under our management. In addition, revenue from community value-added services provided to residential properties and other value-added services provided to commercial properties decreased as a result of travel restrictions and the closure of certain retail commercial properties during the outbreak of the COVID-19 pandemic. We are uncertain as to whether there will be any further waves of COVID-19 outbreaks in China nor when the COVID-19 pandemic will be contained globally, and we also cannot predict whether COVID-19 pandemic will have a long-term impact on our business operations. If we are not able to effectively and efficiently operate our business and implement our strategies as planned, we may not be able to grow our business and generate revenue as anticipated, and our business operations, financial condition and prospects may be materially and adversely affected. See "Business—Effects of the COVID-19 Outbreak."

We face intense competition in the property management market and if we fail to compete successfully against existing and new competitors, our business, financial position, results of operations and prospects may be materially and adversely affected.

According to JLL, the PRC property management industry is intensely competitive and highly fragmented. See "Industry Overview—Competitive Landscape And Competitive Advantages." Our major competitors include large national, regional and local property management companies that may have stronger capital resources, longer operating histories, better track records, greater brand or better name recognition, greater expertise and experience in regional and local markets as well as richer financial, technical, marketing and public relation resources than we do. We believe that we compete with our competitors on a number of factors, primarily including business scale, brand recognition, financial resources, price and service quality. Such competitors may be able to devote more resources to the development, promotion, sale, and support of their services, and therefore they may be better positioned than we are to compete for customers, financing, skilled management and labor resources. In addition to competition from established companies, emerging companies may enter our existing or new markets. Property developers may also develop their own in-house property management business or engage their affiliated service providers, which could reduce the availability of business opportunities. If we fail to improve and evolve ourselves among the competitors, we may not be able to continue to compete effectively or maintain or improve our market position, and such failure could have a material adverse effect on our business, financial position and results of operations.

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

Our historical financial results may not be indicative of our future performance.

Our business achieved rapid growth during the Track Record Period. In 2018, 2019 and 2020, our revenue was RMB396.5 million, RMB574.5 million and RMB805.3 million, respectively, while our net profit was RMB34.8 million, RMB77.3 million and RMB162.5 million, respectively. These historical results should not be taken as indicative of our future performance. We may not be able to sustain our rapid growth or may not even be able to grow our business at all. In addition, we may not be able to sustain the current level of profitability of our business and our business mix may change, such that our historical gross profit margin and net profit margin should not be taken as indicative of our future gross profit margin or net profit margin. Further, our interim results, growth rates and profitability may not be indicative of our annual results or our future results, and our historical interim and annual results, growth rates and profitability may not be indicative of our future performance for the corresponding periods.

We are affected by the PRC government regulations on the real estate and property management industries.

We generated most of our revenue from our property management services business during the Track Record Period. The performance of our property management services is primarily dependent on the total GFA and number of property projects we manage. As such, the growth in our property management services business is, and will likely continue to be, affected by the PRC government regulations on the real estate and property management industries. For further information on laws and regulations that are applicable to our business, please see the section entitled "Regulatory Overview" in this Prospectus.

The PRC Government has implemented various restrictive measures to discourage speculation in the real estate market. The government exerts considerable direct and indirect influence on the development of the PRC real estate industry by imposing industry policies and other economic measures, such as control over the supply of land for property development, control of foreign exchange, property development financing, mortgage financing, taxation and foreign investment. Through these policies and measures, the PRC Government may restrict or reduce property development activities, place limitations on the ability of commercial banks to make loans to property developers and property purchasers, impose additional taxes and levies on property sales and affect the delivery schedule and occupancy rates of the properties we service. Any such governmental regulations and measures may affect the PRC real estate industry, thus limiting our business growth and resulting in a material adverse effect on our business, financial position and results of operations.

For risk related to PRC government regulations on the property management industry, please see the section entitled "Regulatory Overview" in this Prospectus.

We are subject to the regulations on the PRC property management industry, particularly the price control on residential property management fees.

Our operations are affected by the regulatory environment and measures affecting the PRC property management industry. In particular, the fees that property management companies may charge in connection with property management services are regulated and supervised by relevant PRC authorities. See "Regulatory Overview—I. Laws and Regulations Relating to Property Management Services—(IV) Charges of Property Management Enterprises—1. Property Management Fees."

Among the services we offered, the basic residential property management services in certain cities are subject to government price control. During the Track Record Period, the maximum guidance price for basic property management services in certain cities where we operate ranged from RMB0.42 per sq.m. per month to RMB3.9 per sq.m. per month. See "Regulatory Overview—I. Laws and Regulations Relating to Property Management Services—(IV) Charges of Property Management Enterprises—1. Property Management Fees" for regulations and policies on government guidance price in different cities. In 2018, 2019 and 2020, 8.1%, 7.7% and 7.7% of our total revenue was generated from services subject to government guidance price. The limits on fees imposed by government authorities may negatively affect our pricing capability and profit margin. We may experience diminished profit margins should our labor and other operating costs increase but we are unable to raise property management fees accordingly.

The PRC Government may also unexpectedly promulgate new laws and regulations related to other aspects of our industry. To the extent that they increase our compliance and operational costs, our business, financial position and results of operation could be materially and adversely affected.

Our employees and third-party subcontractors may sustain work injuries during the ordinary course of providing commercial operational and residential property management services.

Work injuries may occur during the ordinary course of our business. For example, repair and maintenance services performed by our employees or subcontractors may involve the handling of tools and machinery that carry the inherent occupational risk of accidents. Hence, we are exposed to risks in relation to work safety, including but not limited to claims for injuries, fatal or otherwise, sustained by our employees and third-party subcontractors. Such occurrences may also damage our reputation within the commercial operational and residential property management service market. We may also experience business disruptions and be required to implement additional safety measures or modify our business model as a result of any governmental or other investigations. As a result, our business, financial condition, results of operations could be materially and adversely affected.

Negative publicity, including adverse information on the Internet, about us, our Shareholders and affiliates, our brand, management, vendors as well as products and services provided by us may have a material adverse effect on our business, reputation and the trading price of our Shares.

There could be from time to time negative publicity about us, China SCE Group, our Shareholders and affiliates, our brand, management, vendors as well as products and services provided by us. Negative reviews on the properties managed by us, products and services provided by us, our business operations and management may appear in the form of Internet postings and other media sources from time to time and we cannot assure you that other types of negative publicity will not arise in the future. For example, if our services fail to satisfy our customers, our customers may disseminate negative opinions about our services through popular social media platforms. Partner vendors for our service may also be subject to negative publicity for quality of their products and services or other public relation incidents with respect to such vendors, which may adversely affect the sales of their products or services on us and indirectly affect our reputation. Any such negative publicity, regardless of veracity, could materially and adversely affect our business, our reputation and the trading price of our Shares.

We may not be able to address all property owners', residents', tenants' and consumers' expectations and demands in a timely and effective manner and our reputation may be adversely affected by customer complaints relating to the services provided by us even if they may be frivolous or vexatious.

For our residential property management services, our customers are largely individual property owners and residents, and our business is to provide property management and other value-added services to them, which include addressing the everyday needs of their homes and families. These property owners and residents, even though living in the same property under our management, come from various backgrounds and may have different expectations on how their properties and neighborhoods should be managed. Meanwhile, for our commercial property management and operational services, tenants and consumers of shopping malls and office buildings that we manage and operate may also complain against us regarding our service quality. As a result, during our ordinary course of business, we need to strike a balance among these varying expectations among different groups of property owners, residents, tenants and consumers. If our customers are not satisfied with the services we provided, they may file complaints or claims against us regarding our services.

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

During the Track Record Period and up to the Latest Practicable Date, we did not receive any complaints from our customers that may have a material adverse impact on our operations and financial condition. Nevertheless, we can not assure that we can address all property owners', residents', tenants' and consumers' expectations and demands in a timely and effective manner in the future and we also can not assure that receive customer complaints which may materially affect our business and reputation even if the complaints are frivolous or vexatious.

Damage to the common areas of our managed properties may adversely affect our business, financial position and results of operations.

The common areas of the properties we manage may suffer damage as a result of events beyond our control, including but not limited to natural disasters, accidents or intentional damage. Although PRC laws and regulations mandate that each residential community establishes a special fund to pay the repair and maintenance costs of common areas, there is no guarantee that there will be sufficient sums in those special funds. Where the damage is caused by natural disasters such as earthquakes, floods, typhoons, fires, accidents or intentional harms, the damage caused may be extensive. At times we may have to allocate additional resources to assist police and other governmental authorities in investigating criminal actions that may have been involved.

As the property management service provider, we may be viewed as responsible for restoring the common areas and assisting any investigative efforts. In the event that there is any shortfall in the special funds necessary to cover all the costs involved, we may have to compensate for the difference with our own resources first. We would need to collect the amount of the shortfall from the property owners later. To the extent that our attempts are unsuccessful, we may experience material adverse effects on our business, financial position and results of operations. As we intend to continue growing our business, the likelihood of such occurrences may rise in proportion to any increases in the number of our managed properties. The occurrence of any of the abovementioned events could materially and adversely affect our business, our reputation, our financial conditions and results of operations.

We may not be able to secure funding to fund our planned operations.

To fund our future growth plans, including to diversify our business mix by acquiring or investing in other commercial property management and operational service providers, we need to secure additional funding to fund our future capital expenditures. Historically, we have funded our operations primarily with cash generated from operations and advances from related parties. We cannot assure you that we will be able to secure funding on terms acceptable to us or in a timely manner, or at all. If our internally generated capital resources and available credit facilities are insufficient to finance our capital expenditure and growth plans, we may have to seek additional financing from third parties, including banks, venture capital funds, joint-venture partners and other strategic investors. We may consider raising funds through the issuance of new Shares, which would lead to the dilution of our existing Shareholders' interests in our Company. If we are unable to obtain financing in a timely manner, at a reasonable cost and on acceptable terms, we may be forced to delay our expansion plans, or downsize or abandon such plans, which may materially and adversely affect our business, financial condition and results of operations, as well as our future prospects.

We may not be able to grow our business and reduce staff costs through using digital platforms.

We have launched digital platforms to integrate online and offline information and resources, connect consumers with us and allow them to easily access our services, and enable tenants or property owners of our managed retail commercial properties to introduce and promote new products and services. We also expect to reduce staff costs by improving operational efficiency using digital platforms. We intend to use approximately 25% of the net proceeds from the Global Offering to invest in technology to improve service quality, customer experience and engagement and enhance our operational efficiency. However, the existing digital platforms are relatively new and still evolving and we cannot assure you that we will be able to develop and launch our digital platforms as planned. We also cannot assure you that our investment in the digital platforms can be recovered in a timely manner, or at all, or our return would be comparable to those of other companies. The future growth of our digital platforms depends on our ability to continue to understand consumers' needs and preferences and attract new users. Given the ever-changing consumer preferences, we must stay abreast of emerging life-style and consumer preferences and anticipate product and service trends that will appeal to existing and potential users. New products and services, or entry into new markets, may require substantial time, resources and capital, and profitability targets may not be achieved. We cannot assure you that retail consumers at our managed properties will use the products and services provided or to be provided through our digital platforms. We may also fail to attract suitable merchants to provide products and services on our platforms. If consumers of our online platform cannot find information that fulfills their needs, they may lose interest in our digital platforms and thus may use our digital platforms less frequently, if at all, which in turn, could materially adversely affect our business, financial condition and results of operations.

We may also encounter technical problems, security issues and logistical issues that may prevent our online platforms from functioning properly and our users from receiving desired products and services. If we are unable to resolve such problems in a timely manner, or at all, we may lose our existing users or face lower user engagement, which in turn, could materially adversely affect our business, financial condition and results of operations.

We are exposed to interruptions and security risks in relation to third-party online payment platforms, including but not limited to, security breaches and identity theft, which may result in disruption of our operations and customer complaints, and may expose us to the risk of litigation which could materially and adversely affect our business, financial position, results of operations and our reputation.

We accept payments via various payment methods, including by not limited to online payment, auto-pay or third-party payment platforms. These online payments involve the transmission of confidential information such as credit card numbers and personal information over public networks. A secured transmission of confidential information would be essential to maintain consumer confidence. As the prevalence of using online payment methods increases, associated online crimes will likely increase as well. We have no control over the security measures taken by providers of our third-party platforms. In the event that the security and integrity of these third-party platforms are compromised, we may experience material adverse effects on our ability to process our revenue derived from our operations. In addition, increasing and enhancing our security measures and efforts as well as legal compliance during the use of the third-party payment platforms may impose additional costs and expenses but still not guarantee complete safety and compliance. We are exposed to litigation and possible liability in relation to security breaches of the online payment platforms. Even if a security breach did not occur on the online payment platforms that we use, if an Internet or mobile network security breach were to occur, the perceived security of online payment platforms in general may be adversely affected and cause users to be reluctant to further use our services. Any leak of confidential information or data, breach of network security, personal data security, or other misappropriation or misuse of personal information, including users' personal information without prior and proper consent, could cause interruptions in the operations of our business and subject us to increased costs, litigation and other liabilities, which could materially and adversely affect our business, financial position, results of operations and our reputation.

We are exposed to interruptions and security risks in relation to our information technology systems, which may result in disruption of our operations.

We rely on our information technology systems to manage key operational functions. For example, we rely on information technology systems to, among others, maintain quality control, which involves the collection and management of customer inquiries, requests and feedbacks, and organizing and tracking of our responses, follow-ups and conducting and recording internal assessments on service issues. We operate under a comprehensive internal management system where information related to human resources and financials is processed automatically. However, we cannot guarantee that damages or interruptions caused by power outages, computer viruses, hardware and software failures, telecommunication failures, fires, natural disasters, security breaches and other similar occurrences relating to our information technology systems will not occur in the future. If we fail to detect any system error or malfunction, continue to upgrade our information technology systems and network infrastructure, or take other measures to improve the efficiency of our information technology systems, system interruptions or delays could occur, which could adversely affect our operating results. In addition, occasional system interruptions and delays may occur to our customer service systems that make our services unavailable or difficult to access, and prevent us from promptly responding or providing services to our customers, which could reduce the attractiveness of our services and even incur losses to our customers who may bring legal proceedings against us. Moreover, we may incur significant costs in restoring any damaged information technology systems or to comply with any relevant data protection requirements under the relevant PRC laws and regulations. Failures in or disruptions to our information technology systems and loss or leakage of confidential information could cause transaction errors, processing inefficiencies and the loss of customers and sales. We may thus experience material adverse effects on our business and results of operations.

Failure to protect confidential information of our customers and our network against security breaches, any actual or perceived failure by us or third parties to comply with applicable data protection laws and regulations or privacy policies could harm our business, financial condition and results of operations.

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

Under the Cyber Security Law of the People's Republic of China (中華人民共和國網絡安全法) (promulgated by the SCNPC on November 7, 2016, came into effect on June 1, 2017) (the "Cyber Security Law"), network operators are generally obligated to protect their networks against disruption, damage or unauthorized access, and to prevent data leakage, theft or tampering. In addition, they will also be subject to specific rules depending on their classification under the multi-level network security protection scheme. With respect to personal information protection, the Cyber Security Law requires network operators not to disclose, tamper with or damage personal information collected or generated in the business operation, and they are obligated to delete unlawfully collected information and to amend incorrect information. In addition, network operators may not collect, use or provide personal information to others without consent. Moreover, on July 16, 2013, the Ministry of Industry and Information Technology of the PRC (中華人民共和國工業和信息化部) ("the "MIIT") promulgated the Provisions on Protection of Personal Information of Telecommunication and Internet Users (電信和互聯網用戶個人信息保護規定), which became effective on September

1, 2013, to regulate the collection and use of personal information of users in the provision of telecommunication service and Internet information services. These laws and regulations are relatively new and evolving, and their interpretation and enforcement involve significant uncertainties. The evolving PRC regulations regarding (i) data collection, usage and transfer; and (ii) cyber security may lead to future restrictions and the establishment of new regulatory agencies, and we may bear more legal responsibilities and compliance costs and may not be able to implement our strategies as planned.

Our success depends on retaining the continued services of our Directors, senior management and other qualified employees.

Our continued success is highly dependent upon the efforts of our Directors, senior management and other qualified employees who possess experience and expertise in property management and related industries. We believe their professional skills and high status in the industry will make us more competent and outstanding. If a material number of our qualified employees leave and we are unable to promptly hire and integrate suitable replacements, our business, financial position and results of operations may be materially and adversely affected. In addition, the future growth of our business will depend, in part, on our ability to attract and retain qualified personnel in all aspects of our business, including corporate management and property management personnel. If we are unable to attract and retain these qualified personnel, our growth may be limited and our business, financial position and operating results could be materially and adversely affected. See "Directors and Senior Management" for more information.

We may fail to obtain or renew required permits, licenses, certificates or other relevant PRC governmental approvals or filing procedures necessary for our business operations.

Real estate management industry is subject to multiple administration and supervision from various local governmental authorities. For example, we are required to obtain certain governmental approvals in the form of permits, licenses and certificates or other approvals or filing procedures in order to provide our services in different locations, and the material permits, licenses and/or certificates include Food Business License (食品經營許可證), Sanitary License (衛生許可證), High-risk Sports Program Business License (高危險性體育項目經營許可證), Permits or Filing for Parking Lots (停車場許可或備案), Filing for Non-local Property Service Companies (外地物業服務企業備案) and Filing for Company's Self-Recruiting Security Guards (自行招用保安員單位備案), etc. Generally, they are only issued or renewed after certain conditions have been satisfied according to the local rules and regulations, and the implementation of such rules and regulations may at the discretion of the relevant governmental authorities. We cannot assure you that we will not encounter obstacles toward fulfilling such conditions that delay us in obtaining or renewing, or result in our failure to obtain or renew, the required governmental approvals or complete the filing procedures in a timely manner. Moreover, we anticipate that the PRC Government and relevant authorities may promulgate new policies or at their discretion more flexible in relation to the conditions for issuance or renewal from time to time.

We cannot guarantee that such new policies and discretion will not present unexpected obstacles toward our ability to obtain or renew the required permits, licenses and certificates or that we will be able to overcome these obstacles in a timely manner, or at all. Furthermore, we cannot preclude the possibility that in the future, the relevant governmental authorities may require us to apply for such approvals or filing procedure which they currently confirm we do not need to obtain or process. Loss of or failure to obtain or renew our permits, licenses, certificates or filing may stall our business operations, possibly leading to material adverse effects on our business and results of operations.

Our residential property management services contracts may be obtained without going through the required tender and bidding process in the future.

We had entered into most of our preliminary property management service contracts in respect of residential properties with property developers through the tender and bidding process during the Track Record Period, as required under PRC laws and regulations and the compulsory requirement of relevant local authorities. According to the relevant PRC laws and regulations, property developers shall engage the residential property management service providers to provide preliminary property management services by going through the tender process or by directly entering into an agreement with the approval of the real estate administrative department of the district or county government where the property is located, and complete the necessary filing and registration procedures. If a property developer fails to do so, it might be imposed a penalty up to RMB100,000. However, there are no specific laws and regulations in the PRC setting out administrative penalties upon residential property management service providers for failing to enter into preliminary management service contracts through a tender and bidding process. In 2018, 2019 and 2020, we entered into three, one and nil preliminary residential property management contracts without participation in tender process, respectively, accounting for 10.0%, 5.9% and none of the total number of contracts we entered into during the same periods, respectively. As of the Latest Practicable Date, none of the above mentioned properties that we contracted to manage without participation in tender process had been delivered yet. See "Business—Residential Property Management Services—Residential Property Management Services—Tender Process."

We cannot assure you that we will obtain all of our preliminary property management service contracts through tender and bidding process in the future. In the event that a property developer fails to undergo the required tender process without approval or filing of the local authorities for any of our new preliminary management service contracts in the future and the property management contracts may be ruled to be invalid by the courts, the relevant property developer may need to organize another tender and bidding process to select a residential property management service provider for their projects. In the case that we do not win the tender and bidding, we may not continue our residential property management services for the relevant projects and, as a result, our revenue and business may be negatively impacted.

A significant portion of our operations of commercial property management is concentrated in the Western Taiwan Straits Economic Zone and the Yangtze River Delta Economic Zone, and a significant portion of our operations of residential property management is concentrated in the Western Taiwan Straits Economic Zone, and our business could be adversely affected in the event of any adverse development in government policies or business environment in these regions.

We focus on cities with high population densities in economically developed regions, and the majority of our operations of commercial property management are concentrated in the Western Taiwan Straits Economic Zone and the Yangtze River Delta Economic Zone. As of December 31, 2018, 2019 and 2020, we managed an aggregate GFA of approximately 0.6 million sq.m., 0.6 million sq.m. and 0.9 million sq.m., respectively, of commercial properties in the Western Taiwan Straits Economic Zone and the Yangtze River Delta Economic Zone, which accounted for approximately 92.2%, 92.2% and 94.5%, respectively, of our total GFA of commercial properties under our management as of such dates. Our revenue generated from commercial property management and operational services in the Western Taiwan Straits Economic Zone and the Yangtze River Delta Economic Zone accounted for approximately 32.6%, 36.7% and 42.4% of our total revenue in 2018, 2019 and 2020, respectively.

Meanwhile, the majority of our operations of residential property management are concentrated in the Western Taiwan Straits Economic Zone. As of December 31, 2018, 2019 and 2020, we managed an aggregate GFA of approximately 7.3 million sq.m., 7.5 million sq.m. and 8.8 million sq.m., respectively, of residential properties in the Western Taiwan Straits Economic Zone, which accounted for approximately 73.6%, 67.6% and 58.0%, respectively, of our total GFA of residential properties under our management as of such dates. Our revenue generated from residential property management services in the Western Taiwan Straits Economic Zone accounted for approximately 44.6%, 35.2% and 28.3% of our total revenue in 2018, 2019 and 2020, respectively.

Given such concentration, any material adverse social, economic or political development in or any natural disaster or epidemic affecting the Western Taiwan Straits Economic Zone and the Yangtze River Delta Economic Zone will materially and adversely affect our business, financial position and results of operations.

If we are unable to perform our contracts with customers, our results of operations and financial condition may be adversely affected.

As of December 31, 2018, 2019 and 2020, our contract liabilities amounted to RMB54.6 million, RMB62.7 million and RMB108.7 million, respectively. Our contract liabilities primarily arise from the advance payments received from customers of our commercial property management and operational services and residential property management services while the underlying services are yet to be provided by us. See "Financial Information—Description of Certain Combined Statements of Financial Position Items—Contract Liabilities." If we fail to fulfill our obligations under our contracts with customers, we may not be able to convert such contract liabilities into revenue, and our customers may also require us to refund the fees we have received, which may adversely affect our cash flow and liquidity condition and our ability to meet our working capital requirements and in turn, our results of operations and financial condition. In addition, if we fail to fulfill our obligations under our contracts with customers, it may also adversely affect our relationship with such customers, which may in turn affect our reputation and results of operations in the future.

Our rights to use our leased properties could be challenged, or we may be forced to relocate due to title defects, or we may be liable for failure to register our lease agreements, which may result in a disruption of our operations and subject us to penalties.

We lease certain properties from third parties mainly for our property leasing services or to be used as staff dormitories or offices. As of the Latest Practicable Date, we had not received sufficient or valid ownership certificates or other ownership documents of two properties from lessors. Any dispute or claim in relation to the titles of the properties that we occupy, including any litigation involving allegations of illegal or unauthorized use of these properties, could require us to relocate our offices occupying these properties. If any of our leases are terminated or voided as a result of challenges from third parties or the government, we would need to seek alternative premises and incur relocation costs. Any relocation could disrupt our operations and adversely affect our business, financial condition, results of operations and growth prospects. In addition, there can be no assurance that the PRC Government will not amend or revise existing property laws, rules or regulations to require additional approvals, licenses or permits, or impose stricter requirements on us to obtain or maintain relevant title certificates for the properties that we use.

Most of our lease agreements were not registered with the relevant government authorities and, as a result, we might be subject to administrative fines.

As of the Latest Practicable Date, we had not filed 98 lease agreements relating to properties we leased with the local housing administration authorities as required under PRC laws and regulations, primarily due to non-cooperation and the lack of title certificates of the relevant landlords. As advised by our PRC Legal Advisors, according to the applicable PRC regulations and requirements of local authorities, lessors of the related leases are required to provide us with certain documents (such as their identification information and title certificate of the property) and in certain areas, the lessors are required to apply in person in order to complete the administrative filing. In practice, although we had requested the lessors' cooperation, most lessors were not willing to apply in person and many were reluctant to provide original title certificates for the occupation of mortgage use or other personal reasons. Additionally, some lessors might have not yet obtained the relevant title certificate and therefore could not assist us in filing the lease agreements. According to applicable PRC regulations, the lessor and the lessee of a lease agreement are required to file the lease agreement with relevant governmental authorities within 30 days after the execution of the lease agreement. If the filing is not made, the governmental authorities may require that the filing be made within a stated period of time, failing which they may impose a fine ranging from RMB1,000 to RMB10,000 for each agreement that has not been properly filed. According to applicable PRC regulations, lessors of the related leases need to provide us with certain documents (such as their identification information and title certificate of the property) in order to complete the administrative filing. There can be no assurance that the lessors of our leased properties will be cooperative in the process of completing the filings. If we fail to complete the administrative filings within the period required by the relevant governmental authorities and relevant authorities determine that we shall be liable for failing to complete the administrative filings of all the relevant lease agreements, we might be subject to fines. Our PRC Legal Advisors have also advised us that the failure to register the lease agreement would not affect the validity of the lease agreement. See "Business—Properties" in this Prospectus.

There are uncertainties about the recoverability of our deferred tax assets, which could adversely affect our results of operations.

As of December 31, 2018, 2019 and 2020, our deferred tax assets amounted to RMB11.0 million, RMB9.4 million and RMB7.8 million, respectively, which mainly represent temporary differences arising from accrued liabilities and provisions and tax losses. See "Financial Information—Critical Accounting Policies and Estimates—Current and Deferred Income Tax" and Note 24 to the Accountants' Report in Appendix I to this Prospectus.

Deferred tax assets are recognized to the extent that it is probably that future taxable profit will be available against which the deductible temporary differences can be utilized. This requires significant judgment on the tax treatments of certain transactions and also assessment on the probability that adequate future taxable profits will be available for the deferred tax assets to be recovered. We cannot guarantee the recoverability or predict the movement of our deferred tax assets. If we fail to recover our deferred tax assets, this may adversely affect our financial position in the future.

Our insurance may not sufficiently cover, or may not cover at all, losses and liabilities we may encounter during the ordinary course of operation.

We purchase and maintain insurance policies that we believe to be aligned with the standard commercial practice in our industry and as required under relevant laws and regulations. See "Business—Insurance." However, we cannot assure that our insurance coverage will be sufficient or available to cover damage, liabilities or losses we may incur in the ordinary course of our business. We do not carry any business interruption insurance or litigation insurance as aligned with the customary market practice in the PRC. In additional, there are certain losses for which insurance is not available in the PRC on commercially practicable terms, such as losses suffered due to business interruptions, earthquakes, typhoons, flooding, war or civil disorder. If we are held responsible for any such damages, liabilities or losses and there is an insufficiency or unavailability of insurance, we could suffer significant costs and diversion of our resources, and thereby materially and adversely affect our business, financial condition and results of operation.

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

We have established risk management and internal control systems consisting of policies and procedures that we believe will contribute to the continued success of our business. See “Business—Internal Control and Risk Management.” However, we cannot guarantee that we will always be able to detect, prevent and take remedial measures in relation to fraud, negligence or other misconduct (accidental or otherwise), such as theft, vandalism and bribery, committed by employees, subcontractors or third parties in a timely and effective manner.

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. To the extent that we cannot recover related costs from the employees, subcontractors or third parties involved, we may experience material adverse effects on our business, financial position and results of operations. We may also attract negative publicity and incur damages to our reputation and brand value.

We may be involved in legal and other disputes and claims from time to time during the ordinary course of operation.

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

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

Our intellectual properties are our crucial business assets, which are key to our customer loyalty and essential to our future growth. The success of our business depends to a certain extent upon our continued ability to use our trade names and trademarks to increase brand recognition and to develop our business brands. Unauthorized reproduction or infringement of our trade names or trademarks could diminish the value of our brands as well as our market reputation and competitive advantages. The unauthorized third party may use our intellectual property in ways that damage our reputation and brand names, such as providing services that are at lower standards or handling customer relationship in bad manner.

We rely on a combination of trademarks, confidentiality procedures and contractual provisions as well as legal registration to protect our intellectual property rights. Nevertheless, we cannot guarantee that such measures provide full protection. Policing unauthorized use of proprietary information can be difficult and expensive. In addition, the intellectual property laws and regulations in the PRC are still immature as compared with most developed countries, and therefore the enforceability, scope and validity of laws governing intellectual property rights in the PRC are uncertain and still evolving, which could involve substantial risks to us. If we fail to detect unauthorized use of, or take appropriate steps to enforce, our intellectual property rights, it could have a material adverse effect on our business, results of operations and financial position.

Any claims by third parties alleging possible infringement of their intellectual property rights would have a material adverse effect on our business, brand value and reputation.

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

We may be subject to fines for any inability to comply with national environmental, health and safety standards.

We are subject to extensive and increasingly stringent environmental protection, health and labor safety laws, regulations and decrees that impose fines for violation of such laws, regulations or decrees. In addition, there is a growing awareness of environmental, health and labor safety issues, and we may sometimes be expected to meet a standard which is higher than the compulsory requirements. We cannot guarantee that more stringent environmental protection, health and labor safety requirements or standards will not be imposed in the future. We cannot assure you that our procedures and training will be completely effective in satisfying all relevant environmental and safety requirements. If we are unable to comply with existing or future environmental, health and labor safety laws and regulations or are unable to meet public expectations in relation to relevant matters, our reputation may be damaged or we may be required to pay penalties or fines or take remedial actions and our operations may be suspended, any of which may materially and adversely impact our business, financial position, results of operations and growth prospects.

We are exposed to liabilities from disputes involving losses or damages incurred by products and services marketed through our community value-added services and/or value-added services to non-property owners as well as other incidents in our business that may expose us to liability and reputational risk.

We may encounter different incidents during the course of our business which may materially and adversely affect our business operation. Claims may arise due to our employees' or third-party subcontractors' negligence or recklessness when providing community value-added services and/or value-added services to non-property owners. In addition, product liability may arise from reselling or advertising the products or services through our community value-added services and/or value-added services to non-property owners under the Laws on the Protection and Rights and Interests of Consumers of the PRC (《中華人民共和國消費者權益保護法》), the Civil Code of the PRC and other relevant PRC laws and regulations. For instance, claims may be brought against us by purchasers, regulatory authorities or other third parties alleging, among others, that: (i) the quality of the products sold or services provided by or through us fail to conform to required product or service quality; (ii) advertisements made in common areas with respect to such products or services are false, deceptive, misleading, libelous, injurious to the public welfare otherwise offensive; (iii) such products or services are defective or injurious and may be harmful to others; and (iv) such marketing, communication or advertising infringe on the proprietary rights of other third parties. These occurrences could result in damage to, or destruction of, properties of the communities, personal injury or death and legal liability. Violation of product quality and safety requirements by third-party vendors may subject us to confiscation of related earnings, penalties or an order to cease sales of the defective products. If the offense is determined to be serious, our business license to sell these products could be suspended or revoked and we could be ordered to cease operations pending rectification.

We may be held liable for the personal injuries or property losses of our customers due to the foregoing incidents that may occur during the course of our business. We may be required to recall our products and may face product liability claims due to a material design, manufacturing or quality failure in the products or services offered or advertised by us. End users may not use the products offered or advertised by or through us in accordance with product usage instructions, possibly resulting in injuries and our responsibility towards such injuries. We may also experience interruptions to our business and may be required to change the manner in which we operate as a result of governmental investigations or the implementation of safety measures upon occurrence of accidents. Any of these events could materially harm our brand and reputation and marketability of such products or services, which may materially and adversely affect our business, results of operation and financial position.

Natural disasters, acts of war, occurrence of epidemics and other disasters could affect our business and the national and regional economies in the PRC.

Our business is subject to general economic and social conditions in the PRC. 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 the PRC. Some regions in the PRC, including the cities where we operate, are under the threat of flood, earthquake, sandstorm, snowstorm, fire, drought, or epidemics such as the Severe Acute Respiratory Syndrome, or SARS, the H5N1 avian flu, the human swine flu, also known as Influenza A (H1N1), or, most recently, the COVID-19 pandemic. See "—Risks Relating to Our Business and Industry—Our business operations may be affected by the COVID-19 pandemic." Past occurrences of epidemics, depending on their scale, have caused different degrees of damage to the national and local economies in the PRC. Another public health crisis in the PRC triggered by a recurrence of SARS or an outbreak of any other epidemics, including, for example, the ongoing COVID-19 pandemic, especially in the cities where we have operations, may result in material disruptions to our operations. In addition, the outbreak of communicable diseases may affect investment sentiment and result in sporadic volatility in global capital markets or adversely affect the PRC and other economies. Such outbreak has resulted in restrictions on travel and public transportation and prolonged closures of workplaces, which may have a material adverse effect on the global economy. Any material change in the financial markets, the PRC economy or regional economies as a result of these events or developments may materially and adversely affect our business, financial position and results of operations.

Our business is significantly influenced by various factors affecting our industry and general economic conditions and may be adversely affected by fluctuations in the global economy and financial markets.

Our business, financial position and results of operations are and will continue to be dependent on various factors affecting the property management industry, the real estate industry and general economic conditions, most of which are beyond our control. For example, any economic slowdown, recession or other developments in the PRC social, political, economic or legal environment could result in fewer new property development projects, or a decline in the purchasing power of residents living in the communities we manage, resulting in a lower demand for our property management services and value-added services. As such, our business, financial position, results of operations and prospects would be materially and adversely affected.

In addition, the outlook for the world economy and financial markets remains uncertain. In Europe, several countries are facing difficulties in refinancing sovereign debt. In the United States, the unemployment rate remains relatively high. In Asia and other emerging markets, some countries are expecting increasing inflationary pressure as a consequence of liberal monetary policy or excessive foreign fund inflow and outflow, or both. In the Middle East, Eastern Europe and Africa, political unrest in various countries has resulted in economic instability and uncertainty. In Europe, the United Kingdom (the "UK") ceased to be a member of the European Union (the "EU") on January 31, 2020 ("Brexit"). During a prescribed period (the "Transition Period"), certain transitional arrangements were in effect, such that the UK continued to be treated, in most respects, as if it were still a member of the EU, and generally remained subject to EU law. On December 24, 2020, the EU and the UK reached an agreement in principle on the terms of certain agreements and declarations governing the ongoing relationship between the EU and the UK, including the EU-UK Trade and Cooperation Agreement (the "TCA"); and, on December 30, 2020, the Council of the European Union adopted a decision authorizing the signature of the TCA and its provisional application for a limited period between January 1, 2021 to February 28, 2021, pending ratification of the TCA by the European Parliament (the "Provisional Period"). The Provisional Period may be extended by mutual agreement between the EU and the UK. Legislation to implement the TCA in the UK came into effect beginning on December 31, 2020. The Transition Period ended on December 31, 2020 and the Provisional Period is now in effect. However, the TCA is limited in its scope to primarily the trade of goods, transport, energy links and fishing, and uncertainties remain relating to certain aspects of the UK's future economic, trading and legal relationships with the EU and with other countries. The actual or potential consequences of Brexit, and the associated uncertainty, could adversely affect economic and market conditions in the UK, in the EU and its member states and elsewhere, and could contribute to instability in global financial markets.

These and other issues resulting from the global economic slowdown and financial market turmoil have adversely affected, and may continue adversely affecting, property owners and potential property purchasers, which may lead to a decline in the general demand for our services and erosion of their prices. In addition, any further tightening of liquidity in the global financial markets may negatively affect our liquidity. Therefore, if the global economic slowdown and turmoil in the financial markets crisis continue, our business, financial condition and results of operations may be negatively affected.

We are subject to changing laws and regulations regarding regulatory matters, environmental, social and governance and public disclosure that have increased both our costs and the risk of non-compliance.

We are or will be subject to rules and regulations by various governing bodies, including, for example, once we have become a public company, the Stock Exchange and the SFC, which are charged with the protection of investors and the oversight of companies whose securities are publicly traded, as well as the various regulatory authorities in the PRC and the Cayman Islands, and to new and evolving regulatory measures under applicable laws. Our efforts to comply with new and changing laws and regulations have resulted in, and are likely to continue to result in, increased general and administrative expenses and a diversion of management time and attention from revenue-generating activities to compliance activities.

Moreover, because these laws, regulations and standards are subject to varying interpretations, their application in practice may evolve over time as new guidance becomes available. This evolution may result in continuing uncertainty regarding compliance matters and additional costs necessitated by ongoing revisions to our disclosure and governance practices. If we fail to address and comply with these regulations and any subsequent changes, we may be subject to penalties and our business may be harmed.

RISKS RELATING TO CONDUCTING BUSINESS IN THE PRC

The PRC economic, political and social conditions as well as government policies could affect our business, results of operation, financial position and prospects.

Our major business, assets and operations are located in the PRC. Therefore, our business, results of operation, financial position and prospects are, to a large extent, subject to the economic, political, social and legal conditions in the PRC. The economy of the PRC differs from the economies of most developed countries in many respects, including, among other things, structure, level of government involvement, level of development, growth rate, control of foreign exchange and allocation of resources.

The PRC has transformed from a planned economy to a market oriented economy since 1978. While the PRC economy has grown significantly in the past four decades, growth has been uneven, both geographically and among the various sectors of the economy. The PRC Government has implemented various measures to encourage economic growth and guide the allocation of resources. Some of these measures benefit the overall PRC economy, but may also negatively affect our operations. For example, our financial position and results of operations may be adversely affected by the PRC Government's control over capital investment, price controls or any changes in tax regulations or foreign exchange controls that are applicable to us. In addition, many of the reform measures are unprecedented or experimental and are expected to be modified from time to time. Other political, economic and social factors may lead to further adjustment. Going forward, our business may, from time to time, be subject to the transforming economic situations and legal environment in the PRC. In particular, demand for our services and our business, financial position and results of operations may be adversely affected by:

- political instability or changes in social conditions in the PRC;
- changes in laws, regulations or policies or the interpretation of laws, regulations or policies;
- measures which may be introduced to control inflation or deflation;
- changes in interest rates or market disruptions experienced in overseas markets that directly or indirectly affect the capital markets of the PRC;
- changes in the rate or method of taxation; and
- imposition of additional restrictions on currency conversion and remittances abroad.

Furthermore, there is no assurance that the substantial growth in the PRC economy in the previous decades will continue or continue at the same pace. In May 2017, Moody's Investors Service downgraded China's sovereign credit rating for the first time since 1989 and changed its outlook from stable to negative, citing concerns on the country's rising levels of debt and expectations of slower economic growth. In recent years, the trade war between the U.S. and China further slows down the growth of the PRC economy and gives rise to uncertainties on the global economy. In 2018 and 2019, the U.S. Government, under the administration of President Donald J. Trump, imposed several rounds of tariffs on cumulatively US$550 billion worth of Chinese products. In retaliation, the PRC Government responded with tariffs on cumulatively US$185 billion worth of U.S. products. In addition, in 2019, the U.S. Government restricted certain Chinese technology firms from exporting certain sensitive U.S. goods. The PRC Government lodged a complaint in the World Trade Organization against the U.S. over the import tariffs in the same year. The trade war created substantial uncertainties and volatilities to global markets. On January 15, 2020, the U.S. and Chinese governments signed the U.S.-China Economic and Trade Agreement (the "Phase I Agreement"). Subsequent to the entering of Phase I Agreement, the PRC government and the U.S. government adopted specific measures to exclude imports from the other country from additional tariffs. It remains to be seen whether the Phase I Agreement will be abided by both governments and successfully reduce trade tensions. The lasting impact the trade war may have on China's economy and the real estate industry remains uncertain. Should the trade war materially impact the PRC economy, the purchasing power and needs of our customers could be negatively affected. The full impact of relevant events remains to be seen, but the perceived weaknesses in China's economic development model, if proven and left unchecked, would have profoundly adverse implications.

We may be subject to a tax rate of 25% on our global income if we are deemed to be a PRC resident enterprise under the EIT Laws.

Under the EIT Law, an enterprise established outside of the PRC may be considered a "PRC resident enterprise" and will generally be subject to the uniform enterprise income tax rate of 25% on its global income if its "de facto management body" is located in the PRC. "De facto management body" is defined as the organizational body that effectively exercise management and control over such aspects as the business operations, personnel, accounting and properties of the enterprise.

On April 22, 2009, SAT promulgated the Notice Regarding the Determination of Chinese-Controlled Offshore Incorporated Enterprises as PRC Tax Resident Enterprises on the Basis of De Facto Management Bodies (《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》) ("Circular 82"), as amended on January 29, 2014 and December 29, 2017, which sets out the standards and procedures for determining whether the "de facto management body" of an enterprise registered outside of the PRC and controlled by PRC enterprises or PRC enterprise groups is located within the PRC. Under Circular 82, a foreign enterprise controlled by a PRC enterprise or PRC enterprise group is considered a PRC resident enterprise if all of the following apply: (i) the senior management and core management departments in charge of daily business, operations are located mainly within the PRC; (ii) financial and human resources decisions are subject to determination or approval by persons or bodies in the PRC; (iii) major assets, accounting books, company seals and minutes and files of board and shareholders' meetings are located or kept within the PRC; and (iv) at least half of the enterprise's directors with voting rights or senior management reside within the PRC. In addition, Circular 82 also requires that the determination of "de facto management body" shall be based on the principle that substance is more important than form. In addition to Circular 82, the SAT issued the Chinese-Controlled Offshore Incorporated Resident Enterprises Income Tax Regulation (Trial Implementation) (《境外註冊中資控股居民企業所得稅管理辦法(試行)》) ("Bulletin 45"), which took effect on September 1, 2011 and amended on June 1, 2015 and October 1, 2016 and June 15, 2018, which provides procedures and administrative details for the determination of resident status and administration of post-determination matters. Although Circular 82 and Bulletin 45 explicitly provide that the above standards apply to enterprises which are registered outside of the PRC and controlled by PRC enterprises or PRC enterprise groups, Circular 82 may reflect SAT's criteria for determining the tax residence of foreign enterprises in general. If we are deemed a PRC resident enterprise, we may be subject to the EIT rate of 25% which could adversely affect our financial position and results of operation.

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

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

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

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 the PRC. See "Regulatory Overview—VII. Regulations Relating to Foreign Exchange Management." We receive 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 from appropriate government authorities is required where Renminbi is to be converted into foreign currency and remitted out of the PRC 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.

Payment of dividends is subject to restrictions under PRC law.

Under PRC law, dividends can only be paid out of distributable profit of a PRC company. Distributable profit is our profit as determined under PRC GAAP, whichever is lower, less any recovery of accumulated losses and appropriations to statutory and other statutory funds we are required to make. As a result, we may not have sufficient or any distributable profit that allows us to make dividend distributions to our Shareholders, especially during the periods for which our financial statements indicate that our operations have been unprofitable. Any distributable profit not distributed in a given year is retained and available for distribution in subsequent years.

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

A substantial portion of our business is conducted in Renminbi. However, following the Global Offering, we may also maintain a significant portion of the proceeds in Hong Kong dollars before they are used in our PRC operations. The value of the Renminbi against the US dollar, Hong Kong dollar and other currencies may be affected by changes in the PRC's policies and international economic and political developments. As a result of these and any future changes in currency policy, the exchange rate may become volatile, the Renminbi may be revalued further against the US dollar or other currencies or the Renminbi may be permitted to enter into a full or limited free float, which may result in an appreciation or depreciation in the value of the Renminbi against the US dollar or other currencies. Fluctuations in exchange rates may adversely affect the value, translated or converted into US dollars or Hong Kong dollars, which are pegged to the US dollar, of our cash flows, revenues, earnings and financial position, and the value of, and any dividends payable to us by our PRC subsidiaries. An appreciation of the Renminbi against the US dollar or the Hong Kong dollar would make any new Renminbi-denominated investments or expenditures more costly to us, to the extent that we need to convert US dollars or Hong Kong dollars into Renminbi for such purposes.

Regulations relating to offshore investment activities by PRC residents may subject us to fines or sanctions imposed by the PRC Government, including restrictions on the ability of our PRC subsidiaries to pay dividends or make distributions to us and our ability to increase our investment in our PRC subsidiaries.

In July 2014, the SAFE promulgated the Circular on Management of Offshore Investment and Financing and Round Trip Investment By Domestic Residents through Special Purpose Vehicles (Huifa [2014] No. 37) (《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》 (匯發[2014]37號)) ("Circular 37"). Pursuant to Circular 37 and its implementation rules, PRC residents, including PRC institutions and individuals, must register with local branches of SAFE in connection with their direct or indirect offshore investments in an overseas special purpose vehicle, or SPV, directly established or indirectly controlled by PRC residents for the purposes of offshore investment and financing with their legally owned assets or interests in domestic enterprises, or their legally owned offshore assets or interests or any inbound investment through SPVs. Such PRC residents are also required to amend their registrations with SAFE when there is change to the required information of the registered SPV, such as changes to its PRC resident individual shareholder, name, operation period or other basic information, or the PRC individual resident's increase or decrease in its capital contribution in the SPV, or any share transfer or exchange, merger or division of the SPV. Pursuant to Circular of the State Administration of Foreign Exchange on Further Simplifying and Improving the Direct Investment-related Foreign Exchange Administration Policies (《關於進一步簡化和改進直接投資外匯管理政策的通知》) (匯發[2015]13號) (Huifa [2015] No. 13) ("Circular 13"), the foreign exchange registration aforesaid has been directly reviewed and handled by banks since June 1, 2015, and SAFE and its branches perform indirect regulation over such foreign exchange registration through local banks. Under this regulation, failure to comply with the registration procedures set forth in Circular 37 may result in restrictions being imposed on the foreign exchange activities of our PRC subsidiaries, including the payment of dividends and other distributions to its offshore parent or affiliate, the capital inflow from the offshore entities and its settlement of foreign exchange capital, and may also subject the relevant onshore company or PRC residents to penalties under PRC foreign exchange administration regulations.

We are committed to complying with and ensuring that our Shareholders who are subject to the regulations will comply with the relevant rules. Any future failure by any of our Shareholders who is a PRC resident, or controlled by a PRC resident, to comply with relevant requirements under this regulation could subject us to penalties or sanctions imposed by the

PRC Government. However, we may not at all times be fully aware or informed of the identities of all of our Shareholders who are PRC residents, and we may not always be able to timely compel our Shareholders to comply with the requirements of Circular 37. Moreover, there is no assurance that the PRC Government will not have a different interpretation of the requirements of Circular 37 in the future.

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

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

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

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

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

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

As our businesses are primarily conducted and our assets are almost all located in the PRC, we are governed principally by the PRC laws and regulations. The PRC legal system is based on written statutes, and prior court decisions can only be cited as reference. Although the PRC Government has promulgated laws and regulations in relation to economic matters such as foreign investment, corporate organization and governance, commerce, taxation, finance, foreign exchange and trade, with a view to developing a comprehensive system of commercial law since 1978, China has not developed a fully integrated legal system. The recent laws and regulations may not sufficiently cover all aspects of economic activities in the PRC, or may be unclear or inconsistent. In particular, since the property management industry is in its early developmental stage in the PRC, the laws and regulations relating to this industry are evolving and may not be comprehensive. Because of the limited volume of published decisions and their non-binding nature, the interpretation and enforcement of PRC laws and regulations involve uncertainties and can be inconsistent and may varies according to locations and level of the government authorities or courts. Even where adequate laws exist in the PRC, the enforcement of existing laws or contracts based on existing laws may be uncertain or sporadic, and it may be difficult to obtain swift and equitable enforcement of a judgment by a PRC court. Furthermore, the PRC legal system is based in part on government policies and internal rules, some of which are not published on a timely basis, or at all, that may have a retroactive effect. As a result, we may not be aware of our violation of these policies and rules in a timely manner. Finally, any litigation in the PRC may be protracted and result in substantial costs and the diversion of resources and management's attention. The materialization of all or any of these uncertainties could have a material adverse effect on our financial position and results of operations.

It may be difficult to effect service of process on our Directors or executive officers who reside in the PRC or to enforce against us or them in the PRC any foreign judgments.

We are incorporated in the Cayman Islands. A majority of our Directors and senior management members reside in the PRC. Therefore, it may be difficult for investors to effect service of process upon those persons inside the PRC or to enforce against us or them in the PRC any foreign judgments. China does not have treaties providing for the reciprocal recognition and enforcement of judgments of courts with the United States, the United Kingdom, Japan and many other developed countries. Therefore, recognition and enforcement in the PRC of judgments of a court in any of these jurisdictions may be difficult or even impossible. On July 14, 2006, the Supreme People's Court of China and the Government of Hong Kong entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters under Consensual Jurisdiction (《關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排》). Pursuant to the Arrangement, a party with a final court judgment rendered by a Hong Kong court requiring payment of money in a civil and commercial case pursuant to a choice of court agreement in writing may apply for recognition and enforcement of the judgment in the PRC. Similarly, a party with a final judgment rendered by a PRC court requiring payment of money in a civil and commercial case pursuant to a choice of court agreement in writing may apply for recognition and enforcement of such judgment in Hong Kong. A choice of court agreement in writing is defined as any agreement in writing entered into between the parties after the effective date of the arrangement in which a Hong Kong or PRC court is expressly designated as the court having sole jurisdiction for the dispute. Therefore, it may not be possible to enforce a judgment rendered by a Hong Kong court in the PRC if the parties in dispute do not agree to enter into a choice of court agreement in writing. It may be also difficult or impossible for investors to enforce a Hong Kong court judgment against our assets or our Directors or senior management in the PRC. On January 18, 2019, the Supreme People's Court of China and the Government of Hong Kong entered into the Arrangement for Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Cases by the Courts of the Mainland and of the Hong Kong Special Administrative Region (《關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》), stipulated that judgments in civil and commercial cases by the courts of the mainland and of Hong Kong shall be reciprocal recognized and enforced with due application of parties, even without Consensual Jurisdiction. The above Arrangement will come into effect after the Supreme People's Court of PRC promulgates a judicial interpretation and relevant procedures are completed in Hong Kong.

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, 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.

RISKS RELATING TO THE GLOBAL OFFERING AND SPIN-OFF

There has been no prior market for our Shares, and their liquidity and market price following the Global Offering may be volatile.

Prior to the Global Offering, there was no public market for our Shares. The indicative offer price range and the Offer Price will be determined by negotiations between us and the Joint Representatives (on behalf of the Underwriters), and they may differ significantly from the market price of our Shares following the Global Offering.

We have applied to list and deal in our Shares on the Stock Exchange. However, even if approved, there can be no guarantee that: (i) an active or liquid trading market for our Shares will develop; (ii) if such a trading market does develop, it will be sustained following completion of the Global Offering; or (iii) the market price of our Shares will not decline below the Offer Price. The trading volume and price of our Shares may be subject to significant volatility in response to, among others, the following factors:

- variations in our financial position and/or results of operations;
- changes in securities analysts' estimates of our financial position and/or results of operations, regardless of the accuracy of information on which their estimates are based;
- changes in investors' perception of us and the investment environment generally;
- loss of visibility in the markets due to lack of regular coverage of our business;
- strategic alliances or acquisitions;
- industrial or environmental accidents, litigation or loss of key personnel;
- changes in laws and regulations that impose limitations on our industry;
- announcements made by us or our competitors;
- changes in pricing adopted by us or our competitors;
- release or expiry of lock-up or other transfer restrictions on our Shares;
- the liquidity of the market for our Shares; and
- general economic and other factors.

Purchasers of our Offer Shares in the Global Offering will experience immediate dilution and may experience further dilution if we issue additional Shares in the future.

The Offer Price of our Offer Shares is higher than the combined net tangible assets per Share immediately prior to the Global Offering. Therefore, if we distribute our net tangible assets to our Shareholders immediately following the Global Offering, purchasers of our Offer Shares in the Global Offering will experience an immediate dilution in unaudited pro forma adjusted combined net tangible assets and will receive less than the amount they paid for their Shares.

In order to expand our business, we may consider offering and issuing additional Shares in the future. We may also raise additional funds to finance future acquisitions or expansions of our business operations by issuing new Shares or other securities of our Company in the future. As a result, purchasers of our Offer Shares may experience dilution in the net tangible assets value per Share of their investments in the Offer Shares and such newly issued Shares or other securities may confer rights and privileges that have priority over those of the then Shareholders.

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

Future issues of the Shares by our Company or the disposal of the Shares by any of our Shareholders or the perception that such issues or sale may occur, may negatively affect the prevailing market price of the Offer Shares. The market price of our Shares could decline as a result. Our Shareholders may experience dilution in their holdings in the event we issue additional securities in future offerings. Moreover, future sales or perceived sales of a substantial amount of our Offer Shares or other securities relating to our Offer Shares in the public market may adversely affect our ability to raise capital in the future at a time and at a price which we deem appropriate.

The market price of our Offer Shares when trading begins could be lower than the Offer Price as a result of, among other things, adverse market conditions or other adverse developments that could occur between the time of sale and the time trading begins.

The final Offer Price will be determined on the Price Determination Date. However, the Offer Shares will not commence trading on the Stock Exchange until they are delivered. As a result, investors may not be able to sell or otherwise deal in the Offer Shares during that period. Accordingly, holders of the Offer Shares are subject to the risk that the price of the Offer 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.

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

Any declaration of dividends will be proposed and determined by our Board of Directors, and the amount of any dividends will depend on various factors, including but not limited to, our results of operations, financial performance, profitability, business development, prospects, capital requirements, economic outlook and other factors that our Directors deem relevant. We cannot guarantee that dividends of any amount will be declared or distributed in any year. See "Financial Information—Dividend Policy and Distributable Reserve."

Our Controlling Shareholders have substantial influence over our Company and their interests may not align with the interests of Shareholders who subscribe for Shares in the Global Offering.

Immediately upon completion of the Spin-off, our Controlling Shareholders will directly or indirectly control the exercise of 62.43% of voting rights in the general meeting of our Company. For more information, see the section entitled "Relationship with Controlling Shareholders" in this Prospectus. The interests of our Controlling Shareholders may differ from the interests of our other Shareholders. Our Controlling Shareholders will have significant influence on the outcome of any corporate transaction or other matters submitted to our Shareholders for approval, including mergers, consolidations, sales of all or substantially all of our assets, election of Directors and other significant corporate actions. This concentration of ownership may discourage, delay or prevent changes in control of our Company that would otherwise benefit our other Shareholders. To the extent that the interests of our Controlling Shareholders conflict with those of our other Shareholders, our other Shareholders may be deprived of opportunities to advance or protect their interests.

Our management has significant discretion as to how to 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 that you may not agree with or that do not yield a favorable return to our Shareholders. By investing in our Shares, 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. See "Future Plans and Use of Proceeds."

Investors may experience difficulties in enforcing their Shareholder rights because we are incorporated in the Cayman Islands, and the protection afforded to minority Shareholders under Cayman Islands law may be different from that under the laws of Hong Kong or other jurisdictions.

Our Company is incorporated in Cayman Islands and its affairs are governed by our Memorandum, Articles of Association, the Cayman Islands Companies Act and the common law of the Cayman Islands. The laws of the Cayman Islands may differ from those of Hong Kong or those of other jurisdictions where investors may be located. As a result, minority Shareholders may not enjoy the same rights as those afforded under the laws of Hong Kong or in other jurisdictions. A summary of the Cayman Islands Company Law on protection of minority shareholders is set out in "Summary of the Constitution of the Company and Cayman Islands Company Law—3. Cayman Islands Company Law—(f) Protection of Minorities and Shareholders' Suits" in Appendix III to this Prospectus.

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

The Offer Price of our Shares will be determined on the Price Determination Date, which is expected to be on or around June 24, 2021. However, our Shares will not commence trading on the Stock Exchange until the Listing Date, which is expected to be July 2, 2021. Accordingly, investors may not be able to sell or deal in our Shares during the period between the Price Determination Date and the Listing Date. Our Shareholders are subject to the risk that the price of our Shares could fall before trading begins, as a result of adverse market conditions or other adverse developments that could occur between the Price Determination Date and the Listing Date.

The accuracy of certain facts and other statistics with respect to the PRC, the PRC economy and our relevant industries in this Prospectus which are derived from various official government sources and third-party sources cannot be guaranteed.

Certain facts and other statistics in this Prospectus relating to the PRC, the PRC economy and the industries relevant to us have been derived from various official government publications, from JLL and publicly available sources. However, we cannot guarantee the quality or reliability of these sources. They have not been prepared or independently verified by us, the Joint Sponsors, the Joint Representatives, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters or any of their affiliates or advisors and, therefore, we make no representation as to the accuracy of such facts and statistics. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice and other problems, the facts and statistics herein may be inaccurate or may not be comparable to facts and statistics produced for other economies. Moreover, certain financial and business performance metrics obtained from these sources regarding certain other market participants may be calculated in a method that is different from ours, we cannot assure you that these market participants' financial and business performance metrics are directly comparable to ours. As a result, prospective investors should consider carefully how much weight or importance they should attach to or place on such facts or statistics.

Investors should read the entire Prospectus carefully and should not consider any particular statements in published media reports without carefully considering the risks and other information contained in this Prospectus.

There may be coverage in the media regarding the Global Offering and our operations. There had been, prior to the publication of this Prospectus, and 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 contained, among other matters, certain financial information, projections, valuations and other forward-looking information about us and Global Offering. We do not accept any responsibility for the accuracy or completeness of the information and make no representation as to the appropriateness, accuracy, completeness or reliability of any information disseminated in the media. To the extent that any of the information in the media is inconsistent or conflicts with the information contained in this Prospectus, we disclaim it. Accordingly, prospective investors should read the entire Prospectus carefully and should not rely on any of the information in press articles or other media coverage. Prospective investors should only rely on the information contained in this Prospectus and the Application Forms to make investment decisions about us.

Forward-looking information in this Prospectus is subject to risks and uncertainties.

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 various risks, uncertainties and 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 with 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 Stock Exchange.

In preparation for the Global Offering, we have 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 sufficient management presence in Hong Kong and in normal circumstances, at least two of the issuer's executive directors must be ordinarily resident in Hong Kong.

Currently, only one of our executive Directors, namely Mr. Wong Lun, ordinarily resides in Hong Kong. Our Company does not, and for the foreseeable future will not, have other executive Directors who are ordinarily resident in Hong Kong for the purpose of satisfying the requirements under Rule 8.12 of the Listing Rules. Our Group's business operations and assets are primarily based outside Hong Kong, and it would be practically difficult and not commercially necessary for us to relocate additional executive Directors to Hong Kong for the purpose of satisfying the requirements under Rule 8.12 of the Listing Rules. Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange has granted us, a waiver from compliance with Rule 8.12 of the Listing Rules on the basis that the following measures have been adopted by us:

(1) we have appointed two authorized representatives, Mr. Wong Lun and Mr. Niu Wei, both being our executive Directors, pursuant to Rule 3.05 of the Listing Rules who will act as our Company's principal channel of communication with the Stock Exchange and ensure that they comply with the Listing Rules at all times. As disclosed above, Mr. Wong Lun is ordinarily resident in Hong Kong. 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 and email. Each of the two authorized representatives is authorized to communicate on our behalf with the Stock Exchange;

(2) both our authorized representatives have means to contact all members of our Board (including our independent non-executive Directors) promptly at all times as and when the Stock Exchange wishes to contact the members of our Board for any matters. Our Directors who are not ordinarily resident in Hong Kong possess or can apply for valid travel documents to visit Hong Kong and will be able to meet with the Stock Exchange within a reasonable period of time, when required. All Directors have provided their mobile phone numbers, fax numbers and e-mail addresses (where available) to our authorized representatives, in the event that a Director expects to travel or is otherwise out of office, he/she will endeavor to provide the phone number of the place of his/her accommodation to our authorized representatives or maintain an open line of communication via his/her mobile phone and all Directors and authorized representatives have provided his/her mobile numbers, office phone numbers, fax numbers and email addresses (where available) to the Stock Exchange;

(3) we will appoint Octal Capital Limited as our compliance advisor pursuant to Rule 3A.19 of the Listing Rules, which has access at all times to the authorized representatives, Directors, senior management and other officers of our Company, and will act as an additional channel of communication between the Stock Exchange and us; and

(4) meetings between the Stock Exchange and our Directors could be arranged through our authorized representatives or the compliance advisor, or directly with our Directors within a reasonable time frame. Our Company will promptly inform the Stock Exchange of any changes of our authorized representatives and/or the compliance advisor.

CONNECTED TRANSACTIONS

We have entered into certain transactions which will constitute continuing connected transactions for our Company under the Listing Rules after the Listing. We have applied for, and the Stock Exchange has granted us, waivers from strict compliance with (i) the announcement requirements under Chapter 14A of the Listing Rules in respect of the continuing connected transaction as disclosed in "Connected Transactions—(B) Continuing Connected Transactions subject to the Reporting, Annual Review and Announcement Requirements but exempt from the Independent Shareholders' Approval Requirement"; and (ii) the announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules in respect of the continuing connected transactions as disclosed in "Connected Transactions—(C) Continuing Connected Transactions subject to the Reporting, Annual Review, Announcement and Independent Shareholders' Approval Requirements." See the section headed "Connected Transactions" for further information.

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This Prospectus, for which our Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the Laws of Hong Kong) and the Listing Rules for the purpose of giving information to the public with regard to us. Our Directors collectively, having made all reasonable enquiries, confirm that to the best of their knowledge and belief that 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 in this Prospectus misleading.

THE GLOBAL OFFERING AND THIS PROSPECTUS

This Prospectus is published solely in connection with the Hong Kong Public Offering and the Preferential Offering, which form part of the Global Offering. For applicants under the Hong Kong Public Offering and for the Qualifying China SCE Shareholders under the Preferential Offering, this Prospectus and the Application Forms contain all the terms and conditions of the Hong Kong Public Offering and the Preferential Offering.

The Hong Kong Offer Shares and the Reserved Shares are offered solely on the basis of the information contained and the 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 in connection with the Global Offering to give any information or to make any representation not contained in this Prospectus and the relevant Application Forms, and any information or representation not contained herein and therein must not be relied upon as having been authorized by the Company, any Joint Sponsor, any Joint Representative, any Joint Global Coordinator, any Joint Bookrunner, any Joint Lead Manager, any Underwriter, any of their respective directors, officers, employees, agents, representatives or advisers or any other person involved in the Global Offering.

Neither the delivery of this Prospectus nor any offering, subscription, acquisition, sale or delivery made in connection with the Shares shall, 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 such information.

UNDERWRITING

The Global Offering comprises the Hong Kong Public Offering of initially 50,000,000 Hong Kong Offer Shares and the International Offering of initially 450,000,000 International Offer Shares (including 50,000,000 Reserved Shares being offered under the Preferential Offering), subject, in each case, to adjustment on the basis as described in the section headed "Structure of the Global Offering" in this Prospectus and, in case of the International Offering, additionally to any exercise of the Over-allotment Option.

The listing is sponsored by the Joint Sponsors. The Global Offering is managed by the Joint Representatives. 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 Joint Representatives (for themselves and on behalf of the Hong Kong Underwriters) and the Company agreeing on the Offer Price on or before the Price Determination Date. An International Underwriting Agreement relating to the International Offering is expected to be entered into on or about Thursday, June 24, 2021, subject to the Company and the Joint Representatives (for themselves and on behalf of the International Underwriters) agreeing on the Offer Price.

We expect that the Offer Price will be fixed by agreement among the Company and the Joint Representatives (for themselves and on behalf of the Hong Kong Underwriters) on the Price Determination Date, which is expected to be on or around Thursday, June 24, 2021 and in any event no later than Friday, June 25, 2021. If, for whatever reason, the Offer Price is not agreed between the Joint Representatives (for themselves and on behalf of the Hong Kong Underwriters) and the Company on or before the Price Determination Date, the Global Offering will not become unconditional and will lapse immediately. Further information about the Underwriters and the underwriting arrangements is set out in the section headed "Underwriting" in this Prospectus.

RESTRICTIONS ON THE OFFER AND SALE OF THE OFFER SHARES

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

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

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

We have applied to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Global Offering (including the Shares which may be issued pursuant to the exercise of the Over-allotment Option).

Save as disclosed in this Prospectus, no part of the Shares or loan capital of the Company is listed or dealt on any other stock exchange and no such listing or permission to list is being or is proposed to be sought in the near future.

COMMENCEMENT OF DEALINGS IN THE SHARES

Dealings in the Shares are expected to commence at 9:00 a.m. on Friday, July 2, 2021. The Shares will be traded in board lots of 1,000 Shares each. The stock code of the Shares is 606.

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the granting of the listing of, and permission to deal in, the Shares on the Stock Exchange and our compliance with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or any other date as determined by HKSCC. Settlement of transactions between 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. Investors should seek the advice of their stockbroker or other professional advisers for the details of the settlement arrangements as such arrangements may affect their rights and interests. All necessary arrangements have been made for the Shares to be admitted into CCASS.

REGISTER OF MEMBERS AND STAMP DUTY

Our principal register of members will be maintained by our principal share registrar, Conyers Trust Company (Cayman) Limited, in the Cayman Islands, and our Hong Kong branch register of members will be maintained by the Hong Kong Share Registrar in Hong Kong. All Shares issued by the Company pursuant to applications made in the Hong Kong Public Offering and the Preferential Offering will be registered on the Company's Hong Kong register of members to be maintained in Hong Kong by our Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

Dealings in the Shares registered on our Hong Kong register will be subject to Hong Kong stamp duty. The stamp duty is charged to each of the seller and purchaser at the ad valorem rate of 0.1% of the consideration for, or (if greater) the value of, the Shares transferred. In other words, a total of 0.2% is currently payable on a typical sale and purchase transaction of the Shares. In addition, a fixed duty of HK$5 is charged on each instrument of transfer (if required).

PROFESSIONAL TAX ADVICE RECOMMENDED

If you are unsure about the taxation implications of subscribing for, purchasing, holding or disposing of, and dealing in, our Shares or exercise any rights attached to them, you should consult an expert.

We emphasize that none of the Joint Sponsors, the Joint Representatives, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, or us, any of our or their respective directors, officers or any other person or party involved in the Global Offering accepts responsibility for any tax effects on, or liability of, any person resulting from the subscription for, purchase, holding, disposition of, or dealing in, the Shares or the exercise of any rights in relation to the Shares.

STABILIZATION AND OVER-ALLOTMENT

Further details with respect to stabilization and the Over-allotment Option are set out in the section headed "Structure of the Global Offering" in this Prospectus.

PROCEDURE FOR APPLICATION

The application procedure for the Hong Kong Offer Shares is set out in the section headed "How to Apply for Hong Kong Offer Shares and Reserved Shares" in this Prospectus and in the relevant Application Forms.

STRUCTURE OF THE GLOBAL OFFERING

Details of the structure of the Global Offering, including its conditions, and the Over-allotment Option, are set out in the section headed "Structure of the Global Offering" in this Prospectus.

CONDITIONS OF THE HONG KONG PUBLIC OFFERING

Details of the conditions of the Hong Kong Public Offering are set out in the section headed "Structure of the Global Offering—The Hong Kong Public Offering—Conditions of the Hong Kong Public Offering" in this Prospectus.

ROUNDING

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

LANGUAGE

In the event of any inconsistency between this Prospectus and the Chinese translation of this Prospectus, this Prospectus prevails. Translated English names of Chinese laws and regulations, governmental authorities, departments, entities (including certain of our subsidiaries), institutions, natural persons, facilities, certificates, titles and the like included in this Prospectus and for which no official English translation exists are unofficial translation and for reference only.

EXCHANGE RATE CONVERSION

Solely for your convenience, this Prospectus contains translations of certain Renminbi amounts into Hong Kong dollar and of Renminbi amounts into U.S. dollars at specified rates. Unless indicated otherwise, the translation of Renminbi into Hong Kong dollars and of Renminbi into U.S. dollars, and vice versa, in this Prospectus was made at the following rates:

- RMB6.3967 to US$1.00 (being the noon buying rate in effect on June 11, 2021 as set forth in the H.10 weekly statistical release of the Board of Governors of the Federal Reserve System of the United States)

- HK$7.7604 to US$1.00 (being the noon buying rate in effect on June 11, 2021 as set forth in the H.10 weekly statistical release of the Board of Governors of the Federal Reserve System of the United States)

- RMB0.8243 to HK$1.00 (being the implied exchange rate)

No representations is made that any amount in Renminbi, Hong Kong dollars or U.S. dollars can be or could have been at the relevant dates converted at the above rates or any other rates or at all.

DIRECTORS

Name	Address	Nationality
Executive Directors		
Mr. Wong Lun (黃倫)	Flat 1265, 12/F, Tower 11 Hong Kong Parkview 88 Tai Tam Reservoir Road Repulse Bay Hong Kong	Chinese
Mr. Niu Wei (牛偉)	Room 502, No. 68 Yulan Garden Binhu District, Wuxi Jiangsu Province PRC	Chinese
Mr. Sun Qiang (孫強)	Room 202, Block B Hibiscus Garden Four Seasons Flower City Buji Bantian Longgang District, Shenzhen Guangdong Province PRC	Chinese
Mr. Zheng Quanlou (鄭全樓)	Room 716, Block 9 No. 1-26, Lane 1588 and No. 1-12, Lane 1688 Shenchang Road Minhang District Shanghai PRC	Chinese
Ms. Ku Weihong (庫衛紅)	Room 1008, Block 6 No. 1-26, Lane 1588 and No. 1-12, Lane 1688 Shenchang Road Minhang District Shanghai PRC	Chinese
Non-executive Director		
Mr. Huang Youquan (黃攸權)	Flat D, 16/F, Tower 18 Laguna Verde 8 Laguna Verde Avenue Hung Hom Hong Kong	Chinese

Independent Non-executive Directors

Dr. Ding Zuyu (丁祖昱)	Villa D01 Xijiao Guest House Garden No. 1919 Hongqiao Road Changning District Shanghai PRC	Chinese
Mr. Wang Yongping (王永平)	Room 2203, Door 3 Block 2 Yuquanxili Second District Shijingshan District Beijing PRC	Chinese
Mr. Pang Hon Chung (彭漢忠)	Flat A, 43/F, Tower 6 Tseung Kwan O Plaza 1 Tong Tak Street Tseung Kwan O New Territories Hong Kong	Chinese

For further information regarding our Directors, please refer to "Directors and Senior Management" in this Prospectus.

PARTIES INVOLVED IN THE GLOBAL OFFERING

Joint Sponsors, Joint Representatives, Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers *(in alphabetical order)*	**Merrill Lynch (Asia Pacific) Limited** *(Joint Representative, Joint Global Coordinator, Joint Bookrunner and Joint Lead Manager)* 55/F Cheung Kong Center 2 Queen's Road Central Central Hong Kong
	Merrill Lynch Far East Limited *(Joint Sponsor)* 55/F Cheung Kong Center 2 Queen's Road Central Central Hong Kong
	UBS AG Hong Kong Branch *(Joint Representative, Joint Global Coordinator, Joint Bookrunner and Joint Lead Manager)* 52/F Two International Finance Centre 8 Finance Street Central Hong Kong
	UBS Securities Hong Kong Limited *(Joint Sponsor)* 52/F Two International Finance Centre 8 Finance Street Central Hong Kong
Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers *(in alphabetical order)*	**CLSA Limited** 18/F, One Pacific Place 88 Queensway Hong Kong
	The Hongkong and Shanghai Banking Corporation Limited 1 Queen's Road Central Hong Kong

Joint Lead Managers *(in alphabetical order)*	**CRIC Securities Company Limited** Unit 2007 & 2403, Great Eagle Centre 23 Harbour Road, Wanchai Hong Kong **Futu Securities International (Hong Kong) Limited** Unit C1-2 13/F United Centre No.95 Queensway Admiralty Hong Kong
Legal Advisors to the Company	*As to Hong Kong law:* **Sidley Austin** 39th Floor, Two International Finance Centre 8 Finance Street Central Hong Kong *As to PRC law:* **Jingtian & Gongcheng** 34/F, Tower 3, China Central Place 77 Jianguo Road, Chaoyang District Beijing, 100025 China *As to Cayman Islands law:* **Conyers Dill & Pearman** 29th Floor One Exchange Square 8 Connaught Place Central Hong Kong

Legal Advisors to the Joint Sponsors, and the Underwriters	*As to Hong Kong law:* **Linklaters** 11th Floor, Alexandra House 18 Chater Road Hong Kong *As to PRC law:* **King & Wood Mallesons** 25th Floor, Guangzhou CTF Finance Centre No. 6 Zhujiang East Road Zhujiang New Town Tianhe District, Guangzhou Guangdong Province PRC
Independent Industry Consultant	**Jones Lang LaSalle Corporate Appraisal and Advisory Limited** 7/F, One Taikoo Place 979 King's Road Hong Kong
Auditors and Reporting Accountants	**Ernst & Young** *Certified Public Accountants* *Registered Public Interest Entity Auditor* 27/F, One Taikoo Place 979 King's Road Quarry Bay Hong Kong
Compliance Advisor	**Octal Capital Limited** 801-805, 8/F Nan Fung Tower 88 Connaught Road Central Hong Kong
Receiving Bank	**Hang Seng Bank Limited** 20/F, 83 Des Voeux Road Central, Hong Kong

Registered Office	Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman, KY1-1111 Cayman Islands
Headquarters and Principal Place of Business in the PRC	5/F, SCE Tower No. 2, Lane 1688 Shenchang Road Hongqiao Business District Shanghai PRC
Principal Place of Business in Hong Kong	Room 1017, 10/F Houston Centre 63 Mody Road Tsim Sha Tsui Kowloon Hong Kong
Company's Website	www.sce-icm.com *(Information contained in this website does not form part of this Prospectus)*
Company Secretary	Mr. Kwan Kwong Cho (關光祖) Flat E, 9/F, Tower 2 Heya Crystal 399 Castle Peak Road Cheung Sha Wan Kowloon Hong Kong
Authorized Representatives	Mr. Wong Lun (黃倫) Flat 1265, 12/F, Tower 11 Hong Kong Parkview 88 Tai Tam Reservoir Road Repulse Bay Hong Kong
	Mr. Niu Wei (牛偉) Room 502, No. 68 Yulan Garden Binhu District, Wuxi Jiangsu Province PRC

Audit Committee	Mr. Pang Hon Chung *(Chairman)* Mr. Huang Youquan Mr. Wang Yongping
Remuneration Committee	Mr. Pang Hon Chung *(Chairman)* Mr. Sun Qiang Dr. Ding Zuyu
Nomination Committee	Mr. Wong Lun *(Chairman)* Dr. Ding Zuyu Mr. Wang Yongping
Compliance Advisor	**Octal Capital Limited** 801-805, 8/F Nan Fung Tower 88 Connaught Road Central Hong Kong
Principal Share Registrar and Transfer Office in the Cayman Islands	**Conyers Trust Company (Cayman) Limited** Cricket Square Hutchins Drive PO Box 2681 Grand Cayman KY1-1111 Cayman Islands
Hong Kong Share Registrar	**Computershare Hong Kong Investor Services Limited** Shops 1712–1716 17/F, Hopewell Centre 183 Queen's Road East Wanchai Hong Kong

Principal Banks

Ping An Bank, Shanghai Huamu Branch
F1 Expo Plaza
No. 1099 Meihua Road
Pudong New Area
Shanghai
PRC

China Construction Bank,
Shanghai Third Branch
No. 2, Building 1
Hongqiao Vanke Center
Lane 988 Shenchang Road
Minhang District
Shanghai
PRC

Agricultural Bank of China,
Huacao Branch
No. 5201 Beidi Road
Minhang District
Shanghai
PRC

The information in this section is derived from an independent report prepared by JLL. The industry report prepared by JLL is based on information from its database, publicly available sources, industry reports, data obtained from interviews and other sources. We believe that the sources of the information in this section are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading or that any part has been omitted that would render such information false or misleading. The information has not been independently verified by us, the Joint Sponsors, the Joint Representatives, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of its directors, officers, affiliates, advisors or representatives, or any other party (other than JLL) involved in the Global Offering. We, the Joint Sponsors, the Joint Representatives, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of its directors, officers, affiliates, advisors or representatives, and any other party (other than JLL) involved in the Global Offering make no representation as to the completeness, accuracy or fairness of such information and accordingly such information should not be unduly relied upon.

INTRODUCTION

In connection with the Global Offering, we have commissioned JLL, an Independent Third Party, to prepare the JLL Report with necessary information on the markets of residential property management and commercial property management and operational service in China. JLL has charged us a total fee of approximately RMB300,000 for the preparation of the JLL Report, which we believe is in line with the market practices for the rate it charges for similar reports.

JLL is an international professional services and investment management firm offering specialized real estate services to clients seeking increased value by owning, occupying and investing in real estate. JLL has nearly 300 corporate offices, operates in more than 80 countries and has a global workforce of more than 93,000.

This section was prepared primarily by the designated market research team based on the followings and considered that the information and statistics are reliable:

- data from various Chinese government publications;
- site visits and interviews;
- recognized research institutions; and
- proprietary database of JLL.

The following sets out the main reasons for JLL to adopt the above sources of information and considered them as reliable:

- It is a general market practice to adopt official data and announcements from various Chinese government agencies; and
- JLL understands the data collection methodology and data source of its proprietary database and the subscribed database from CREIS (中指數據), CEIC (司爾亞司數據) and EIU (The Economist Intelligence Unit).

While preparing this section, JLL has relied on the assumptions listed below:

- all documents provided by the Group are true and correct;
- all data published by the relevant Chinese government authorities are true and correct;
- JLL makes no warranty or representation that these forecasts will be achieved. The market of residential property management, commercial property management and operational service is constantly fluctuating and changing. JLL will not take any responsibility to predict or in any warrant the future conditions of the market; and
- where subscribed data is obtained from recognized research and public institutions, JLL will rely upon the apparent integrity and expertise of such institutions.

Our Directors confirm that, as of the Latest Practicable Date, to the best of their knowledge, after taking reasonable care, there is no material adverse change in the market information since the date of JLL Report or the date of the relevant data contained in the JLL Report which may qualify, contradict or have an impact on the information in this section.

OVERVIEW OF THE ECONOMY & THE REAL ESTATE MARKET IN THE PRC

As the world's second-largest economic entity, the GDP in the PRC increased rapidly from 2014 to 2020 with a CAGR of 7.8%. In 2020, the growth rate of PRC economy slowed down as a result of COVID-19 and the GDP of the first half in 2020 received a year-on-year decrease of 1.6%. However, as the COVID-19 pandemic gradually becomes under control and with incentive policies implemented, the economic activities gradually resumed, and the GDP in the PRC experienced modest growth of 2.3% in 2020 after a steep 6.8% slump in the first quarter.

Selected economic statistics of the PRC (2014-2024E)

	2014	2015	2016	2017	2018	2019	2020	2021E	2022E	2023E	2024E	CAGR (2014-2024E)
Nominal GDP (RMB billion)	64,655	69,209	74,598	82,898	91,577	99,493	101,599	112,259	120,090	128,317	136,764	7.8%
Total Population (million)	1,358	1,364	1,371	1,379	1,385	1,390	1,395	1,399	1,402	1,404	1,405	0.3%
Urbanization (%)	54.8	56.1	57.4	58.5	59.6	60.6	63.9	64.2	64.5	64.9	65.2	N/A

Source: National Bureau of Statistics, EIU

In line with the rapid growth of the PRC economy, the total real estate investment in the PRC also increased steadily from RMB9,504 billion in 2014 to RMB14,144 billion in 2020, representing a CAGR of 6.9%, despite a series of tightening measures imposed by the central government to cool down the overheated housing market.

Due to the COVID-19 outbreak, the real estate market has been significantly influenced but is showing signs of recovery. In 2020, the total contracted sales amount of Top 100 developers in 2020 achieved a year-on-year increase of 10.8%. More importantly, despite the influence of the COVID-19, the key drivers of the PRC's real estate market in the medium to long term are expected to remain stable and resilient.

Selected indicators of the real estate market in the PRC (2014-2024E)

	2014	2015	2016	2017	2018	2019	2020	2021E	2022E	2023E	2024E	CAGR (2014-2024E)
Total real estate investment (RMB billion)	9,504	9,598	10,258	10,980	12,026	13,219	14,144	14,423	14,236	13,874	13,479	3.6%
Total GFA of properties under construction (million sq.m.)	7,265	7,357	7,590	7,815	8,223	8,938	9,268	9,912	10,514	11,032	11,513	4.7%
Total GFA of properties completed (million sq.m.)	1,075	1,000	1,061	1,015	936	959	912	1,113	1,055	1,129	1,091	0.1%
Total GFA of properties sold (million sq.m.)	1,206	1,285	1,573	1,694	1,717	1,716	1,761	1,726	1,688	1,647	1,604	2.9%

Source: National Bureau of Statistics

THE COMMERCIAL PROPERTY[1] MANAGEMENT & OPERATIONAL SERVICE MARKET

Business Model and Revenue Model of the Commercial Property Management Market

Business Model

The sector's business model includes two aspects. Firstly, the companies provide a similar but more complicated property management service comparing to the residential sector, such as facilities' renovation and upgrade, cleaning service, security service, fire safety, etc. However, the nature of commercial properties, such as having a large number of visitor flow, increases the difficulty of providing the management service.

Secondly, apart from the general property management service, commercial operational service is also required to achieve higher occupancy rate and rental return. In particular, during the pre-opening stage, the operational service typically includes: (i) consultancy service on project positioning and planning; and (ii) tenant sourcing service. During the operation stage, the service normally includes: (i) tenant management service, which involves tenant filtering for an appropriate mix, rent pricing and adjusting, rent collecting and etc.; (ii) marketing service; and (iii) other value-added services, such as management of car park and advertising space.

1 Commercial property is the type of property for commercial use and intended to generate a profit. It comprises a wide range of categories, but mainly office buildings and retail property (properties for selling consumer goods and services, including shopping mall, department stores, street shops and etc.).

Revenue Model

The sector generally has two types of revenue generation models. The basic one is the traditional property management fee. It adopts the models of "lump sum basis" and "commission basis." The "lump sum basis" model is the dominant revenue model under which the property owners pay fixed property management fees to property management enterprises who shall enjoy or assume all the profit or losses at their own risk. The other revenue model is the "commission basis" model under which property management firms collect fees based on the agreed proportion from the total property management fees payable by the owners, while the remainder of such property management fees will be used to cover the expense incurred in the property management service provided, and any excess or shortfall belong to or are borne by the property owners.

Unlike the fixed fee set for basic residential property management service, a commercial property management company has more flexibility in charging different types of tenants. For example, anchor stores, or stores with large leasing areas in the shopping mall may be able to pay lower management fees.

In terms of commercial operation, property management companies charge service fees on a commission basis for rent collection, tenants' management, and some value-added service. And sometimes, the company shares a percentage of profit income or a percentage of the income from value-added services as the commission.

Moreover, by cooperating with the developer, the property management company has the opportunity to earn a one-time fixed fee by offering consultancy services, including project positioning and project design. In terms of the marketing services, the companies collect the fee based on the GFA under management.

Revenue model of commercial property management and operational service

Period	**Service Provided**	**Revenue Model**
Pre-opening	Consultancy Services *(Market Research, Project Positioning and Planning, Providing Advice on Architecture Design)*	One-time fixed price
	Tenant Management Service *(Tenant Sourcing)*	Fixed price based on rent
	Opening Preparation Services *(Organize opening ceremony and promotion events)*	One-time fixed price
Post-opening	Property Management Services *(Facilities' Repair and Maintenance, Cleaning, Greening and Gardening Service, Security Service)*	Lump sum basis or Commission basis
	Tenant Management Services *(Tenants Filtering, Rental Pricing and Adjusting, Rental Contracts Drafting, Rent Collecting)*	Commission basis
	Value-added Services *(Management of public space, Management of advertising space, etc.)*	Commission basis
	Marketing Services *(Brand Marketing, Sales Promoting)*	Fixed price based on GFA

Source: JLL

Overview of the Development of the Commercial Property Management & Operational Service Market

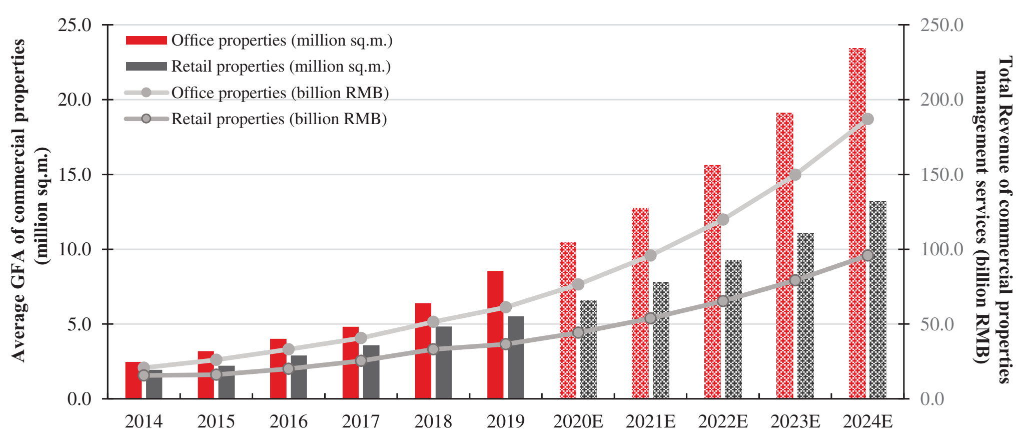
The Commercial Property Management Market in the PRC

The commercial property management market benefited from the rapid expansion of commercial property development in the last few decades. At the end of 2019, the accumulated GFA for commercial properties under management in China reached 3.43 billion sq.m. (including office property), creating a huge demand for the management service. The estimated market size of commercial property management was approximate RMB274.3 billion in 2019. Moreover, since the profit margin is typically higher in the commercial sector than in the residential sector, property management companies are proactively expanding their portfolio of commercial properties under management.

In the last five years, the commercial property management market experienced a substantial development. The average GFA of office properties managed by the top 100 companies increased dramatically from 2.5 million sq.m. to 8.6 million sq.m. with a CAGR of 28.1% during 2014-2019. The average GFA of retail properties managed by the top 100 companies increased from 1.9 million sq.m. in 2014 to 5.5 million sq.m. in 2019, representing a CAGR of 23.2%. Due to active M&A activities and booming supply in the next couple of years, it is expected that the average GFA of office and retail properties managed by the top 100 companies will reach 23.4 million sq.m. and 13.2 million sq.m. in 2024 respectively.

In terms of revenue, the office management service provided by the top 100 companies achieved a total revenue of RMB61.1 billion in 2019, representing a CAGR of 24.1% during the period of 2014 to 2019. During the same period, the total revenue of retail properties management service of top 100 companies increased from RMB15.7 billion to RMB36.5 billion, representing a CAGR of 18.4%. The revenues of both office and retail properties are expected to reach RMB187.1 billion and RMB95.8 billion respectively by the end of 2024.

Operation indicators of commercial property management of Top 100 companies in the PRC (2014-2024E)

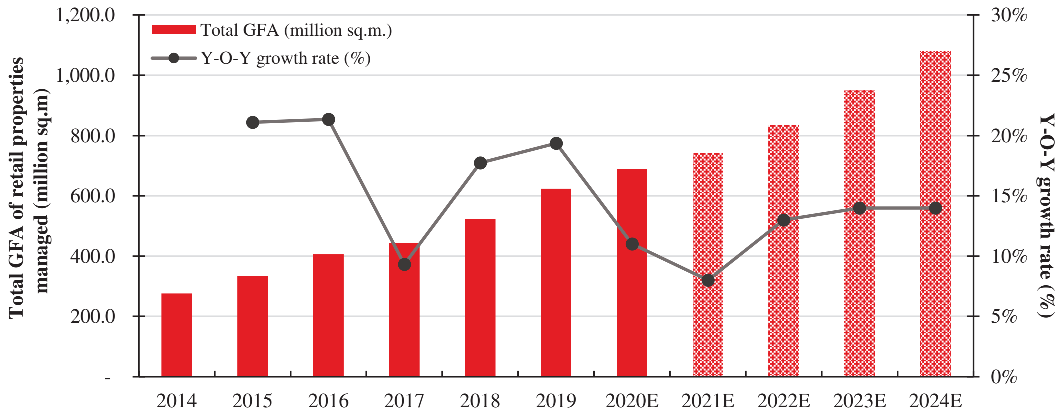


Source: China Property Management Institution, JLL

The Commercial Operational Service Market in the PRC

At the early stage of the commercial real estate industry, developers paid more attention to obtaining instant capital gain by selling the properties. With the progression of the commercial property market, developers are putting more emphasis on long-term benefits and preferring to hold the properties and generate profits by renting out instead of selling. Correspondingly, the demand for professional commercial operational service has developed substantially, and the service contents expanded along the development process consequently. As estimated, the total GFA managed by the commercial operational companies increased from 276.3 million sq.m. in 2014 to 706.0 million sq.m. in 2020, representing a CAGR of 16.9% during the period.

Market indicator of commercial operational market (2014-2024E)



Source: JLL

The continuous growth of service industry and consumption power is expected to create an increasing demand for both office and retail properties. It helps to expand the market of commercial property management service in return. Meanwhile, retail properties are also exploring methodologies to distinguish themselves over E-commerce, creating more opportunities for the commercial management and operational market. Therefore, commercial operational service market is expected to experience a substantial growth in the future, with total GFA expected to reach 1,120.3 million sq.m. in 2024.

Impact of the COVID-19 outbreak

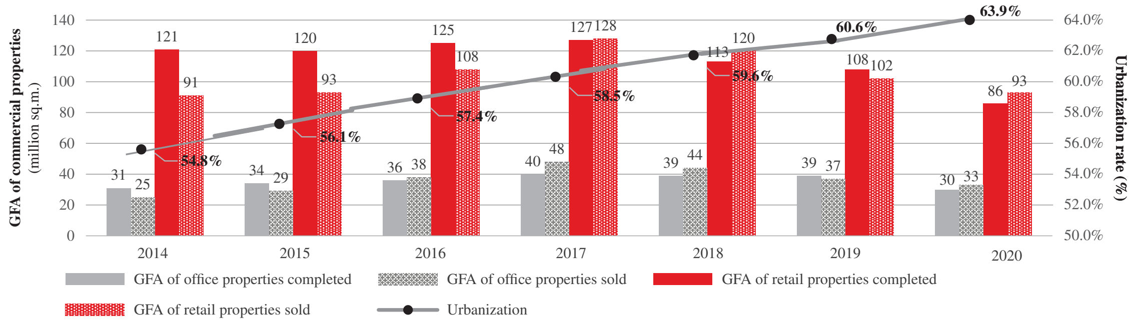
Similar to that of residential property management services, the operational cost of commercial property management services has also increased because of the recent COVID-19 outbreak. Moreover, with the quarantine policies in place, a negative impact on the footfall and sales in brick-and-mortar stores is inevitable in the short term. Some developers, owners, and property management companies thus decided to reduce rent and management fees for their commercial tenants to help them ride out the impact of the pandemic. Similar cases also happened in the office sector. As a result, the income of commercial property management and operational service market were affected in the short term, as the commercial operational service providers collect a certain percentage of rent as income, but the rent relief has gradually expired.

However, with the ease of pandemic and supporting policies issued by local governments, such as consumption coupons to boost retail recovery, the market has gradually resumed to normal, with consumer traffic and sales rebounding. As the pandemic raises the demand for professional commercial property management service, it is expected that the PRC's commercial real estate market, as well as the commercial property management and operational service market, are able to remain resilient in the medium and long run, especially in the cities with a robust economy, high population density, and consumption power.

Key Growth Drivers of the Commercial Property Management and Operational Service Market

Rapid urbanization and further development of the commercial property market. The urbanization rate in the PRC reached 60.6% in 2019, and is expected to reach 70% in 2030, according to the National Population Development Plan (2016-2030) (《國家人口發展規劃(2016-2030)》). The significant growth in the urbanization process and commercial property market also increases the demand for management and operation service of commercial properties.

Urbanization and selected commercial real estate market indicators of China (2014-2020)



Sources: National Bureau of Statistics of China

Increasing disposable income and expenditure of urban residents. With the rapid economic development in the PRC, people's living standard has increased significantly. Both per capita disposable income and consumption expenditure of urban residents had grown steadily in recent years, reaching RMB43,834 and RMB27,007 respectively in 2020. The growing income and expenditure increase people's demand for commercial properties that require the maintenance service of property management companies.

Government's promotion on consumption. As trade tension with the U.S draws out, China's exports are greatly impacted. Moreover, the economic development of the PRC has slowed down, therefore, the government is seeking opportunities to boost domestic consumption to stimulate the economy.

To promote domestic demand, steps have been taken to stimulate commodity circulation and cultivate an environment for consumption. Following the Opinions on Accelerating the Development of Circulation and Promoting Commercial Consumption (《關於加快發展流通促進商業消費意見》) issued by the State Council, multiple polices were promulgated by other ministries and local governments to promote consumption. It brings about great business opportunities for commercial property management companies. Similar policies include Guiding Opinions on Building Cities into International Consumption Centers (《關於培育建設國際消費中心城市的指導意見》), etc.

Continuous innovation in commercial real estate. Under the impact of technology, the commercial real estate industry is trying to embrace innovations in recent years. In the retail sector, it has become a common practice for all retail developers to promote New Retailing (新零售) and experiential retail (體驗式零售), which is to leverage experiences to customers rather than products. It has become the priority task for the retail properties to create tactile and engaging experiences that cannot be easily replicated online. More catering, cinemas, gyms, etc. are introduced into the retail properties. Similarly, there is a trend of adopting co-working space and green building technology in the office sector. As a result, more challenges have been imposed on the management service, as the operators have to carefully plan the combination of different components. It thus drives the development of the commercial property management industry.

Future Opportunities and Challenges of the Commercial Property Management and Operational Service Market

Digital management. Digital management plays a more important role in commercial operational services. Firstly, it helps to monitor the status of daily operations, including the number of daily visitors, consumer behaviors, etc. Secondly, it is beneficial to tenant management. With hundreds of rent contracts having different covenants, it is a great challenge for the management companies to take good care of all tenants. In addition, digital management is also a key strategy to cope with the challenge of increasing labor cost as it improves working efficiency and requires fewer human resources. The Smart Property Management System (智能物業管理系統) adopted by the Group is also a typical case.

Expansion of service scope. It is the industry norm that tenants in commercial properties generally do not form associations. During the usual course of business, however, there is regular communications between tenants and owners regarding the level of satisfaction on services provided by the relevant property management companies. Therefore, in practice the feedback from tenants is integrated into owners' consideration of which property management companies to engage with and what type and/or amount of services to receive. As such, to maintain market competitiveness, the providers of commercial property management and operational service are seeking to offer more diversified services to developers and tenants.

Similar to the residential management sector, commercial property management and operational companies are also paying more attention to value-added services and, consulting services to both developers and tenants are one example. Online platforms and mobile applications are also widely adopted to enrich the value-added services such as paid memberships, membership points and gift cards for better promotion and a good shopping experience for consumers.

Customized and featured retail commercial projects. Owing to the intense competition of the market and the trend of E-commerce, the leading providers of management and operational service strive to distinguish their management of retail commercial projects by providing customized designs of operation theme, tenant mix, and store layout. The shopping centers with a featured themes are generally more favored by customers. Moreover, the featured theme become the unique characteristic of the brand, which reinforced the market competitive advantage of the service providers.

Combination with residential communities. As most of the commercial property management service providers are also engaged in the residential sector, they are exploring ways to create better synergy between different business lines, such as rewarding coupons of the shopping malls under management to the residents of the communities under management. With the enhanced penetration in residential communities, it is beneficial to improve owner satisfaction in the residential sector and sales marketing for commercial projects.

THE RESIDENTIAL PROPERTY MANAGEMENT MARKET

Business Model and Revenue Model of the Residential Property Management Market

Business Model

The business model for residential property management is mainly comprised of two parts. The first part is to serve the owners and the leases of the properties by providing basic services, including among others, cleaning, security, greening and gardening, and facility management. Property management companies are also encouraged to provide value-added services, which commonly refer to customized and specified services such as household management, booking services, house leasing, car services, and so on. The second part is to serve the property developers by involving in the early development phases of residential projects, for example, professional advice on project planning, designing, and positioning.

Revenue Model

The residential property management company generally has two main revenue models, known as the "lump sum basis" (包幹制) and the "commission basis" (酬金制) for basic property management service. The lump sum basis model is the prevailing method of collecting property management fees in China, especially in relation to residential properties, similar to the commercial property management business.

Apart from these two stable and long-term revenue models, many industry leaders have also endeavored on optimizing their revenue structures through applicable value-added services.

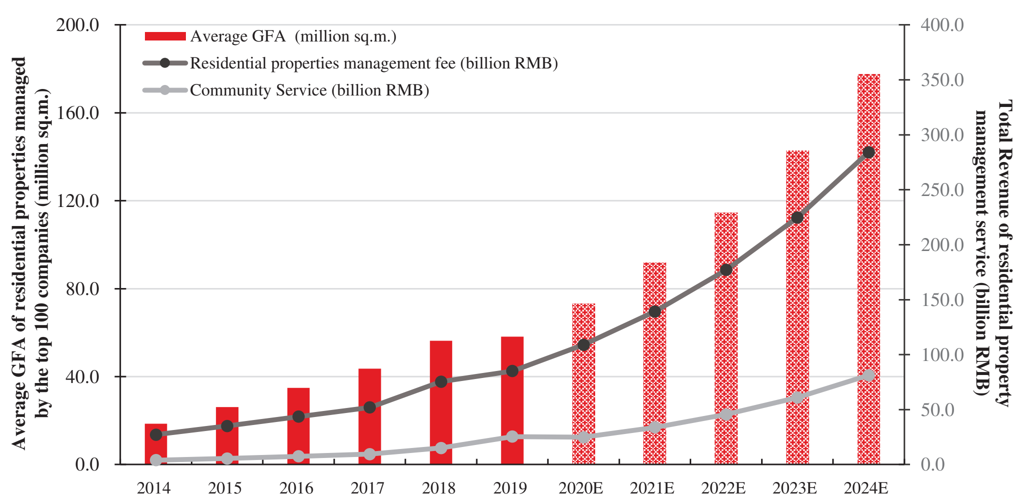
Overview of the Residential Property Management Market

The Residential Property Management Market in the PRC

Benefited from the booming economy in previous decades, China's residential property market has experienced a substantial development, which brings business opportunities for residential property management companies. As a result, based on the statistics from CIA, the estimated market size of the PRC residential property management market reached RMB48.5 billion at the end of 2019. The average GFA of residential properties managed by the top 100 companies reached 58.2 million sq.m. in 2019, with a CAGR of 25.7%. Meanwhile, revenue from residential property management fees increased from RMB27.2 billion in 2014 to RMB85.1 billion in 2019 with a CAGR of 25.6%, while revenue from community service reached RMB25.4 billion in 2019. With the trend of property management companies endeavored on providing value-added service to diversify their revenue streams, the percentage of revenue from property management fee experienced a stable decrease and is anticipated to decrease further in the future. However, the revenue of residential properties management fee still takes up to 77.0% of total revenue in 2019.

There are reasons to believe that, the residential property management market will experience a substantial increase in the future. Firstly, according to the Notice of the State Council on Issuing the National Population Development Plan (2016-2030) (《國務院關於印發國家人口發展規劃(2016-2030年)的通知》), the urbanization rate of the PRC is expected to reach 70% in 2030, up from current urbanization rate 60.6% in 2019. Secondly, with the rising demand for better living quality, people are looking for more service content and value-added service, which contribute to the increase of the total market size. Thirdly, the market participants are entering lower-tier cities for new business opportunities. Lastly, the market players, especially the top property management companies, are actively carrying out mergers and acquisitions, and their business scale are expected to increase faster than the overall market. However, as the management fee in the lower-tier cities are generally lower, the increase of revenue from the property management fee is milder than the increase of the GFA under management.

Operation indicator of residential properties management market of Top 100 companies (2014-2024E)



Source: China Property Management Institution, JLL

Impact of the COVID-19 outbreak

Recently, due to the COVID-19 outbreak, the operational cost of residential property management services has increased, such as the cost increment in terms of labor, disinfectants, and personal protective equipment. However, the revenue stream of the industry remained resilient. The income of residential property management fee is stable while the income of value-added service is affected partly only. Local governments, such as Shenzhen and Hangzhou, also introduced subsidies policies for the industry.

More importantly, the pandemic has leveled up the demand for professional and branded management services, which is likely to stimulate the development of residential property management services in the future. Therefore, in the medium to long term, it will benefit the residential property management market correspondingly.

Key Growth Drivers of the Residential Property Management Market

Continuing urbanization. Similar to the commercial sector, it is expected that the rapid growth of urban population will level up the demand for consumption, urban infrastructure as well as the real estate market, which is likely to benefit the residential property management service.

Urbanization of the PRC (2014-2020)

	2014	2015	2016	2017	2018	2019	2020
Urbanization rate (%)	54.8	56.1	57.4	58.5	59.6	60.6	N/A

Sources: National Bureau of Statistics of China

Increasing disposable income and expenditure of urban residents. People's living standard improved as a result of the rapid economic development in the PRC. Both income and expenditure experienced steady growth in recent years. Responding to the growing disposable income and domestic consumption, spending on residential property management also increased as people demand better living conditions.

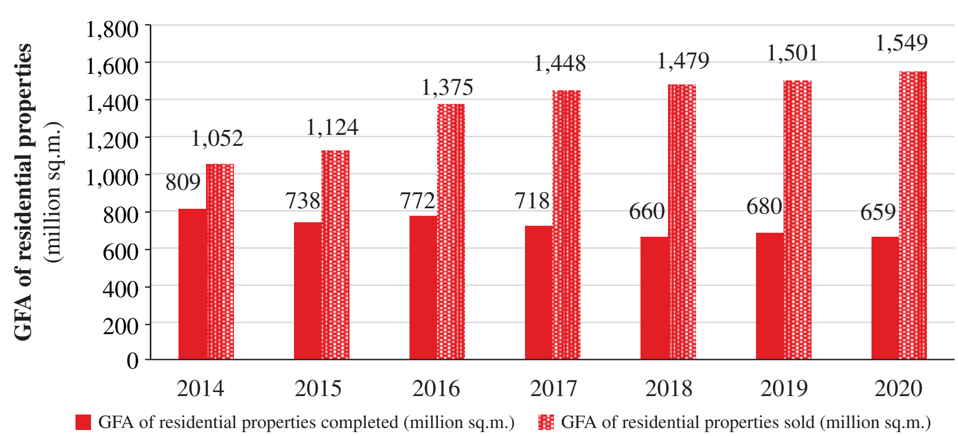
Per capita income and expenditure indicators of the PRC (2014-2020)

	2014	2015	2016	2017	2018	2019	2020	CAGR (2014-2020)
Per capita disposable income of urban residents (RMB)	28,844	31,195	33,616	36,396	39,251	42,359	43,834	7.2%
Per capita consumption expenditure of urban residents (RMB)	19,968	21,392	23,079	24,445	26,112	28,063	27,007	5.2%

Sources: National Bureau of Statistics of China

Development of commodity housing. Following the rapid urbanization and continuous growth in per capita disposable income, the supply of commodity residential properties also surged in China. The newly completed commodity housing creates an increasing demand for residential property management services.

Selected residential real estate market indicators of China (2014-2020)



Sources: National Bureau of Statistics of China

Favorable policies. With a series of favorable policies gradually promulgated, the supervision on property management industry tends to broaden the service scope of the industry and facilitate the industry to be more market oriented. For instance, the Circular of the National Development and Reform Commission (NDRC) on the Opinions on Relaxing Price Controls in Certain Services (《國家發展改革委關於放開部分服務價格意見的通知》) allows the property management fee for non-indemnificatory housing to be set based on negotiation instead of regulation, which creates room for the companies to increase their charging fee and to achieve more potential profit. The Opinions on Strengthening and Improving the Governance of Urban and Rural Communities (《關於加強和完善城鄉社區治理的意見》) encourages the industry to expand its geographical coverage into rural areas.

On December 25, 2020, the Ministry of Housing and Urban-Rural Development and other nine ministries jointly issued the Notice on Enhancing and Improving Residential Property Management (《關於加強和改進住宅物業管理工作的通知》) further emphasizes the market-oriented pricing mechanism and encourages market players to both broaden the scope of services and improve service quality. In such Notice, to promote branded operation and large-scale operation in the market, the PRC government also encourage the mergers and reorganizations activities in the property management industry.

Future Opportunities and Challenges of the Residential Property Management Market

Adopting merger and acquisition strategies for market expansion. In recent years, the average management areas of top 10 property management companies grew dramatically, while the market share of top 100 companies increased steadily from 19.5% in 2014 to 49.7% in 2020, according to CIA. It indicates the trend that market leaders are commonly adopting the merger and acquisition strategy to expand their market shares, and the concentration rate of the market has been increasing accordingly. According to JLL, there were 76 acquisitions made by listed property management companies alone in 2020, compared to only 27 in 2019. This trend is expected to continue to increase going forward.

The property management industry is still fragmented, with approximately 130,000 property management service providers operating in the industry in 2020, most of which are of relatively small scale and could be potentially consolidated should they be not able to stay competitive in the market in the long term, according to JLL. JLL estimates that there are over 650 commercial property management service providers in the market that could meet Company's criteria of having a total GFA under management of at least 0.5 million sq.m., and an annual revenue of at least RMB20.0 million; and over 1,400 residential property management service providers in the market that could meet Company's criteria of having a total GFA under management of at least 1.0 million sq.m., and an annual revenue of at least RMB10.0 million. See "Future Plans and Use of Proceeds."

Increasing proportion of value-added service. According to the China Property Management Institute, the proportion of value-added service as a percentage of total revenue of the top 100 companies increased from 13.6% in 2015 to 23.0% in 2019, and the earning of value-added service was RMB5.5 billion and RMB25.4 billion respectively. As the market competition becomes more intense, value-added services will be the new opportunity for residential property management companies to outperform the others.

Digital management. With the prevalent adoption of the internet, big data, internet of things (IoT), and other related technologies, property management companies are motivated to promote the application of digital management. Popular practices include a one-stop service app, intelligent facilities management system, and access control system. These practices promote management efficiency and cost reduction. Moreover, it provides an opportunity for management companies to extend their service chains. For example, some companies are integrating B2C (Business to Customer) services into their online platform to provide diversified value-added service.

Growing labor cost. The property management market is a labor-intensive market. With the development of the economy, the average annual wage has been increasing in recent years, resulting in growing labor costs. Property management companies are therefore actively responding to such challenges by outsourcing part of the basic services and adopting new technology.

COMPETITIVE LANDSCAPE AND COMPETITIVE ADVANTAGES

Competitive Landscape

The PRC property management industry is fragmented and competitive. As estimated, the market size of the residential property management accounts for approximately 65.3% of the overall property management market in terms of the total GFA under management. Meanwhile, the sub-segment of commercial properties, industrial parks as well as public properties account for 15.8%, 6.5%, and 12.4% respectively.

Overall, there are approximately 130,000 property management service providers operating in the industry in 2020. However, few have built up national scale operation with established brand awareness among customers. The Group's property management services primarily compete with large national, regional, and local property management companies. It is expected that after the qualification accreditation for the industry is canceled, the principal competitive factors mainly include operational scale, price and quality of services, brand recognition and financial resources.

However, the increasing market concentration rate indicates a fiercer competition in the industry, especially among those top players. According to CIA, the market share of top 100 property management companies has experienced a constant increase, with the figure increasing from 19.5% in 2014 to 49.7% in 2020. The average GFA managed by the top 10 companies is more than fifth times of the average GFA managed by the top 100, reaching 0.3 billion sq.m.

In the sub-markets for specific property types, the competition is also fierce. As estimated, the market share of the top 5 companies in the residential sector reached 9.3% in 2020 and the top 5 market players of commercial property management and operational market contributed to around 14.9% of the total market share. However, even with a relatively higher concentration ratio, the market of commercial property management and operational service is still at the early development stage, compared with residential property management. It has fewer competitors and leaves larger room for the companies to expand.

Entry Barriers

The property management industry is not a capital intensive industry, instead it relies on human and project resources to a great extent. Besides, it is believed that the entry barriers of the property management industry are including but not limited to:

- ***Service Quality and Service Experience.*** Although the qualification requirement of management companies is canceled, the market still requires professional and refined service after years of development, which is believed to be a great challenge for new participants. The early participants, who have cultivated sufficient experience in the industry, are likely to guarantee the service quality and possess advantages over the others.
- ***Reliable Project Source.*** The companies maintaining a good relationship with developers, or affiliated to developers will have advantages over the others in terms of obtaining new projects. Moreover, once the property management company is selected, it is not easy for the property owners to change their management companies. Therefore, early participants who have achieved a certain market share across the region generally possess competitive advantages over the new entrants.
- ***Brand Reputation.*** Brand reputation has been built up among top property management companies in the PRC. Together with track records, comprehensive strength and features, they are all essential factors when these companies try to obtain new projects in the public market. New entrants without a well-established brand are facing increasing difficulty to penetrate into the market.

Ranking of the Group

The Group has experienced a steady business expansion in terms of both service content and geographical coverage. It currently provides property management services for residential and commercial properties, and operates across 18 provinces in the PRC. According to JLL, the Group accounted for approximately 0.06% of the total GFA under management in the PRC property management market in 2020. According to CIA, the Group ranked the 26th and 32nd among the 2021 and 2020 Top 100 Property Management Companies in China (中國物業服務百強企業) in terms of overall strength, based on data from the previous year on key factors such as scale of operations, financial performance, service quality, growth potential and social responsibility. The Group was also named the sixth in the "2020 China Commercial Real Estate Brand Value Top 10" (2020中國商業地產公司品牌價值TOP10) by CIA.

Moreover, comparing with all listed Chinese property management companies[1], our average property management fee for commercial property management services rank first in 2018, 2019 and 2020, according to JLL.

1 Seven Chinese listed property management companies disclosed their 2020 average property management fee for commercial properties, while eleven Chinese listed property management companies disclosed their 2018 and 2019 average property management fee for commercial properties. Those Chinese listed property management companies that did not disclose their property management fee for commercial properties in 2018 or 2019 were not included in this ranking.

Top Listed Property Management Companies by Commercial Property Management Fee, 2018, 2019 & 2020[1]

Ranking	Company	2020 Property Management fee	2019 Property Management fee	2018 Property Management fee
1	The Group	27.7	29.5	31.2
2	Company A	19.7	19.7	15.2
3	Company B	18.7	17.1	16.7
4	Company C	17.6	17.4	15.9
5	Company D	15.0	16.3	15.3

Sources: Prospectuses Annual reports, JLL

Several projects under management of the Company were recognized as 5-star residential communities by CIA and the demonstration base for property management industry. In addition, the Group offers not only property management service for both residential and commercial properties, but also commercial operational service which generally has a higher gross profit margin. Among property management companies that provides commercial operational services, according to JLL, the Group was ranked 15th in terms of total GFA under management in China as of December 31, 2020.

Our business operation is subject to the full supervision and regulation by the PRC government. A summary of the significant laws, regulations and policies which are necessary to be observed by us are set out in this section.

I. LAWS AND REGULATIONS RELATING TO PROPERTY MANAGEMENT SERVICES

(I) Foreign Invested Property Management Enterprises

According to the Interim Measures for Filing Administration of the Establishment and Change of Foreign-invested Enterprises (《外商投資企業設立及變更備案管理暫行辦法》) (MOFCOM Order 2018 No. 6) (the "Filing Administration Measures") promulgated by MOFCOM on October 8, 2016 and amended on July 30, 2017 and June 29, 2018, the Filing Administration Measures shall be applicable to the establishment and change of foreign-invested enterprises which are not subject to the implementation of special management measures for admission. Establishment of foreign-invested enterprises belongs to the scope of filing regulated by the Filing Administration Measures. When the representative designated by the enterprise completes the procedure for registration of establishment at the administrative authorities for industry and commerce and market supervision, the filing information for establishment of foreign-invested enterprise should be submitted online through the foreign investment comprehensive management information system in accordance with the Filing Administration Measures.

The Foreign Investment Law of the People's Republic of China (《中華人民共和國外商投資法》) (Order of the President of the PRC No. 26) ("Foreign Investment Law") was passed by the National People's Congress on March 15, 2019 and became effective on January 1, 2020, and The Regulations for Implementation of 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》) (PRC State Council Order No. 723), which were promulgated by the State Council on December 26, 2019 and became effective on January 1, 2020, have replaced the PRC Sino-Foreign Equity Joint Venture Law (《中華人民共和國中外合資經營企業法》), the PRC Sino-Foreign Cooperative Joint Venture Law (《中華人民共和國中外合作經營企業法》), the Wholly Foreign-owned Enterprise Law (《中華人民共和國外資企業法》) and relevant implementation rules and regulations of such laws to become the legal basis for foreign investment in China.

The Foreign Investment Law provides the basic regulatory framework for foreign investment, and implements the pre-admission resident treatment plus negative list administrative system, pursuant to which, (1) foreign natural persons, enterprises or other organizations (collectively, "foreign investors") are not allowed to invest in prohibited investment areas provided in the negative list of foreign investment admission, (2) the negative list for foreign investment admission provides the scope of restricted investment, foreign investors should comply with the conditions stated in the negative list when making investment, and (3) the areas outside the scope of the negative list for foreign investment admission shall be managed based on the principle of uniform treatment for both domestic and foreign investors. The Foreign Investment Law also contains the necessary mechanism to protect and manage foreign investments. The Foreign Investment Information Reporting Measures (《外商投資信息報告辦法》) (PRC MOFCOM and SAMR Order 2019 No. 2) promulgated by MOFCOM and State Administration for Market Regulation (SAMR) on December 30, 2019 and became effective on January 1, 2020 have replaced the Filing Administration Measures, and the foreign investment information reporting system was explicitly established which requires foreign investors or foreign investment enterprises to submit investment information to the commercial authorities through the enterprise registration system and the enterprise creditworthy information public disclosure system.

According to the Special Management Measures for the Access of Foreign Investment (Negative List) (2020 Edition) (《外商投資准入特別管理措施(負面清單)(2020年版)》) (PRC NDRC and PRC MOFCOM Order No. 32) promulgated by the National Development and Reform Commission ("NDRC") and MOFCOM on June 23, 2020 and became effective on July 23, 2020 and the Special Management Measures for the Access of Foreign Investment in the Free Trade Pilot Zone (Negative List) (2020 Edition) (《自由貿易試驗區外商投資准入特別管理措施(負面清單)(2020年版)》) (PRC NDRC and PRC MOFCOM Order No. 33), the property management industry is not a foreign investment item under the restricted category or prohibited category.

(II) Qualifications of Property Service Enterprise

According to the Regulations on Property Management (2016 Revision) (《物業管理條例(2016年修訂)》) promulgated by the State Council on June 8, 2003, became effective on September 1, 2003 and revised on August 26, 2007 and February 6, 2016 (State Council Order No. 666), a qualification management system was implemented by the State on enterprises engaged in property management activities. Enterprises engaging in property management activities shall have independent legal person status. The construction administrative authority of the State Council shall work with the relevant authorities to establish a joint incentive for performance of promise and a joint punishment mechanism for breach of promise to enhance integrity management in the industry.

According to the Decision of the State Council on Canceling the Third Batch of Administrative Licensing Items Implemented in Places Designated by the Central Government (Guo Fa [2017] No. 7) (《國務院關於第三批取消中央指定地方實施行政許可事項的決定》(國發[2017]7號)) promulgated by the State Council and became effective on January 12, 2017 and the Decision of the State Council on Canceling a Batch of Administrative Licensing Items (Guo Fa [2017] No. 46) (《國務院關於取消一批行政許可事項的決定》(國發[2017]46號)) promulgated and became effective on September 22, 2017, the State has canceled the qualification accreditation of property service enterprises of Level 2 or below and property service enterprises of Level 1 by the Ministry of Housing and Urban-Rural Development ("MOHURD") at provincial and municipal levels.

According to the Notice of the General Office of MOHURD on Effectively Implementing the Work of Canceling the Qualification Accreditation for Property Service Enterprises (Jian Ban Fang [2017] No. 75) (《住房城鄉建設部辦公廳關於做好取消物業服務企業資質核定相關

工作的通知》(建辦房[2017]75號)) promulgated by MOHURD and became effective on December 15, 2017, local governments will cease to accept applications for qualification accreditation and applications for the qualification change, renewal or replacement of certificates from property service enterprises, and no request shall be accepted to use the original accredited qualification of property service enterprise as a condition for undertaking property management business.

The Decision of the State Council on Revising and Repealing Some Administrative Regulations (《國務院關於修改和廢止部分行政法規的決定》) (State Council Order No. 698) promulgated by the State Council on March 19, 2018, the relevant articles of the Regulations on Property Management (2016 Revision) (《物業管理條例(2016年修訂)》) were amended. According to the revised Regulations on Property Management (2018 Revision) (《物業管理條例(2018年修訂)》) ("Property Management Regulations"), the State has fully canceled the qualification accreditation for property service enterprises.

(III) Appointment of Property Management Companies

According to the Property Law of the PRC (《中華人民共和國物權法》) (No. 62 Order of the President of the PRC) ("Property Law") issued by the National People's Congress on March 16, 2007 and came into effect on October 1, 2007, property owners can either manage the buildings and ancillary facilities by themselves or engage a property management company or custodians. As regards the property management company or any other custodians hired by the developer, property owners are entitled to alter it in accordance with law. Property management companies or other custodians shall manage the buildings and ancillary facilities within the area of the building as agreed with the property owners, and shall be subject to the supervision by them. The Civil Code of the People's Republic of China (《中華人民共和國民法典》) (No. 45 Order of the President of the PRC) ("Civil Code"), which was issued by the National People's Congress on May 28, 2020 and has come into effect on January 1, 2021 and replaced the above mentioned Property Law, also clearly gives property owners the right to jointly decide on the selection and dismissal of a property service company or other custodian, and makes the same provisions as in the Property Law.

According to the Property Management Regulations, a general meeting of the property owners of a community can engage or dismiss the property management companies with affirmative votes of owners who own more than half of the total GFA of the exclusive area of the community and who account for more than half of the total number of the property owners. Property owners' association, on behalf of the general meeting, shall sign property management contract with property management companies engaged at the general meeting. Before the engagement of a property management company by property owners and a general meeting of the property owners, a written preliminary service contract should be entered into between the property developer and the selected and engaged property management company. The preliminary property management contract may stipulate the contract duration. If the property management contract signed by the property owners' association and the property management company comes into force within the term of preliminary property management, the preliminary property management contract automatically terminates. The Property

Management Regulations also stipulate that a property management enterprise may outsource a specific service within the property management area to a professional service enterprise, but it shall not outsource all the property management business within such area to other parties.

The Civil Code has made provisions more conducive to the formation of an effective resolution by the general meeting of property owners on the voting method adopted by the property owners in the joint selection and dismissal of a property management enterprise, that means with effect from January 1, 2021, the selection and dismissal of a property management enterprise may be resolved by the voting of property owners who own two-thirds or more of the total GFA of the exclusive area and participated by two-thirds or more of all the property owners, and more than half of the voting property owners with more than half of the exclusive area owned by such voting property owners have given their consent. The Civil Code has expressly stipulated that the preliminary property service contract entered into by the construction enterprise and the property service provider in accordance with the law shall have legal binding effect on the property owners. The service undertakings in favor of the property owners openly made by the property service provider shall form an integral part of the property service contract. Upon expiration of the property service period, if the property owners have not made a decision to renew engagement or appoint another property service provider in accordance with the law, and the property service provider continues to provide property service, the original property service contract shall continue to be effective, but the service period will not be a fixed term, the parties may dissolve such non-fixed term property service contract at any time, provided a notice in writing shall be served on the other party at least 60 days in advance. After the termination of the property service contract, before the property management is taken over by the new property service provider engaged by the property owners or general meeting of property owners or taken over by the owners who have decided to manage the property by themselves, the outgoing property service provider shall continue to handle the property service matters, and may request the property owners to pay for the property management fees during such period. The property service provider shall not outsource all of the property services which should be provided by it to third parties, or breakdown all property services and outsource each item to a third party. If some of the specific service items within the property service area are outsourced to a professional service organization or other third parties, the property service provider shall be liable to the property owners in respect of such specific service items.

According to the Regulations on Property Management and the Interim Measures for Tender and Bidding Management of Preliminary Property Management (《前期物業管理招標投標管理暫行辦法》) (Jian Zhu Fang [2003] No. 130), which was issued by the former Ministry of Construction on June 26, 2003 and came into effect on September 1, 2003, the construction enterprise of residential properties and non-residential properties within the same property management area shall engage property management enterprises by way of tender invitation. The tender inviter shall make a filing to the competent real estate administration authority of the local government at or above county level at the place where the property project is located within 15 days from the date of confirmation of the successful bidder. In case where there are less than three bidders or for small-scale properties, with approval from the competent real estate administration authority of the local government of the place where the property is located, a property management enterprise may be appointed by way of entering into an agreement.

According to the Government Procurement Law of the People's Republic of China (《中華人民共和國政府採購法》) (No. 14 Order of the President of the PRC) promulgated by the Standing Committee of the National People's Congress on June 29, 2002, which came into effect on January 1, 2003 and was amended on August 31, 2014, the procurement of services within the lawfully enacted centralized procurement lists or above the procurement limits by the State organs, public institutions and bodies at all levels with fiscal funds shall be proceeded according to the relevant provisions of the Law. Public tender invitation for bids should be the main procurement method for government procurement. The specific standards for amounts shall be prescribed by the State Council for government procurement items to be paid by the budget of the Central Government, or shall be prescribed by the people's government of the province, autonomous region or municipality if the government procurement item will be paid by the budget of local governments.

(IV) Charges of Property Management Enterprises

1. Property Management Fees

According to the Measures on the Administration of Property Service Charges (Fa Gai Jia Ge [2003] No. 1864) (《物業服務收費管理辦法》) (發改價格[2003]1864號) which was jointly issued by the NDRC and the former Ministry of Construction on November 13, 2003 and came into effect on January 1, 2004, property management enterprises are permitted to charge fees from property owners for the repair, maintenance and management of houses and ancillary facilities, equipment and venues and maintenance of the sanitation and order in relevant regions according to related property management contracts.

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

The property service charges shall be determined with references to the government guidance price or market-adjusted price, which is based on the nature and features of relevant properties to which the property management services are provided. The specific pricing principles shall be determined by the competent price administration departments and property administration departments of the local governments of each province, autonomous region and municipality. Except the circumstance where the government guidance price shall be implemented, the market-adjusted price applies to the property management service charges. The specific standard of such charges is determined by the property management enterprise and the developer or property owners through negotiation.

According to the Measures on the Administration of Property Service Charges and the relevant local regulations, where property service charges are priced under the government guidance, the competent price administration department and property administration department of the government shall set the benchmark prices and the range of variations depends on such factors as (1) the specific property type, which may include higher-level apartment buildings with elevators and lower-level apartment buildings without elevators, (2) service scope, which may specify different types of services, such as landscaping, repair and maintenance for common areas and elevator maintenance, and (3) the grading criteria of property service charges, and publish these prices and the range of variations regularly. The specific government guidance prices in different provinces and cities vary mainly depending on the property type, the existing condition of the local property management market, and the local government departments' policies with respect to the property management market. As required by Fujian Province, in additional to the implementation of government guidance prices for the services charges of government-supported houses, other property service charges are subject to market adjusted prices; in the cities of Nanjing, Suzhou and Nantong, Jiangsu Province, government guidance prices are implemented for public service fees and parking fees for preliminary properties of ordinary residential properties. After the establishment of a general meeting, the implementation of government guidance prices is determined by the general meeting; for non-ordinary residential properties and non-residential properties, market-adjusted price shall be implemented for other property service charges including special services provided for some property owners in accordance to their needs or such services entrusted by them; in Chongqing, government guidance prices are implemented for the preliminary property service charges for residential properties and supporting parking lots; in the cities of Shenzhen and Foshan, Guangdong Province, the preliminary property service charges for ordinary residential properties (including owner-owned parking spaces and garages) are subject to government guidance prices, but the government guidance prices are only implemented for property service charges of government-supported houses in the city of Huizhou; in Tianjin, the city of Hangzhou, Zhejiang Province, the city of Jinan, Shandong Province, the city of Tangshan, Hebei Province, and in several other cities, the preliminary property management service charges of ordinary residential properties are also subject to government guidance prices; in 2015, Shanghai canceled the government guidance prices for residential properties in order to loosen the price control on local property management market, and property service charges is subject to market pricing. Property owners and property management enterprises negotiate their own and reach an agreed charging standard under the property management service agreement.

As agreed between property owners and property management companies, the fees for property management services can be charged either as a lump sum basis or a commission basis. The lump sum basis refers to a fee charging method requiring property owners to pay property management companies a fixed amount of property management fees, and property management companies to enjoy or assume the surplus or deficit. The commission basis refers that property management companies may collect its service fees in the proportion or amount as agreed under the property service funds received in advance, the remainder of which shall all be used for the expenditure as stipulated in the property management contract, and any balance or shortfall shall be enjoyed or assumed by property owners.

Property management enterprises shall collect service fees by implementing expressly marked prices according to the regulations of competent pricing department under the government, revealing relevant information including service contents, service standards as well as charging items and charging standards to the public at prominent positions within property management area.

According to the Provisions on Clearly Marking the Prices of Property Services (《物業服務收費明碼標價規定》) (Fa Gai Jia Jian [2004] No. 1428) jointly promulgated by the NDRC and the Ministry of Construction on July 19, 2004 and effective on October 1, 2004, property management enterprises shall expressively mark the price, indicate service items and charging standards and other relevant information on the services (including the provision of property services as agreed under the property service contract and other services entrusted by property owners) provided to the owners. In case of any changes in charging standards, property management enterprises shall adjust all relevant contents one month before implementing new standard and shall indicate the starting date of implementing such new standard.

According to the Property Management Pricing Cost Supervision and Examination Approaches (Trial) (《物業服務定價成本監審辦法(試行)》) (Fa Gai Jia Ge [2007] No. 2285) jointly promulgated by the NDRC and the Ministry of Construction on September 10, 2007 and effective on October 1, 2007, competent pricing department under the government formulates or regulates property management charging standards. Property service pricing cost refers to the social average cost of property services verified by competent pricing department under the government. With the assistance of competent real estate department, competent pricing department is responsible for the implementation of property management pricing cost supervision and examination work. Property service pricing cost shall comprise staff costs, expenses for daily operation and maintenance on public facilities and equipment, green conservation costs, sanitation costs, order maintenance costs, public facilities and equipment as well as public liability insurance costs, office expenses, shared administration fee, fixed assets depreciation and other fees approved by property owners.

According to the Circular of the Opinions on Relaxing Price Controls in Certain Services (《國家發展和改革委員會關於放開部分服務價格意見的通知》) (Fa Gai Jia Ge [2014] No. 2755) promulgated by the NDRC on December 17, 2014 and effective on the same day, competent pricing departments of various provinces, autonomous regions and direct municipalities shall perform relevant procedures to liberalize the prices of the following types of services that have met relevant conditions: (1) Property services for non-government supported houses. Property manages fees are fees charged by property service enterprises and collected from property owners for the maintenance, conservation and management of non-government supported houses as well as their supporting facilities and equipment and relevant sites thereof, maintaining the environment, sanitation, and order within the geographical scope of the managed properties, and other actions entrusted by the property owners in accordance with the property service contract. Competent pricing departments from various provinces shall, jointly with the housing and urban-rural construction administrative competent departments, implement government guidance prices for government supported houses, houses under housing reform, older residential communities and preliminary property management services fees according to actual situation. (2) Carpark services in residential communities. Fees charged by property service enterprises or carpark service enterprises are fees collected from property owners or users of residential areas for the providing of carpark spaces and facilities management services in accordance with the agreed carpark service contract.

On December 25, 2020, ten departments, including MOHURD, jointly issued the Notice on Enhancing and Improving Residential Property Management (Jian Fang Gui [2020] No. 10), which further optimizes the pricing mechanism for property services and advocates commission basis payment. As stipulated in the Notice, prices for property services are primarily determined through market competition. Service price shall be agreed between property owners and property service company under the property service agreement, and subject to dynamic adjustment based on service standard, price index and other factors.

2. Carpark Service Fees

According to the Guidance on Further Improving Charging Policies for Motor Vehicle Parking Service (《關於進一步完善機動車停放服務收費政策的指導意見》) (Fa Gai Jia Ge [2015] No. 2975) jointly promulgated by the NDRC, the Ministry of Transport and MOHURD on December 15, 2015 and effective on the same day, the State adheres to the market-oriented focus and liberates competitive conditions regarding carpark facilities charging fees, and gradually reduces the scope of pricing management from the government in order to encourage and guide social capital to construct parking facilitates. Apart from financial funds from people's government at various levels and investments from urban construction (transportation investment), for newly built parking facilities that are fully invested by other economic organizations, operators shall, subject to laws and regulations on pricing as well as relevant provisions, implement their own charging standards according to market supply and competition conditions. For parking facilities with natural monopoly operation and charitable feature which require government pricing management, the local pricing catalog shall include such charging fees in order to clarify management authority, standardize pricing methods and procedures, and to effectively restrict government's involvement in pricing. Varied charging fees in car parking service implemented for different regions, locations, car models, and time period are encouraged in accordance to actual situations.

(V) Operating by Using Common Portions

According to Regulations on Property Management, for those who operate by using common portions, common facilities and equipment of properties shall undergo relevant procedures in accordance with the requirements after obtaining consents from relevant property owners, general meeting and property service enterprises. Such gains obtained by the property owners shall be primarily used for replenishing special maintenance funds, or may be used based on decisions made at a general meeting.

According to the Civil Code, for changing the use of common portions or using common portions to conduct business activities, such decision shall be made by property owners together, and such matters shall be voted on by two-thirds or more of property owners, provided that the area of private portions owned by such property owners accounts for two-thirds or more of the total area, and shall be subject to the consent of three quarters or more of the property owners participating in the voting, provided that the area of private portions owned by such property owners accounts for three quarters or more of the total area. The income derived from the use of common portions owned by the property owners, after deducting reasonable costs, shall belong to such property owners. Property service enterprises shall disclose to property's owners regularly on the operation and income of common portions owned by them, and shall report to the general meeting and property owners' association.

II. LEGAL SUPERVISION OVER THE INTERNET INFORMATION SERVICES

According to the Administrative Measures on Internet Information Services (《互聯網信息服務管理辦法》) (No. 588 Order of the PRC State Council) promulgated by the State Council on September 25, 2000 and effective on the same day and revised on January 8, 2011, internet information service refers to the provision of information through internet to web users, which includes two categories: commercial and non-commercial. Commercial internet information service refers to service activities including the provision of information or web page designing to web users through the internet with charge of payment. Non-commercial internet service refers to the provision of public, commonly-shared information to web users through the internet free of charge.

Filing is required for operation of non-commercial internet information services. Internet information service provider shall provide services within the scope of their licenses or filing. Non-commercial internet information service providers shall not provide services with charge of payment. In case where an internet information service provider changes its services, website address, etc., such service provider shall apply for approval or filing 30 days in advance at the relevant government department. Where an entity provides non-commercial internet information service without performing filing procedure, provincial telecommunication administrative department shall order it to make correction within a prescribed time limit, and to order it to shut down the website if it refused to make corrections.

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

The Cyberspace Administration of China shall be responsible for the supervision and administration of information content on mobile internet applications nationwide. The local cyberspace administrations shall be responsible for the supervision and administration of information content on mobile internet applications within the administrative regions.

According to the Provisions on Protecting the Personal Information of Telecommunications and Internet Users (《電信和互聯網用戶個人信息保護規定》) (No. 24 Order of the Ministry of Industry and Information Technology), which was promulgated by the Ministry of Industry and Information Technology on July 16, 2013 and came into effect on September 1, 2013, and Cybersecurity Law of the People's Republic of China (《中華人民共和國網絡安全法》) (No. 53 Order of the President of the PRC), which was promulgated by the Standing Committee of the National People's Congress on November 7, 2016 and came into effect on June 1, 2017, network operators (including internet information service providers) collecting and using personal information shall abide by the principles of legality, rightfulness and necessity; they shall publish rules for collection and use, explicitly stating the purposes, means, and scope for collecting or using information, and obtain the consent of the persons whose data is gathered. Network operators must not gather personal information unrelated to the services they provide; must not violate the provisions of laws, administrative regulations or agreements between the parties to gather or use personal information; and shall follow the provisions of laws, administrative regulations, and agreements with users to process personal information they have stored. Network operators must not disclose, tamper with, or destroy personal information they gather; and, without the consent of the person whose information was collected, must not provide personal information to others. Network operators shall adopt technical measures and other necessary measures to ensure the security of personal information they gather and to prevent personal information from leaking, being destroyed, or lost. When the leak, destruction, or loss of personal information occurs, or might have occurred, remedial measures shall be immediately taken, and provisions followed to promptly inform users and to make a report to the competent departments in accordance with regulations. The Civil Code also clearly stipulates that the personal information of a natural person shall be protected by laws. Any organization or individual that needs to obtain the personal information of others shall obtain such information pursuant to the law and ensure information security, and may neither illegally collect, use, process or transmit the personal information of others, nor illegally trade, provide or disclose the personal information of others.

III. LEGAL SUPERVISION OVER REAL ESTATE BROKERAGE BUSINESS

According to the Urban Real Estate Administration Law of the PRC (《中華人民共和國城市房地產管理法》) (No. 29 Order of the President of the PRC), which was promulgated by the Standing Committee of the National People's Congress on July 5, 1994, came into effect on January 1, 1995 and revised on August 30, 2007, August 27, 2009, and August 26, 2019, real estate intermediate service agencies include real estate consultants, real estate evaluation institutions, real estate brokerage agencies, etc. Real estate intermediate agencies shall meet the following conditions: (1) have their own name and organization; (2) have a fixed business site; (3) have the necessary assets and funds; (4) have a sufficient number of professionals; (5) other conditions specified by laws and administrative regulations.

According to the Administrative Measures for Real Estate Brokerage (《房地產經紀管理辦法》) (No. 8 Order of the Ministry of Housing and Urban-Rural Development, the National Development and Reform Commission and Ministry of Human Resources and Social Security), which was promulgated by the Ministry of Housing and Urban-Rural Development, NDRC and Ministry of Human Resources and Social Security on January 20, 2011, came into effect on April 1, 2011 and was amended on March 1, 2016, real estate brokerage refers to the acts of providing intermediary and agency services to and collecting commissions from clients by real estate brokerage institutions and real estate brokers for the purpose of promoting real estate transactions. Sufficient real estate agents are required to establish real estate brokerage agencies and their branches. Real estate brokerage agencies and their branches shall go to the competent housing and urban-rural development (real estate) authority for filing formalities within 30 days from the date of receiving business licenses.

IV. LEGAL SUPERVISION OVER LABOR PROTECTION IN THE PRC

According to the Labor Law of the PRC (《中華人民共和國勞動法》) (No. 24 Order of the President of the PRC), which was issued by the Standing Committee of the National People's Congress on July 5, 1994, came into effect on January 1, 1995 and amended on August 27, 2009 and December 29, 2018, employers shall develop and improve their rules and regulations in accordance with the law to ensure that workers enjoy their labor rights and perform their labor obligations. Employers shall develop and improve the system of labor safety and sanitation, strictly implement the national protocols and procedures on labor safety, guard against labor safety accidents and reduce occupational hazards. Labor safety and sanitation facilities shall meet the relevant national standards. Employers must provide workers with the necessary labor protection equipment that meets the safety and hygiene conditions stipulated under national regulations by the State, and conduct regular health checks for workers who engage in operations with occupational hazards. Laborers engaged in special operations must have received specialized training and obtained the pertinent qualifications.

According to the Labor Contract Law of the PRC (《中華人民共和國勞動合同法》) issued by the Standing Committee of the National People's Congress on June 29, 2007, came into effect on January 1, 2008 and revised on December 28, 2012, came into effect on July 1, 2013 and the Implementation Regulation on Labor Contract Law of the PRC (《中華人民共和國勞動合同法實施條例》) (No. 535 Order of the State Council), promulgated by the State Council on September 18, 2008 and became effect on the same day, regulate both parties through a labor contract, namely the employers and the employees, and contain specific articles involving the terms of the labor contract. Meanwhile, it is stipulated that labor contracts must be concluded in written forms, upon reaching an agreement after due negotiation, an employer and an employee may enter into a fixed-term labor contract, a non-fixed-term labor contract or a labor contract that concludes upon the completion of certain work assignments. After reaching an agreement upon due negotiation with employees or by fulfilling other circumstances in line with legal conditions, an employer may legally terminate a labor contract.

According to the Social Insurance Law of PRC (《中華人民共和國社會保險法》) (No. 25 Order of the President of the PRC), which was promulgated by the Standing Committee of the National People's Congress on October 28, 2010 and became effective on July 1, 2011 and further amended on December 29, 2018, employees shall participate in basic pension insurance, basic medical insurance and unemployment insurance. Basic pension, medical and unemployment insurance contributions shall be paid by both employers and employees. Employees shall also participate in work-related injury insurance and maternity insurance. Work-related injury insurance and maternity insurance contributions shall be paid by employers rather than employees. An employer shall make registration with the local social insurance agency in accordance with the provisions of the Social Insurance Law of PRC. For employers failing to conduct social insurance registration, the administrative department of social insurance shall order them to make corrections within a prescribed time limit; if they still fail to do so within the time limit, employers shall have to pay a penalty over one time but no more than three times of the amount of the social insurance premium payable by them, and their directly responsible executive staff and other directly responsible persons shall be fined RMB500 to RMB3,000. Also, it has consolidated the legal obligations and liabilities of employers who fail to promptly contribute social insurance contributions in full amount, those employers shall be ordered by the social insurance collection agency to make or supplement contributions within a designated period, and shall be subject to a late payment fine computed from the due date at the rate of 0.05% per day of the outstanding contribution amount; where payment is not made within the designated period, the relevant administrative authorities shall impose a fine ranging from one to three times of the outstanding contribution amount.

According to the Reform Plan of the State Tax and Local Tax Collection Administration System (《國稅地稅徵管體制改革方案》), which was promulgated by the General Office of the Communist Party of China and the General Office of the State Council of the PRC on July 20, 2018, from January 1, 2019, all the social insurance premiums including the premiums of the basic pension insurance, unemployment insurance, maternity insurance, work injury insurance and basic medical insurance will be collected by the tax authorities. According to the Notice on Conducting the Relevant Work Concerning the Administration of Collection of Social Insurance Premiums in a Steady, Orderly and Effective Manner (《關於穩妥有序做好社會保險費徵管有關工作的通知》) (Shui Zong Ban Fa [2018] No. 142) promulgated by the General Office of the State Administration of Taxation on September 13, 2018 and became effective and the Urgent Notice on Implementing the Spirit of the Executive Meeting of the State Council in Stabilizing the Collection of Social Security Contributions (《關於貫徹落實國務院常務會議精神切實做好穩定社保費徵收工作的緊急通知》) (Ren She Ting Han [2018] No. 246) promulgated by the General Office of the Ministry of Human Resources and Social Security and became effective on September 21, 2018, all the local authorities responsible for the collection of social insurance are strictly forbidden to conduct self-collection of historical unpaid social insurance contributions from enterprises. Notice on Implementing Measures to Further Support and Serve the Development of Private Economy (《關於實施進一步支持和服務民營經濟發展若干措施的通知》) (Shui Zong Fa [2018] No. 174) promulgated by the State Administration of Taxation on November 16, 2018 and became effective, repeated that tax authorities at all levels may not organize self-collection of arrears of taxpayers including private enterprises in the previous years.

The Notice on Promulgation of the Comprehensive Plan for the Reduction of Social Insurance Premium Rate (《關於印發降低社會保險費率綜合方案的通知》) (Guo Ban Fa [2019] No. 13), promulgated by the General Office of the State Council on April 1, 2019, requires to steadily advance the reform of the system of social security collection. In principle, the basic pension insurance for enterprise employees and other insurance types for enterprise employees shall be collected temporarily according to the existing collection system to stabilize the payment method. It also emphasizes that the historical unpaid arrears of the enterprise shall be properly treated. In the process of the reform of the collection system, it is not allowed to conduct self-collection of historical unpaid arrears from enterprises, and it is not allowed to adopt any method of increasing the actual payment burden of small and micro enterprises to avoid causing difficulties in the production and operation of the enterprise.

The Announcement on the Collection of Corporate Social Insurance Premiums by Tax Authorities (《關於企業社會保險費交由稅務部門徵收的公告》), promulgated jointly by the Beijing Municipal Human Resources and Social Security Bureau, the Beijing Municipal Finance Bureau, the Beijing Municipal Taxation Bureau of the State Administration of Taxation and the Beijing Municipal Medical Security Bureau on October 30, 2020, requires that from November 2020, all social insurance premiums for enterprise employees shall be collected by the tax authorities. After registering for insurance, the payer submits his/her/its social insurance payment declaration to the social insurance agency (agent) in accordance with the current methods and channels, and the social insurance agency (agent) verifies the social insurance premiums that should be paid and promptly transmits the payment amount to the tax authorities. The tax authorities collect various social insurance premiums based on the amount of premiums received. Services such as insurance registration, rights and interests record, and payment of benefits, are still handled by the social insurance agency (agent). Prior to the promulgation of regulations from Beijing, certain provinces including Zhejiang, Henan and Hebei have issued relevant regulations on the collection of corporate social insurance by tax authorities, and the human resources and social security, finance, taxation and medical security departments in some provinces and cities such as Shanghai, Tianjin, Shandong, Jiangxi, and Shenzhen, Guangdong, recently have also issued relevant local regulations on the collection of corporate social insurance premiums by tax authorities.

According to the Administrative Regulations on the Administration of Housing Provident Fund (《住房公積金管理條例》) (No. 710 Order of the State Council of the PRC), which was promulgated by the State Council and became effective on April 3, 1999, and was amended on March 24, 2002 and March 24, 2019, housing provident fund paid and deposited both by employee themselves and their employer shall be owned by the employees. The newly established enterprise shall register with the Housing Provident Fund Management Center for housing provident fund payment and deposit within 30 days from the date of establishment, and within 20 days from the date of registration, go through the procedures for the establishment or transfer of housing provident fund accounts for the employees of this enterprise. When an employer employs an employee, it shall register with the housing provident fund management center within 30 days from the date of employment, and go through the procedures for the establishment or transfer of an employee's housing provident fund account. Employers shall timely pay and deposit housing provident fund contributions in full amount and late or insufficient payments shall be prohibited. With respect to employers who violate the regulations hereinabove and fail to complete housing provident fund payment and deposit registrations or open housing provident fund accounts for their employees, such employers shall be ordered by the housing provident fund administration center to complete such procedures within a designated period. Those who fail to complete their registrations within the designated period shall be subject to a fine from RMB10,000 to RMB50,000. When employers are in breach of these regulations and fail to pay deposit housing provident fund contributions in full amount as they fall due, the housing provident fund administration center shall order such employers to pay within a prescribed time limit period, failing which an application may be made to a people's court for compulsory enforcement.

V. REGULATIONS RELATING TO INTELLECTUAL PROPERTIES

(I) Trademark Law

Trademarks are protected by the Trademark Law of the PRC (《中華人民共和國商標法》) (No. 29 Order of the President of the PRC), issued by the Standing Committee of the National People's Congress 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 23, 2019 and the Implementation Regulation of the PRC trademark Law (《中華人民共和國商標法實施條例》) (No. 651 Order of the State Council of the PRC), adopted by the State Council on April 29, 2014 and came into effect on May 1, 2014). The Trademark Office of National Intellectual Property Administration of the PRC handles trademark registration and grants registered trademarks for a validity period of ten 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.

(II) Domain Name

The Measures on the Administration of Domain Names (《互聯網域名管理辦法》) (No. 43 Order of the Ministry of Industry and Information Technology of the PRC), 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.

VI. LEGAL REGULATIONS OVER TAX

(I) Enterprise Income Tax

According to the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》) (No. 23 Order of the President of the PRC) (the "EIT Law"), promulgated by the National People's Congress on March 16, 2007 and came into effect on January 1, 2008 and revised on February 24, 2017 and December 29, 2018 and the Implementation Regulations on the Corporate Income Tax Law (《企業所得稅法實施條例》) (No. 714 Order of the State Council of the PRC) ("Implementation Regulations of the EIT Law"), issued by the State Council on December 6, 2007, came into effect on January 1, 2008 and was amended on April 23, 2019, the tax rate of 25% will be applied to the income related to all PRC enterprises, foreign-invested enterprises and foreign enterprises which have established production and operation facilities in the PRC. These enterprises are classified into as either resident enterprises or non-resident enterprises. Enterprises which are established in accordance with the law of the foreign country or region, but whose actual administration institutions (referring to the institutions conducting substantive and all-around management and control over the enterprises production, operation, personnel, accounting matters, finance, etc.) are in PRC, are deemed as resident enterprises. Thus, the tax rate of 25% applies to their income from both inside and outside PRC.

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

According to the Arrangements between the PRC and Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》), issued by State Administration of Taxation on August 21, 2006 and became effective on December 8, 2006, if the dividend beneficiary is a Hong Kong resident company and the aforementioned company directly holds at least 25% of the equity in the domestic company, the dividends distributed shall be taxed at the tax rate of 5%.

According to the Announcement on Several Issues concerning the Enterprise Income Tax on Income from the Indirect Transfer of Assets by Non-Resident Enterprises (《關於非居民企業間接轉讓財產企業所得稅若干問題的公告》) (Announcement No. 7 (2015) of the State Administration of Taxation") ("Announcement No. 7"), issued by State Administration of Taxation on February 3, 2015 came into effect on the same day, and revised on October 17, 2017 and December 29, 2017, where a non-resident enterprise indirectly transfers equities and other assets of a PRC resident enterprise to avoid the enterprise income tax payment obligation by making an arrangement with no reasonable business purpose, such indirect transfer shall be redefined and recognized as a direct transfer in accordance with the provisions of the EIT Law. Where the enterprise income tax on the income from the indirect transfer of real estate or equities shall be paid in accordance with the provisions of this Announcement, the entity or individual that directly assumes the obligation to make relevant payments to the transferor according to the provisions of the relevant laws or as agreed upon in the contract shall be the withholding agent. Announcement 7 also clearly stipulates the applicable scope of indirect transfers of Chinese taxable property, as well as relevant factors and conditions for judging reasonable commercial purposes, and the procedures and requirements for the submission of documents required for tax declaration. Where the competent tax authorities investigate and adjust the transactions of indirect transfer of Chinese taxable property, it shall follow the general anti-avoidance regulations.

(II) Value-added Tax

According to the Temporary Regulations on Value-Added Tax (《中華人民共和國增值稅暫行條例》) (No. 691 Order of the State Council of the PRC), promulgated on December 13, 1993, and amended on November 10, 2008, February 6, 2016 and November 19, 2017, respectively by the State Council and the Detailed Rules for the Implementation of the Provisional Regulations of the PRC on Value-Added Tax (《中華人民共和國增值稅暫行條例實施細則》) (No. 65 Order of the Ministry of Finance of the PRC), issued on December 25, 1993 by the Ministry of Finance, and became effective on the same day and revised on December 15, 2008 and October 28, 2011 (together with the Temporary Regulations on Value-Added Tax, collectively, the "VAT Law"), taxpayers who engaged in the sale of goods, the provision of processing, repairing and replacement services, sell service, intangible assets or immovables or import goods within the territory of the PRC, are VAT taxpayers and shall pay VAT in accordance with the VAT Law. Other than those specified listed in the VAT law, tax rate for selling services or intangible assets by VAT taxpayers is 6%.

Furthermore, in accordance with the Notice on Fully Launch of the Pilot Scheme for the Conversion of Business Tax to Value-Added Tax (《關於全面推開營業稅改徵增值稅試點的通知》) (Caishui [2016] No. 36), issued by the Ministry of Finance and the State Administration of Taxation on March 23, 2016, came into effect on May 1, 2016, the state started to fully implement the pilot program from business tax to value-added tax on May 1, 2016. All taxpayers of business tax in construction industry, real estate industry, financial industry and living service industry have been included in the scope of the pilot and should pay value-added tax instead of business tax.

(III) City Maintenance and Construction Tax and Educational Surcharges

According to the Notice on Unifying the System of Urban Maintenance and Construction Tax and Education Surcharge Paid by Domestic and Foreign-invested Enterprises and Individuals (《關於統一內外資企業和個人城市維護建設稅和教育費附加制度的通知》) (Guofa [2010] No. 35), issued by the State Council on October 18, 2010 and came into effect on December 1, 2010, since December 1, 2010, the Temporary Regulation on Urban Maintenance and Construction Tax of the PRC (《中華人民共和國城市維護建設稅暫行條例》) issued in 1985 and the Temporary Provisions on the Collection of Educational Surcharges (《徵收教育費附加的暫行規定》) issued in 1986 and other rules and regulations issued by the State Council and other competent departments since 1985 and 1986 in charge of relevant financial and tax authorities shall apply to foreign-invested enterprises, foreign enterprises and foreign individuals.

According to the Temporary Regulation on Urban Maintenance and Construction Tax of the PRC (《中華人民共和國城市維護建設稅暫行條例》) (No. 588 Order of the State Council of the PRC, "Temporary Regulation on Urban Maintenance and Construction"), issued by the State Council on February 8, 1985, retroactive to effective on January 1, 1985 and revised on January 8, 2011, entities and individuals who pay consumption tax, value-added tax and business tax (The State Council has repealed the Provisional Regulations on Business Tax of the PRC on November 19, 2017, the same below) shall pay city maintenance and construction tax. The payment of city maintenance and construction tax is based on the actual amount of consumption tax, value-added tax and business tax paid by the entities and individuals and shall be paid at the same time along with the above taxes. If the location of the taxpayer is in city downtown area, the tax rate shall be 7%; if the location of the taxpayer is in a county or town, the tax rate shall be 5%; the tax rate shall be 1% for taxpayer located out of city downtown area, country or town.

On August 11, 2020, the Standing Committee of the National People's Congress passed the Tax Law on Urban Maintenance and Construction of the PRC (《中華人民共和國城市維護建設稅法》) (No. 51 Order of the President of the PRC, "Urban Construction Tax Law"), which will be implemented on September 1, 2021 and the above temporary regulation on urban construction tax will be abolished. According to the provisions of the Urban Construction Tax Law, all enterprises and individuals that pay value-added tax and consumption tax within the territory of the PRC are taxpayers of urban maintenance and construction tax, and shall pay urban maintenance and construction tax in accordance with the provisions of the law. The urban maintenance and construction tax is calculated based on the actual value-added tax and consumption tax paid by the taxpayers in accordance with the law. The tax rate and the time when the tax obligation occurs are kept consistent with the Temporary Regulation on Urban Maintenance and Construction.

According to the Temporary Provisions on the Collection of Educational Surcharges (《徵收教育費附加的暫行規定》) (No. 588 Order of the State Council of the PRC), issued by the State Council on April 28, 1986, came into effect on July 1, 1986 and revised on June 7, 1990, August 20, 2005 and January 8, 2011, the tax rate of education surcharges shall be 3% of the actual amount of consumption tax, value-added tax and business tax paid by the entities and individuals and paid at the same time along with the above taxes.

VII. REGULATIONS RELATING TO FOREIGN EXCHANGE MANAGEMENT

According to the PRC Foreign Currency Administration Rules (《中華人民共和國外匯管理條例》) (No. 532 Order of the State Council), promulgated by the State Council on January 29, 1996, came into effect on April 1, 1996 and amended on January 14, 1997 and August 5, 2008, the RMB is generally freely convertible for current account items, including the distribution of dividends, trade and service related foreign exchange transactions, but not for capital account items, such as direct investment, loan, repatriation of investment and investment in securities outside the PRC, unless the prior approval of the SAFE is obtained.

According to the Circular on Reforming and Regulating Policies on the Control over Foreign Exchange Settlement of Capital Accounts (《關於改革和規範資本項目結匯管理政策的通知》) (Hui Fa [2016] No.16) promulgated by the State Administration of Foreign Exchange on June 9, 2016, the foreign exchange receipts under capital accounts of domestic institutions are subject to discretionary settlement policies. That the foreign exchange receipts under capital accounts (including foreign exchange capital, foreign debts, and repatriated funds raised through overseas listing) subject to discretionary settlement as expressly prescribed in the relevant policies may be settled with banks according to the actual need of domestic institutions for business operations has been clearly implemented in relevant policies. Domestic institutions may, at their discretion, settle up to 100% of foreign exchange receipts under capital accounts for the time being. The SAFE may adjust the above proportion in due time according to balance of payments. The funds shall not, directly or indirectly, be used for expenditure beyond the enterprise's business scope or expenditure prohibited by laws and regulations of the State. Unless otherwise specified, the funds shall not, directly or indirectly, be used for investments in securities or other investments than banks' principal-secured products. The funds shall not be used for the granting of loans to non-affiliated enterprises, except where it is expressly permitted in the business license. The funds shall not be used for the construction or purchase of real estate for purposes other than self-use (except for real estate enterprises).

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》) (Hui Fa [2020] No. 8) 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 ex post checking in accordance with the relevant requirements.

Pursuant to the Notice on Issues concerning Foreign Exchange Administration of the Overseas Investment and Financing and the Round-tripping Investment Made by Domestic Residents through 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》) (Hui Fa [2014] No. 37) ("Circular 37"), promulgated by SAFE on July 4, 2014 and became effective on the same day, (1) a PRC resident ("PRC Resident") shall register with the local SAFE branch before he or she contributes assets or equity interests in an overseas special purpose vehicle ("Overseas SPV"), that is directly established or controlled by the PRC Resident for the purpose of conducting investment or financing; and (2) following the initial registration, the PRC Resident is also required to register with the local SAFE branch for any major change, in respect of the Overseas SPV, including, among other things, a change of the Overseas SPV's PRC Resident shareholder(s), name of the Overseas SPV, term of operation, or any increase or reduction of the Overseas SPV's registered capital, share transfer or swap, and merger or division. Pursuant to Circular No. 37, failure to comply with these registration procedures may result in penalties.

Pursuant to the Circular on Further Simplifying and Improving the Direct Investment-related Foreign Exchange Administration Policies (《關於進一步簡化和改進直接投資外匯管理政策的通知》) (Hui Fa [2015] No. 13) ("Circular 13"), which was promulgated by the State Administration of Foreign Exchange on February 13, 2015 and became effective on June 1, 2015 and was amended on December 30, 2019, the foreign exchange registration under domestic direct investment and the foreign exchange registration under overseas direct investment are directly reviewed and handled by banks in accordance with the Circular 13, and the SAFE and its branches shall perform indirect regulation over the foreign exchange registration via banks.

VIII. REGULATION RELATING TO M&A RULES

According to the Regulations for Merger with and Acquisition of Domestic Enterprises by Foreign Investors (《關於外國投資者併購境內企業的規定》) (Order of MOFCOM [2009] No. 6) (the "M&A Rules") promulgated by six PRC regulatory agencies including MOFCOM on August 8, 2006 and effective on September 8, 2006, and amended on June 22, 2009, in the event of (1) a foreign investor converts a non-foreign invested enterprise to a foreign invested enterprise by purchasing the equity interest from the shareholder of such domestic non-foreign invested enterprise or the increased capital of the domestic company; or (2) a foreign investor establishes a foreign invested enterprise to purchase the assets from a domestic enterprise by agreement and operates the assets therefrom; or a foreign investor purchases the assets from a domestic enterprise by agreement and uses these assets to establish a foreign invested enterprise for the purpose of operation of such assets, it shall be subject to the approval of the approval authority under such M&A rules. In particular, where a domestic company, enterprise or natural person acquires a domestic company which is related to it/him in the name of a foreign company lawfully established or controlled by such domestic company, enterprise or natural person, in the case of such acquisition and merger, approval from MOFCOM is required.

According to the Filing Administration Measures, where a non-foreign invested enterprise changes into a foreign invested enterprise by ways of acquisition, merger or any other means, if such change falls within the scope of filing as required under the Filing Administration Measures, it shall complete the filing procedures for incorporation and submit the Incorporation Application in accordance to the Filing Administration Measures. Accordingly, apart from the implementation of special management measures for admission and acquisition and merger, approval from competent commercial authorities is no longer required. Following the promulgation and implementation of Foreign Investment Law, effective from January 1, 2020, the Filing Administration Measures has also been replaced by the Foreign Investment Information Reporting Measures, where foreign investors carry out investment activities directly or indirectly in China under the M&A Rules, foreign investors or foreign invested enterprise shall report investment information to competent commercial authorities through the enterprise registration system and the national enterprise credit information publicity system.

OUR HISTORY AND DEVELOPMENT

Overview

Our history can be traced back to 2003 when our first operating subsidiary, Xiamen Cippon Tai Wo, started to provide residential property management services for properties developed by the China SCE Group, a leading large-scale and integrated real estate developer in China. Following the China SCE Group's commencement of the development of commercial properties, we expanded our service scope to providing commercial property management and operational services in 2009. Since our inception, we have expanded our geographic coverage across different regions in China.

As of the Latest Practicable Date, we had been contracted to provide commercial property management and operational services to a total of 37 commercial properties across 27 cities in 12 provinces, municipalities and autonomous regions in China with an aggregate contracted GFA of approximately 4.8 million sq.m. With respect to our residential property management service, we had been contracted to provide residential property management services for 184 projects with an aggregate GFA of approximately 35.2 million sq.m. spanning across 49 cities in 17 provinces, municipalities and autonomous regions in China, as of the Latest Practicable Date.

Key Business Development Milestones

The following events set forth the key milestones in the history of our business development:

Year	Event
2003	Our first operating subsidiary, Xiamen Cippon Tai Wo, commenced the provision of residential property management services.
2009	We commenced to provide commercial property management and operational services to Beijing CBD SCE Funworld (北京CBD中駿世界城), our first commercial complex under management.
2013	We started to manage our first residential project in the Bohai Rim Economic Zone.
2014	We started to manage Quanzhou Funworld (泉州世界城), the first commercial shopping mall under our management in the Western Taiwan Straits Economic Zone.

Year	Event
2015	We were named as one of the Top 50 Property Management Companies in China in Terms of Brand Value (中國物業管理企業品牌價值50強) for the first time.
2016	We started to manage our first residential project in the Guangdong-Hong Kong-Macau Greater Bay Area.
2017	We were named as one of the Top 50 Property Management Companies in China in Terms of Brand Value (中國物業管理企業品牌價值50強) by China Real Estate Association (中國房地產業協會) and the China Real Estate Appraisal Center of Shanghai E-House Real Estate Research Institute (上海易居房地產研究院中國房地產測評中心) and one of the Top 100 Property Management Companies in China in Terms of Overall Strength (中國物業管理企業綜合實力100強) by China Real Estate Association (中國房地產業協會) and the China Real Estate Appraisal Center of Shanghai E-House Real Estate Research Institute (上海易居房地產研究院中國房地產測評中心), and were awarded the 2017 Property Management Gold Award (2017金牌物業獎) by China Real Estate Association (中國房地產業協會).
2018	Our GFA under management exceeded 10.0 million sq.m.
2019	We were named as a Top 100 Property Management Company in China (中國物業服務百強企業) by CIA for two consecutive years commencing from 2019.
	We started to offer pre-opening management services to commercial properties.
2020	We were awarded as a 2020 China Commercial Real Estate Brand Value Top 10 (2020中國商業地產公司品牌價值TOP10) and named as one of the China Leading Property Management Companies in terms of Service Quality (中國物業服務品質領先企業) by CIA.
	We launched our CRM Membership and Sales System.
	Our contracted GFA exceeded 30.0 million sq.m.

Our Corporate Development

As of the Latest Practicable Date, our Group had either established or acquired operating subsidiaries in the PRC to carry out our business. The major corporate developments of our subsidiaries which were material to our performance during the Track Record Period are set out below:

Xiamen Cippon Tai Wo

Xiamen Cippon Tai Wo was established in the PRC on November 4, 2002 with an initial registered capital of HK$1.5 million. It is the onshore holding company of the residential property management services entities of our Group and is principally engaged in the business of residential property management. Upon its establishment, Xiamen Cippon Tai Wo was wholly owned by South China Group (H.K.) Limited (中駿集團(香港)有限公司) ("**South China HK**"), an indirect wholly-owned subsidiary of China SCE Group Holdings.

As part of the Reorganization, on January 13, 2021, South China HK transferred its entire equity interest in Xiamen Cippon Tai Wo to Superior Management. Upon completion of such transfer, Xiamen Cippon Tai Wo became indirectly wholly-owned by our Company. See "—Reorganization—5. Acquisition of the residential property management services operating entities from China SCE Group" below for details.

Fujian Cippon Tai Wo

Fujian Cippon Tai Wo was established in the PRC on April 1, 2003 with an initial registered capital of RMB1.0 million. It is principally engaged in the provision of residential property management services. Upon its establishment, Fujian Cippon Tai Wo was owned as to 70% by Mr. Chen Yuanlai (陳元來), one of our founders as well as an executive director and vice chairman of the board of China SCE Group Holdings, and 30% by Mr. Xu Shaohua (許少華), an Independent Third Party.

Subsequent to a series of equity transfers, Fujian Cippon Tai Wo became wholly owned by Xiamen Cippon Tai Wo on August 4, 2008.

Following a series of changes in registered capital, as of September 26, 2011, the registered capital of Fujian Cippon Tai Wo had been increased to RMB5.0 million.

On August 22, 2019, the registered capital of Fujian Cippon Tai Wo was increased to RMB10.0 million.

Fujian Cippon Tai Wo was ultimately controlled by China SCE Group during the Track Record Period.

Shanghai SCE CM

Shanghai SCE CM was established in the PRC on November 18, 2013 with an initial registered capital of RMB10.0 million. Shanghai SCE CM is the onshore holding company of the commercial property management and operational services entities of our Group and is principally engaged in the business of commercial property management and operational services. Upon its establishment, Shanghai SCE CM was wholly owned by Xiamen Zhongjun Industrial Co. Ltd. (廈門中駿集團有限公司) ("**Xiamen Zhongjun**"), an indirect wholly-owned subsidiary of China SCE Group Holdings.

On August 7, 2017, Xiamen Zhongjun transferred its entire equity interest in Shanghai SCE CM to Shanghai Zhongjun Property Co., Ltd. (上海中駿置業有限公司) ("**Shanghai Zhongjun Property**"), a wholly-owned subsidiary of Xiamen Zhongjun, at a consideration of RMB10.0 million, which was determined after arm's length negotiations with reference to the paid-up capital of Shanghai SCE CM as of the date of the transfer. Upon completion of such transfer, Shanghai SCE CM became wholly owned by Shanghai Zhongjun Property.

On December 19, 2019, Shanghai Zhongjun Property transferred its entire equity interest in Shanghai SCE CM to First Bright Management Limited (輝信管理有限公司) ("**First Bright**"), an indirectly wholly-owned subsidiary of our Company, at a consideration of RMB10.0 million, which was determined after arm's length negotiations with reference to the paid-up capital of Shanghai SCE CM as of the date of the transfer. Upon completion of such transfer, Shanghai SCE CM became wholly owned by First Bright.

Subsequent to a series of capital injections and equity transfers in December 2020, the registered capital of Shanghai SCE CM became RMB12.2 million and has remained wholly owned by First Bright.

Beijing World City

Beijing World City was established in the PRC on June 27, 2007 with an initial registered capital of RMB50.0 million. It is principally engaged in the provision of commercial property management and operational services. Upon its establishment, Beijing World City was wholly-owned by Max Fresh Investments Limited (盛新投資有限公司) ("**Max Fresh Investments**"), an indirect wholly-owned subsidiary of China SCE Group Holdings.

As part of the Reorganization, on January 19, 2021, Max Fresh Investments transferred its entire equity interest in Beijing World City to Shanghai SCE CM. Upon completion of such transfer, Beijing World City became indirectly wholly-owned by our Company. See "—Reorganization—3. Acquisition of the commercial property management and operational services operating entities from China SCE Group" below for details.

SHARE INCENTIVE TO DIRECTORS AND EMPLOYEES

Pursuant to an employee share incentive scheme which was adopted for the purpose of awarding certain directors and employees of our Group for their contribution, on March 2, 2020, 55 shares, 20 shares, 50 shares, 75 shares and 50 shares were allotted and issued to each of Raising Sail Enterprises Limited (揚帆企業有限公司) ("**Raising Sail**"), Surplus Star International Limited (溢星國際有限公司) ("**Surplus Star**"), Ambitious Profit Holdings Limited (志潤控股有限公司) ("**Ambitious Profit**"), Graceful Solar Limited (雅陽有限公司) ("**Graceful Solar**") and Golden Skill Investments Limited (金藝投資有限公司) ("**Golden Skill**"), respectively. On the same date, an additional 650 shares were allotted and issued to our original sole Shareholder Affluent Way, a directly wholly owned subsidiary of China SCE Group Holdings. Upon completion of the above allotment and issuance, our Company became owned as to 75.0% by Affluent Way, 5.5% by Raising Sail, 2.0% by Surplus Star, 5.0% by Ambitious Profit, 7.5% by Graceful Solar and 5.0% by Golden Skill. As of the Latest Practicable Date, the consideration for the above allotment of Shares had been settled. Details on the shareholders of each of Raising Sail, Surplus Star, Ambitious Profit, Graceful Solar and Golden Skill (each an "**Employee Holding Company**") and their subscriptions pursuant to the incentive scheme described above are as follows:

Employee Holding Company	Subscription Price *(Note 1)*	Basis of determination of the subscription price	Discount to the Offer Price *(Note 2)*	Ultimate beneficial owner(s) of the Employee Holding Company	Position of the ultimate beneficial owner(s) in our Group
Raising Sail	HK$6,105,000	After arm's length negotiations having considered to the fair value of the Shares subscribed for and taking into account the contribution by each relevant director/ employee	97%	As to approximately 18.2% each: Mr. Wong Lun, Mr. Huang Youquan, Mr. Zheng Quanlou and Mr. Wang Meng, and as to approximately 9.1% each: Ms. Ku Weihong, Ms. Tang Xiaojuan and Mr. Peng Fei	Each of Mr. Wong Lun, Mr. Huang Youquan, Mr. Zheng Quanlou and Ms. Ku Weihong is a member of our Board. See "Directors and senior management" for their background. Mr. Wang Meng is a vice general manager of Shanghai SCE CM, primarily responsible for the supervision of the sourcing and management of tenants. Ms. Tang Xiaojuan is a vice general manager of Xiamen Cippon Tai Wo, primarily responsible for the supervision of our administration and information technology management. Mr. Peng Fei is a marketing director of Shanghai SCE CM, primarily responsible for the supervision of project management and marketing management.
Surplus Star	HK$2,220,000		97%	Mr. Sun Qiang	Mr. Sun Qiang is a member of our Board. See "Directors and senior management" for his background.

Employee Holding Company	Subscription Price *(Note 1)*	Basis of determination of the subscription price	Discount to the Offer Price *(Note 2)*	Ultimate beneficial owner(s) of the Employee Holding Company	Position of the ultimate beneficial owner(s) in our Group
Ambitious Profit	HK$5,550,000		97%	Mr. Wong Cheung Tak	Mr. Wong Cheung Tak is a vice general manager of Shanghai SCE CM, primarily responsible for providing guidance on market research.
Graceful Solar	HK$8,325,000		97%	Mr. Niu Wei	Mr. Niu Wei is a member of our Board. See "Directors and senior management" for his background.
Golden Skill	HK$5,550,000		97%	As to 10.0% each: Mr. Wang Yue and Mr. Zhang Wei, and as to 80.0%: Ms. Ku Weihong	Ms. Ku Weihong is a member of our Board. See "Directors and senior management" for her background. Mr. Wang Yue is a design director of Shanghai SCE CM, primarily responsible for providing guidance on design consultation. Mr. Zhang Wei is a vice general manager of Shanghai SCE CM, primarily responsible for providing guidance on marketing positioning.

Notes:

(1) The relevant directors and employees used their respective personal funds for the share subscriptions.

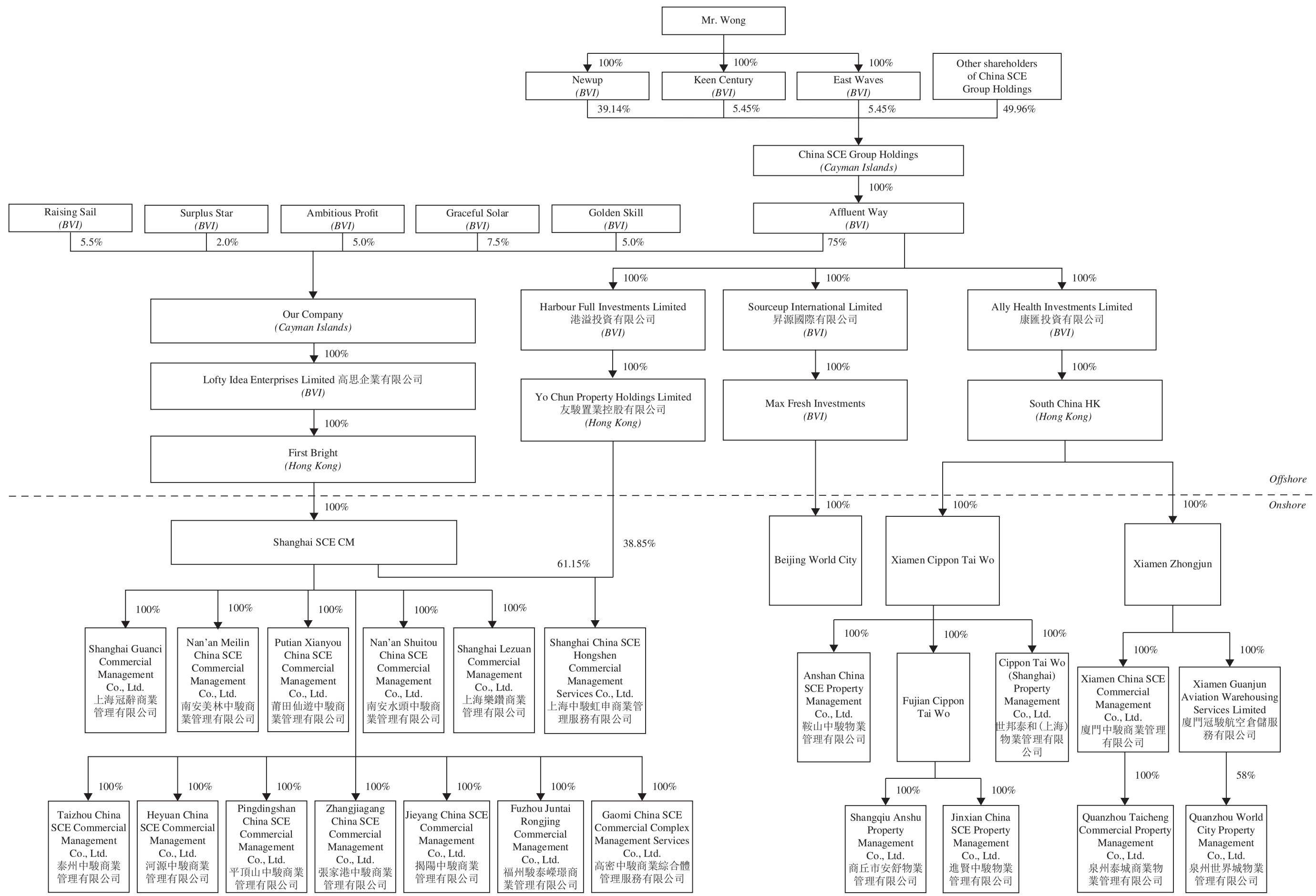
(2) The discount to the Offer Price has been calculated taking the approximate cost per Share, being the amount of consideration paid divided by the number of Shares to be held upon Listing (assuming the Over-allotment Option is not exercised) and on the assumption that the Offer Price is HK$4.15 per Share, being the mid-point of the indicative Offer Price range of HK$3.70 to HK$4.60.

Pursuant to the terms of the employee share incentive scheme, the ultimate beneficial owners of Raising Sail, Surplus Star, Ambitious Profit, Graceful Solar and Golden Skill (the "**Ultimate Beneficial Owners**") are required to remain employed by our Group for a period of five years from the date of the allotment and issue of the Shares (the "**Lock-up Period**"), during which the relevant Shares are not transferable. Such Shares rank pari passu with the other Shares of the Company held by other Shareholders, carrying equal voting and dividend rights. Any dividends declared and paid during the Lock-up Period are required under the terms of such employee share incentive scheme to be deposited in a bank account designated by the Board and will be paid to the Ultimate Beneficial Owners upon the expiration of the Lock-up Period. If any of the Ultimate Beneficial Owners resigns, retires or terminates his/her employment with our Group for any reason during the Lock-up Period, the relevant Shares held by the respective Ultimate Beneficial Owner is required to be transferred to another person as trustee for future grantees designated by the Board at the original subscription price.

The Shares held by each of Raising Sail, Surplus Star, Graceful Solar and Golden Skill will in aggregate represent approximately 10.06% of the issued Shares of our Company immediately upon completion of the Spin-off (assuming the Over-allotment Option is not exercised) and will not be counted toward the public float of our Company after Listing.

REORGANIZATION

The following diagram illustrates our shareholding structure before the Reorganization:



In preparation for the Listing, we underwent the Reorganization pursuant to which our Company became the holding company and listing vehicle of our Group and our PRC operations were transferred to our Company:

1. Name and share capital changes of our Company

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability on August 20, 2019 to act as the holding Company and listing vehicle of our Group. As of the date of its incorporation, the authorized share capital of our Company was US$50,000 divided into 50,000 ordinary shares of US$1.00 each. Upon our incorporation, one share was issued at par to an initial subscriber, being an Independent Third Party, which was transferred to Affluent Way at a consideration of US$1.00 on the same date. 99 additional shares were allotted and issued to Affluent Way on the same date, and upon completion of such allotment and issuance, our Company remained wholly owned by Affluent Way.

On November 10, 2020, the name of our Company was changed from "China SCE Commercial Holdings Limited (中駿商業控股有限公司)" to "SCE Intelligent Commercial Management Holdings Limited (中駿商管智慧服務控股有限公司)".

Pursuant to the written resolutions passed by our Directors and our Shareholders on January 15, 2021, respectively, the par value of our Shares was redenominated into Hong Kong dollars and the authorized share capital of our Company was changed to HK$380,000 divided into 38,000,000 Shares with a par value of HK$0.01 each. Upon completion of such redenomination, 585,000 Shares, 42,900 Shares, 15,600 Shares, 39,000 Shares, 58,500 Shares and 39,000 Shares were in issue and registered in the names of our then Shareholders, namely Affluent Way, Raising Sail, Surplus Star, Ambitious Profit, Graceful Solar and Golden Skill, respectively. The shareholding percentage of each Shareholder remain the same following the above changes.

2. Incorporation of offshore intermediate holding subsidiaries

On September 22, 2020, Shine Sino Limited (輝華有限公司) ("**Shine Sino**") was incorporated in the BVI with limited liability and is authorized to issue up to 50,000 ordinary shares of a single class with a par value of US$1.00 each. On November 5, 2020, 100 shares were issued to our Company at a subscription price of US$100.

On November 5, 2020, Shine Sino acquired the entire equity interest of Superior Management, a company incorporated in Hong Kong with limited liability on August 20, 2020, from its initial subscriber at a subscription price of HK$1.00. Upon completion of such acquisition, Superior Management became directly wholly-owned by Shine Sino and an indirect wholly-owned subsidiary of our Company.

3. Acquisition of the commercial property management and operational services operating entities from China SCE Group

On August 12, 2020, Shanghai SCE CM acquired the entire equity interest of Xiamen Zhongjun Commercial Management Co., Ltd. (廈門中駿商業管理有限公司) ("**Xiamen Zhongjun CM**") from Xiamen Zhongjun, an indirect wholly-owned subsidiary of China SCE Group Holdings, at a consideration of approximately RMB92.1 million. Such consideration was determined after arm's length negotiations with reference to the net asset value of Xiamen Zhongjun CM as of July 31, 2020 and had been fully settled as of the Latest Practicable Date. Upon completion of such acquisition, Xiamen Zhongjun CM became an indirect wholly-owned subsidiary of our Company. Xiamen Zhongjun CM is principally engaged in the provision of commercial property management and operational services.

On August 14, 2020, Shanghai SCE CM acquired 58% of the equity interest in Quanzhou World City Property Management Co., Ltd. (泉州世界城物業管理有限公司) ("**Quanzhou World City**") from Xiamen Guanjun Aviation Warehousing Services Limited (廈門冠駿航空倉儲服務有限公司), an indirect wholly-owned subsidiary of China SCE Group Holdings, at a consideration of RMB5.8 million. Such consideration was determined after arm's length negotiations with reference to the paid-up registered capital of Quanzhou World City and had been fully settled as of the Latest Practicable Date. Upon completion of such acquisition, Quanzhou World City became an indirect non-wholly-owned subsidiary of our Company. Quanzhou World City is principally engaged in the provision of commercial property management and operational services. The remaining 42% of the equity interest in Quanzhou World City is held as to 17% by Su Jisheng (蘇吉生), 15% by Yang Liling (楊麗玲) and 10% by Chen Jiapin (陳加貧), all Independent Third Parties.

On August 25, 2020, Shanghai SCE CM acquired 38.85% of the equity interest in Shanghai Zhongjun Hongshen Commercial Management Services Co., Ltd. (上海中駿虹申商業管理服務有限公司) ("**Shanghai Zhongjun Hongshen**") from Yo Chun Property Holdings Limited (友駿置業控股有限公司), an indirect wholly-owned subsidiary of China SCE Group Holdings, at nil consideration. Such consideration was determined after arm's length negotiations with reference to the net liability value of Shanghai Zhongjun Hongshen as of July 31, 2020. Upon completion of such acquisition, Shanghai Zhongjun Hongshen became wholly owned by Shanghai SCE CM and an indirect wholly-owned subsidiary of our Company. Shanghai Zhongjun Hongshen is principally engaged in the provision of commercial property management and operational services.

On January 19, 2021, Shanghai SCE CM acquired the entire equity interest of Beijing World City from Max Fresh Investments at a consideration of RMB50.0 million. Such consideration was determined after arm's length negotiations with reference to the net asset value of Beijing World City as of August 31, 2020 and has been fully settled in February 2021. Upon completion of such acquisition, Beijing World City became an indirect wholly-owned subsidiary of our Company. Beijing World City is principally engaged in the provision of commercial property management and operational services.

4. Further shareholding change in our Company

On January 23, 2021, as part of the internal restructuring of the China SCE Group, Affluent Way transferred all the Shares held by it in our Company to its wholly-owned subsidiary, Happy Scene. Upon completion of such transfer, our Company became a direct non-wholly owned subsidiary of Happy Scene and has remained an indirect wholly-owned subsidiary of China SCE Group Holdings.

5. Acquisition of the residential property management services operating entities from China SCE Group

On January 13, 2021, Superior Management acquired the entire equity interest of Xiamen Cippon Tai Wo from South China HK, an indirect wholly-owned subsidiary of Affluent Way, which was settled by our Company allotting and issuing 382,980 Shares to Happy Scene, a wholly-owned subsidiary of Affluent Way. Upon completion of such acquisition, Xiamen Cippon Tai Wo became an indirect wholly-owned subsidiary of our Company. Xiamen Cippon Tai Wo is the onshore holding company of the residential property management services entities of our Group and is principally engaged in the business of residential property management.

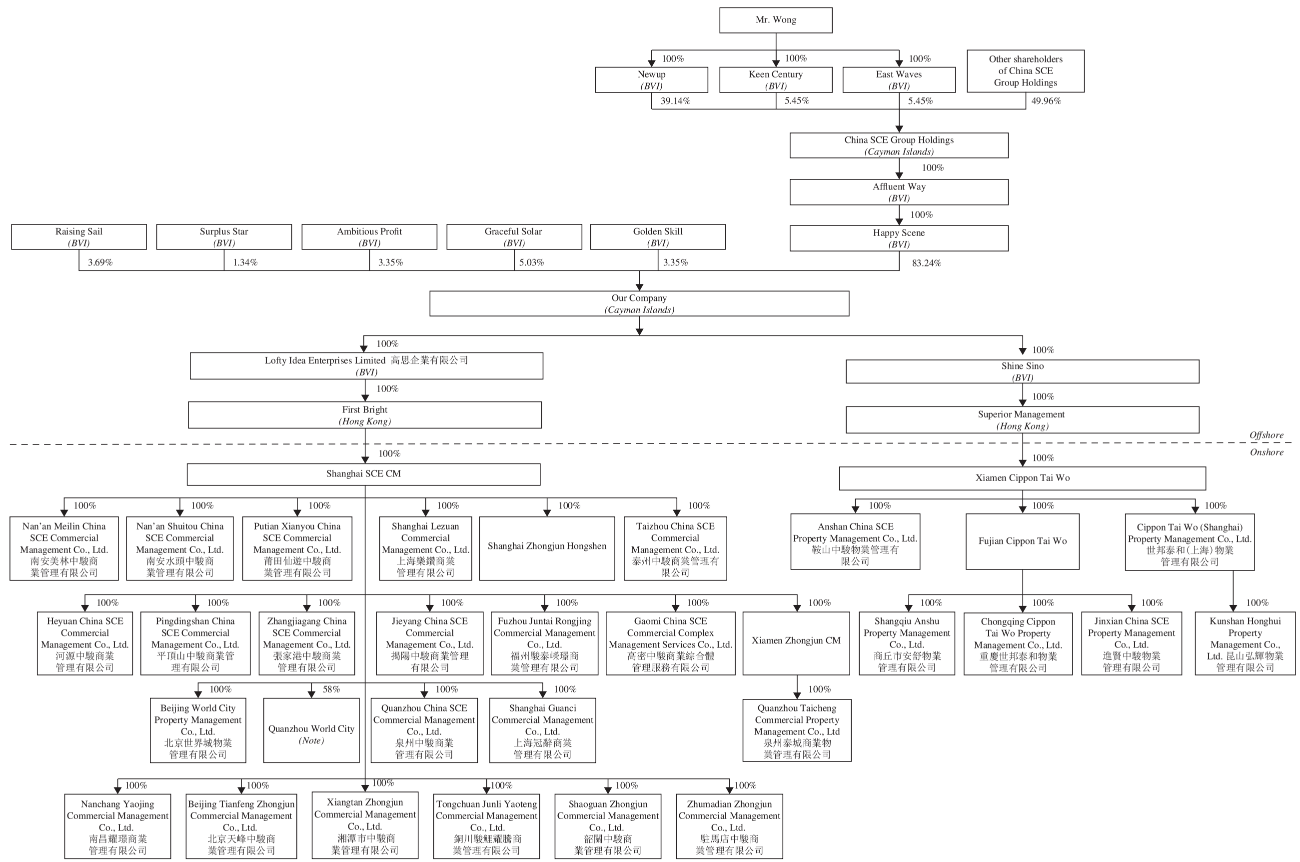
Upon completion of the above allotments and issuance, our Company became owned as to 83.24% by Affluent Way, 3.69% by Raising Sail, 1.34% by Surplus Star, 3.35% by Ambitious Profit, 5.03% by Graceful Solar, and 3.35% by Golden Skill.

PRC REGULATORY REQUIREMENTS

Our PRC Legal Advisors have confirmed that all applicable regulatory approvals in relation to the equity transfers in respect of the PRC companies in our Group as described in the section headed “Reorganization” above have been obtained, the equity transfers have been legally completed in accordance with the relevant equity transfer agreements, and the procedures involved have been carried out in accordance with applicable PRC laws and regulations.

CORPORATE STRUCTURE UPON COMPLETION OF THE REORGANIZATION AND IMMEDIATELY PRIOR TO THE COMPLETION OF THE CAPITALIZATION ISSUE AND THE SPIN-OFF

The following diagram illustrates our shareholding structure upon completion of the Reorganization and immediately prior to the completion of the Capitalization Issue and the Spin-off:



Note: The remaining equity interest is held as to 17% by Su Jisheng, 15% by Yang Liling and 10% by Chen Jiapin, all Independent Third Parties.

INCREASE OF AUTHORIZED SHARE CAPITAL

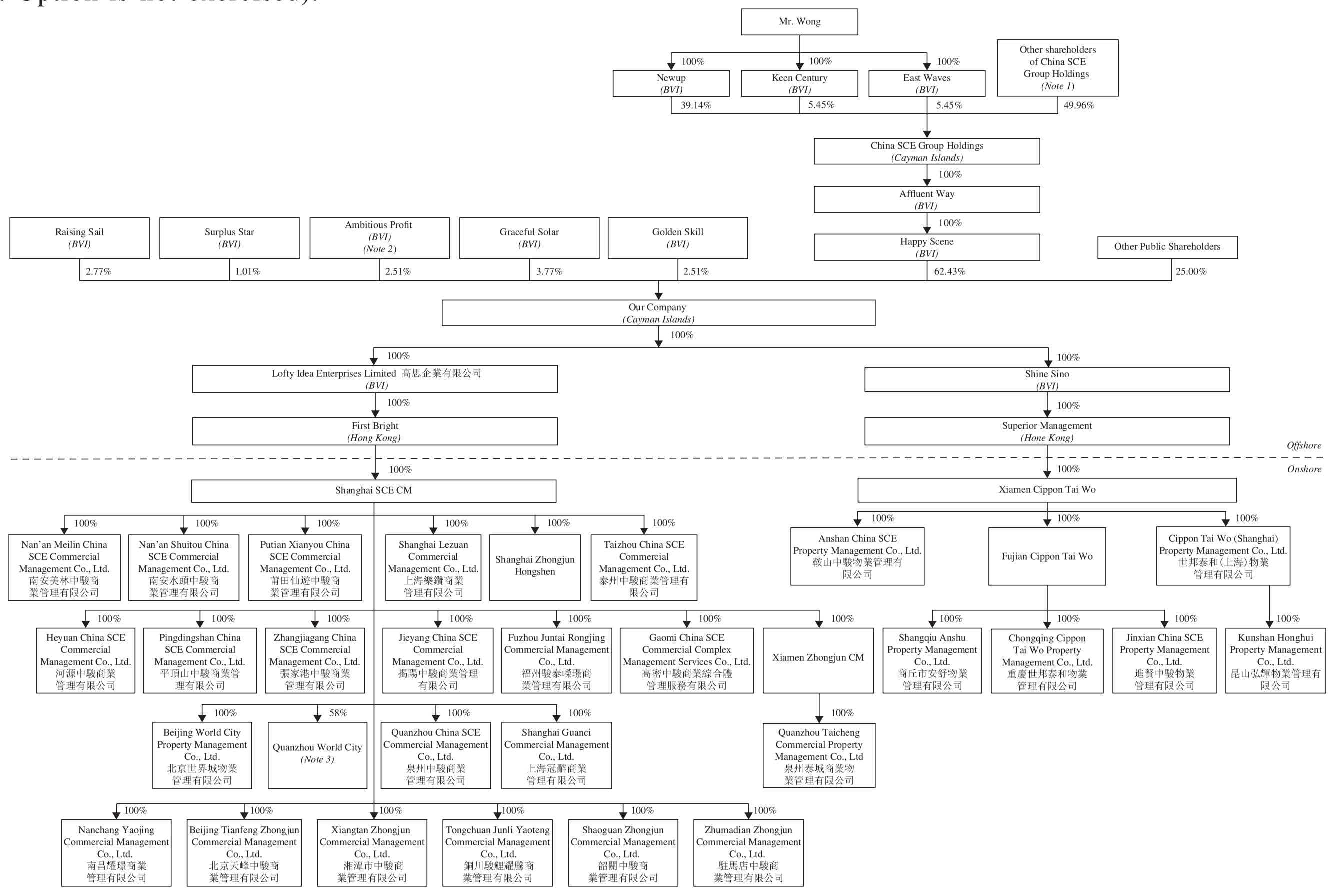
On June 10, 2021, our Company increased its authorized share capital to HK$50,000,000 by the creation of 4,962,000,000 additional Shares.

CAPITALIZATION ISSUE

Pursuant to the written resolutions of our Shareholders passed on June 10, 2021, conditional on the share premium account of our Company being credited as a result of the Global Offering, our Directors are authorized to capitalize an amount of HK$14,988,370.2 standing to the credit of the share premium account of our Company by applying such sum towards the paying up in full at par a total of 1,498,837,020 Shares for issue and allotment to holders of Shares whose names appear on the register of members of our Company on the date of passing such resolutions in proportion (as near as possible without involving fractions so that no fraction of a share shall be issued and allotted) to their then existing respective shareholdings in our Company.

CORPORATE STRUCTURE UPON THE COMPLETION OF THE CAPITALIZATION ISSUE AND THE SPIN-OFF

The following chart sets forth our corporate and shareholding structure upon completion of the Capitalization Issue and the Spin-off (assuming the Over-allotment Option is not exercised):



Notes:

1. To the best of our knowledge, information and belief, as of the Latest Practicable Date, each of the other shareholders of China SCE Group Holdings was an Independent Third Party.
2. The Shares held by Ambitious Profit will be counted toward the public float of our Company after Listing.
3. The remaining equity interest is held as to 17% by Su Jisheng, 15% by Yang Liling and 10% by Chen Jiapin, all Independent Third Parties.

SAFE REGISTRATION IN THE PRC

Pursuant to the Circular on Relevant Issues concerning Foreign Exchange Administration of Overseas Investment and Financing and Return Investments Conducted by Domestic Residents through Overseas Special Purpose Vehicles (《關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知》) (the "**Circular No. 37**"), promulgated by SAFE and which became effective on July 4, 2014, a PRC resident (the "**PRC Resident**") shall register with the local SAFE branch before he or she contributes the domestic assets or equity interests in an overseas special purpose vehicle, that is directly established or controlled by the PRC Resident for the purpose of conducting investment or financing.

As confirmed by our Directors, each of Ms. Ku Weihong, Mr. Zheng Quanlou, Mr. Sun Qiang, Mr. Niu Wei, Mr. Wang Meng, Ms. Tang Xiaojuan, Mr. Peng Fei, Mr. Wang Yue and Mr. Zhang Wei as a PRC resident has completed the registration as required by Circular 37 as of the Latest Practicable Date.

M&A RULES

On August 8, 2006, the Provisions on the Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (《關於外國投資者併購境內企業的規定》) (the "**M&A Rules**") was jointly promulgated by six ministries and commissions, including MOFCOM, CSRC and SAFE, implemented on September 8, 2006 and amended on June 22, 2009 by MOFCOM.

According to Article 2 of the M&A Rules, "merger and acquisition of domestic enterprises by foreign investors" referred to in the M&A Rules shall mean that a foreign investor purchases the equity interest of a shareholder in a domestic non-foreign-invested enterprise ("**domestic company**") or subscribes for increased capital of a domestic company so as to convert such domestic company into a foreign-invested enterprise; or, a foreign investor establishes a foreign-invested enterprise, through which it purchases and operates the assets of a domestic enterprise by agreement, or, a foreign investor purchases the assets of a domestic enterprise by agreement and then invests such assets to establish a foreign invested enterprise and operates the assets. According to Article 11 of the M&A Rules, the merger and acquisition of a domestic company with a related party relationship by a domestic company, enterprise or individual in the name of an overseas company legitimately incorporated or controlled by the domestic company, enterprise or individual shall be subject to examination and approval by MOFCOM. The parties involved shall not use domestic investment by foreign invested enterprises or other methods to circumvent the aforesaid requirements.

As advised by our PRC Legal Advisors, the relevant steps in the Reorganization did not involve any purchase of domestic company by a foreign investor or a foreign invested enterprise, and as such, they are not subject to the approval requirements under the M&A Rules.

REASONS FOR THE PROPOSED SPIN-OFF

Pursuant to the Listing Rules and in accordance with the corporate structure and ownership of our Company, the Listing of our Company will constitute a spin-off by China SCE Group Holdings.

The board of directors of China SCE Group Holdings considers that the Spin-off is in the interests of China SCE Group Holdings and the shareholders of China SCE Group Holdings as a whole based on the following reasons:

(a) the Spin-off will provide China SCE Group Holdings and its shareholders an opportunity to realize the value of their investment in our Group under a separate standalone platform for the spin-off business;

(b) the Spin-off will enable our Group to build our identity as a separately listed group, have a separate fund-raising platform and to broaden our investor base through the Global Offering. The Spin-off would provide greater transparency with respect to the results of operations of our Group and allow our Group to gain direct access to the capital market for equity and/or debt financing to fund our existing operations and future expansion without reliance on China SCE Group, thereby improving our operating and financial management efficiencies;

(c) the Spin-off will enable our Group to enhance our corporate profile and reputation, thereby increasing our ability to attract strategic investors, which could provide synergy for our Group, for investment in and forming strategic partnerships directly with our Group; and

(d) the Spin-off will enable a more focused development, strategic planning and better allocation of resources for China SCE Group and our Group with respect to our respective businesses. Both China SCE Group and our Group will benefit from the more efficient decision-making process under the separate management structure for seizing emerging business opportunities, especially with a dedicated management team for our Group to focus on our development and in turn, improve our operational performance.

The Spin-off by China SCE Group Holdings complies with the requirements of Practice Note 15 of the Listing Rules.

You should read this Prospectus in its entirety before you decide to invest in the Offer Shares, and not rely solely on key or summarized information. The financial information in this section has been extracted without material adjustment from the Accountants' Report set out in Appendix I to this Prospectus. All market statistics quoted in this Prospectus, unless otherwise specified, are from the JLL Report. For the qualifications of JLL as well as details of the industry report, see "Industry Overview" in this Prospectus.

OVERVIEW

We are a comprehensive property management service provider managing both commercial and residential properties in China. We had a large contracted property management portfolio encompassing 55 cities across 18 provinces, municipalities and autonomous regions in China as of the Latest Practicable Date. As of December 31, 2020, we had 104 commercial and residential projects under management, with an aggregate GFA under management of approximately 16.2 million sq.m. and an aggregate contracted GFA of approximately 36.6 million sq.m. According to JLL, our total GFA under management ranked 15th among property management companies with commercial property management and operational services in China as of December 31, 2020.

During the Track Record Period, our revenue from commercial property management and operational services increased from RMB152.3 million in 2018 to RMB373.0 million in 2020, constituting 38.4% and 46.3% of our total revenue in the respective periods. We expect the percentage share of revenue from our commercial property management and operational services to continue to increase in the future given our strategic focus on developing the commercial property management and operational services segment.

We are also dedicated to the utilization and development of digitalization and operation automation systems and have employed technological solutions to strengthen our competitiveness, improve our service quality and customer satisfaction, reduce our reliance on manual labor, and reduce costs.

With over 18 years of experience providing property management services in China, we have built a trusted brand image and reputation for quality services in China. For instance, we were named sixth in the "2020 China Commercial Real Estate Brand Value Top 10" (2020中國商業地產公司品牌價值TOP10) by CIA, earned the "2019 "Time Coordinates" Outstanding Commercial Property Operator of the Year" (2019"時代座標"年度商業地產優秀運營商) by Winshang.com and "Leading Enterprise in Quality Property Service in China 2019" (2019品質物業服務領先企業) by CIA.

During the Track Record Period, we generated revenue primarily from two business segments:

- **Commercial property management and operational services:** comprising (i) basic commercial property management services, such as cleaning, security, repair and maintenance, tenant assistance, marketing and promotion services; (ii) pre-opening management service, including market research and positioning, preliminary consulting and planning, architectural design consultation, tenant sourcing and opening preparation services; and (iii) other value-added services, such as tenant management, rent collection, car park management, advertising spaces and other common area management services and property leasing services. Commercial property management and operational services contributed 38.4%, 42.0% and 46.3% of our total revenue for 2018, 2019 and 2020. As of December 31, 2020, 6.1% of our GFA under management and 12.0% of our contracted GFA were commercial properties.

- **Residential property management services:** comprising (i) basic residential property management services, primarily include cleaning, security, landscaping and repair and maintenance services; (ii) value-added services to non-property owners, primarily include pre-sale management services to property developers during their pre-sale activities, such as cleaning, security and maintenance services for pre-sale display units and sales offices, and pre-delivery inspection services; and (iii) community value-added services, primarily include housekeeping and cleaning services, and car park management, clubhouse operation and common area value-added services. Residential property management services contributed 61.6%, 58.0% and 53.7% of our total revenue for 2018, 2019 and 2020. As of December 31, 2020, 93.9% of our GFA under management and 88.0% of our contracted GFA were residential properties.

We experienced rapid growth during the Track Record Period in revenue, net profit, aggregate GFA under management, and aggregate contracted GFA. Our revenue increased by 44.9% from RMB396.5 million in 2018 to RMB574.5 million in 2019. Our net profit increased by 122.0% from RMB34.8 million in 2018 to RMB77.3 million in 2019. Our revenue increased by 40.2% from RMB574.5 million in 2019 to RMB805.3 million in 2020, while our net profit increased by 110.2% from RMB77.3 million in 2019 to RMB162.5 million in 2020. Our aggregate GFA under management increased from approximately 10.6 million sq.m. as of December 31, 2018 to approximately 11.8 million sq.m. as of December 31, 2019 and further to approximately 16.2 million sq.m. as of December 31, 2020. Our aggregate contracted GFA increased from approximately 17.9 million sq.m. as of December 31, 2018 to approximately 22.5 million sq.m. as of December 31, 2019 and further to approximately 36.6 million sq.m. as of December 31, 2020.

OUR STRENGTHS

We believe that the following competitive strengths not only have enabled us to achieve a strong market position in the property management industry in the PRC, but also differentiate us from our competitors:

A comprehensive property management service provider in China with high commercial property management fee, strong brand recognition and industry reputation

We are a comprehensive property management service provider in China with high commercial property management fee. In 2018, 2019 and 2020, we had higher average property management fee for commercial property management services than all listed Chinese property management companies[1] that disclosed such information, according to JLL. For the years ended December 31, 2018, 2019 and 2020, our average property management fee for basic commercial property management services was RMB31.2, RMB29.5 and RMB27.7, respectively. We believe that our high commercial property management fee is a testament to our ability in positioning commercial properties under our management and providing high quality services.

Our strong performance is also attested to by our gross profit margin. For the years ended December 31, 2018, 2019 and 2020, our gross profit margin for commercial property management and operational service was 47.6%, 51.3% and 59.0%, respectively, and our overall gross profit margin was 34.6%, 37.0% and 44.3%, respectively. Our high gross profit margin during the Track Record Period was attributable not only to our high basic commercial property management fee, but also to our business mix, as a substantive percentage of our revenue was contributed by pre-opening services, which often commanded high gross profit margin because its service scope was generally more complex and less labor-intensive comparing to other types of property management services.

As a result of our successful business proposition and service quality, our brands and our service quality are widely recognized in the industry, helping us retaining existing customers and acquiring new ones. Since 2003, we have been providing property management services under three brands, namely, "Cippon Tai Wo" (世邦泰和), "SCE FUNWORLD" (中駿世界城) and "SCE PLAZA" (中駿廣場). Among the awards we received, we were named sixth in the "2020 China Commercial Real Estate Brand Value Top 10" (2020中國商業地產公司品牌價值TOP10) by CIA, a recipient of the "2019 "Time Coordinates" Outstanding Commercial Property Operator of the Year" (2019"時代座標"年度商業地產優秀運營商) by Winshang.com, 32nd in the "2020 Top 100 Property Management Company in China" (2020中國物業服務百強企業) by CIA and a recipient of the "Leading Enterprise in Quality Property Service in China 2019" (2019品質物業服務領先企業) by CIA. According to Beijing FG Consulting Co., Ltd. (北京賽惟諮詢有限公司), a recognized consulting company with focus on customer relationship management in real estate industry, our customer satisfaction rate for property management services provided for residential properties under our management in 2019 was 89%, higher than the industry average of approximately 73% in China.

1 Seven Chinese listed property management companies disclosed their 2020 average property management fee for commercial properties, while eleven Chinese listed property management companies disclosed their 2018 and 2019 average property management fee for commercial properties. Those Chinese listed property management companies that did not disclose their property management fee for commercial properties in 2018 or 2019 were not included in this ranking. See "Industry Overview—Ranking of the Group" for details.

We believe that our well-established market position and brand image will enable us to continue to capture opportunities presented by market developments and to expand our market share in the industry. During the Track Record Period, we experienced a rapid growth. Our contracted GFA (including residential and commercial properties) increased by 25.8% from 17.9 million sq.m. as of December 31, 2018 to 22.5 million sq.m. as of December 31, 2019. Our contracted GFA (including residential and commercial properties) increased by 62.4% to 36.6 million sq.m. as of December 31, 2020 from 22.5 million sq.m. as of December 31, 2019. As of December 31, 2020, we had been contracted to manage 199 properties (including residential and commercial properties).

Diversified property portfolio and service offerings catering to the demands of a variety of customers

Our diversified property portfolio and service offerings allow us to provide services to customers with varying needs, and we believe this diversity allowed us to enjoy rapid growth and higher-than-industry-average profit margin during the Track Record Period.

Our properties under management are diversified both in terms of property types and geographic coverage:

Diversified properties under management enhancing our competitiveness and promoting our growth

Our properties under management encompass residential properties, shopping malls, shopping streets, office buildings, schools, libraries and others. Within a given type of property, we also provide a diverse set of services with an aim towards meeting the expectations of a variety of customers. For example, we have three different market positioning strategies for shopping malls, namely "Urban Fashion" (都市流行), "Quality Life"(品質生活) and "Urban Outlet" (都市奧萊), to align with demands of the targeted customers for properties located in different cities and locations and to maximize the malls' appeal to the targeted customers.

Our experience managing different types of properties allows us to quickly adapt to the needs of new projects and formulate our service plans, which we believe enhances our competitiveness in the market. In addition, we believe the diverse types of properties under our management create synergies that help us generate business opportunities and reduce cost. For example, we can advertise products and services offered by shopping malls under our management to residents of nearby residential properties managed by us. By consolidating resident, tenant and visitor information in our CRM Membership and Sales System (CRM會員營銷系統), we can also improve overall user experience both by offering member benefits that are recognized across a variety of properties and by conducting targeted marketing. Additionally, we can reduce overhead costs by sharing staff, information systems and other resources, where appropriate, among the properties we manage.

Diversified geographic coverage contributing to financial stability and growth opportunities

We had 199 projects contracted to be managed by us as of December 31, 2020, encompassing 18 provinces, municipalities and autonomous regions. Among those projects, 42.4% were located in the Western Taiwan Straits Economic Zone, 21.2% were located in the Yangtze River Delta Economic Zone, 14.9% were located in the Central Western Region, 10.9% were located in the Bohai Rim Economic Zone, and 10.6% were located in the Guangdong-Hong Kong-Macau Greater Bay Area, in terms of contracted GFA as of December 31, 2020. We believe that a geographically-diverse portfolio helps reduce our risk exposure to regional market fluctuations and allows us to better capture regional growth opportunities.

Full service platform enhancing our customers' satisfaction and increasing our profitability

We are a full service provider with the ability to service property developers, owners, tenants and other customers throughout a project's lifespan. In addition to the basic property management services such as the cleaning, security, repair and maintenance services we provide to our commercial and residential customers, we also provide a variety of value-added services. For commercial projects under development, we provide pre-opening management services to the developers, including market research and positioning, preliminary consulting and planning, architectural design consultation, tenant sourcing and opening preparation services. For residential projects under development, we provide pre-sale management services to the developers during their pre-sale activities, such as cleaning, security and maintenance services for pre-sale display units and sales offices, and pre-delivery inspection services. Once projects have been delivered, we provide property owners, tenants and other customers with housekeeping and cleaning services and car park management, clubhouse operation, advertising space management, common area management and other value-added services. We believe that the diverse range of services we offer enhances our customers' satisfaction by helping ensure they have a wide selection of services to address their needs.

As more customers started to utilize our value-added services, our profit continued to grow. During the Track Record Period, revenue from value-added services (i.e. revenues from services other than basic commercial and residential property management services) accounted for 18.5%, 36.6% and 48.1% of our total revenue for the years ended December 31, 2018, 2019 and 2020, respectively, and the gross profit margin from such services was 35.5%, 43.5% and 53.1% for the same periods, respectively. According to JLL, there is a high demand for value-added services in China's property management market with significant growth potential. With our industry experience and full service platform, we believe we are well positioned to take advantage of such growth opportunities to further increase our profit margin.

Strong commercial operation and management capabilities

During the Track Record Period, we had maintained an overall high property management fee collection rate of over 99.1% and a high average occupancy rate of over 93.2% (calculated as the average of the occupancy rate as of December 31, 2018, 2019 and 2020) for Quanzhou Funworld (泉州世界城), Nan'an Funworld (南安世界城), Shuitou Funworld (水頭世界城) and Xianyou Funworld (仙遊世界城), the four shopping malls under our management (Shuitou Funworld (水頭世界城) and Xianyou Funworld (仙遊世界城) opened in December 2020 and did not count toward our occupancy rates in 2018 and 2019). The annual number of visitors to our shopping malls increased by 58.3% from 24.2 million in 2018 to 38.3 million in 2019, based on our internal records. The number of visitors decreased due to the COVID-19 outbreak by 12.3% to 33.6 million in 2020. Meanwhile, our business quickly recovered from the pandemic as the number of visitors to our shopping malls increased from 5.1 million for the first quarter of 2020, to 7.5 million for the second quarter of 2020, to 9.3 million for the third quarter of 2020, and further to 11.7 million for the fourth quarter of 2020, representing an average growth rate of 32.3% per quarter, as the pandemic gradually became under control in the PRC in 2020. Our revenue from commercial property management and operational services increased by 58.4% from RMB152.3 million in 2018 to RMB241.1 million in 2019, and increased by 54.7% to RMB373.0 million in 2020. We believe the high collection rate, occupancy rate and growth rate in visitor numbers and revenue were primarily attributable to:

- ***Strong market research allowing us to provide tailored services to diverse customers.*** We carefully study the local economy and competitive landscape where we do business to identify the desirable features of our properties and our target customers, so we are both able to provide well-suited solutions at the property development phase, and to provide tailored services to our customers after the property's delivery.

- ***Large and growing tenant base with well-known brands.*** Over years, we have established long-term and stable business relationship with high quality tenants, including anchor stores, domestic brand stores and local retailers, many of whom have utilized our services for more than five years. Well-known brands in the properties we manage include well-known food and beverage providers, international leading retailers, and entertainment venues. We believe our business relationship with high quality tenants allows us to efficiently source tenants for new properties under our management and enjoy stable source of income. Recognizing that consumer preferences change frequently, we proactively manage and adjust our tenant mix in order to maintain a balanced tenant portfolio reflective of consumer trends.

- ***Excellent commercial operation management skills.*** We work to anticipate consumers' needs and collaborate with selected tenants to identify opportunities for achieving their respective corporate objectives. We provide assistance to tenants in relation to store interior design, decoration, and store display, as well as suggestions on how to interact and build strong relations with consumers. After commencement of operations of retail commercial properties, we continue to support our tenants by actively attracting traffic to our retail commercial properties through various promotional activities. We provide quality facility management services, mainly janitorial, security and mechanical maintenance services, with the goal of providing a comfortable shopping environment for consumers.

As our business grows and expands, we believe that our strong operation and management capabilities will allow us to stay ahead of the competition, retain old customers, and attract new ones.

Advanced IT systems empowering our operational efficiency and service quality

We have developed digitalization and operation automation systems and employed technological solutions to strengthen our competitiveness, improve our service quality and customer satisfaction, reduce our reliance on labor, and reduce costs.

- Our Smart Property Management System (智能物業管理系統) uses internet and IoT technologies to integrate various modules, such as smart car park management, smart WiFi, smart customer traffic management and smart visual guide. It provides centralized management functionality for us to optimize operation efficiency and enhance our capabilities to improve customer experience, reduce reliance on manual labor and lower operating costs.

- Our Data Management Platform (DMP大數據中台) integrates substantially all data generated from our commercial property management and operational service business, such as business transaction data, visitor and vehicle traffic data and accounting data. Through data cleaning, data modeling and calculation, we generate analysis to guide our business and to allow our management and employees to make more informed decisions. For example, we use consumer data to design targeted promotion programs to stimulate sales for our tenants. We also use the sales data of our tenants to help them monitor and manage their performance.

- Our CRM Membership and Sales System (CRM會員營銷系統) for visitors to our retail commercial properties under management covers membership promotion and registration, membership level, membership benefits and other aspects of our membership program, enhancing our ability to operate the membership system, improve and maintain members' loyalty, and conduct precision marketing.

- We also use other operation automation tools such as smart POS and ERP system to enhance our operational efficiency in asset management, tenant sourcing, operation management and accounting.

We believe the use of advanced technologies has helped us improve our operational efficiency and reduce staff and other business costs during the Track Record Period and will continue to provide these benefits in the future.

Strong support from the diversified portfolio and brand recognition of China SCE Group bringing us solid growth opportunities

We have a long-term and stable business cooperation relationship with China SCE Group, which is a well-established player in China's property development market. Its diversified portfolio and brand recognition provide us strong growth opportunities. According to public filings of China SCE Group, as of December 31, 2020, China SCE Group together with its joint ventures and associates had a land bank with reserved land in 62 cities and an aggregate planned GFA of approximately 37.7 million sq.m. It has also been named second place among the "Top Ten Chinese Property Developer with Regional Operation in 2020" (2020中國房地產開發企業區域運營10強) by the China Real Estate Association, a "Top 50 Chinese Property Developer" (中國房地產開發企業50強) from 2015 to 2020 by the China Real Estate Association, and has been on the Fortune China 500 list since 2016.

China SCE Group has been growing its property development business in recent years. According to the public filings and internal records of China SCE Group, as of December 31, 2020, China SCE Group:

- had property projects distributed in 62 cities, encompassing the Western Taiwan Straits Economic Zone, the Yangtze River Delta Economic Zone, the Bohai Rim Economic Zone, the Guangdong-Hong Kong-Macau Greater Bay Area and the Central Western Region, with a focus on first-, second- and selected third-tier cities; and

- had various shopping malls that were either completed or under construction.

During the Track Record Period, substantially all of the properties developed by China SCE Group that had been completed were managed by us. We believe that China SCE Group's extensive and growing project reserve will bring strong support to grow our business in the coming years.

An experienced management team with strong execution capability to lead our future development

We have an experienced and visionary management team who are crucial to our success. Our management team is comprised of knowledgeable and experienced professionals with a proven track record, having an average of over 20 years of experience in the property development, property management and retail management industries. In particular, Mr. Wong Lun, our executive Director and chairman of our Board, has over 10 years of experience in the property development and property management industries and has been serving as an assistant president and an executive director of China SCE Group. Mr. Niu Wei, our executive Director and chief executive officer of the Company, has over 24 years of experience in the property development, property management and retail management industries and served as the chief executive officer and other senior management positions in various companies listed on the Stock Exchange.

We have adopted a human resources system featuring a variety of employee cultivation, performance assessment and incentive schemes, formulated to accommodate the needs of positions ranging from entry-level to senior management as well as those of staff with varying skill sets and career tracks. For example, we organize training on market analysis and operational strategy for senior managers, training on team leadership and resource coordination for mid-level managers, and training on professional skills and standardized procedures for operational managers. We also periodically assess the performance of our employees in terms of customer satisfaction and other key metrics, and reward outstanding performers with competitive share-based awards and other bonuses. We believe our results-driven culture and well-developed talent cultivation programs have enabled us to identify employees who share our fundamental values and who are highly motivated to serve our customers with the professionalism, dedication and outstanding services that are the key drivers of our business growth.

OUR STRATEGIES

We intend to pursue the following strategies to reinforce our leading position in the property management industry and expand our business operation:

Solidify our market position with organic growth, strategic acquisitions and support from China SCE Group

We intend to focus on our strength as a comprehensive property management service provider and further solidify our market positions in first and second tier cities located within the Western Taiwan Straits Economic Zone, the Yangtze River Delta Economic Zone, the Bohai Rim Economic Zone, the Guangdong-Hong Kong-Macau Greater Bay Area and the Central Western Region, all regions where we already have a presence. We believe the strong economies in these markets will support continuous demand for our services. We intend to explore property management opportunities located close to our existing portfolios, such as commercial properties close to our residential properties, to help us offer a greater range of services to our existing customers and build stronger synergies. We expect to continue our organic growth by securing new engagements with commercial and residential properties developed by property developers which are non-China SCE Group and its joint ventures and associates.

We plan to pursue strategic acquisition or joint venture opportunities to further expand our business, with a primary focus on targets or joint venture partners serving selected cities located within the Western Taiwan Straits Economic Zone, the Yangtze River Delta Economic Zone, the Bohai Rim Economic Zone, the Guangdong-Hong Kong-Macau Greater Bay Area and the Central Western Region. We may focus on companies that are consistent with our brand image and market positioning, and who have complementary business profiles and know-how that can increase the depth and breadth of our service offerings and our managed property portfolio, such as companies with comprehensive property management capabilities. We also intend to pursue opportunities that (i) broaden the scope of our property portfolio, such as property management companies servicing industrial parks and public facilities, (ii) complement our current services, such as specialized service companies providing cleaning, security, elderly-care, and housekeeping services, or (iii) enhance our operational efficiency. Since January 2020 and up to the Latest Practicable Date, we successfully secured two new engagements in August 2020 through the acquisition of their management company to provide property management services and related value-added services to these two Independent Third Parties-developed properties with a combined total contracted GFA of approximately 215,260 sq.m. Both new engagements are residential properties located in Kunshan, Jiangsu province with contract terms of five years.

We will also take advantage of the support from China SCE Group and continue to provide services to projects developed by China SCE Group to further our expansion. In addition, we intend to utilize the broad industry recognition of the "China SCE" brand and the business partnerships that China SCE Group has developed over the years to select high quality business partners, to form our own business relationships, and to provide our services to those new partners.

Continue to invest in technology to improve service quality, customer experience and engagement and enhance our operational efficiency

We are dedicated to utilizing technology to improve our customers' experience and enhance the operational efficiency of our services. For example, we plan to establish a common membership platform that can be used by both commercial and residential customers to conveniently access our services and enjoy membership benefits. We expect this will improve customer satisfaction and increase customer loyalty and as a result increase overall demand for our services. It will also allow us to collect customer behavioral data so that we can analyze such data to anticipate customer demand and improve our service quality.

We also plan to continue to invest in our data handling capabilities. We intend to enhance our ability to analyze consumer data and other operational data collected through our daily operation and through our membership system, with a goal of enhancing their roles in helping our senior management to formulate business decisions with respect to retail commercial property planning and positioning, tenant mix determination and precision marketing. We also plan to share selected data analytics with our tenants to assist them in achieving better business performance. In addition, we intend to use artificial intelligence to improve our operational efficiency and reduce labor costs. For example, we intend to test new AI-enabled security robots and cleaning robots to patrol and clean properties we manage, and AI receptionists to greet customers and handle consumer inquiries.

In addition to implementation of robots and improved software, we also plan to upgrade the hardware and facilities of the properties we manage to further improve customer experience. For example, we intend to install facial identification systems and smart parking systems with automatic plate recognition in selected residential properties to reduce cost and improve our operation efficiency.

We believe that by continuing our investment in intelligent information technologies and collaboration with technology experts and researchers, we will be able to further improve our customer experience, enhance our brand image and raise our overall profit margin.

Continue to improve and enhance our service quality, our brand awareness and customer loyalty

We believe that service quality is the key to success in the property management industry. As our business and services directly impact the daily lives of our customers, quality and trustworthiness are of paramount importance. Therefore, we intend to further enhance our service quality by heightening our quality control standard, improving customer response speed, and organizing outreach events to better understand and service the needs of our customers. In addition, for visitors to our retail commercial properties, we intend to improve user experience by expanding the services and benefits offered by our membership program, such as allowing members to accrue and spend membership points in different shopping malls under our management, utilizing our WeChat mini-app for targeted marketing, and implementing facial recognition tools to facilitate payment process.

We believe our brand is one of our most crucial assets. We believe our brand image is rooted in the services we provide in the properties under our management. Hence, we plan to continue to enhance our brand awareness by improving our service quality and customer satisfaction. Moreover, we plan to upgrade our brand by organizing and sponsoring offline branding events, such as community activities, press conferences and industry events. We also intend to engage third party industry consultants to survey satisfaction among our customers and study their demands, to help us further improve our services to better suit their needs.

We believe a trusted brand will make customers more likely to select and retain us as their property manager and pay higher property management fees, which will further improve our financial performance and overall competitiveness.

Continue to expand along the value chain and diversify our value-added service offerings

We plan to further diversify our value-added services to our customers by expanding the scale and number of our service offerings. For example, we plan to offer car park sale assistance services to property developers for their car parking spaces that remain unsold after the pre-sale period. We also plan to offer real estate brokerage services that include both new and second-hand properties. Additionally, we plan to develop and integrate other community value-added services such as housekeeping, air purification and elderly care services. Meanwhile, we intend to develop home decoration and turnkey furnishing services, and collaborate with high-quality furnishing suppliers and property developers to build show flats that enhance the home-buying experience. We will also continue to expand and diversify our services for commercial property customers, as well as further develop our advertisement business.

We plan to expand the scale and the types of our service offerings by (i) acquiring specialized service providers, (ii) establishing an in-house team to study and develop new value-added services, and (iii) cooperating with third parties.

Continue to attract, cultivate, and retain talent to support our growth

To facilitate our business growth, we will continue to implement human resources strategies designed to attract, cultivate and retain talent to execute our business expansion. We will seek to further optimize our compensation packages and performance review systems, so as to enhance our employees' satisfaction and incentivize them by ensuring that compensation and promotion opportunities are tied to performance. We expect to offer greater internal mobility, cross-divisional training, and relocation opportunity to our employees in order to cultivate and retain key employees. Meanwhile, we will externally recruit managers with experience in the property management industry to help us implement our growth strategy and support our expansion into new markets. We also plan to strengthen our on-campus recruitment to attract promising new graduates and expand our talent pool for the long term. In addition to our in-house training programs, we plan to engage professional training service providers and education institutions to provide a variety of tailored training programs to various levels of management from entry-level staff to senior management, to help them build the necessary skillsets.

OUR BUSINESS MODEL

During the Track Record Period, we generated revenue primarily from two business segments:

- **Commercial property management and operational services**: comprising (i) basic commercial property management services, such as cleaning, security, repair and maintenance, tenant assistance, marketing and promotion services; (ii) pre-opening management service, including market research and positioning, preliminary consulting and planning, architectural design consultation, tenant sourcing and opening preparation services; and (iii) other value-added services, such as tenant management, rent collection, car park management, advertising spaces and other common area management services and property leasing services.

- **Residential property management services**: comprising (i) basic residential property management services, primarily cleaning, security, landscaping and repair and maintenance services; (ii) value-added services to non-property owners, primarily pre-sale management services to property developers during their pre-sale activities, such as cleaning, security and maintenance services for pre-sale display units and sales offices, and pre-delivery inspection services; and (iii) community value-added services, primarily housekeeping and cleaning services, and car park management, clubhouse operation and common area value-added services.

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

	For the year ended December 31,					
	2018		2019		2020	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Commercial property management and operational services						
China SCE Group	38,077	9.6	94,064	16.4	212,913	26.4
Joint ventures or associates of China SCE Group[(1)]	4,337	1.1	20,169	3.5	34,539	4.3
Independent Third Parties	109,848	27.7	126,883	22.1	125,584	15.6
Subtotal	152,262	38.4	241,116	42.0	373,036	46.3
Residential property management services						
China SCE Group	27,565	7.0	73,525	12.8	101,533	12.6
Joint ventures or associates of China SCE Group[(1)]	2,092	0.5	11,909	2.0	27,044	3.4
Independent Third Parties	214,588	54.1	247,967	43.2	303,671	37.7
Subtotal	244,245	61.6	333,401	58.0	432,248	53.7
Total	**396,507**	**100.0**	**574,517**	**100.0**	**805,284**	**100.0**

Note:

(1) Refer to joint ventures or associates of China SCE Group and other entities controlled by Mr. Wong's family.

The following table sets forth the average property management fee of the properties under our management by property type for the years indicated:

	For the year ended December 31,		
	2018	2019	2020
	RMB per sq.m. per month		
Average property management fees for basic commercial property management services	31.2	29.5	27.7
Average property management fees for basic residential property management services	2.3	2.4	2.4
– Projects developed by China SCE Group	2.3	2.4	2.4
– Jointly Developed Projects	–	–	2.9
– Projects developed by property developers which are non-China SCE Group and its joint ventures and associates	2.7	2.5	1.8

During the Track Record Period, we could charge high average property management fee for commercial property management services primarily due to the following reasons (i) our commercial properties under management are generally situated in the prime locations of their respective cities, which allowed us charge relatively high average property management fee; (ii) a high percentage of our revenue from basic commercial property management services was generated from retail properties (i.e. shopping malls and shopping streets), which generally had higher average property management fees than other commercial property types (e.g. office buildings), because (a) retail properties typically require more frequent basic services, such as cleaning, security, repair and maintenance, as a result of higher customers traffic and flow of inventory and goods, in order to maintain service quality, (b) shopping malls and shopping streets generally have a larger proportion of public area (such as atrium) that requires property management service than office buildings, according to JLL; and (c) we believe the quality of our services enabled us to charge relatively high fees. According to JLL, the prevailing market rates for property management services to retail commercial properties (i.e. shopping malls and shopping streets) are generally higher than the prevailing market rates for property management services to non-retail commercial properties at similar locations. The same can be observed in properties under our management, as the property management fees we charged for retail commercial properties are generally higher than property management fees we charged for non-retail commercial properties even if the properties are located within the same city (for example, Quanzhou Funworld and Quanzhou SCE Plaza Office Building). According to JLL, the average basic commercial property management fees we charged for the commercial properties under our management were generally within the range of the prevailing basic commercial property management market rates at similar locations for similar property types, and our percentage of revenue contributed by retail properties in the commercial property management segment also ranked high among listed Chinese property management companies that disclosed such data.

Our average property management fees for basic commercial property management services decreased from 2018 to 2019, primarily due to a reduction in price for basic commercial property management services for Quanzhou Funworld as we stopped offering certain promotion and consulting services as part of the basic commercial property management service work scope, partially offset by an increase in price for basic commercial property management services for Beijing CBD SCE Funworld because we raised the price for our basic commercial property management services for new incoming tenants and during our contract renewal process with existing tenants to align our price with the prevailing market rate for similar properties in the same area. Our average property management fees further decreased from 2019 to 2020, primarily due to the lower price for basic commercial property management services for Xianyou Funworld, Xiamen SCE Building, and Tianyue office building, which came under our management in 2020, as compared to the majority of other existing properties under our management, and an increase in occupancy rate of Quanzhou SCE Plaza Office Building, which also had relatively low price for basic commercial property management services, partially offset by an increase in price for basic commercial property management services for Beijing CBD SCE Funworld because we raised the price for our basic commercial property management services for new incoming tenants and during our contract renewal process with existing tenants to align our price with the prevailing market rate for similar properties in the same area. According to JLL, the average basic commercial property management fee of most of the commercial properties that contributed to the basic commercial property management services revenue of the Group was within the range of the prevailing basic commercial property management market rates at similar locations for similar property types.

During the Track Record Period, our overall average property management fees for basic residential property management services remained stable. Our average property management fees for basic residential property management for Jointly Developed Projects were high comparing to other properties primarily because all of our Jointly Developed Projects were located in Yangtze River Delta Economic Zone and Bohai Rim Economic Zone, where the average property management fees for basic property management services were generally higher than other regions. Our average property management fees for basic residential property management for projects developed by property developers which are non-China SCE Group and its joint ventures and associates decreased from 2018 to 2020, primarily due to an exhibition venue (which is considered part of our residential property management portfolio because it is adjacent to our residential property under management and is managed by our residential property management service team), which had a relatively low property management fee level and high GFA size because, comparing to residential properties, a relatively small service team can generally cover a significantly larger area, that we started to manage in June 2019. According to JLL, the price of property management services for exhibition venues is in general not high as it usually requires less staff and relevant cost. In addition to the effect of the exhibition venue, our average property management fees for projects developed by property developers which are non-China SCE Group and its joint ventures and associates further decreased from 2019 to 2020, because two new projects delivered charged lower prices for basic residential property management services due to their less prime locations in Kunshan and Nantong. According to JLL, the average basic residential property management fee of each of our top 10 residential properties by revenue is within the range of the prevailing basic residential property management market rates at similar locations for similar property types.

COMMERCIAL PROPERTY MANAGEMENT AND OPERATIONAL SERVICES

Overview

We provide commercial property management and operational services to a diversified portfolio of commercial properties, including shopping centers and office buildings. We began to provide commercial property management and operational services to commercial properties in 2009. We have a long-term and stable cooperation with China SCE Group, and have been providing commercial property management and operational services to all commercial properties developed by China SCE Group. In 2018, 2019 and 2020, revenue generated from commercial property management and operational services amounted to RMB152.3 million, RMB241.1 million and RMB373.0 million, respectively, representing approximately 38.4%, 42.0% and 46.3%, respectively, of our total revenue for the same periods.

We started to offer pre-opening management services for shopping malls in 2019 as part of China SCE Group's overall strategy to expand its shopping mall portfolio. In 2019, China SCE Group started acquiring land for mixed-use purposes that allow the development of shopping malls in conjunction with residential projects in the same location in order to further expand its business. According to JLL, an increasing number of developers are now paying more attention to continuous rental income instead of instant capital gain from selling properties; moreover, developers are incentivized to acquire land for mixed-use properties as this trend falls under government's near-term economic development objectives; additionally, developing these properties will require more expertise, which might lead to fewer competitions in bidding. According to China SCE Group's 2020 annual report, China SCE Group accelerated its expansion in the commercial property development business by acquiring land bank to develop 14 new shopping malls in 2020. As of December 31, 2018, 2019 and 2020, China SCE Group had three, three and five developed shopping malls/shopping streets, and nil, seven and 19 shopping malls under development or planned to be developed as of the respective dates. As of the Latest Practicable Date, China SCE Group had 22 shopping malls under development or planned to be developed. As the number of commercial projects under development or planning by China SCE Group increased, so did China SCE Group's demand for pre-opening management services. We have been engaged by China SCE Group to provide pre-opening management services (which had previously been provided by employees of China SCE Group, some of whom had been transferred to our Group during the Track Record Period) for all shopping malls under development by China SCE Group, primarily attributable to our familiarity with the needs and requirements of China SCE Group, as many of our executives and employees have previously worked for China SCE Group. As a result, our pre-opening management services business segment grew rapidly from 2019 to 2020, which was in line with China SCE Group's expansion in the commercial property development business. During the Track Record Period, China SCE Group had not engaged any third parties to provide pre-opening management services. As of the Latest Practicable Date, there were no China SCE Group employees involved in the provision of pre-opening management services. Our pre-opening management service segment is supported by a highly educated team (among whom 97.0% has a bachelor's degree or above, and 30.7% has a post-graduate degree, as of December 31, 2020) with diverse expertise, including architecture, business administration, civil engineering, electrical engineering, environmental engineering, finance, industrial design, interior design, landscaping design, marketing, tourism management and urban planning, among others. As China SCE Group's demand for pre-opening services increased, we had also recruited additional staff and expanded our pre-opening management service team. As of December 31, 2020, we had approximately 100 staff members providing pre-opening management services. We believe that our resources in providing pre-opening management services are sufficient in terms of team size and the requisite expertise, and are capable of supporting the current need and anticipated growth of our pre-opening management services.

The table below sets forth a breakdown of our total revenue from commercial property management and operational services by service category for the years indicated:

	For the year ended December 31,					
	2018		2019		2020	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Basic commercial property management services	108,058	71.0	119,584	49.6	123,662	33.1
Pre-opening management services	–	–	57,739	23.9	193,891	52.0
Other value-added services	44,204	29.0	63,793	26.5	55,483	14.9
Total	**152,262**	**100.0**	**241,116**	**100.0**	**373,036**	**100.0**

The table below sets forth a breakdown of our gross profit and gross profit margin from commercial property management and operational services by service category for the years indicated:

	For the year ended December 31,					
	2018		2019		2020	
	Gross Profit	**Gross Profit Margin**	**Gross Profit**	**Gross Profit Margin**	**Gross Profit**	**Gross Profit Margin**
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Basic commercial property management services	55,949	51.8	56,230	47.0	57,937	46.9
Pre-opening management services	–	–	35,859	62.1	133,020	68.6
Other value-added services	16,560	37.5	31,659	49.6	29,132	52.5
Total	**72,509**	**47.6**	**123,748**	**51.3**	**220,089**	**59.0**

During the Track Record Period, we had high gross profit margin for pre-opening management services primarily due to the following reasons: (i) pre-opening management services were generally more complex and less labor-intensive comparing to other types of property management services; (ii) economies of scale, as the same employees could provide pre-opening management services to multiple properties concurrently; and (iii) we believe the quality of our services and our ability to help to procure internationally or domestically renowned tenants and other tenants for the commercial properties enabled us to charge high prices.

The table below sets forth a breakdown of our total GFA under management for commercial properties as of the dates indicated, and revenue generated from commercial property management and operational services for the years indicated, by developer type:

	As of or for the year ended December 31,								
	2018			2019			2020		
	GFA	Revenue		GFA	Revenue		GFA	Revenue	
	sq.m.	*RMB'000*	*%*	*sq.m.*	*RMB'000*	*%*	*sq.m.*	*RMB'000*	*%*
Projects developed by China SCE Group[1]	354,003	104,838	68.9	354,003	182,442	75.7	539,489	311,130	83.4
Jointly Developed Projects[2]	344,996	47,424	31.1	344,996	58,674	24.3	450,286	59,548	16.0
Projects developed by property developers which are non-China SCE Group and its joint ventures and associates[3]	–	–	–	–	–	–	–[4]	2,358	0.6
Total	**698,999**	**152,262**	**100.0**	**698,999**	**241,116**	**100.0**	**989,775**	**373,036**	**100.0**

Notes:

(1) Refers to properties solely developed by China SCE Group, as well as properties jointly developed by China SCE Group and other parties where China SCE Group held a controlling interest in such properties.

(2) Refers to projects jointly developed by China SCE Group and other property developers where China SCE Group did not hold a controlling interest in such properties.

(3) Refers to properties solely developed by property developers which are non-China SCE Group and its joint ventures and associates.

(4) The GFA under management was nil because we only provided operation consultancy services (i.e. market research and positioning services and tenant sourcing services under our pre-opening services segment) and did not provide any basic commercial property management services (therefore having no GFA under management) to these projects developed by property developers which are non-China SCE Group and its joint ventures and associates in 2020.

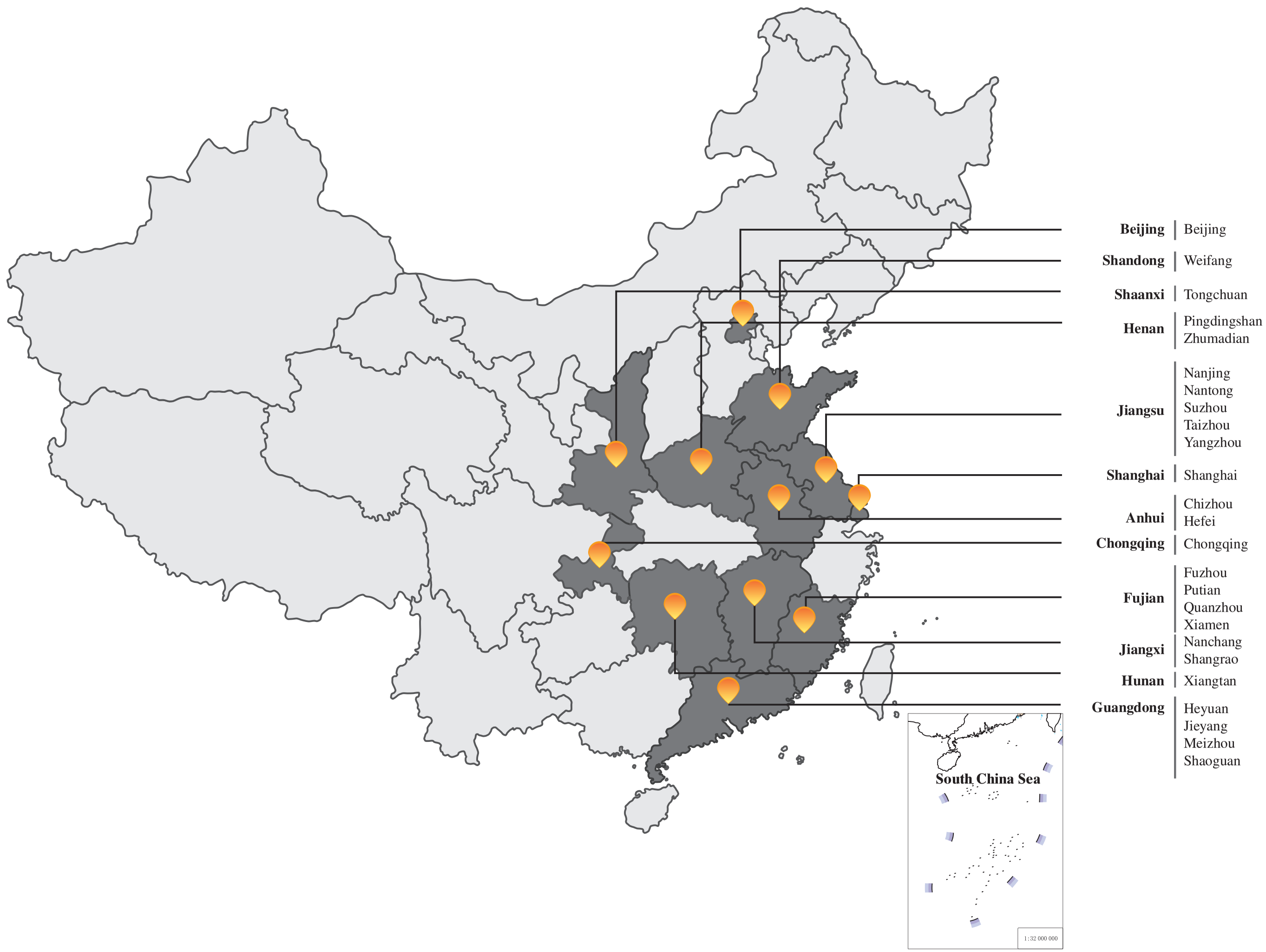
The table below sets forth a breakdown of our revenue generated from commercial property management services by property types for the years indicated:

	For the year ended December 31,					
	2018		2019		2020	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Shopping malls/shopping street	90,866	59.7	172,791	71.7	302,675	81.1
Office buildings	61,396	40.3	68,325	28.3	70,361	18.9
Total	**152,262**	**100.0**	**241,116**	**100.0**	**373,036**	**100.0**

Our Geographic Presence

We began to provide commercial property management and operational services in Beijing City in 2009. Since then, we had expanded our geographic presence in this sector to 25 cities in China as of December 31, 2020. We intend to focus on our strength as a comprehensive property management service provider and further solidify our market positions in first and second tier cities located within the Western Taiwan Straits Economic Zone, the Yangtze River Delta Economic Zone, the Bohai Rim Economic Zone, the Guangdong-Hong Kong-Macau Greater Bay Area and the Central Western Region. See "—Our Strategies—Solidify our market position with organic growth, strategic acquisitions and support from China SCE Group."

The map below illustrates the locations of commercial properties we managed and/or were contracted to manage as of December 31, 2020:



The table below sets forth a breakdown of our total GFA under management for commercial properties as of the dates indicated, and total revenue generated from commercial property management and operational services as well as the respective percentage of our total revenue generated from commercial property management and operational services for the years indicated, by geographic region:

	As of or for the year ended December 31,								
	2018			2019			2020		
	GFA	Revenue		GFA	Revenue		GFA	Revenue	
	sq.m.	*RMB'000*	*%*	*sq.m.*	*RMB'000*	*%*	*sq.m.*	*RMB'000*	*%*
Yangtze River Delta Economic Zone(1)	344,996	54,487	35.8	344,996	133,575	55.4	397,495	248,305	66.6
Western Taiwan Straits Economic Zone(2)	299,519	74,756	49.1	299,519	77,459	32.1	537,796	93,056	24.9
Bohai Rim Economic Zone(3)	54,484	23,019	15.1	54,484	30,082	12.5	54,484	30,262	8.1
Guangdong-Hong Kong-Macau Greater Bay Area(4)	–	–	–	–	–	–	–	705	0.2
Central Western Region(5)	–	–	–	–	–	–	–	708	0.2
Total	**698,999**	**152,262**	**100.0**	**698,999**	**241,116**	**100.0**	**989,775**	**373,036**	**100.0**

Notes:

(1) Cities in which we provide commercial property management and operational services in the Yangtze River Delta Economic Zone include Shanghai, Yangzhou, Nanjing, Hefei, Taizhou and Suzhou.

(2) Cities in which we provide commercial property management and operational services in the Western Taiwan Straits Economic Zone include Quanzhou, Putian and Xiamen.

(3) The city in which we provide commercial property management and operational services in the Bohai Rim Economic Zone is Beijing.

(4) The city in which we provide commercial property management and operational services in the Guangdong-Hong Kong-Macau Greater Bay Area is Heyuan.

(5) The city in which we provide commercial property management and operational services in the Central Western Region is Pingdingshan.

The following table sets forth the average property management fee of the commercial properties under our management by geographical region for the years indicated:

	For the year ended December 31,		
	2018	2019	2020
	RMB per sq.m. per month		
Western Taiwan Straits Economic Zone	**36.9**	**32.4**	**29.8**
– Projects Developed by China SCE Group	36.9	32.4	29.8
– Jointly Developed Projects	–	–	30.6
Yangtze River Delta Economic Zone	**21.4**	**20.2**	**18.8**
– Projects Developed by China SCE Group	–	–	14.9
– Jointly Developed Projects	21.4	20.2	18.9
Bohai Rim Economic Zone	**92.1**	**99.5**	**107.3**
– Projects Developed by China SCE Group	92.1	99.5	107.3
– Jointly Developed Projects	–	–	–
Average property management fees for basic commercial property management services	**31.2**	**29.5**	**27.7**

Our average property management fees for basic commercial property management services decreased from 2018 to 2019, primarily due to a reduction in price for basic commercial property management services for Quanzhou Funworld as we stopped offering certain promotion and consulting services as part of the basic commercial property management service work scope, partially offset by an increase in price for basic commercial property management services for Beijing CBD SCE Funworld because we raised the price for our basic commercial property management services for new incoming tenants and during our contract renewal process with existing tenants to align our price with the prevailing market rate for similar properties in the same area. Our average property management fees further decreased from 2019 to 2020, primarily due to the lower price for basic commercial property management services for Xianyou Funworld, Xiamen SCE Building and Tianyue office building, which came under our management in 2020, as compared to the majority of other existing properties under our management, and an increase in occupancy rate of Quanzhou SCE Plaza Office Building, which also had relatively low price for basic commercial property management services, partially offset by an increase in price for basic commercial property management services for Beijing CBD SCE Funworld because we raised the price for our basic commercial property management services for new incoming tenants and during our contract renewal process with existing tenants to align our price with the prevailing market rate for similar properties in the same area.

Specifically, in Western Taiwan Straits Economic Zone, our overall average property management fees for basic commercial property management services decreased from 2018 to 2019 due to a reduction in price for basic commercial property management services for Quanzhou Funworld as the Group stopped offering certain promotion and consulting services as part of the basic commercial property management service work scope. Our overall average property management fees for basic commercial property management services further decreased in 2020, primarily due to the lower price for basic commercial property management services for Xianyou Funworld and Xiamen SCE Building, which came under our management in 2020, as compared to other existing properties in the area, and an increase in occupancy rate of Quanzhou SCE Plaza Office Building, which also had relatively low price for basic commercial property management services. Our average property management fees for Shuitou Funworld, our only Jointly Developed Project in the region in 2020, were comparable to those for projects developed by China SCE Group.

In Yangtze River Delta Economic Zone, Tianyue office building, our only project developed by China SCE Group in the region, charged a lower price for commercial property management services than the Jointly Developed Projects due to its less favorable location, which led to lower average property management fees for project developed by China SCE Group as compared to Jointly Developed Projects in 2020. For Jointly Developed Projects, our average property management fees decreased during the Track Record Period primarily because (i) we granted a one-month fee waiver for tenants of Shanghai SCE Plaza Phase One as part of our promotional initiative in 2019; (ii) we received additional payment from the property developer for the opening preparation of Shanghai SCE Plaza Phase Two delivered in 2018 due to the low occupancy rate expected at the opening of the property; and (iii) a reduction in basic property management fees for certain tenants of Shanghai SCE Plaza Phase Two in 2019 as a result of fee negotiation.

In Bohai Rim Economic Zone, our only project in the region is developed by China SCE Group. Our average property management fees increased from 2018 to 2020 primarily because we raised the price for our basic commercial property management services for new incoming tenants and during our contract renewal process with existing tenants to align our price with the prevailing market rate for similar properties in the same area. Our average property management fees in Bohai Rim Economic Zone were significantly higher than our average property management fees in other regions primarily because our only project in Bohai Rim Economic Zone, Beijing CBD SCE Funworld, is located in the central business district of Beijing and can therefore demand high price for property management services.

The table below sets forth a breakdown of our revenue, gross profit and gross profit margin generated from commercial property management and operational services by city tiers for the years indicated:

	For the year ended December 31,								
	2018			2019			2020		
	Revenue	Gross profit	Gross profit margin	Revenue	Gross profit	Gross profit margin	Revenue	Gross profit	Gross profit margin
	RMB'000		*%*	*RMB'000*		*%*	*RMB'000*		*%*
Projects developed by China SCE Group									
Tier one cities	23,018	5,939	25.8	30,835	14,368	46.6	31,571	12,425	39.4
Tier two cities	–	–	–	1,107	696	62.9	30,083	20,133	66.9
Tier three cities	81,820	38,698	47.3	150,500	80,996	53.8	249,476	155,995	62.5
	104,838	44,637	42.6	182,442	96,060	52.7	311,130	188,553	60.6

	For the year ended December 31,								
	2018			2019			2020		
	Revenue	Gross profit	Gross profit margin	Revenue	Gross profit	Gross profit margin	Revenue	Gross profit	Gross profit margin
	RMB'000		*%*	*RMB'000*		*%*	*RMB'000*		*%*
Jointly Developed Projects									
Tier one cities	47,424	27,872	58.8	58,674	27,688	47.2	58,223	29,892	51.3
Tier two cities	–	–	–	–	–	–	–	–	–
Tier three cities	–	–	–	–	–	–	1,325	27	2.0
	47,424	27,872	58.8	58,674	27,688	47.2	59,548	29,919	50.2
Projects developed by property developers which are non-China SCE Group and its joint ventures and associates									
Tier one cities	–	–	–	–	–	–	–	–	–
Tier two cities	–	–	–	–	–	–	1,572	1,078	68.6
Tier three cities	–	–	–	–	–	–	786	539	68.6
	–	–	–	–	–	–	2,358	1,617	68.6
Total	**152,262**	**72,509**	**47.6**	**241,116**	**123,748**	**51.3**	**373,036**	**220,089**	**59.0**

Note:

For the purpose of this breakdown, tier one cities include Beijing and Shanghai; tier two cities include Xiamen, Chongqing, Nanchang, Fuzhou, Suzhou, Nanjing and Hefei; and tier three cities include Quanzhou, Putian, Taizhou, Heyuan, Pingdingshan, Zhangjiagang, Jieyang, Gaomi, Xiangtan, Tongchuan, Shaoguan, Zhumadian, Chizhou, Meizhou, Shangrao, Nantong and Yangzhou.

For commercial properties, during the Track Record Period, our gross profit margin for projects developed by China SCE Group located in tier two and tier three cities was generally higher than our gross profit margin for projects developed by China SCE Group located in tier one cities and Jointly Developed Projects, primarily because most of our pre-opening management services were rendered to projects developed by China SCE Group located in tier two and tier three cities. Our gross profit margin for projects developed by China SCE Group located in tier one cities was particularly low in 2018 because we conducted major renovation works for Beijing CBD SCE Funworld, the only commercial property under our management located in tier one cities in 2018, thus leading to high cost of sales for the year. Our gross profit margin for projects developed by China SCE Group located in tier one cities also decreased from 2019 to 2020, as we conducted further renovation work for Beijing CBD SCE Funworld. Our gross profit margin for projects developed by China SCE Group located in tier two and tier three cities increased from 2019 to 2020 primarily as a result of the further expansion of our pre-opening management services, an increase in our operational efficiency due to economies of scale, as well as a reduction in social insurance costs due to the PRC government policy aimed at mitigating the impact of COVID-19 to businesses.

Our gross profit margin for Jointly Developed Projects located in tier one cities decreased from 2018 to 2019 primarily because (i) we granted a one-month fee waiver for tenants of Shanghai SCE Plaza Phase One as part of our promotional initiative in 2019; (ii) we received additional payment from the property developer for the opening preparation of Shanghai SCE Plaza Phase Two delivered in 2018 due to the low occupancy rate expected at the opening of the property; and (iii) a reduction in basic property management fees for certain tenants of Shanghai SCE Plaza Phase Two in 2019 as a result of fee negotiation. We recorded insignificant amount of gross profit from Jointly Developed Projects located in tier two cities as Shuitou Funworld, the only Jointly Developed Project located in tier two cities under our management, was delivered to our management in December 2020 and only generated revenue for several days.

Our gross profit margin for projects developed by property developers which are non-China SCE Group and its joint ventures and associates, all of which were located in tier two and tier three cities, was higher than properties developed by other types of property developers in 2020 because we had provided only operation consultation services, which had high gross profit margin, to projects developed by property developers which are non-China SCE Group and its joint ventures and associates.

Portfolio of Commercial Properties

The table below sets forth certain information of the commercial properties under our management during the Track Record Period:

Project	Opening date	Property type	Location	Geographic region	Contract effective date[1]	Contract term[2]	Occupancy rate[3] As of December 31, 2018	Occupancy rate[3] As of December 31, 2019	Occupancy rate[3] As of December 31, 2020	GFA under management As of December 31, 2020
	Month-Year				*Month-Year*	*Years*	%	%	%	*sq.m.*
Beijing CBD SCE Funworld (北京CBD中駿世界城)	September 2009	Shopping street	Beijing	Bohai Rim Economic Zone	September 2009	20	86.7	78.0	81.6	54,484
Quanzhou Funworld (泉州世界城)	May 2014	Shopping mall	Quanzhou	Western Taiwan Straits Economic Zone	May 2014	20	91.0	88.9	90.5	180,929
Shanghai SCE Plaza Phase One (上海中駿廣場一期)	June 2017	Office building	Shanghai	Yangtze River Delta Economic Zone	June 2017	20	100.0	100.0	100.0	218,471
Shanghai SCE Plaza Phase Two (上海中駿廣場二期)	July 2018	Office building	Shanghai	Yangtze River Delta Economic Zone	July 2018	20	51.3	52.6	60.0	126,525
Quanzhou SCE Plaza Office Building (泉州中駿廣場寫字樓)	August 2018	Office building	Quanzhou	Western Taiwan Straits Economic Zone	August 2018	20	31.0	31.8	70.3	45,972
Nan'an Funworld (南安世界城)	December 2018	Shopping mall	Quanzhou	Western Taiwan Straits Economic Zone	December 2018	20	98.1	98.8	97.8	72,618
Shuitou Funworld (水頭世界城)	December 2020	Shopping mall	Quanzhou	Western Taiwan Straits Economic Zone	December 2020	20	–	–	98.2	105,290
Xianyou Funworld (仙游世界城)	December 2020	Shopping mall	Putian	Western Taiwan Straits Economic Zone	December 2020	20	–	–	97.8	82,678
Tianyue (天悅)	October 2020	Office building	Shanghai	Yangtze River Delta Economic Zone	October 2020	20	–	–	55.4	52,499
Xiamen SCE Building (廈門中駿大廈寫字樓)[4]	January 2007	Office building	Xiamen	West Taiwan Strait Economic Zone	December 2020	20	71.9[4]	76.3[4]	90.4	50,309
Total							79.8	79.7	85.6	989,775

Notes:

(1) Contract effective date represents the date on which we began to provide our basic commercial property management services pursuant to the relevant commercial property management and operational service contract entered into between us and the relevant property developer or owner.

(2) Contract term represents the term of service we entered into with the property owner to provide commercial property management and operational services for the relevant property. The contract term typically commenced on the opening date of the relevant commercial property. During the Track Record Period, the retention rate of the service contracts we entered into with property owners had been 100%, as neither we nor any of the property owners terminated any of the service contracts.

(3) Occupancy rate is calculated as actual leased area divided by available lease area of a commercial property as of the end of each relevant period based on our internal record.

(4) We began to provide basic commercial property management services to this property in December 2020 as part of the Reorganization. The entity that owned Xiamen SCE Building had been relying on the staff of China SCE Group (including staff who are now members of the Group) for property management services without signing property management contract with any particular entity.

The table below sets forth certain information of each commercial property which we had contracted to provide commercial property management and operational services but not yet delivered to us, as well as each property which we had contracted to only provide services other than basic property management services, as of December 31, 2020:

Project	Actual/expected opening date	Property Type	Location	Geographic region	Contract effective date[(1)]	Contract term[(2)]	Contracted GFA
	Month-Year				*Month-Year*	*Years*	*sq.m.*
Beijing West Chang'an Funworld (北京西長安世界城)	May 2022	Shopping mall	Beijing	Bohai Rim Economic Zone	May 2022	No fixed term	103,453
Taizhou Funworld (泰州世界城)	December 2021	Shopping mall	Taizhou	Yangtze River Delta Economic Zone	December 2021	No fixed term	199,625
Heyuan Funworld (河源世界城)	December 2021	Shopping mall	Heyuan	Guangdong-Hong Kong-Macau Greater Bay Area	December 2021	No fixed term	111,084
Nanchang Funworld (南昌世界城)	December 2022	Shopping mall	Nanchang	Western Taiwan Straits Economic Zone	December 2022	No fixed term	112,232
Pingdingshan Funworld (平頂山世界城)	December 2021	Shopping mall	Pingdingshan	Central Western Region	December 2021	No fixed term	111,142
Jingang Funworld (金港世界城)	December 2021	Shopping mall	Suzhou	Yangtze River Delta Economic Zone	December 2021	No fixed term	100,825
Jieyang Funworld (揭陽世界城)	June 2022	Shopping mall	Jieyang	Guangdong-Hong Kong-Macau Greater Bay Area	June 2022	No fixed term	116,196
Fuzhou Funworld (福州世界城)	September 2022	Shopping mall	Fuzhou	Western Taiwan Straits Economic Zone	September 2022	No fixed term	136,213
Gaomi Funworld (高密世界城)	July 2022	Shopping mall	Weifang	Bohai Rim Economic Zone	July 2022	No fixed term	143,634
Xiangtan Funworld (湘潭世界城)	December 2022	Shopping mall	Xiangtan	Central Western Region	December 2022	No fixed term	106,830
Tongchuan Funworld (銅川世界城)	September 2022	Shopping mall	Tongchuan	Central Western Region	September 2022	No fixed term	122,112
Shaoguan Funworld (韶關世界城)	September 2022	Shopping mall	Shaoguan	Guangdong-Hong Kong-Macau Greater Bay Area	September 2022	No fixed term	109,802
Zhumadian Funworld (駐馬店世界城)	November 2022	Shopping Mall	Zhumadian	Central Western Region	November 2022	No fixed term	153,094
Chizhou Funworld (池州世界城)	June 2024	Shopping Mall	Chizhou	Yangtze River Delta Economic Zone	June 2024	No fixed term	116,326
Meizhou Funworld (梅州世界城)	June 2023	Shopping Mall	Meizhou	Guangdong-Hong Kong-Macau	June 2023	No fixed term	119,083
Tongnan Funworld (潼南世界城)	December 2022	Shopping Mall	Chongqing	Central Western Region	December 2022	No fixed term	130,392
Yushan Funworld (玉山世界城)	September 2023	Shopping Mall	Shangrao	Western Taiwan Straits Economic Zone	September 2023	No fixed term	60,000
Haian Funworld (海安世界城)	December 2022	Shopping Mall	Nantong	Yangtze River Delta Economic Zone	December 2022	No fixed term	100,581
Kunshan Huaqiao Funworld (昆山花橋世界城)	June 2023	Shopping Mall	Suzhou	Yangtze River Delta Economic Zone	June 2023	No fixed term	148,826
Yangzhou Mingfa Commercial Plaza (揚州明發商業廣場)[(3)]	N/A[(4)]	Shopping mall	Yangzhou	Yangtze River Delta Economic Zone	November 2020	3	300,000
Nanjing Mingfa Commercial Plaza (南京明發商業廣場)[(3)]	N/A[(4)]	Shopping mall	Nanjing	Yangtze River Delta Economic Zone	November 2020	3	422,000
Hefei Mingfa Commercial Plaza (合肥明發商業廣場)[(3)]	N/A[(4)]	Shopping mall	Hefei	Yangtze River Delta Economic Zone	November 2020	3	360,000
Total							3,383,450

Notes:

(1) Contract effective date represents the month and year in which we began or expected to begin to provide our commercial property management and operational services pursuant to the relevant commercial property management and operational service contract entered into between us and the relevant property developer or owner.

(2) Contract term represents the term of service we entered into with the property owner to provide commercial property management and operational services for the relevant property. The contract term typically commenced on the opening date of the relevant commercial property.

(3) We have been engaged to provide only operation consultancy services (i.e. market research and positioning services and tenant sourcing services under our pre-opening services segment) and did not provide any basic commercial property management services (therefore having no GFA under management) to these properties. We recognize (i) revenue from market research and positioning services at the point in time when services have been provided and we have a present right to payment for the services; and (ii) revenue from other operation consultancy services on a straight line basis over the period of service. For all other properties, we have been engaged to provide both basic commercial property management services and pre-opening management services, and we recognize revenue from pre-opening management services at the point in time when the relevant work deliverables have been provided and we have a present right to payment for the services.

(4) The relevant Independent Third Party property had been in operation prior to our engagement.

Growth of Our Commercial Project Portfolio

As of December 31, 2018, 2019 and 2020, we had six, six and ten commercial projects under management, respectively. As of the same dates, our total GFA under management for commercial properties was approximately 0.7 million sq.m., 0.7 million sq.m. and 1.0 million sq.m., respectively. We have been growing our commercial project portfolio during the Track Record Period primarily by obtaining new commercial property management service projects.

The table below presents the movement of our contracted commercial projects and commercial projects under management in terms of the project number and its corresponding GFA during the Track Record Period:

	As of or for the year ended December 31,											
	2018				2019				2020			
	Contracted projects[(1)]		Projects under management		Contracted projects[(1)]		Projects under management		Contracted projects[(1)]		Projects under management	
	Number of projects	GFA	Number of projects	GFA	Number of projects	GFA	Number of projects	GFA	Number of projects	GFA	Number of projects	GFA
	(sq.m., except for number of projects)											
As of the beginning of the period	4	504,193	3	453,884	7	749,308	6	698,999	14	1,574,813	6	698,999
New engagements	3	245,115	3	245,115	7	825,505	–	–	18	2,798,412	4	290,776
As of the end of the period	7	749,308	6	698,999	14	1,574,813	6	698,999	32	4,373,225	10	989,775

Note:

(1) Include projects under management and projects contracted but not yet delivered.

Scope of Services

Our commercial property management and operational services primarily comprise: (i) basic commercial property management services; (ii) pre-opening management services; and (iii) other value-added services, details of which are set out as follows:

- Basic commercial property management services

Basic commercial property management services	*Security services*. Mainly patrolling, video surveillance, car park security, traffic management, emergency management and fire safety;
	Cleaning services. General cleaning for common areas include, among other things, staircases, railings, hallways, car parks, atriums and toilet facilities;
	Repair and maintenance services. Repair and maintenance services for elevator systems, air-conditioning systems, power supply and distribution systems, water supply and drainage systems, fire extinguishing systems and other facilities and equipment located in common areas of commercial properties;
	Tenant assistance services. Helping tenants to achieve better business performance by providing assistance to tenants' staff on store display, store layout, interior design, consumer relations management and business data analysis; and
	Marketing and promotion services. For retail commercial properties under our management, organizing promotional activities such as holiday sales, seasonal sales and other promotional events, with the aim to attract traffic to our properties and increase tenants' sales.

- Pre-opening management services

Market research and positioning, preliminary consulting and planning, and architectural design consultation services	Conducting market research and analysis, preparing feasibility study reports, financial projections, and marketing and positioning strategies with an aim of optimizing the positioning and tenant mix of shopping malls and office buildings. Providing advice on the architectural design and construction plans to developers, so that property management services can be more effectively and efficiently provided after the project is completed.
Tenant sourcing and opening preparation services	Helping property owners of shopping malls identify and solicit target tenants and arranging the signing of tenancy agreements. Managing the move-in of tenants, and organizing opening ceremonies and related promotional events.

- Other value added services

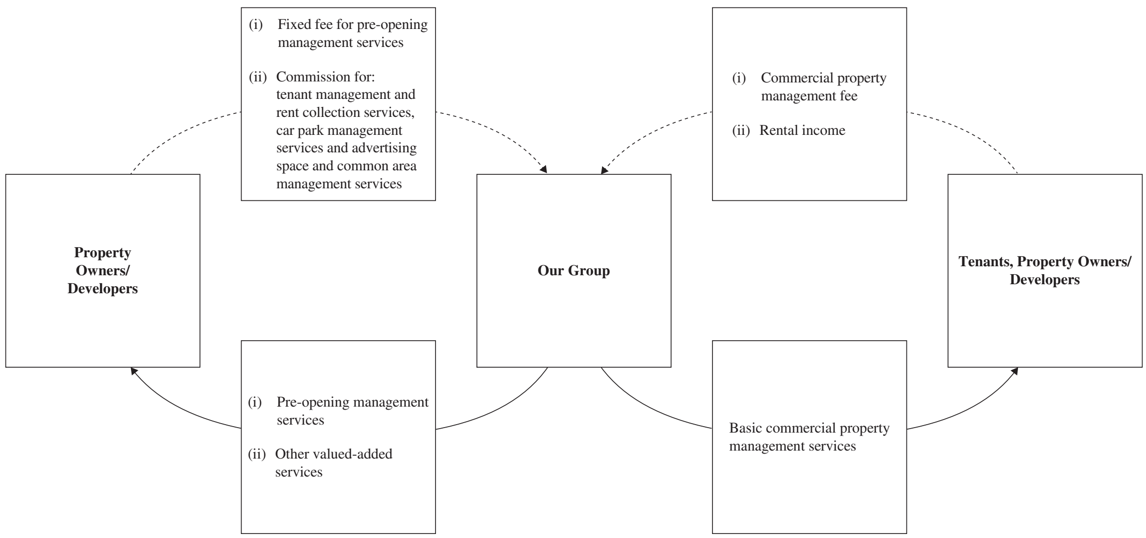
Tenant management and rent collection services	Providing tenant management and rent collection services to property owners, including, among other things, handling tenant enquiries and complaints, processing rent payments, ensuring timely payment of rents by tenants, and assisting the property owners in adjusting and optimizing tenant mix.
Other services	Providing other value-added services to property owners, mainly car park management, advertising spaces and other common area management services and property leasing services.

Commercial Property Management and Operational Service Fees

The table below sets forth the types of our commercial property management and operational services and the corresponding fees arrangements during the Track Record Period:

Type of Service	Fee Arrangements
Basic commercial property management services	
– Basic commercial property management services	A monthly/quarterly fixed fee on a per sq.m. basis, which is charged to the tenants of the relevant properties (including property developers and property owners who occupy and use space in the relevant properties)
Pre-opening management services	
– Market research and positioning, preliminary consulting and planning, and architectural design consultation services	A fixed service fee
– Tenant sourcing services and opening preparation services	A fixed fee based on the stage of completion
Other value-added services	
– Tenant management and rent collection services	A commission based on rent collected
– Other services	A fee on a commission basis or rental income

The diagram below illustrates our relationships with various parties under our commercial property management and operational services segment during the Track Record Period, with the solid line and dotted line indicating the services provided and the fees collected, respectively:



Service Fees Charged on a Fixed Fee Basis

We charge a fixed and all-inclusive fee for our pre-opening management services and a fixed and all-inclusive fee per sq.m. for our basic commercial property management services. We provide these services through our own employees and subcontractors. We are entitled to retain the full amount of these fees collected from property owners, property developers or tenants as revenue and we bear the costs incurred in providing such services. The total amount of fees we can collect for our basic commercial property management services is also affected by the occupancy rates of the relevant properties, as we charge basic commercial property management fees to the tenants and will earn the relevant income only when the relevant properties have been leased out. We do not charge fees for GFA that has not been leased out, as we do not provide services to such area.

Prior to negotiating and entering into agreements with the tenants, property owners or property developers, we seek to form an estimate as to our cost of sales. Our cost of sales includes, among other things, staff costs, subcontracting costs and utility expenses. As we bear such expenses ourselves, our profit margins are affected by our ability to reduce our cost of sales. In the event that we experience unexpected increases in our cost of sales, we may, according to the terms of relevant agreements, propose to raise our service fees while negotiating to renew the relevant agreements. During the Track Record Period, we did not have any material loss-making commercial property management projects.

Service Fees Charged on a Commission Basis

For our tenant management and rent collection services, we charge a service fee according to the terms in the relevant contracts, which generally amounted to 5.0% of the total rent payable during the Track Record Period.

For our car park, advertising space and common area management services, we charge a service fee that typically constitutes a substantive portion of the income generated from such car parks, advertising spaces and common areas during the Track Record Period. During the years ended December 31, 2018 and 2019, we charged China SCE Group, as the owner of certain car parks, advertising spaces and common areas, a certain percentage of its revenue generated from the end users of such car parks, advertising spaces and common areas as property management service fees. Under such model, the revenue received by us constituted revenue generated from related parties, i.e. China SCE Group, given that the car parks, advertising spaces and common areas were owned by China SCE Group. With the aim of reducing our revenue from related parties upon the Listing, we and China SCE Group have agreed to adopt a new arrangement in relation to the car parks, advertising spaces and common areas owned by China SCE Group from January 1, 2021, pursuant to which we will lease the car parks, advertising spaces and common areas from China SCE Group and sub-lease the car parks, advertising spaces and common areas to end users. Under such arrangement, we will pay an annual rent to China SCE Group, which will constitute continuing connected transactions for us, while the income generated from end users, being Independent Third Parties, will not constitute continuing connected transactions for us. See "Connected Transactions—Overview—(B) Continuing Connected Transactions Subject to the Reporting, Annual Review and Announcement Requirements but Exempt from the Independent Shareholders' Approval Requirement—1. Car Parking Lots and Public Area Leasing" for details.

Other Fee Arrangement

We lease certain properties from owners of units located within the shopping streets and sublease such retail commercial properties to tenants during the launch period of the shopping streets, which generally ranges from three to five years. Under such arrangement, we receive rental income from the tenants and pay an agreed amount of rent to property owners.

Our Pricing Policy

For our commercial property management and operational services charged on a fixed fee basis, we generally price our pre-opening management services, as well as basic commercial property management services with reference to, among other things, (i) brand, size and location of a commercial property; (ii) availability of utilities; (iii) level of complexity in tenant sourcing; (iv) the service period; and (v) the fees charged by Independent Third Parties to adjacent comparable commercial properties. For our pre-opening management services, we may charge similar fees for projects with varying size and location if we consider them to be comparable in terms of overall complexity and manpower involved.

For our commercial property management and operational services charged on a commission basis, in addition to the above factors considered for fixed-fee pricing, we also consider projected revenue in formulating our commission rate.

Payment and Credit Terms

We set forth below the typical payment of our service fees by type of contract during the Track Record Period. The credit terms we grant to our customers are generally within six months.

Type of contract	Payment and credit terms
Market research and positioning, preliminary consulting and planning, and architectural design consultation service contract	Fixed service fees which generally include a prepayment upon signing of contract and installments according to our work progress. As we usually start to provide pre-opening management services to customers at the land acquisition stage, we will generally begin to recognize revenue two to three years before the opening of a shopping mall, subject to variations between the construction progress of each individual project.
Tenant sourcing and opening preparation service contract	Fixed service fees generally payable to us by the property developers with reference to (i) the completion of tenant sourcing report and (ii) the completion of anchor store sourcing and the execution of tenancy agreements with the relevant anchor stores.
Commercial property management contract	Quarterly (for shopping malls) or monthly (for office buildings) fixed commercial property management fees generally payable to us by tenants at the beginning of each quarter or month, as applicable.
Tenant management and rent collection service contract	Service fees on a commission basis generally payable to us quarterly (for shopping malls) or monthly (for office buildings) by property owners according to the rent collected.
Other value-added service contract	Pursuant to agreements with property owners, we either retain certain percentage of the fees collected as service fees and remit the rest to property owners, or pay the property owner a fixed sum and retain the surplus fees collected.

Key Terms of Contracts with Property Developers

Our contracts with property developers typically include the following key terms:

- *Scope of services*. A typical contract sets forth the scope of operational services to be provided by us, which normally includes market research and positioning, preliminary consulting and planning, architectural design consultation, tenant sourcing and opening preparation services;

- *Service fees*. Our contracts set forth the service fees in a fixed amount for our commercial property management and operational services;

- *Our obligations*. We are primarily responsible for, among other things, conducting market research and providing consulting services for commercial property positioning, planning and design, property engineering and rent pricing;

- *Property developer or owner's obligations*. The property developer or owner is primarily responsible for, among other things, obtaining all licenses, permits and consents for the operation of the commercial property and ensuring that all facilities in the relevant commercial property are in compliance with the requirements for commercial operations;

- *Term of service*. Our contract generally has no fixed term but stipulates a work schedule and certain progress milestones. We will be entitled to certain portions of our service fees only when the relevant milestones have been reached; and

- *Dispute resolution*. Both parties are typically required to resolve any contractual disputes through negotiations first before resorting to arbitration or litigation.

Key Terms of Contracts with Property Owners

Our contracts with property owners typically involve the management of retail units in the commercial property and include the following key terms:

- *Scope of services*. A typical contract sets forth the scope of services to be provided by us, which normally includes security, cleaning, repair and maintenance, tenant management, marketing and promotion, rent collection and other value-added services;

- *Service fees*. Our contracts set forth the service fees as a percentage of the rent (typically 5%) we collected, as well as the fee-split arrangement for other value-added services such as tenant management, car park management, advertising spaces and other common area management services;

- *Our obligations*. We are primarily responsible for managing the operation of the relevant commercial property, regularly reporting to the property owner on the operation of the commercial property, and preparing the budgeting and forecast relating to the operation of the commercial property for each year to be submitted to the property owner for approval. In addition, we generally bear the operating costs incurred in providing the services, including but not limited to, staff costs, training costs, repair and maintenance expenses, cleaning expenses and tax expenses;

- *Property owner's obligations*. The property developer or owner is primarily responsible for ensuring that the property is in good order and providing necessary support to us for our property management services;

- *Term of service and termination*. Our contract may have no fixed term, or may be for a fixed term ranging from three to 20 years. The property owner may unilaterally terminate the contract with cause with prior written notice (up to three months depending on the specific contract) to us. Upon termination of contract, such property owners generally need to pay liquidated damages (usually stated as a fixed sum or a percentage, typically 10%, of total contract value) and settle all the trade receivables, expenses and profits from fee-split arrangements; and

- *Dispute resolution.* Both parties are typically required to resolve any contractual disputes through negotiations first before resorting to arbitration or litigation.

Key Terms of Contracts with Tenants

Our contracts with tenants typically include the following key terms:

- *Scope of services*. A typical contract sets forth the scope of property management services to be provided by us, which normally includes security, cleaning, repair and maintenance services;

- *Service fees*. The contract sets forth the amount of property management fees and utility fees. For overdue service fees, the tenant must pay a daily penalty of a certain percentage of the overdue amount;

- *Tenant's obligations*. The tenant is primarily responsible for, among other things, ensuring that it complies with the laws and regulations on fire prevention, environment protection, epidemic prevention, public security and other aspects. The tenant is not allowed to change the main structure of the unit. In addition, the tenant is responsible for any loss resulting from personal injury or property damage in its unit;

- *Term of service and termination*. Our contracts typically becomes effective since the unit is delivered to the tenant and expires when the lease agreement of the unit terminates. In addition to mutual consent, the tenant may unilaterally terminate the contract with us, but typically will have to pay us a penalty equal to three months' property management fees and forfeit its security deposit; we can also unilaterally terminate contract with a tenant and demand the payment of penalty and the forfeiture of the security deposit if the tenant breaches the contract;

- *Dispute resolution*. Both parties are typically required to resolve any contractual disputes through negotiations first before resorting to arbitration or litigation; and

- *Termination*. Both parties may terminate the contract with mutual consensus. The contract will automatically terminate when the lease agreement for the relevant unit terminates. If the contract is terminated as a result of the tenant's breach of contract, we are entitled to retain the tenant's security deposit as liquidated damages and demand compensation of all losses we incurred.

RESIDENTIAL PROPERTY MANAGEMENT SERVICES

Overview

As of December 31, 2018, 2019 and 2020, our total GFA under management of residential properties was approximately 9.9 million sq.m., 11.1 million sq.m. and 15.2 million sq.m., respectively. During the Track Record Period, we derived a majority of our revenue from residential property management services segment for the residential properties that were either (i) developed by China SCE Group or (ii) jointly developed by China SCE Group and other property developers, which accounted for approximately 98.6%, 98.9% and 97.7% of our total revenue from our residential property management services segment in 2018, 2019 and 2020, respectively. As of December 31, 2020, our portfolio of residential properties under management included 91 residential properties and three public facilities ancillary to the residential properties.

The table below sets forth a breakdown of our total revenue generated from residential property management services by service category for the years indicated:

	For the year ended December 31,					
	2018		2019		2020	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Basic residential property management services	215,000	88.0	244,716	73.4	294,230	68.1
Value-added services to non-property owners	14,510	5.9	73,094	21.9	113,178	26.2
Community value-added services	14,735	6.1	15,591	4.7	24,840	5.7
Total	**244,245**	**100.0**	**333,401**	**100.0**	**432,248**	**100.0**

The table below sets forth a breakdown of our gross profit and gross profit margin generated from residential property management services by service category for the years indicated:

	For the year ended December 31,					
	2018		2019		2020	
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Basic Property management services	54,993	25.6	64,558	26.4	93,014	31.6
Value-added services to non-property owners	5,576	38.4	18,691	25.6	35,615	31.5
Community value-added services	3,917	26.6	5,293	33.9	7,859	31.6
Total	**64,486**	**26.4**	**88,542**	**26.6**	**136,488**	**31.6**

The table below sets forth a breakdown of our total GFA under management for residential properties as of the dates indicated, and revenue generated from residential property management services for the years indicated, by developer type:

	As of or for the year ended December 31,								
	2018			2019			2020		
	GFA	Revenue		GFA	Revenue		GFA	Revenue	
	sq.m.	*RMB'000*	*%*	*sq.m.*	*RMB'000*	*%*	*sq.m.*	*RMB'000*	*%*
Projects developed by China SCE Group[(1)]	9,795,497	238,559	97.7	10,540,429	316,096	94.8	13,685,928	391,871	90.6
Jointly Developed Projects[(2)]	–	2,196	0.9	354,300	13,512	4.1	1,009,585	30,594	7.1
Projects developed by property developers which are non-China SCE Group and its joint ventures and associates[(3)]	88,531	3,490	1.4	178,843[(4)]	3,793	1.1	559,455	9,783	2.3
Total	**9,884,028**	**244,245**	**100.0**	**11,073,572**	**333,401**	**100.0**	**15,254,968**	**432,248**	**100.0**

Notes:

(1) Refers to properties solely developed by China SCE Group, as well as properties jointly developed by China SCE Group and other property developers where China SCE Group held a controlling interest in such properties.

(2) Refers to projects jointly developed by China SCE Group and other property developers where China SCE Group did not hold a controlling interest in such properties. As we provided value-added services to non-property owners to some of these projects before their delivery, we recorded revenue from such services despite not having any GFA under management for some of the periods.

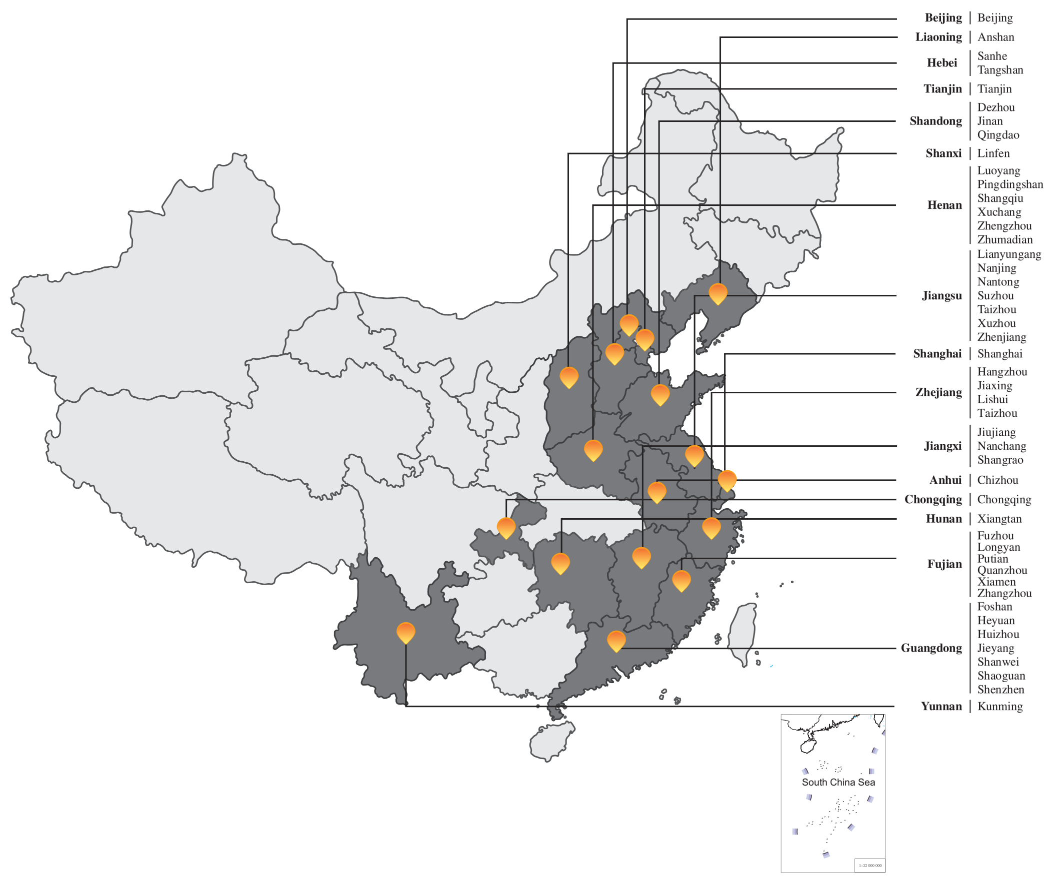
(3) Refer to properties solely developed by property developers which are non-China SCE Group and its joint ventures and associates.

(4) As we only started to manage some of our new projects during the latter half of the relevant year, the revenue we earned from such projects during the relevant year might be less than the increase in our year-end GFA might suggest.

We grew our total GFA under management for residential properties for projects solely developed by third-party property developers who were independent from China SCE Group from 88,531 sq.m. as of December 31, 2018 to approximately 559,455 sq.m. as of December 31, 2020. Revenue generated from managing projects solely developed by third-party property developers who were independent from China SCE Group increased from RMB3.5 million in 2018 to RMB3.8 million in 2019. Revenue generated from managing projects solely developed by third-party property developers who were independent from China SCE Group increased from RMB3.8 million in 2019 to RMB9.8 million in 2020. The number of our managed projects developed by China SCE Group and its joint ventures and associates grew from 53 as of December 31, 2018 to 84 as of December 31, 2020; and the number of our managed projects solely developed by third-party property developers who were independent from China SCE Group grew from two as of December 31, 2018 to ten as of December 31, 2020.

Our Geographic Presence

Since our inception in Xiamen, Fujian Province in 2003, we have expanded our geographic presence for residential property management to 47 cities across China as of December 31, 2020. As of the same date, we had a total of 94 residential projects under management and 73 contracted but undelivered residential projects. The map below illustrates the cities in which we had residential projects under management and/or contracted but undelivered residential projects as of December 31, 2020:



The table below sets forth a breakdown of our total GFA under management for residential properties as of the dates indicated, and total revenue generated from residential property management services as well as the respective percentage of our total revenue generated from residential property management services for the years indicated, by geographic region:

	As of or for the year ended December 31,								
	2018			2019			2020		
	GFA under management	Revenue		GFA under management	Revenue		GFA under management	Revenue	
	sq.m.	*RMB'000*	%	*sq.m.*	*RMB'000*	%	*sq.m.*	*RMB'000*	%
Western Taiwan Straits Economic Zone[(1)]	7,273,756	176,994	72.5	7,484,653	202,164	60.6	8,848,900	228,217	52.8
Yangtze River Delta Economic Zone[(2)]	614,675	14,164	5.8	838,086	45,636	13.7	2,057,109	69,017	16.0
Bohai Rim Economic Zone[(3)]	1,415,410	38,240	15.7	2,049,063	52,748	15.8	2,569,969	81,726	18.9
Guangdong-Hong Kong-Macau Greater Bay Area[(4)]	341,010	12,491	5.0	462,593	18,692	5.7	672,299	23,341	5.4
Central Western Region[(5)]	239,177	2,356	1.0	239,177	14,161	4.2	1,106,691	29,947	6.9
Total	**9,884,028**	**244,245**	**100.0**	**11,073,572**	**333,401**	**100.0**	**15,254,968**	**432,248**	**100.0**

Notes:

(1) Cities in which we provide residential property management services in the Western Taiwan Straits Economic Zone include Longyan, Putian, Quanzhou, Xiamen, Zhangzhou, Jiujiang, Nanchang and Shangrao.

(2) Cities in which we provide residential property management services in the Yangtze River Delta Economic Zone include Nanjing, Nantong, Suzhou, Zhenjiang, Shanghai, Hangzhou and Jiaxing.

(3) Cities in which we provide residential property management services in the Bohai Rim Economic Zone include Beijing, Sanhe, Tangshan, Anshan, Jinan, Linfen and Tianjin.

(4) Cities in which we provide residential property management services in the Guangdong-Hong Kong-Macau Greater Bay Area include Huizhou and Shenzhen.

(5) Cities in which we provide residential property management services in the Central Western Region include Shangqiu and Chongqing.

The following table sets forth the average property management fee of the residential properties under our management by geographical region for the years indicated:

	For the year ended December 31,		
	2018	2019	2020
	RMB per sq.m. per month		
Western Taiwan Straits Economic Zone	**2.3**	**2.4**	**2.4**
– Properties developed by China SCE Group	2.3	2.4	2.4
– Jointly Developed Projects	–	–	–
– Properties developed by property developers which are non-China SCE Group and its joint ventures and associates	2.7	2.7	2.6
Yangtze River Delta Economic Zone	**4.3**	**4.0**	**2.9**
– Properties developed by China SCE Group	4.3	4.1	3.3
– Jointly Developed Projects	–	–	3.2
– Properties developed by property developers which are non-China SCE Group and its joint ventures and associates	–	1.1	1.4
Bohai Rim Economic Zone	**2.2**	**2.2**	**2.5**
– Properties developed by China SCE Group	2.2	2.2	2.5
– Jointly Developed Projects	–	–(1)	2.6
– Properties developed by property developers which are non-China SCE Group and its joint ventures and associates	–	–	–
Guangdong-Hong Kong-Macau Greater Bay Area	**3.3**	**3.3**	**2.8**
– Properties developed by China SCE Group	3.3	3.3	2.8
– Jointly Developed Projects	–	–	–
– Properties developed by property developers which are non-China SCE Group and its joint ventures and associates	–	–	–
Central Western Region	**0.9**	**0.7**	**1.4**
– Properties developed by China SCE Group	0.9	0.7	1.4
– Jointly Developed Projects	–	–	–
– Properties developed by property developers which are non-China SCE Group and its joint ventures and associates	–	–	–
Average property management fees for basic residential property management services	**2.3**	**2.4**	**2.4**

Note:

(1) One Jointly Developed Project was delivered to our management in Bohai Rim Economic Zone in December 2019 but did not generate any revenue for the year.

During the Track Record Period, our revenue from basic residential property management services was primarily generated from Western Taiwan Straits Economic Zone, Yangtze River Delta Economic Zone and Bohai Rim Economic Zone, and our overall average property management fees for basic residential property management services were affected by the average property management fees in these regions as a result. Overall, our average property management fees for basic residential property management services remained stable, especially for projects located in Western Taiwan Straits Economic Zone, where a substantial portion of our revenue is generated from. Our average property management fees for projects developed by property developers which are non-China SCE Group and its joint ventures and associates were generally higher than projects developed by China SCE Group in Western Taiwan Straits Economic Zone because a majority of these projects developed by property developers which are non-China SCE Group and its joint ventures and associates were located in Xiamen Island, a prime location in the region, whereas, in addition to projects located in Xiamen, a substantial number of projects developed by China SCE Group were located in Quanzhou and Zhangzhou and generally had lower fees than projects located in Xiamen Island, which affected the overall average property management fees for projects developed by China SCE Group.

In Yangtze River Delta Economic Zone, for projects developed by China SCE Group, average property management fees decreased from 2018 to 2019 due to the delivery of a project in Hangzhou in 2019, which charged lower price for basic residential property management services than the average price charged by projects under the our management in 2018, all of which were located in Shanghai; average property management fees for projects developed by China SCE Group further decreased from 2019 to 2020 due to the delivery of projects in Nanjing, Zhenjiang and Hangzhou, all of which had charged lower price for basic residential property management services than the average price charged by our projects in Shanghai; for Jointly Developed Projects, average property management fees were comparable to those for projects developed by China SCE Group; and for projects developed by property developers which are non-China SCE Group and its joint ventures and associates, the average property management fees were primarily affected by an exhibition venue, which we started to manage in June 2019, that had a relatively low property management fee level and high GFA size because, comparing to residential properties, a relatively small service team can generally cover a significantly larger area, driving down the average property management fees for projects developed by property developers which are non-China SCE Group and its joint ventures and associates in 2019 and 2020. According to JLL, the price of property management services for exhibition venues is in general not high as it usually requires less staff and relevant cost. In addition to the effect of the exhibition venue, our average property management fees for projects developed by property developers which are non-China SCE Group and its joint ventures and associates increased from 2019 to 2020, as new projects delivered to our management diluted the effect of the exhibition venue on our overall average property management fees.

In Bohai Rim Economic Zone, for projects developed by China SCE Group, our average property management fees remained stable in 2018 and 2019, and increased in 2020 due to the delivery of a new project in Beijing that charged relatively high price for basic residential property management services; and for Jointly Developed Projects, average property management fees were comparable to those for projects developed by China SCE Group.

To a lesser extent, our overall average property management fee for residential properties was also affected by our average property management fee in the Guangdong-Hong Kong-Macau Greater Bay Area and Central Western Region. Our average property management fee for residential properties in the Guangdong-Hong Kong-Macau Greater Bay Area remained stable from 2018 to 2019, but decreased from 2019 to 2020 due to the delivery of a new project in Huizhou, which charged lower price for basic residential property management services than our other properties under management in the region. Our average property management fee for residential properties in the Central Western Region was generally low comparing to other region during the Track Record Period primarily because most of our revenue were generated from properties in Shangqiu, which is a less developed city comparing to many of the other cities where we operate. According to JLL, the average basic residential property management fee of our residential properties under management in Shangqiu is within the range of the prevailing basic residential property management market rates at similar locations for similar property types. Our average property management fee for residential properties in the Central Western Region increased from 2019 to 2020 as we started to manage two properties in Chongqing in 2020, which charged higher price for basic residential property management services than the properties in Shangqiu. All residential properties under our management in the Guangdong-Hong Kong-Macau Greater Bay Area and Central Western Region during the Track Record Period were developed by China SCE Group.

The table below sets forth a breakdown of our revenue, gross profit and gross profit margin generated from residential property management services by city tiers for the years indicated:

	For the year ended December 31,								
	2018			2019			2020		
	Revenue	Gross profit	Gross profit margin	Revenue	Gross profit	Gross profit margin	Revenue	Gross profit	Gross profit margin
	RMB'000		%	*RMB'000*		%	*RMB'000*		%
Projects developed by China SCE Group									
Tier one cities	25,363	6,768	26.7	38,766	10,447	26.9	47,784	15,170	31.7
Tier two cities	39,469	10,374	26.3	71,645	19,153	26.7	99,740	31,625	31.7
Tier three cities	173,727	45,904	26.4	205,685	54,484	26.5	244,347	77,204	31.6
	238,559	63,046	26.4	316,096	84,084	26.6	391,871	123,999	31.6
Jointly Developed Projects									
Tier one cities	114	29	25.3	2,943	757	25.7	8,482	2,711	32.0
Tier two cities	2,082	527	25.3	6,927	1,760	25.4	16,823	5,421	32.2
Tier three cities	–	–	–	3,642	922	25.3	5,289	1,699	32.1
	2,196	556	25.3	13,512	3,439	25.5	30,594	9,831	32.1

	For the year ended December 31,								
	2018			2019			2020		
	Revenue	Gross profit	Gross profit margin	Revenue	Gross profit	Gross profit margin	Revenue	Gross profit	Gross profit margin
	RMB'000		*%*	*RMB'000*		*%*	*RMB'000*		*%*
Projects developed by property developers which are non-China SCE Group and its joint ventures and associates									
Tier one cities	–	–	–	–	–	–	–	–	–
Tier two cities	3,490	884	25.3	3,793	1,019	26.9	7,893	2,054	26.0
Tier three cities	–	–	–	–	–	–	1,890	604	32.0
	3,490	884	25.3	3,793	1,019	26.9	9,783	2,658	27.2
Total	**244,245**	**64,486**	**26.4**	**333,401**	**88,542**	**26.6**	**432,248**	**136,488**	**31.6**

Note:

For the purpose of this breakdown, tier one cities include Beijing, Shanghai and Shenzhen; tier two cities include Fuzhou, Hangzhou, Jinan, Kunming, Nanchang, Nanjing, Qingdao, Xiamen, Suzhou, Tianjin, Wuxi, Zhengzhou and Chongqing; and tier three cities include Anshan, Chizhou, Dezhou, Foshan, Heyuan, Huizhou, Jiaxing, Jieyang, Jiujiang, Lishui, Lianyungang, Linfen, Longyan, Luoyang, Nantong, Pingdingshan, Putian, Quanzhou, Shanwei, Shangqiu, Shangrao, Shaoguan, Taizhou, Taizhou, Tangshan, Tongchuan, Xiangtan, Xuzhou, Xuchang, Sanhe, Zhangzhou, Zhaotong, Zhenjiang and Zhumadian.

For residential properties, during the Track Record Period, our gross profit margin for properties developed by different types of developers among the city tiers had generally been comparable. Our gross profit margin for residential property management services, across city tiers and developer types, generally increased in 2020 due to reduction in social insurance costs relating to the PRC government policy aimed at mitigating the impact of the COVID-19 outbreak to businesses as well as economies of scale, but the gross profit margin for properties developed by property developers which are non-China SCE Group and its joint ventures and associates located in tier two cities lagged behind primarily because two new management projects located in Kunshan, Suzhou (out of a total of ten projects developed by property developers which are non-China SCE Group and its joint ventures and associates under our management as of December 31, 2020) that we obtained through acquisition had historically been underperforming and it takes time to consolidate the newly acquired business and streamline its operations to align them with the our existing projects, which affected the overall gross profit margin for properties developed by property developers which are non-China SCE Group and its joint ventures and associates.

As of December 31, 2020, our total contracted GFA of undelivered projects for residential property management services under preliminary residential property management service agreements or residential property management service agreements, for which we have not begun providing property management services nor collecting property management fees, was approximately 17.0 million sq.m.

The table below sets forth the expiration schedule of our residential property management service agreements for residential projects under our management as of December 31, 2020:

	GFA under management		Number of agreements		Contracted but undelivered GFA		Number of agreements	
	sq.m.	*%*	*Number*	*%*	*sq.m*	*%*	*Number*	*%*
Residential property management service agreements without fixed terms[(1)]	10,503,494	68.8	58	61.7	10,615,480	62.6	44	60.3
Residential property management service agreements with fixed terms expiring in:								
Year ending December 31, 2020	–	–	–	–	–	–	–	–
Year ending December 31, 2021	1,435,445	9.4	14	14.9	–	–	–	–
Year ending December 31, 2022	1,427,846	9.4	10	10.6	1,615,523	9.5	7	9.6
After December 31, 2022	1,888,183	12.4	12	12.8	4,725,877	27.9	22	30.1
Subtotal	4,751,474	31.2	36	38.3	6,341,400	37.4	29	39.7
Total	**15,254,968**	**100.0**	**94**	**100.0**	**16,956,880**	**100.0**	**73**	**100.0**

Note:

(1) Residential property management service agreements without fixed terms are typically (i) agreements entered into with property developers before a property owners' association is set up, and (ii) agreements entered into with certain property developers, owners or residents with whom we had residential property management service agreements that had fixed terms, but such terms expired and we continue to provide services until a new property management service agreement company becomes effective. A substantial majority of our residential property management service agreements without fixed terms relate to properties for which we had begun to provide property management services either on or before the delivery date of such properties.

We face certain risks if such property management agreements are terminated or not renewed. See "Risk Factors—Risks Relating to Our Business and Industry—We cannot assure you that we can secure new or renew our existing commercial property management and operational service agreements or residential property management service agreements on favorable terms, or at all."

During the Track Record Period, our renewal rate, which represents the percentage of residential projects to which we are able to continue providing services upon expiry of the original terms and engage in new contracts, for residential property management service agreements had been 100%.

Scope of Services

We provide the following major categories of residential property management services:

Basic residential property management services	*Cleaning services.* Cleaning services for property units and common areas such as staircases, hallways, exterior walls and basements. We provide our cleaning services primarily through third-party subcontractors. *Security services.* Seeking to ensure that the properties we manage are safe and in good order. The security services we provide on a daily basis include, among other things, traffic management, patrolling, video surveillance, car park security, emergency response, entry control and visitor management. We provide our security services primarily through third-party subcontractors. *Landscaping services.* Mainly pest controlling, pruning, plant watering and fertilization for the greenery of our managed properties. We generally provide landscaping services through third-party subcontractors. *Repair and maintenance services.* We are generally responsible for ensuring elevator systems, power supply and distribution systems, water supply and drainage systems, fire extinguishing systems, lighting system and other facilities and equipment located in common areas are in good working order. We provide regular repair and maintenance services through our employees but provide major repairs through third-party subcontractors. In generally, we share our workforce among different properties under our management that are located in the same area. Although certain frontline staff, such as cleaners and security guards, who are stationed in individual properties, many of our supporting staff, such as those involved in repair and maintenance, are shared to provide assistance to different properties, and our new projects are often managed by existing managers of properties located in the same area.

Value-added services to non-property owners	Our value-added services to non-property owners primarily include pre-sale management services to property developers during their pre-sale activities, such as cleaning, security and maintenance services for pre-sale display units and sales offices, and pre-delivery inspection services, as well as sale assistance and marketing services for unsold car parks after the pre-sale period.
Community value-added services	Our community value-added services primarily include housekeeping and cleaning services, car park management, clubhouse operation, advertising space management and common area value-added services.

Growth of Our Residential Project Portfolio

As of December 31, 2018, 2019 and 2020, we had 55, 63 and 94 residential projects under management, respectively. As of the same dates, our total GFA under management for residential properties was approximately 9.9 million sq.m., 11.1 million sq.m. and 15.2 million sq.m., respectively. We have been growing our residential project portfolio during the Track Record Period primarily by obtaining new residential property management service projects.

During the Track Record Period, our agreement retention rates remained high, which we believe reflect on our capabilities in offering quality property management services. In 2018, 2019 and 2020, our residential property management service agreement retention rate, being the number of property management service agreements effective at the end of a year divided by the number of property management service agreements that existed during the same year, had been 100% for each of the periods. During the Track Record Period, none of our property management service agreements were terminated or not renewed upon expiration.

The table below presents the movement of our contracted residential projects and residential projects under management in terms of the project number and its corresponding GFA during the Track Record Period:

	As of or for the year ended December 31,											
	2018				2019				2020			
	Contracted projects[1]		Projects under management		Contracted projects[1]		Projects under management		Contracted projects[1]		Projects under management	
	Number of projects	GFA	Number of projects	GFA	Number of projects	GFA	Number of projects	GFA	Number of projects	GFA	Number of projects	GFA
	(sq.m., except for number of projects)											
As of the beginning of the period	67	11,941,688	45	8,628,823	97	17,150,735	55	9,884,028	114	20,948,165	63	11,073,572
New engagements[2]	30	5,209,047	10	1,255,205	17	3,797,430	8	1,189,544	51	11,048,483	29	3,966,196
Acquisitions[3]	–	–	–	–	–	–	–	–	2	215,200	2	215,200
As of the end of the period	97	17,150,735	55	9,884,028	114	20,948,165	63	11,073,572	167	32,211,848	94	15,254,968

Notes:

(1) Include projects under management and projects contracted but not yet delivered.

(2) Primarily include (i) preliminary residential property management service agreements for new projects developed by property developers and (ii) residential property management service agreements to replace the relevant projects' previous property management service providers. The renewed agreements are not regarded as the new engagements that we entered into during such year. The newly engaged GFA under management includes the GFA of the newly delivered projects we contracted in the previous year.

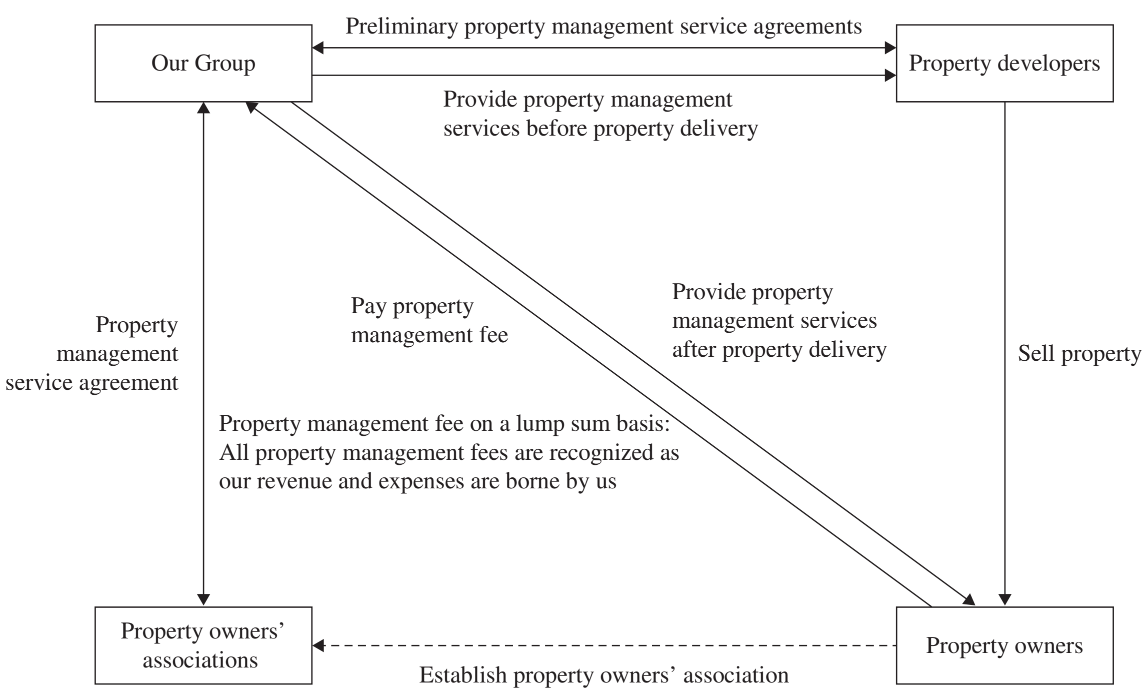
(3) Refer to new projects we obtained through our acquisition of a property management company during the Track Record Period.

Residential Property Management Services

Property Management Fees for Basic Residential Property Management Services

During the Track Record Period, all of our property management fees for basic residential property management services were charged on a lump sum basis. See "Risk Factors—Risks Relating to Our Business and Industry—We may fail to effectively anticipate or control our costs in providing our property management services, for which we charge our customers on a lump sum basis." During the Track Record Period, we did not have any material loss-making residential property management projects.

We take into account a number of factors in determining whether to charge fees on a lump sum or commission basis, including, but not limited to, local regulations, customized requirements specified by property developers or property owners' associations, affordability of property management fee and quality expectation of the property owners, local market conditions, projected profitability and the nature and characteristics of individual properties, and determine the fee model on a case-by-case basis. The following diagram illustrates our relationships with various parties under when we provide property management services for residential properties:



Property Management Fees Charged on a Lump Sum Basis

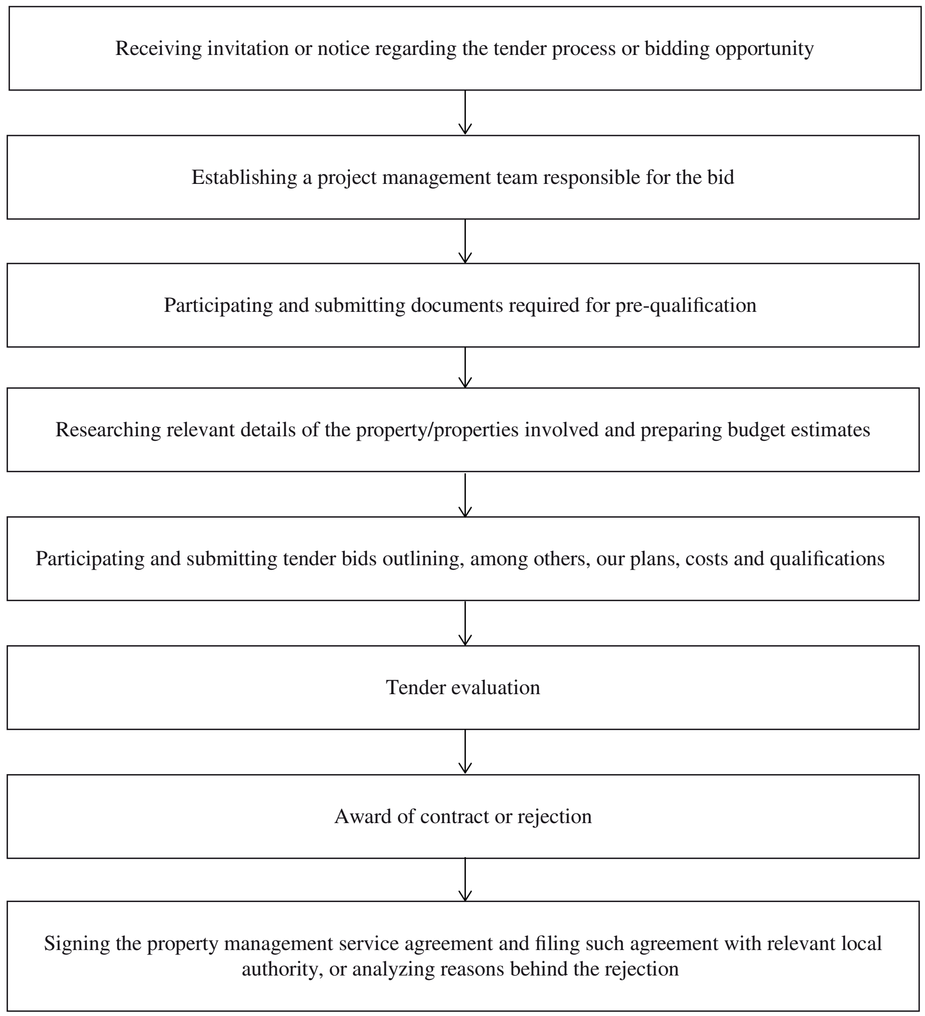
Under the lump sum fee model, we charge a fixed and "all-inclusive" fee for our basic residential property management services, and our property management fees are typically charged on a monthly, quarterly or annually basis, depending on the terms of our residential property management service agreements. We are entitled to retain the full amount of property management fees collected from property developers, property owners and residents as revenue and bear the costs incurred in providing our basic property management services. According to JLL, the lump sum fee model is the prevailing method of collecting property management fees in China, especially in relation to residential properties. See "Industry Overview—The Residential Property Management Market—Business Model and Revenue Model of the Residential Property Management Market—Revenue Model."

Prior to negotiating and entering into our residential property management service agreements, we seek to prepare, as accurately as possible, an estimate of our cost of sales. Our cost of sales primarily includes salaries and wages, water and electricity, cleaning, repair and maintenance costs. As we bear such expenses ourselves, our profit margins are affected by our ability to lower our cost of sales. In the event that our cost of sales is higher than anticipated, we may not be able to collect additional amounts from our customers to sustain our profit margins. See "Risk Factors—Risks Relating to Our Business and Industry—We may fail to effectively anticipate or control our costs in providing our property management services, for which we generally charge our customers on a lump sum basis." During the Track Record Period and up to the Latest Practicable Date, we did not incur any material loss in managing residential properties for which fees were charged on a lump sum basis.

Tender Process

Most of our residential property management service agreements are obtained by participating in tenders, a process whereby property developers or property owners' associations evaluate and select from multiple property management service providers. Invitations to tenders are usually issued by property developers for properties under development, or from property owners' associations for residential communities that wish to replace their existing property management service providers. Under PRC laws and regulations, property management companies are required to obtain preliminary residential property management service agreements for residential properties through participation in the tender process. If there are fewer than three bidders for any small-scale properties, the property developer can select and hire qualified property management company by directly entering into an agreement with the approval of the real estate administrative department of the relevant district or county government where the property is located. See "Regulatory Overview—I. Laws and Regulations Relating to Property Management Services—(III) Appointment of Property Management Companies." A tender process is also required for engaging property management service providers for services over a designated amount in relation to non-residential properties owned by the PRC government agencies, institutions or organizations according to the Government Procurement Law of the PRC (《政府採購法》) and relevant laws and regulations.

The flow chart below illustrates each stage of the typical tender process for obtaining residential property management service agreements:



In 2018, 2019 and 2020, we had entered into three, one and nil preliminary residential property management contracts without participation in tender process, respectively, accounting for 10.0%, 5.9% and none of the total number of contracts we entered into during the same periods, respectively. As of December 31, 2020, none of the above mentioned properties that we contracted to manage without participation in tender process had been delivered yet. According to the Regulations on Property Management (2018 revision) (《物業管理條例》) (2018年修正), (i) a property developer of any residential properties shall select a property management company through participation in the tender process; where there are fewer than three bidders or the scale of residential property is relatively small, the property developer may select a property management company by directly entering into an agreement with the approval of the real estate administrative department of the district or county government where the property is located and (ii) a property management company is not required to be selected through the tender process to enter into the property management service agreement with the residential property owners' association. During the Track Record Period, one of the contracts was entered into between our Group and the property developers of the residential properties directly without the approval or confirmation from the relevant authorities, because tender process was not a compulsory requirement in the local practice, and there are no specific approval procedures available under the local regulations. Even though the service contract has not obtained approval from relevant authorities, it has been filed with the local property management authority, which is the same department for the approval of service contract entered without participation in tender process. As of the Latest Practicable Date, no revenue had been recorded from this contract as the relevant property had not yet been delivered.

According to PRC Civil Code (and PRC Contract Law which was applied before the PRC Civil Code came into force on January 1, 2021 and during the Track Record Period), contracts that violate the mandatory provisions of laws and administrative regulations shall be null and void, except where the mandatory provisions do not result in the invalidity of such contract. There is no specification or consensus on whether failure to enter into a residential property management contract through tender process without approval shall be violation of mandatory provisions of laws and administrative regulations under current PRC legal system. According to publicly available cases, the PRC Courts are of various views on such issues. Even if the property management contracts were ruled to be invalid, some courts have hold the view that the property owners are obliged to pay the property management fees for de facto services provided by the property management service company upon such company's requests. Based on the above, our PRC Legal Advisors are of the view that failure to enter into a residential property management contract through tender process without approval would not necessarily affect the validity of the contract and there are no regulations on penalties imposed on the property management company under the Regulations on Property Management (2018 revision).

As confirmed by our Directors, the lack of a tender process for the selection of property management service providers for the preliminary residential property management contracts we entered into was not caused by us but the relevant property developers. Accordingly, going forward, we plan to communicate with the relevant property developers to the extent possible when being engaged to provide property management services so as to ensure the compliance with relevant laws and regulations with respect to tender and bidding procedures.

Residential Property Management Service Agreements

We generally enter into preliminary residential property management service agreements with property developers. A preliminary property management service agreement is a type of property management service agreement that we enter into at the construction and pre-delivery stage of property development projects.

In relation to residential properties that have already been delivered but the property owners' associations have not been established, we provide property management services to property owners and residents pursuant to the preliminary residential property management service agreements that we entered into with the property developer.

In relation to residential properties that have already been delivered and where property owners' associations have been established, we enter into residential property management service agreements with property owners' associations on behalf of property owners. During the Track Record Period, a majority of our revenue from residential property management services was generated from preliminary residential property management service agreements entered into with property developers.

The table below sets forth a breakdown of our total contracted GFA and GFA under management for residential properties as of the dates indicated, and revenue generated from basic residential property management services pursuant to different agreements for the years indicated:

	As of or for the year ended December 31,											
	2018				2019				2020			
	Contracted GFA	GFA under management	Revenue		Contracted GFA	GFA under management	Revenue		Contracted GFA	GFA under management	Revenue	
	sq.m.		*RMB'000*	*%*	*sq.m.*		*RMB'000*	*%*	*sq.m.*		*RMB'000*	*%*
Preliminary residential property management service agreements with property developers[1]	14,631,451	7,364,744	150,224	69.9	18,428,881	8,554,288	181,069	74.0	29,595,673	12,638,793	228,472	77.7
Residential property management service agreements with property owners' associations	2,519,284	2,519,284	64,776	30.1	2,519,284	2,519,284	63,647	26.0	2,616,175	2,616,175	65,758	22.3
Total	**17,150,735**	**9,884,028**	**215,000**	**100.0**	**20,948,165**	**11,073,572**	**244,716**	**100.0**	**32,211,848**	**15,254,968**	**294,230**	**100.0**

Note:

(1) Include agreements for those projects that have been delivered, but the property owners' associations have not been established.

Key Terms of Agreements with Property Developers

Our preliminary residential property management service agreements with property developers typically include the following key terms:

- *Scope of services*. A typical preliminary property management service agreement with property developer sets out the required services, including cleaning services, security services, landscaping services and repair and maintenance services. We may also provide other customized services, such as utility fees collection services and club and car park management services.

- *Performance standards*. The preliminary residential property management service agreements set forth the scope and expected standards, such as the areas covered by our services, as well as the requirements, frequency and standards for the performance of our services.

- *Property management fees*. The preliminary residential property management service agreements set forth the amount of property management fees payable on a lump sum or commission basis. The property developer is typically responsible for paying the property management fees for the units that remain unsold. If we agree to manage car parks, the preliminary property management service contract will also specify the fees payable for such services. For overdue property management fees, property developers should pay an overdue penalty as specified in the agreement.

- *Property developer's obligations*. The property developer is primarily responsible for, among other things, ensuring that its property buyers understand and confirm their obligations in relation to residential property management services provided by us and providing us with office facilities and other support necessary for carrying out our contractual obligations.

- *Term of service and termination*. Our preliminary residential property management service agreements generally have no fixed term, but will specify that the agreements will automatically terminate when a property owners' association is established and a decision on whether to retain the current property management company is made by the property owners' association. The agreements will also specify that either the agreements will be automatically renewed upon expiry or the parties will negotiate for renewal before expiry.

- *Dispute resolution*. Parties to the property management service agreement are typically required to resolve any contractual disputes through negotiation first before resorting to litigation or arbitration.

After delivery of the projects by property developers to the property owners, property owners may form and operate property owners' associations to manage the projects. The Property Law of the PRC, the Regulations on Property Management and the Guidance Rules of the Owners' Meeting and the Property Owners' Association stipulate that property owners' associations may be established at property owners' meeting by affirmative votes of property owners who represent more than half of the total number of property owners and who hold more than half of the total delivered GFA in the residential community. The PRC Civil Code, which became effective on January 1, 2021, amends the above regulations and requires that (i) the quorum of a property owners' meeting (or the quorum of a valid property owners' voting, when property owners haven't convened a property owners' meeting) shall consist of two-thirds of property owners and who owns two thirds of the delivered GFA in the residential community; and (ii) a property owners' meeting shall establish the property owners' association or replace the members of the property owners' association with affirmative votes of property owners who represent more than half of the number of property owners participating in the voting and who hold more than half of the delivered GFA in the residential community owned by the property owners participating in the voting. According to the PRC Civil Code, a preliminary property management service agreement entered into between a property developer and a property management service company in accordance with the PRC laws and regulations is legally binding on the relevant property owners. According to the Regulations on Property Management (2018 revision) (《物業管理條例》) (2018年修正), a sales contract concluded by a property developer and a property buyer shall include the contents stipulated in the relevant preliminary property management service agreement. Therefore, as advised by our PRC Legal Advisors, the preliminary residential property management service agreements entered into with property developers in compliance with the aforementioned regulations are legally binding on the relevant future property owners as the property sale and purchase agreements that property owners enter into with property developers shall include the content of the preliminary property management service contracts.

Once our preliminary residential property management service agreements have expired, we may negotiate with the newly-formed property owners' associations for the terms of new residential property management service agreements. The property owners' associations are independent from us. In order to secure and continue to secure residential property management service agreements, we must consistently provide quality services at competitive prices. According to the Regulations on Property Management, property owners' associations may hire or dismiss property management service providers by votes from more than half of the property owners who collectively own over half of the GFA of delivered projects at the property owner meeting, provided that such decision will not constitute a violation of applicable law or a breach of the respective contract. The PRC Civil Code requires that at least two-thirds of the property owners who own over two-thirds of the delivered GFA in the residential community shall participate in the voting and at least half of the property owners participated in the voting who own over half of the delivered GFA in the residential community participated in the voting to hire or dismiss property management service providers. The property owners' meeting may either hire a new property management service provider through the tender process or select one based on specific standards in relation to terms and conditions of service, quality and price. See "Regulatory Overview—I. Laws and Regulations Relating to Property Management Services—(III) Appointment of Property Management Companies."

As of December 31, 2018, 2019 and 2020, 18, 21 and 21 of residential projects under our management established property owners' associations, accounting for 32.7%, 33.3% and 22.3% of the total number of residential projects under our management, respectively. In 2018, 2019 and 2020, among the properties under our management, five, three and nil new property owners' associations were established, respectively, and there were no closure of property owners' associations during the Track Record Period. During the Track Record Period, all property owners' associations of properties that had been managed by us under preliminary residential property management service agreements either retained us to continue our provision of residential property management services upon the termination of the preliminary management agreements, or haven't engaged any new property service provider, on which the original preliminary property service contract shall continue to be valid under PRC laws and regulations, and there were no material changes in terms of fees or scope of services between preliminary residential property management service agreements we entered into with property developers and residential property management service agreements we entered into with property owners' associations.

Property owners and residents continue to be legally obligated to pay us property management fees, since we continue rendering services to those property management projects during the negotiation period. If, upon the expiration of the initial term of the preliminary property management service agreements, (i) the property owners' association has not been formed, or (ii) new property management service agreement has not been entered into between the property owners' association and us, the preliminary property management service agreements typically will be renewed automatically until a new property management service agreement with the property owners' association is entered into. Similarly, property owners and residents are also legally obligated to pay property management fees directly to us if (i) the preliminary property management service agreement does not have a fixed term, and no property owners' association is formed after delivery of the project and we continue to provide property management services; or (ii) the preliminary property management service agreement has a fixed term, but the property owners' association does not engage a new property management service provider after expiry of the preliminary property management service agreement and we continue to provide property management services.

Key Terms of Agreements with Property Owners' Associations

Our residential property management service agreements with property owners' associations typically include the following key terms:

- *Scope of services*. We typically agree to provide property management services including cleaning services, security services, landscaping services and repair and maintenance services.

- *Performance standards*. The property management service agreement would set forth the expected standards for our property management services, including areas covered by our services, as well as the frequency of performance of services.

- *Property management fees*. The property management fee would be payable on a lump sum or commission basis by property owners and residents according to the relevant service agreement. If we have agreed to provide property management service of car parks, the property management service agreement will also detail the fees payable for such services. For overdue property management fees, property owners and residents pay an overdue penalty as specified in the service agreement.

- *Rights and obligations of property owners and residents*. The property owners' association is primarily responsible for, among other things, ensuring that property owners and residents understand and fulfill their obligations such as timely payment of property management fees, providing us with the support necessary for us to carry out our contractual obligations and reviewing or supervising plans and budgets that we may draw up in relation to our services.

- *Terms of service and termination*. Our residential property management service agreements generally have a fixed term of three to five years. The agreements typically will specify that the agreements will be automatically renewed and remain effective until the property owners' association engages a new property management service company. Our residential property management service agreements may be terminated by property owners' associations by giving us a written notice one to three months in advance. During the Track Record Period and up to the Latest Practicable Date, neither we nor any property owners' association have unilaterally terminated any property management service agreement before the end of its term.

- *Dispute resolution*. Parties to the property management service agreement are typically required to resolve any contractual disputes through negotiations before resorting to litigation or arbitration.

Under PRC law, property owners' associations represent the interests of property owners in matters concerning property management. Decisions that are within the authorized scope of the property owners' association are binding on all property owners. Agreements between property owners' associations and property management service providers are valid and legally binding on all property owners concerned, irrespective of whether or not the property owners are individual parties to such contracts. Thus, we have legal claim rights against property owners for outstanding property management fees. Property owners and residents have the right to be informed of and to supervise the use of public funds, review our annual budget and any plans we prepare in relation to topping-up the public funds or our residential property management services in general. Property owners are jointly liable with the residents of their properties for the payment of property management fees.

Our Pricing Policy

We generally price our services by taking into account factors, such as the types and locations of the properties, the scope and quality of the services proposed, the related budgeted expenses and target profit margins, the profiles of the property owners and residents, the local government's guidance price on property management fees (where applicable), and the pricing of comparable properties when determining the property management fee. Among the services we offered, the basic residential property management services in certain cities are subject to government price control. During the Track Record Period, the maximum guidance price for basic property management services in certain cities where we operate ranged from RMB0.42 per sq.m. per month to RMB3.9 per sq.m. per month. See "Regulatory Overview—I. Laws and Regulations Relating to Property Management Services—(IV) Charges of Property Management Enterprises—1. Property Management Fees" for regulations and policies on government guidance price in different cities. In 2018, 2019 and 2020, 8.1%, 7.7% and 7.7% of our total revenue was generated from services subject to government guidance price. We regularly evaluate our financial information to assess whether we are collecting sufficient property management fees to sustain our profit margins. During renewal negotiations for our residential property management service agreements, we may raise our property management fee rates as a condition precedent to continuing our services.

The price administration and construction administration departments of the State Council are jointly responsible for supervision over and administration of fees charged for property management and related services, and we are also subject to pricing controls issued by the PRC Government. In December 2014, the NDRC issued the Circular of the NDRC on the Opinions of Liberalizing Price Controls in Certain Services (《國家發展和改革委員會關於放開部分服務價格意見的通知》) (the "Price Control Liberalization Circular"), which required provincial-level price administration authorities to liberalize the price control or guidance policies on management fees for residential properties, with certain exceptions. See "Regulatory Overview—I. Laws and Regulations Relating to Property Management Services—(IV) Charges of Property Management Enterprises" in this Prospectus. We expect that pricing controls on management fees for residential properties will relax over time as relevant local authorities pass regulations to implement the Price Control Liberalization Circular. See "Risk Factors—Risk Relating to Our Business and Industry—We may fail to effectively anticipate or control our costs in providing our property management services, for which we generally charge our customers on a lump sum basis" in this Prospectus.

Payment and Credit Terms

We charge property management fees on a monthly, quarterly or annually basis, which may vary depending on the terms of our residential property management service agreements. The fees for residential property management services are typically due for payment by property owners and residents upon our issuance of a demand note which, according to JLL, is consistent with the property management industry norm in the PRC. We primarily accept payments for property management fees by cash or through online transfers, bank card, auto-pay or third-party payment platforms. To facilitate the timely collection of property management fees and other payments, we typically send payment reminders to property developers, property owners and residents in writing on a quarterly basis. In relation to the collection of outstanding property management fees, we remind our customers of the outstanding amount by sending demand letters to such customers. If the outstanding fees remain unpaid for six months after the original due date, we may issue a demand letter through attorneys via registered mail, and may file a lawsuit against such customer to claim the outstanding amounts. Concurrently, we will at least issue one demand letter every quarter to ensure that we fulfill requirements under PRC statutes of limitations, which impose a three-year deadline by which we may sue for outstanding property management fees. See "Financial Information—Description of Certain Combined Statements of Financial Position Items—Trade Receivables" and "Risk Factors—Risks Relating to Our Business and Industry—We may not be able to collect property management fees from property owners, residents and/or property developers which could incur impairment losses on our trade receivables." To the extent permitted under PRC law, we collect utility fees from property owners and residents in relation to electricity and water supply in addition to the agreed-upon property management fees.

Value-added Services to Non-property Owners

We also provide a series of value-added services to non-property owners, primarily property developers. In 2018, 2019 and 2020, our revenue generated from our value-added services to non-property owners amounted to approximately RMB14.5 million, RMB73.1 million and RMB113.2 million, respectively, accounting for approximately 3.7%, 12.7% and 14.1% of our total revenue for the same periods, respectively. Our value-added services to non-property owners primarily include but are not limited to pre-sale management services and pre-delivery inspection services.

Pre-sale Management Services

We provide property management services to property developers for their pre-sale activities, primarily involving the management of pre-sale display units and sales offices. We typically charged a quarterly fixed service fee based on actual level of service completed for our pre-sale management services during the Track Record Period. In 2019, we expanded the scope of our services offered under pre-sale management services to include the provision of cleaning, security and maintenance services for pre-sale display units and sales offices; in the past we were generally only engaged to supervise the performance of such functions. As a result, our revenue as well as cost of sales related to pre-sale management services increased significantly in 2019 compared to 2018.

Pre-delivery Inspection Services

We offer pre-delivery inspection services to property developers before they deliver completed properties to property owners and may be employed by property developers to conduct quality inspection of newly completed properties. In such cases, our work may include deploying staff or experts on-site to conduct quality checks based on the quality guidelines provided by the developer, assess any quality issues and then report back to the developer, and then conduct follow-up visits to ensure that the issues have been resolved to meet the developer's delivery standards. We typically charge pre-delivery service fees on a per sq.m. basis.

Community Value-added Services

Leveraging our experience in property management, we provide community value-added services to property owners and residents of our managed properties to enhance their living experience and create a healthier and more convenient community which may, in turn, elevate our brand name and increase our customer loyalty. The community value-added services are offered primarily through our daily interactions with the property owners and residents. Our community value-added services primarily include housekeeping and cleaning services, clubhouse operation and car park management, advertising space management and common area value-added services.

In 2018, 2019 and 2020, our revenue generated from community value-added services amounted to approximately RMB14.7 million, RMB15.6 million and RMB24.8 million, respectively, representing 3.7%, 2.7% and 3.1% of our total revenue for the same periods, respectively.

Housekeeping and Cleaning Services

We offer housekeeping and cleaning services either by our staff or through qualified third-party service providers. We directly work with property owners and residents who request such services and charge property owners and residents for our services according to pricing schedules, which may vary depending on the properties.

Car Park Management, Clubhouse Operation and Common Area Value-added Services

We provide car park management services for the parking spaces located within the common areas of our managed properties. The services include, among other things, car park tenant sourcing, daily security and cleaning services. We also lease a portion of the properties co-owned by the property owners for clubhouse operations. In addition, we provide property owners with certain value-added services such as advertising space and common area management services, for example, public space leasing, basements and outer wall advertising and rental of common areas. For car park management, club operation and common area value-added services, we receive a portion, typically 30%, of the fees collected as stipulated in the relevant contract.

OUR BUSINESS RELATIONSHIP WITH CHINA SCE GROUP

We have a well-established and ongoing business relationship with the China SCE Group. We commenced providing China SCE Group with residential property management services since the establishment of our Group in 2003, and commercial property management and operational services since 2009. As of the Latest Practicable Date, all commercial and residential properties developed and owned by China SCE Group are under our management. During the Track Record Period and up to the Latest Practicable Date, all commercial and residential properties developed by China SCE Group during the same period had been managed by us. We expect our reliance on China SCE Group to continue and that properties developed by China SCE Group or its joint ventures and associates will constitute a significant portion of our growth in the foreseeable future. As of December 31, 2020, all commercial properties contracted to be but not yet under our management were developed by China SCE Group or its joint ventures and associates, and 94.5% of the number of residential properties contracted to be but not yet under our management were developed by China SCE Group or its joint ventures and associates. We expect that the proportion of our revenue attributable to China SCE Group, its joint ventures and associates will be no less than 85.0% for the three years after the Track Record Period.

The business relationship between our Group and China SCE Group is common among PRC property management companies and their parent companies and has been mutually beneficial and complementary. As advised by JLL, it is an industrial norm that property management and commercial operational service providers have a close working relationship with property developers under the same ultimate controlling shareholder. It is also common for the PRC property management companies to obtain projects from affiliated property developers. Our long-standing relationship and established track record of providing the services to China SCE Group is owed to our familiarity with the standards and requirements of China SCE Group, which has helped reduce communication costs, accumulate tacit knowledge of service provisions to China SCE Group and build mutual trust, and has enabled us to provide consistently high-quality property management services meeting China SCE Group's requirements. Our Directors believe that given the long history of business relationship, each of our Group and China SCE Group has developed a well-established mutual understanding in the business needs of the other, and we are able to provide tailored services to China SCE Group to meet its specific needs. Our Directors believe that our management is familiar with the standards and requirements of China SCE Group, while China SCE Group has been engaging us due to the stability and standards of service of our Group specially catered for its needs.

We consider the risk of termination of business relationship with the China SCE Group for commercial and residential property projects to be remote, although the majority of our contracted commercial property projects developed by China SCE Group, as well as preliminary residential property management service agreements we entered into with China SCE Group, have no fixed term and can usually be terminated (i) if such properties are commercial properties, by China SCE Group with prior written notice, the payment of liquidated damages (if applicable) and settlement of all the trade receivables, expenses and profits from fee-split arrangements; or, (ii) if such properties are residential properties, when a property owners' association is established and a decision on whether to retain the current property management company is made by the property owners' association. Notwithstanding the large number of property management service providers available in the market, we believe that it would not be in the best interest of China SCE Group to terminate its existing business relationship with us and engage other property management service providers, considering the amount of time and resources required for China SCE Group to identify and engage a comparable service provider. We had, based on our own experience and expertise and through tendering process, secured a substantial portion of the property management projects relating to the properties developed by the China SCE Group during the Track Record Period. Additionally, the retention rate of our property management service agreements entered into with China SCE Group had been 100% for both commercial and residential properties during the Track Record Period. Going forward, based on our mutual and complementary business relationship, and considering the amount of time and efforts required to secure other service providers who can possibly provide services of comparable standard and scope, we consider we have a competitive advantage which distinguishes us from our competitors and we believe we will continue to secure future engagements from China SCE Group. Based on the foregoing, our Directors are of the view that it is unlikely that the current business relationships between our Group and China SCE Group would be materially adversely changed or terminated.

Since 2020, we have also been actively exploring potential acquisition opportunities for third party property management companies or projects at reasonable consideration through various channels, such as industry referrals, participation in tender and bidding processes and cooperation with third party business partners to continue to diversify our customer base and to reduce our reliance on China SCE Group. In 2018, 2019 and 2020, we submitted nil, one and 38 bids through the tender process to obtain property management contracts for properties developed by property developers which are non-China SCE Group and its joint ventures and associates. In 2020, we secured 13 new engagements through acquisition, public tender and direct engagement with property owners to provide property management services and/or related value-added services in respect of 13 properties developed by property developers which are non-China SCE Group and its joint ventures and associates with a total GFA of approximately 1,772,364 sq.m., of which approximately 690,364 sq.m. relate to ten residential properties and public facilities, and approximately 1,082,000 sq.m. relate to three commercial properties, all of which are shopping malls. The fees we charge to these 13 properties are in general comparable to those charged to properties developed by China SCE Group and its joint venture or associates for similar services. The gross profit margins derived from these new engagements were also in general comparable to properties developed by China SCE Group and its joint ventures or associates, but two of the new engagements had below average gross profit in 2020 primarily because these two engagement were obtained through acquisition and it takes time to consolidate the newly acquired business and streamline its operations to align them with our existing projects. We are also in the process of negotiating and/or pursuing the additional engagements with Independent Third Parties. Since December 31, 2020 and up to the Latest Practicable Date, we had entered into contracts to provide commercial property management and operation services with respect to five commercial properties, among which one was developed by an Independent Third Party and four were developed by China SCE Group, with aggregated contracted GFA of approximately 401.1 thousand sq.m., and to provide property management services respect to 18 residential properties, among which two were developed by property developers which are non-China SCE Group and its joint ventures and associates and 16 were developed by China SCE Group or its joint ventures and associates, with aggregated contracted GFA of approximately 2,988.7 thousand sq.m.; we had also been negotiating for the management of five residential properties developed by property developers which are non-China SCE Group and its joint ventures and associates located in the Western Taiwan Straits Economic Zone. We believe we are able to retain our existing projects and obtain new projects.

See "Relationship with Controlling Shareholders" for more details.

SALES AND MARKETING

Our marketing department, located at the Company's headquarters, is primarily responsible for developing our overall marketing strategy and objectives, conducting market research, maintaining client relationships development and participating in tenders to obtain new contractual arrangements. The project companies are responsible for the execution of our marketing strategies, conducting business development, managing our efforts in relation to tender bids and exploring other expansion possibilities or cooperation with Independent Third Parties. They are also expected to explore and establish information channels within their respective localities for business development and market research purposes. Such information channels may include, for example, websites or other platforms on which property developers, property owner associations, stated-owned enterprises, government agencies and commercials banks announce tender opportunities, or uncovering business opportunities by way of recommendation or frequent communication with customers, local tendering agencies, and other industry players. We actively strive to form new and maintain existing business relationships with potential customers. From time to time we will also organize events to promote or showcase our service offerings during holidays or other occasions.

In 2018, 2019 and 2020, our total selling and marketing expenses amounted to RMB12.4 million, RMB12.2 million and RMB5.4 million, respectively, which primarily consisted of expenses we incurred for the advertising, promotion and tenant sourcing services in connection with our commercial property management and operation service.

DIGITALIZATION AND OPERATION AUTOMATION

We focus on digitalization and operation automation and employ technological solutions to strengthen our competitiveness, improve our service quality and customer satisfaction, reduce our reliance on manual labor and reduce costs.

Smart Property Management System (智能物業管理系統)

The Smart Property Management System uses internet and IoT technologies to integrate various modules and achieve centralized management in order for us to optimize operation efficiency and enhance our capabilities to improve customer experience, reduce reliance on manual labor and lower operating costs. The Smart Property Management System mainly integrates the following modules:

- *Smart car park management*. Visitors can use our WeChat mini-app to inquire and pay for parking fees, thus expediting the process. Our members can also use membership points to pay for parking fees.

- *Smart WiFi*. We provide WiFi access in all of our shopping malls to provide the visitors with a pleasant shopping experience. For examples, our smart WiFi can automatically allocate network bandwidth based on user traffics. It also allows one-click identity verification and one-click membership login/registration for our customers. Additionally, with the authorization of our customers, we can obtain the relevant customers' movement statistics within the shopping mall from our smart WiFi and use such data to further improve customer experience.

- *Smart visual guide*. We provide Smart Visual Guide around our shopping malls so that visitors can easily find directories for shops, brands and services, as well as information regarding membership benefits. Visitors can use our Smart Visual Guide to locate their cars within the car park.

Data Management Platform (DMP大數據中台)

Our Data Management Platform contains substantially all the data we generate in the ordinary course of business, such as business transaction data, visitor and vehicle traffic data and accounting data. Through data cleaning, data modeling and calculation, we are able to further provide data and reports to guide our business and to allow our management and employees to make more informed decisions. For example, we use consumer data to design targeted promotion programs to stimulate sales for our tenants; we also use the sales data of our tenants to help them monitor and manage their performance.

CRM Membership and Sales System (CRM會員營銷系統)

As of December 31, 2020, we had approximately 490,000 registered members in our membership program. We manage our membership program through our CRM Membership and Sales System, which covers membership promotion, registration, membership level, membership benefits and other aspects of the program, enhancing our ability to operate the membership system, improving and maintaining member loyalty and conducting precision marketing.

Visitors to our commercial properties under management may register as our members, access membership benefits and enjoy other convenient services through our WeChat mini-app. For the year ended December 31, 2020, we had average daily active users of approximately 6,100 during promotion seasons such as the Labor Day holiday season, and approximately 5,800 on normal days.

Our membership benefits mainly include:

- *Concierge services*. We provide guidance to members on the merchants located in our commercial properties, and information on the merchants' marketing activities and promotions. We rent wheelchairs, umbrellas, portable power banks and other items which may be useful for members in need. We also provide amenities to our members such as temporary luggage storage and gift packaging services.

- *Amenities for parents and female visitors*. We offer free items for our female members and children visiting our commercial properties, such as wet wipes, sanitary pads, mosquito repellent and diapers. We also have baby strollers available for members' free onsite use.

- *Members' exclusive services*. Our members have free access to the VIP member centers on the commercial properties under our management, where our members may enjoy complimentary drinks, magazines, storage space and resting areas. The commercial properties under our management also offer free parking for members, free WiFi access. Our members may also accrue points based on the money they spend the commercial properties under our management for shopping, dining or other services. Our members may trade such points for certain free products and services or discounts on such products and services that we displayed on our WeChat mini-app. Our members may also enjoy other privileges, such as special birthday gifts, complimentary parking hours, priority waiting lines, and regular member events such as members' day promotions, members' saloon events and other exclusive sales discounts.

Operation Automation

We also utilize other information technology systems in our business in order to improve operational efficiency, ensure consistent service quality, help develop a scalable business model and alleviate the pressure of increasing labor cost. We use Smart POS to process payments made through different channels and platforms. We use ERP system to source tenants, process contracts and settle payments. Smart POS and ERP system can be utilized in multiple aspects of our daily business for, among other things, tenant sourcing, contract management, transaction settlement and payment collection to enhance our operation automation in terms of asset management, tenant sourcing management, operation management and accounting management.

Data Security and Privacy

We have adopted various internal control measures to ensure data security and privacy protection in relation to our internal operational data, as well as external data, such as customer data obtained through our information systems. For data collected from our membership programs and WeChat mini-app, we have set out our data policy and other terms and conditions to customers in the registration forms, and have obtained their prior consent before collecting their data. We implement strict access control to our physical server rooms and various online applications and systems, and only grant access to employees with legitimate business needs at the appropriate level. All unnecessary access to our database is prohibited. The data and information visible to authorized employees have been anonymized to protect private information. In addition, employees can only view private data after logging into our intranet.

CUSTOMERS

Overview

Our customer base primarily consists of property developers, property owners, residents and tenants of the properties we manage. We assess prospective customers by evaluating key factors such as estimated costs associated with property management, historical fee collection rates and projected profitability. The table below sets forth the main types of our major customers for each of our business lines:

Business Lines	Major Customers
Commercial Property Management and Operational Services	
Basic commercial property management services	Property developers, property owners and tenants
Pre-opening management services	Property developers and property owners
Other value-added services	Property owners and tenants
Residential Property Management Services	
Property management services	Property owners and property owners' associations
Value-added services to non-property owners	Property developers
Community value-added services	Residents and property owners

In 2018, 2019 and 2020, revenue from our five largest customers amounted to RMB75.6 million, RMB192.3 million and RMB355.2 million, respectively, accounting for 19.1%, 33.5% and 44.1% of our total revenue for the same periods, respectively. During the Track Record Period, our largest customer was China SCE Group, to whom we provided commercial property management and operational services and residential property management services. In 2018, 2019 and 2020, among our five largest customers, revenue generated from our services provided to China SCE Group amounted to RMB65.6 million, RMB167.6 million and RMB314.4 million, respectively, accounting for 16.6%, 29.2% and 39.0% of our total revenue, respectively. The transactions with China SCE Group constituted connected transactions. Other than China SCE Group, Customer F, one of our five largest customers in 2019 and 2020, is a joint venture of China SCE Group and our connected person. Revenue from Customer F was approximately RMB7.5 million and RMB21.0 million, accounting for 1.3% and 2.6% of our total revenue in 2019 and 2020, respectively. Other than China SCE Group, Customer E, one of our five largest customers in 2019, is a joint venture of China SCE Group and our connected person. Revenue from Customer E was approximately RMB7.5 million, accounting for 1.3% of our total revenue in 2019. Other than China SCE Group, Customer G, one of our five largest customers in 2020, is a joint venture of China SCE Group and our connected person. Revenue from Customer G was approximately RMB10.1 million, accounting for 1.3% of our total revenue in 2020. Other than China SCE Group, Customer C, one of our five largest customers in 2018, is controlled by Mr. Wong To, who is the son of Mr. Wong, our ultimate Controlling Shareholder and is therefore our connected person. Revenue from Customer C was approximately RMB2.4 million, accounting for 0.6% of our total revenue in 2018. During the Track Record Period, other than China SCE Group, Customer C, Customer E, Customer F and Customer G, our five largest customers during the Track Record Period were Independent Third Parties. During the Track Record Period and as of the Latest Practicable Date, none of our Directors, their respective close associates or our Shareholders who, to the best knowledge of our Directors, owned more than 5% of the total number of issued Shares held any interest in any of our five largest customers other than China SCE Group, Customer C, Customer E, Customer F and Customer G. Other than China SCE Group, none of our largest five customers during the Track Record Period was our largest five suppliers. During the Track Record Period, we primarily reimbursed China SCE Group for certain officers' compensation and utility expenses incurred on our behalf, and leased office space from China SCE Group. We reimbursed China SCE Group for 48 employees' compensation (based on the full salaries and other employee benefits paid to the relevant employees) because these employees (with functions including interior design, mechanical and electrical design, architectural design, construction design, structural design, landscaping design, among others) originally signed employment contracts with China SCE Group but performed pre-opening management services on behalf of us prior to the Reorganization. As of the Latest Practicable Date, the employment contracts of approximately 80% of such employees had been transferred to us, as we gradually transferred the employment contracts of these employees to our Group after the finalization of the Reorganization plan. The services provided to us by China SCE Group were not related to the services we provided to China SCE Group. See "Connected Transactions," "Relationship with Controlling Shareholders" and "Risk Factors—Risk Relating to Our Business and Industry—A majority of our revenue is generated from projects developed by China SCE Group and its joint ventures or associates, which is our connected persons and we do not have control over."

We entered into property management service contracts with our five largest customers who were mostly property developers, the typical terms of which were described in "—Commercial Property Management and Operational Services—Commercial Property Management and Operational Service Fees—Key Terms of Contracts with Property Developers." As of the Latest Practicable Date, we were not aware of any information or arrangements which would lead to cessation or termination of our relationships with any of our five largest customers for the Track Record Period.

Our Top Five Customers

The following table sets forth details of our top five customers in 2018:

Ranking	Customer	Principal Business/Background	Major services provided	Approximate length of business relationship	Transaction amount	Percentage of our total revenue
					RMB'000	*%*
1.	China SCE Group	Property development	Property management and commercial operational services	16 years	65,642	16.6
2.	Customer A	Retail	Property management services	5 years	3,115	0.8
3.	Customer B	Property development	Property management and value-added services	Less than 1 year	2,544	0.6
4.	Customer C	Co-working space	Property management services	5 years	2,447	0.6
5.	Customer D	Film and entertainment	Property management services	5 years	1,857	0.5
Total					**75,605**	**19.1**

The following table sets forth details of our top five customers in 2019:

Ranking	Customer	Principal Business/Background	Major services provided	Approximate length of business relationship	Transaction amount	Percentage of our total revenue
					RMB'000	*%*
1.	China SCE Group	Property development	Property management and commercial operational services	17 years	167,589	29.2
2.	Customer E	Property development	Commercial operational services	5 years	7,547	1.3
3.	Customer F	Property development	Commercial operational services	Less than 1 year	7,547	1.3
4.	Customer B	Property development	Property management and value-added services	1 year	6,135	1.1
5.	Customer A	Retail	Property management services	6 years	3,455	0.6
Total					**192,273**	**33.5**

The following table sets forth details of our top five customers in 2020:

Ranking	Customer	Principal Business/Background	Major services provided	Approximate length of business relationship	Transaction amount	Percentage of our total revenue
					RMB'000	*%*
1.	China SCE Group	Property development	Property management and commercial operational services	18 years	314,446	39.0
2.	Customer F	Property development	Commercial operational services	1 year	20,984	2.6
3.	Customer G	Property development	Commercial operational services	1 year	10,094	1.3
4.	Customer B	Property development	Property management and value-added services	2 years	5,452	0.7
5.	Customer A	Retail	Property management services	7 years	4,247	0.5
Total					**355,223**	**44.1**

SUPPLIERS

Overview

Our suppliers, other than China SCE Group, are primarily subcontractors located in China which provide cleaning, security, landscaping, certain repair and maintenance services. We outsource those services to lower our cost of sale and improve our service quality. Our subcontractors specialize in the services they perform, which helps improve our operational efficiency. We believe that such subcontracting arrangements allow us to leverage the human resources and technical expertise of our subcontractors, reduce our labor costs and enhance our overall profitability. In 2018, 2019 and 2020, our subcontracting costs amounted to RMB73.6 million, RMB106.6 million and RMB135.8 million, respectively, accounting for 28.4%, 29.4% and 30.3%, respectively, of our total cost of sales for the same periods.

Other than the China SCE Group, all of our five largest suppliers during the Track Record Period were subcontractors that were Independent Third Parties. As of the Latest Practicable Date, none of our Directors, their respective close associates or our Shareholders who, to the best knowledge of our Directors, owned more than 5% of the total number of issued Shares held any interest in any of our five largest suppliers other than the China SCE Group. In 2018, 2019 and 2020, purchases from our five largest suppliers amounted to RMB21.5 million, RMB40.2 million and RMB40.9 million, respectively, accounting for 8.3%, 11.1% and 9.2% of our total purchases for the same periods, respectively. In 2019 and 2020, purchases from our single largest supplier, China SCE Group, amounted to RMB15.2 million and RMB16.2 million, respectively, accounting for approximately 4.2% and 3.6%, respectively, of our total cost of sales. Our five largest suppliers, other than China SCE Group, generally grant us credit terms ranging from 10 days to 90 days, and payment to our suppliers are typically settled by wire transfer.

Our Top Five Suppliers and Subcontractors

The following table sets forth details of our top five suppliers and subcontractors in 2018, including their respective transaction amounts recognized as our cost of sales:

Ranking	Customer	Principal Business/Background	Major products/services provided	Approximate length of business relationship	Transaction amount	Percentage of our total cost of sales
					RMB'000	*%*
1.	Supplier A	Provision of utility supply	Utilities supply	4 years	5,003	1.9
2.	Supplier B	Provision of security services	Security services	2 years	4,936	1.9

Ranking	Customer	Principal Business/Background	Major products/services provided	Approximate length of business relationship	Transaction amount	Percentage of our total cost of sales
					RMB'000	%
3.	Supplier C	Provision of cleaning services	Cleaning services	9 years	4,850	1.9
4.	Supplier D	Provision of cleaning services	Cleaning services	4 years	4,459	1.7
5.	Supplier E	Provision of cleaning services	Cleaning services	2 years	2,240	0.9
Total					**21,488**	**8.3**

The following table sets forth details of our top five suppliers and subcontractors in 2019, including their respective transaction amounts recognized as our cost of sales:

Ranking	Customer	Principal Business/Background	Major products/services provided	Approximate length of business relationship	Transaction amount	Percentage of our total cost of sales
					RMB'000	%
1.	China SCE Group	Property development	Manpower	17 years	15,223	4.2
2.	Supplier F	Provision of utility supply	Utilities supply	3 years	7,658	2.1
3.	Supplier A	Provision of utility supply	Utilities supply	5 years	6,652	1.8
4.	Supplier D	Provision of cleaning services	Cleaning services	5 years	5,490	1.5
5.	Supplier G	Provision of utility supply	Utilities supply	1 year	5,213	1.5
Total					**40,236**	**11.1**

The following table sets forth details of our top five suppliers and subcontractors in 2020, including their respective transaction amounts recognized as our cost of sales:

Ranking	Customer	Principal Business/Background	Major products/services provided	Approximate length of business relationship	Transaction amount	Percentage of our total cost of sales
					RMB'000	*%*
1.	China SCE Group	Property development	Manpower	18 years	16,191	3.6
2.	Supplier F	Provision of utility supply	Utilities supply	4 years	7,924	1.8
3.	Supplier D	Provision of cleaning services	Cleaning services	6 years	6,177	1.4
4.	Supplier H	Provision of cleaning services	Cleaning services	4 years	5,705	1.3
5.	Supplier A	Provision of utility supply	Utilities supply	6 years	4,922	1.1
Total					**40,919**	**9.2**

Selection and Management of Our Subcontractors

To ensure the overall quality of our subcontractors, our headquarters maintains and regularly reviews a list of qualified sub-contractors, the selection of which is based on factors including, among other things, their background, qualifications and past performance in providing sub-contracted services to us. We generally appoint subcontractors through a bidding process, and the bidders generally have to be on our list of qualified sub-contractors. The bidding process is managed by our internal committee, comprising management, accounting personnel, quality control personnel and technical personnel. The internal committee will evaluate the bids submitted. When selecting the winning bidder, it will consider various factors such as the qualifications, reputation, financial resources and bidding price. The selected bids will be submitted to the headquarters for final review and approval.

We regularly inspect the work of sub-contractors, evaluate the sub-contractors on their ability to meet our requirements and update our record based on the above assessment. However, we cannot assure you that they will always perform in accordance with our expectations. See "Risk Factors—Risks Relating to Our Business and Industry—We are exposed to risks associated with third-party subcontractors to perform certain services to our customers." If a subcontractor repeatedly performs poorly, we will terminate the contractual relationship in accordance with the subcontracting agreements.

Key Terms of Our Subcontracting Agreements

Our subcontracting agreements typically include the following key terms:

- *Term*. Such agreements are typically signed for one-year terms and may be renewed by mutual consent. We consider re-engaging the subcontractors mainly based on the quality of their services.

- *Performance standards*. The subcontracting agreement would set forth the scope and expected standards of the subcontractor's services, including locations covered by the subcontracting services, frequency for such service and the types of inspections we require.

- *Our rights and obligations*. Generally, we have both the right and obligation to supervise and evaluate our subcontractors. We are also responsible for providing them with the necessary support for the completion of their services, which may include, for example, the free use of office facilities. We generally pay subcontracting fees on a monthly basis. We are generally entitled to collect damages for breach of contract or deduct subcontracting fees if our subcontractors fail to adhere to our performance scope and standards.

- *Rights and obligations of subcontractors*. Our subcontractors undertake to provide their services in accordance with certain scope, frequency and standards of quality as set forth in the relevant subcontracting agreements.

- *Risk allocation*. Our subcontractors manage their own employees, with whom we have no employer-employee relationship. Our subcontractors are responsible for conduct safety training, purchasing necessary insurance for their own employees, and for compensating their own employees who suffer damage to their persons or property in the course of providing the contracted services. They are also responsible for damages to, or losses suffered by, any person or property arising out of the default of such subcontractor in the course of providing the contracted services.

- *Procurement of raw materials*. Our subcontractors will generally procure their own tools and other raw materials required for providing their contracted services, unless specified otherwise in the agreement.

- *Termination and renewal*. We monitor and assess the performance of subcontractors regularly. Generally, we have the right to terminate the agreement if our subcontractors fail to adhere to their rights and obligations, make repeated mistakes, or if we receive multiple complaints from our customers in relation to their services. Parties may negotiate renewal of the agreements one month before the agreements expire.

EFFECTS OF THE COVID-19 OUTBREAK

Effects of the COVID-19 Outbreak on Our Business Operations

To the best of our Directors' knowledge, as of the Latest Practicable Date, there had been no cases of COVID-19 infection of the residents, tenants or our staff of properties we managed in the PRC and none of our staff was subject to the mandatory quarantine requirements and thus failed to report to duties. Since the outbreak of COVID-19 and up to the Latest Practicable Date, we had not encountered any material disruption to the services provided by our subcontractors and utilities service providers and the supply of materials from our suppliers. Our Directors consider that while the supply chains in all industries are disrupted to a certain extent by the outbreak of COVID-19, particularly due to the prolonged suspension of business operations in the PRC and the instability of workforce arising from the mandatory quarantine requirements, in view of the nature of our business, our Directors do not expect that we will encounter any material disruptions of our supply chain given that we do not rely on any particular service subcontractors or material suppliers and there are many other readily available subcontractors and suppliers in the market as back-up. In view of the foregoing, our Directors are confident that our Group can continue to provide our services and discharge our obligations under existing contracts. However, in light of the recent resurgence of COVID-19 infection cases in the PRC as of the Latest Practicable Date, we cannot assure you that our business operation and financial performance will not be adversely and materially affected by the potential new waves of COVID-19 outbreak in the future.

Unlike other industries such as retail and manufacturing which may be subject to extensive or even complete suspension of operations for a period of time as a result of the COVID-19 outbreak, given the nature of our business operations, our Directors are of the view that the risk of our Group having to suspend our operations is remote, as we continued to provide basic property management services to our commercial and residential properties under management and charge our customers service fees during the COVID-19 outbreak. According to JLL, despite the COVID-19 outbreak, the revenue stream of the industry remained resilient. Since the outbreak of COVID-19 and up to the Latest Practicable Date, the Group did not experience any material business suspension, and the business that was negatively impacted by COVID-19 outbreak only contributed a small portion of the Group's revenue. Specifically, to social distancing and travel restrictions, our revenue from other valued-added services under the commercial property management and operational services segment and our revenue from community value-added services under the residential property management segment were negatively affected. See "Financial Information—Results of Operations—Revenue" for details. The delivery of eight residential properties, with a total GFA of 590,856 sq.m., scheduled in 2020 for which we had contracted to provide property management service was delayed due to the COVID-19 outbreak, but none of the delays were longer than three months. Although none of the incoming tenants who had already signed tenancy agreements with the relevant property owners requested for delay in their move-in plan, the pace of potential tenants entering into agreement with us dropped and there were very few new tenants move-ins during the first quarter of 2020. While we are not able to estimate the exact length of the period these potential tenants have delayed their decision, according to our market observation as well as our understanding of the industry, a number of potential commercial tenants had adopted a "wait and see" approach and generally delayed their move-in plans by methods such as delaying their search for rental space and intentionally protracting contract negotiation with the property owners. As the COVID-19 outbreak became stabilized in the PRC, both the number of new tenants entering into agreement with us and the number of new tenants moving into the commercial properties managed by us increased in the second quarter of 2020. Since the delay were relatively short, the overall negative impact on our revenue growth was limited. Additionally, our financial performance was impacted by certain measures taken to assist commercial property tenants in six properties to survive the pandemic, with a total amount of no more than RMB2.5 million, most of which relate to commercial property management fee waivers and rent waivers by property owners (which affected our commission on rent collection services); however, our overall gross profit margin increased, partially as a result of the reduction in social insurance costs due to the PRC government policy aimed at mitigating the impact of COVID-19 to businesses. In addition, we received government subsidies for our active participation in epidemic prevention in the amount of RMB0.7 million in 2020. Please refer to "Financial Information—Results of Operations—Other Income and Gains" for further details. Since the outbreak of COVID-19 and up to the Latest Practicable Date, our settlement of account receivables did not experience any material delay as a result of the COVID-19 outbreak. Please refer to "Financial Information—Description of Certain Combined Statements of Financial Position Items—Trade Receivables" for further details.

Given that (i) we had not experienced any material disruptions in providing our services as a result of the COVID-19 outbreak, (ii) our revenue stream had been resilient and experienced growth in 2020, and (iii) our overall gross profit margin increased in 2020 comparing to 2019, our Directors are of the view that there had been no material adverse effect on our operations and financial performance resulting from the recent COVID-19 pandemic since its outbreak and up to the date of the prospectus. In the unlikely event that we are forced to reduce or suspend part of our business operations, whether due to government policy or any other reasons beyond our control as a result of the COVID-19 outbreak, we estimate that, based on the assumptions below, our Group will remain financially viable for 22 months. Our key assumptions of the worst case scenario where our business is forced to be suspended due to the impact of the COVID-19 outbreak include: (i) all of our operations would cease; (ii) no revenue would be generated; (iii) staff cost and subcontracting cost would be reduced to 70.0% of the usual level, event cost would be reduced to zero, and other cost of sales, selling and marketing expenses and administrative expenses would be reduced to 50% of the usual level; (iv) only 10.0% of the net proceeds from the Global Offering can be used for general business operations and working capital purposes; (v) there would be no dividend payment; (vi) all amounts due from related parties would be settled upon request; and (vii) trade and other receivables would be settled based on historical settlement pattern, and trade and other payables would be settled as they fall due.

Our Contingency Plan and Response towards the COVID-19 Outbreak

In response to the COVID-19 outbreak, we have implemented a contingency plan to minimize the disruptions that may be caused to our business operations, including identification of and discussions with various suitable service subcontractors and material suppliers which meet our demands and requirements to ensure the stability and consistency of our services, sourcing of quantities of materials needed for our operations to reduce any disruptions that may cause, and implementation of flexible rotation arrangements for our staff across the PRC with an aim to control and minimize possible community transmission of COVID-19. Further, we have also adopted enhanced hygiene and precautionary measures across the office premises and properties under our management. The additional costs for implementing these enhanced measures are expected to mainly arise from masks, ethanol hand wash, disinfectants and infrared thermometers. Our Directors believe that the additional costs associated with the enhanced measures, after taking into account the medical and cleaning supplies distributed by local governments and relevant regulatory policies such as deduction of social insurance contributions, would have no significant impact on our financial position for the year ending December 31, 2020.

Effects of the COVID-19 Outbreak on Our Business Strategies

While the property market in the PRC may experience some impact from the COVID-19 outbreak, given the continuous rise in the urban population and urbanization rate in China, we believe that the demand for residential and commercial properties in areas with high population density and spending power will remain high. According to the JLL Report, the growth rate of PRC economy slowed down as a result of COVID-19 in the first half in 2020, but as the COVID-19 pandemic gradually became under control in 2020 and with incentive policies implemented, economic activities gradually resumed, and the outlook for the demand of residential and commercial properties and related property management services is expected to remain resilient. We therefore believe that our expansion plan as discussed above is feasible, and it is unlikely that we would change the use of the net proceeds from the Global Offering as disclosed in "Future Plans and Use of Proceeds" in this Prospectus as a result of the COVID-19 outbreak. However, in light of the recent resurgence of COVID-19 infection cases in the PRC as of the Latest Practicable Date, we cannot assure you that our business strategies will not be adversely and materially affected by the potential new waves of COVID-19 outbreak in the future.

QUALITY CONTROL

We prioritize quality in our services and believe quality control is crucial to our long-term success and future prosperity. We have established a comprehensive quality control procedure, which includes, (i) a professional quality control team primarily responsible for implementing and maintaining service standards, standardizing service procedures and supervising service quality throughout our operational processes to ensure consistent adherence to such standards; (ii) quality control protocols and standardized service procedures on construction work, customer service, safety control and environmental protection; and (iii) scheduled or random quality check conducted by follow-up phone calls, recorded video, onsite inspections and review of feedback in our internal claim report system.

During the Track Record Period and up to the Latest Practicable Date, 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.

Quality Control of Our Property Management Services

We obtained, among other things, the ISO 9001:2015 quality management system certification, the ISO 14001:2015 environment management system certification and the ISO 45001:2018 occupation health and safety management system certification in December 2011, August 2019 and August 2019, respectively. See "—Occupational Health, Safety and Environmental Matters" below for more details. We implement a "three-in-one" quality control system by aligning ISO 9001, ISO 14001 and ISO 45001:2018, which provides an all-round quality control guidance to our daily operations and minimize disruption to our operations and related operation costs.

To ensure the effective and consistent delivery of our high quality services, we have established various procedures and systems to monitor and maintain the quality of our services across all our managed projects.

- *Customer feedback collection and complaint management*. We keep track of our customers' feedback on our service quality. We have designated customer service personnel and established an official account on WeChat to ensure not only that our customers have easy and convenient access to our customer service personnel, but also that such personnel can tackle with customers' concerns and complaints in a timely and effective manner. Further, we adopt standardized procedures to manage customers' complaints. Our customer service personnel are required to respond to the customer's complaints within in a timely manner. They would need to discuss the problem with the customer to understand the relevant background of the issue and propose a preliminary solution to the extent possible. On an as-needed basis, the personnel may also contact other departments, such as repair and maintenance, to arrange assistance to resolve the issue. In the event the issue persists beyond 24 hours, the issue will be escalated to our customer relationship representative at our headquarters, who will conduct follow-up with the customer and provide periodic updates to ensure a workable solution is formulated for the customer.

- *Service quality inspections*. We maintain regular and close supervision of our service quality. We have quality control personnel at the project-, regional- and headquarters-levels. Weekly evaluation is carried out at the project level, quarterly evaluation of relevant projects is carried out at the regional level, and projects are also sampled and inspected by the quality control personnel at the headquarters level on a quarterly basis.

- *Tenant committee*. For commercial properties under our management, we also establish a tenant committee consisting of several elected tenant representatives and communicate with the tenant committee on a quarterly basis to receive our tenants' feedback and understand their service needs.

- *Independent third-party surveys*. We engage independent professional institutions, such as Beijing FG Consulting Co., Ltd. (北京賽惟諮詢有限公司), which help us to assess our service quality by independently conducting customer satisfaction surveys.

Quality Control of Subcontractors

We typically include in the agreements with sub-contractors detailed quality standards for the services to be provided. We regularly monitor and evaluate the performance of the sub-contractors and may require the sub-contractors to take necessary rectification measures when their services do not meet the agreed standards. We also conduct annual surveys among property owners and residents regarding the quality of services provided by our sub-contractors. We have the contractual right to adjust the sub-contracting fees and decide whether to continue our sub-contracting contract depending on the outcomes of such surveys. Please refer to "—Suppliers—Selection and Management of Our Subcontractors" in this section.

Quality Control of Third-party Vendors

We implement a variety of measures and policies to ensure the quality of the products and services offered by third-party vendors, such as selecting vendors based on factors such as, product or service quality, suitability for customer needs, and business sustainability. After considering the nature of the product or service to be provided and the vendor's business scale and capabilities, we may select a third-party vendor to provide the same product or service to all of the properties under our management in the same region or across the country. For example, we may appoint a third-party vendor to provide household cleaning services for all the residential properties under our management. Our staff may also select local vendors for a property project in order to meet special service needs of the residents in that particular property project. We generally enter into a written contract with the third-party vendor, which will specify, among other things, the service fee, payment schedule, term of the contract and dispute resolution. The vendors are also required to indemnify us for losses incurred due to their defective products or underperforming services. We also have the right to replace a third-party vendor in the event of underperformance.

INTELLECTUAL PROPERTY

We regard our intellectual property rights material to our business. As of the Latest Practicable Date, we had four registered domain names, six ongoing trademark applications in Hong Kong and 28 licensed trademarks which, in the opinion of our Directors, were material to our business. See "Statutory and General Information—B. Further Information about Our Business—2. Intellectual Property Rights of our Group" in Appendix IV. As of the Latest

Practicable Date, we were not aware of any infringement which could have a material adverse effect on our business operations by our Group against any intellectual property rights of any third party or by any third party against any intellectual property rights of our Group, or any disputes with third parties with respect to intellectual property rights.

AWARDS AND RECOGNITIONS

The following tables set forth some of our awards received during the Track Record Period:

Year	Award/Recognition	Awarding Entity
2021	Ranked 26th among the 2020 Top 100 Property Management Company in China (2020中國物業服務百強企業)	CIA (中國指數研究院)
2020	2020 China Commercial Real Estate Brand Value Top 10 (2020中國商業地產公司品牌價值TOP10)	CIA (中國指數研究院)
2020	2020 China Leading Property Management Companies in terms of Service Quality (2020中國物業服務品質領先企業)	CIA (中國指數研究院)
2020	Ranked 32nd among the 2020 Top 100 Property Management Company in China (2020中國物業服務百強企業)	CIA (中國指數研究院)
2019	Ranked 40th among the 2019 Top 100 Property Management Company in China (2019中國物業服務百強企業)	CIA (中國指數研究院)
2019	2019 Leading Property Management Companies in terms of Service Quality (2019品質物業服務領先企業)	China Property Management Research Institution (中物研協)
2019	2019 "Time Coordinates" Outstanding Commercial Property Operator of the Year (2019"時代座標"年度商業地產優秀運營商)	Winshang.com – Fujian

COMPETITION

The property management industry in the PRC is intensely competitive and highly fragmented with a few sizeable companies and numerous small-sized market participants. Sizeable companies with professional knowledge, financial strength and background or affiliation with property developers are more competitive and are at a more advantageous position in the market. According to the JLL Report, we primarily compete against large national, regional and local property management companies. We believe the core competitiveness lies in factors including, among other things, quality of services, business operation, price, financial resources, brand recognition and reputation. For more details about the industry and markets that we operate in, see "Industry Overview."

OCCUPATIONAL HEALTH, SAFETY AND ENVIRONMENTAL MATTERS

We are subject to PRC laws in relation to labor, safety and environment protection matters. We have established occupational safety and sanitation systems, implemented the ISO 9001, ISO 14001 and ISO 45001 standards in our operations, and provided employees with workplace safety trainings on a regular basis to increase their awareness of work safety issues. During the Track Record Period and up to the Latest Practicable Date, we had complied with PRC laws in relation to workplace safety in all material respects and had not had any incidents which have materially and adversely affected our operations.

We have adopted policies on compensation and dismissal, equal opportunities, diversity, anti-discrimination, and other benefits and welfare.

We consider the environmental protection important and are committed to operating our business in compliance with applicable environmental protection laws and regulations. We have implemented reasonable measures in the operation of our businesses to comply with all applicable requirements. Given the nature of our operations, we do not believe we are subject to material environmental liability risk or compliance costs. During the Track Record Period and up to the Latest Practicable Date, no fines or penalties for non-compliance of PRC environmental laws had been imposed on us, and we have not been subject to any material administrative penalties due to violation of environmental laws in the PRC.

INSURANCE

We believe that our insurance coverage is in line with the industry practice in the PRC and is sufficient to cover our current operation. We maintain insurance policies against major risks and liabilities arising from our business operations, primarily (i) liability insurance to cover liabilities for property damages or personal injury suffered by third parties arising out of or related to our business operations, and (ii) employer's liability insurance for damages in relation with workplace injuries, accidents and occupational hazard involving our employees.

We are covered by property and liability insurance policies with coverage features that we believe are customary for similar companies in the PRC. However, our insurance coverage may not adequately protect us against certain operating risks and other hazards, which may result in adverse effects on our business. See "Risk Factors—Risks Relating to Our Business and Industry—Our insurance may not sufficiently cover, or may not cover at all, losses and liabilities we may encounter during the ordinary course of operation."

EMPLOYEES

We believe that our quality personnel is our key to success and future development. We place strong emphasis on recruiting and training quality personnel. We recruit talents from various sources, such as universities, third-party recruitment agency and other companies, and provide on-going training and promotion opportunities to our staff members.

As of December 31, 2020, we had a total of 3,843 full time employees in the PRC. The following table sets forth a breakdown of our employees by function as of December 31, 2020:

Function	Number of employees	% of our total employees
Headquarters Functions and General Management	160	4.2
Human Resources and Administration	124	3.2
Finance	108	2.8
Commercial Operational Services	639	16.6
Residential Property Management Services	2,812	73.2
Total	**3,843**	**100.0**

During the Track Record Period and up to the Latest Practicable Date, we did not experience any significant difficulties in recruiting suitable employees for our business operations. Neither did we have any material disputes with our employees, or experience any strike, labor disputes or industrial actions that may have a material adverse effect on our business, financial position and results of operations.

Recruiting

We rely on high-quality personnel for consistent delivery of high-quality service. We endeavor to hire talented and well-suited employees in the market by offering competitive wages, bonus, benefits, systematic training opportunities and internal upward mobility. During our recruiting process, we seek talent that is best suited to our vacancy by sourcing through a broad range of channels, including online advertisements, universities, third-party recruiting agencies and employee referrals. Our screening and selection process primarily includes (i) review and screening of resumes by the human resources department; (ii) selection of resumes by the relevant recruiting department; (iii) face-to-face interviews by the human resources department and recruiting department. Once qualified candidates are selected, we perform an internal approval process, then send an offer letter to the candidate.

Training

We provide various systematic and extensive training programs to our employees. Our employee training programs primarily cover key areas in our business operations, which provide continuous training to our existing employees at different levels to specialize and strengthen their skill sets. We offer various training programs relating to our businesses so our employees can become more familiar with our operations and businesses, including trainings to improve the quality of our property management services, trainings relating to value-added services and trainings to facilitate the development of our Company. Such training programs cover areas and topics such as service optimization and diversification, quality control, supervision and management, digitalization, compliance, and risk management.

Social Insurance and Housing Provident Fund Contributions

Pursuant to applicable PRC laws and regulations, employers are required to make contributions to, and employees are required to participate in, a number of social insurance funds, including pension fund, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance, and the housing provident fund. For details, see "Regulatory Overview—IV. Legal Supervision over Labor Protection in the PRC."

During the Track Record Period, we did not register for and/or make full contributions to the social insurance and housing provident funds for certain employees, which were mainly related to (i) some of our employees declined to make their social insurance fund contributions and housing provident fund contributions of their own accord; (ii) some of our newly enrolled employees had not yet started making social insurance fund contribution and housing provident fund contribution; and (iii) rural household employees had already made contributions under their rural accounts. Accordingly, we made provision in the amount of RMB6.8 million and made of provision in the amount of RMB0.4 million and RMB7.7 million to our combined statement of profit or loss and other comprehensive income in respect of such potential liabilities in 2018, 2019 and 2020, respectively. As advised by our PRC Legal Advisors, (1) under Law on Administrative Penalties of PRC (中華人民共和國行政處罰法, revised on September 1, 2017 and became effective on January 1, 2018), except as otherwise prescribed by law, where an unlawful act is not discovered within two years of its commission, an administrative penalty will not be imposed; the period prescribed above shall be counted from the date the unlawful act is committed; if the act is of ongoing or continuous, the date shall be counted from the date on which the act concludes; (2) under Regulation on Labor Security Supervision (勞動保障監察條例, promulgated on November 1, 2004 and became effective on December 1, 2004), where an act of violation against labor security laws, regulations or rules is neither found by the labor security administration nor reported or complained by others within 2 years, the labor security administration shall no longer investigate it; the period prescribed above shall begin from the date of the act of violation occurred; or begin from the date when the act of violating labor security laws, regulations or rules is concluded if such act is in a continuing state; (3) under the Urgent Notice on Enforcing the Requirement of the General Meeting of the State Council and Stabilizing the Levy of Social Insurance Payment (關於貫徹落實國務院常務會議精神切實做好穩定社保費徵收工作的緊急通知, promulgated on

September 21, 2018), administrative enforcement authorities are strictly prohibited from organizing and conducting centralized collection of enterprises' historical social insurance arrears. Therefore, net reversals of provision were recorded subsequent to the year ended 2018 as a result of reduced level of insufficient contribution payable to social insurance plans and housing provident fund together with certain PRC government relief measure on social insurance costs for COVID-19 in 2020, after writing back any unutilized provision aged over the two-year retrospective liability period for any concluded act of violations under PRC laws and regulations.

As advised by our PRC Legal Advisors, the relevant PRC authorities may demand that we pay the outstanding social insurance contributions within a stipulated deadline and we may be liable to a late payment fee equal to 0.05% of the outstanding amount for each day of delay; if we fail to make such payments, we may be liable to a fine of one to three times the amount of the outstanding contributions. Our PRC Legal Advisors have also advised us that, under the relevant PRC laws and regulations, we may be ordered to pay the outstanding housing provident fund contributions within a prescribed time period, and if we fail to make such payments, application may be made to a people's court in the PRC for compulsory enforcement. Furthermore, if we fail to complete the registration of housing provident fund within a prescribed period, we would be subject to an administrative penalty of RMB10,000 to RMB50,000 for each of our entities not complying with such regulations.

During the Track Record Period and up to the Latest Practicable Date, (i) we had not received any notification from relevant government authorities requiring us to pay shortfalls or the penalties with respect to social insurance or housing provident funds; (ii) we had not been subject to any administrative penalties, nor were we aware of any employee complaints nor involved in any material labor disputes with our employees with respect to social insurance or housing provident funds; (iii) a majority of our PRC subsidiaries have obtained written confirmations from competent local government authorities which confirmed that no penalties had been imposed on us with respect to social insurance or housing provident funds during the Track Record Period. We have implemented relevant internal control measures to strengthen our oversight and management in relation to the social insurance and housing provident funds, including reviewing the calculation result of social insurance and housing provident funds for all eligible employees and actively communicate with local human resources, social security bureau and housing fund management center on a regular basis, to ensure we acquire the most updated information about the relevant laws and regulations. Our Controlling Shareholders have agreed to provide indemnities in respect of any claims, fines, or other liabilities and economic losses due to our failure to register for and/or contribute to social insurance and housing provident funds on behalf of employees during the Track Record Period and up to Listing, to which we may be subject and payable.

In light of the above, including taking into account the provision we have made during the Track Record Period, our Directors are of the view that our failure to register for and/or make full contributions to the social insurance and housing provident funds for our employees would not have a material adverse effect on our business operations and financial condition. The Joint Sponsors have (i) discussed with our management and the reporting accountants the basis for determining the size of the provisions; (ii) reviewed the basis for making such determination, which was based on the under or over provision of the social insurance and housing provident fund contributions for the relevant year taking into account (a) the number of eligible employees and their applicable monthly salary, (b) location of employment and local regulatory requirements and policies in relation to the social insurance and housing provident fund contributions, including any applicable exemption for social insurance contribution due to COVID-19, and (c) the two-year retrospective liability period for any concluded act of violations under PRC laws; and (iii) reviewed the above mentioned written confirmations from competent local government authorities and discussed with PRC counsel on the relevant PRC legal implications. Based on the information disclosed above and having considered the relevant due diligence conducted, the Joint Sponsors concur with the Directors that the provisions made during the Track Record Period (being the maximum liability from the aforementioned failure to register for and/or to make full contributions, without factoring in any discount) in relation to the social insurance and housing provident fund contributions are duly adequate. For further details, see "Risk Factors—Risks relating to Our Business and Industry—We may be subject to fines for our failure to register for and/or contribute to social insurance fund and housing provident fund on behalf of some of our employees."

OUR BANK ACCOUNT AND CASH MANAGEMENT POLICY

We have a bank account and cash management system to manage the cash inflows and outflows of our branches in their ordinary course of business in accordance with PRC laws and regulations. We have detailed cash management policy to regulate our cash management and bank deposits management to ensure security and the reasonable use of our cash. Details of our cash management policy are set out as follows:

Cash flow transactions	Cash handling policies and internal control measures
Receipt of property management fees, rent or other service fees from our customers	We have designated cashiers charged with cash collection at relevant properties. They will verify that the cash collected is the correct amount, deposit the cash collected to our bank account and submit report to our online management system on a daily basis. We require our subsidiaries to have separate bank accounts for cash inflow in relation to payments of property management fees, rent or other service fees and to deposit all cash they received in their respective purpose-specific bank accounts in a timely manner.
Payments made to our suppliers by our subsidiaries	We require such payments to be submitted by the relevant personnel in writing, and pre-approved by the responsible supervising personnel according to the authority assigned to them by our internal manual. Once approved, the wire payments are arranged by internal accountants of the relevant subsidiary from its online bank accounts.

Cash flow transactions	Cash handling policies and internal control measures
Cash transfers from our subsidiaries to our centralized bank account	We transfer the cash deposited in the bank accounts of our subsidiaries to our centralized bank account through a bank-corporation direct transfer channel.
Cash transfers from our centralized bank account to our subsidiaries	We set a cash level for the bank accounts of our subsidiaries and adjust the cash level as necessary and appropriate to facilitate the business operation of our subsidiaries. In the event that the actual cash levels at the bank accounts of our subsidiaries fall below the pre-determined cash level, we transfer cash from our Company's centralized bank account to the bank accounts of our subsidiaries to supplement the shortfall for our regular operation.
Cash inventory and deposits	Our subsidiaries are required to reconcile and check bank balances on a daily basis. Our headquarters conduct bank balance and deposit check on a weekly basis and, where there is any inconsistency, require our subsidiaries to investigate and provide explanation and take punitive measures accordingly.

INTERNAL CONTROL AND RISK MANAGEMENT

We are exposed to various risks during our operations. For details of the major risks identified by our management, see "Risk Factors—Risks Relating to Our Business and Industry." We have implemented various risk management policies and measures to identify, assess, manage and monitor risks arising from our operations. In addition, we face various financial risks, including but not limited to interest rate, price, credit and liquidity risks that arise during our ordinary course of business. See "Financial Information—Quantitative and Qualitative Disclosures About Financial Risks."

Our Board oversees and manages the risks associated with our business. We have established an audit committee to review and supervise our financial reporting process and internal control system. The audit committee consists of Mr. Pang Hon Chung, who is the chairperson of the audit committee, Mr. Huang Youquan, and Mr. Wang Yongping. For the qualifications and experience of these committee members, see "Directors and Senior Management."

Prior to the Listing, we have adopted internal policies and procedures set by China SCE Group, our Controlling Shareholder and a company listed on the Stock Exchange, on various compliance matters, including the Stock Exchange's requirements on corporate governance and environmental, social and governance ("**ESG**") matters. We, as a subsidiary of China SCE

Group, have cultivated a compliance culture and will adopt similar policies and procedures as a separate listed company effective upon the Listing. Our Board is responsible for establishing, adopting and reviewing our ESG policies to evaluate, determine and address our ESG-related risks once a year. Our Board may assess or engage independent third party(ies) to evaluate the ESG risks and review our existing strategy, target and internal controls. Necessary improvement will then be implemented to mitigate the risks.

In connection with the Global Offering, we engaged an independent internal control consultant to review our internal controls and to provide us with relevant recommendations associated with their findings, based on an agreed scope covering controls and procedures in the following aspects: our services, risk assessment system, environmental control, management structure, communication and supervision system, regulatory compliance, financial reporting and accounting procedures, management of suppliers and procurement, cash and treasury management, human resources and salary management, tax payments, informational technology systems, insurance, fixed assets, application of licenses and permission and other general control measures. Meanwhile, we have implemented rectification and improvement measures to respond to the findings and recommendations. Our Directors are of the view that our internal control measures are adequate and effective for our current business environment.

PROPERTIES

As of the Latest Practicable Date, we did not own any properties. As of the Latest Practicable Date, we leased 102 properties in various locations with an aggregated GFA of 10,665 sq.m. for our property leasing services or for use as office premise or staff accommodation.

As of the Latest Practicable Date, we had not filed the lease agreements for 98 of our aforementioned leased properties under which we are the tenants with the local housing administration authorities as required under PRC laws, primarily due to non-cooperation and the lack of title certificates of the relevant landlords. As advised by our PRC Legal Advisors, according to the applicable PRC regulations and requirements of local authorities, lessors of the related leases are required to provide us with certain documents (such as their identification information and title certificate of the property) and in certain areas, the lessors are required to apply in person in order to complete the administrative filing. In practice, although we had requested the lessors' cooperation, most lessors were not willing to apply in person and were reluctant to provide original title certificates for the occupation of mortgage use or other personal reasons. Additionally, some lessors might have not yet obtained the relevant title certificate and therefore could not assist us in filing the lease agreements. According to the relevant PRC laws and regulations, we might be ordered to rectify this failure to register by competent authority and if we fail to rectify within a prescribed period, a penalty of RMB1,000 to RMB10,000 may be imposed on us as a result. In the event that we are required to relocate from such leased property, given the nature of our operation, we believe that it would not be difficult for us to identify and relocate to an alternative premise and relocation would not result in any material disruptions to our business. Although we may incur additional relocation costs, our Directors are of the view that this would not have any material impact on our business, financial position and results of operations. As of the Latest Practicable Date, we had not received any notice from any regulatory authority with respect to potential administrative penalties or enforcement actions as a result of our failure to register the lease agreement described above. Our PRC Legal Advisors have also advised us that the failure to register the lease agreement would not affect the validity of the lease agreement, and our Directors are of the view that such non-registration would not have a material adverse effect on our business operations or constitute a material legal obstacle for the Listing.

We had no single property with a carrying amount of 15% or more of our total assets as of the Latest Practicable Date and, therefore, we did not need to prepare a valuation report with respect to our property interests in reliance upon the exemption provided by section 6(2) of the Companies (Exemption of Companies and Prospectus from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

CERTIFICATES, LICENSES AND PERMITS

During the Track Record Period and up to the Latest Practicable Date, we had obtained all requisite certificates, permits and licenses that are material for our operation, and all of such certificates, permits and licenses are within their respective effective periods. We are required to renew such certificates, permits and licenses from time to time. We do not expect any material difficulties in such renewals.

LEGAL PROCEEDINGS AND COMPLIANCE

Legal Proceedings

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

Compliance

Our Directors are of the view that, except for the insufficient contribution to social insurance and housing provident fund as disclosed in "Business—Employees—Social Insurance and Housing Provident Fund Contributions," the non-filing of certain lease agreements as disclosed in "Business—Properties." and the entry into certain preliminary residential property management contracts without participation in tender process as disclosed in "Business—Residential Property Management Services—Tender Process, we had complied with all relevant laws and regulations in all material respects during the Track Record Period and up to the Latest Practicable Date.

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

OVERVIEW

Immediately upon completion of the Spin-off (assuming the Reserved Shares under the Preferential Offering are not taken up by our Controlling Shareholders who are Qualifying China SCE Shareholders and without taking into account any Shares which may be issued pursuant to the exercise of the Over-allotment Option), our Company will be owned as to 62.43% by Happy Scene, which is in turn wholly owned by Affluent Way. Affluent Way is wholly owned by China SCE Group Holdings, which is ultimately owned as to approximately 50.04% by Mr. Wong through three wholly-owned holding companies, namely Newup, Keen Century and East Waves. As a result, Happy Scene, Affluent Way, China SCE Group Holdings, Newup, Keen Century, East Waves and Mr. Wong constitute a group of our Controlling Shareholders under the Listing Rules.

Each of Happy Scene, Affluent Way, China SCE Group Holdings, Newup, Keen Century and East Waves is an investment holding company.

DELINEATION OF BUSINESS

The Retained Business

The China SCE Group is primarily engaged in (i) property development; (ii) property investment; (iii) land development; and (iv) project management (the "**Retained Business**"), which by nature are clearly delineated from the businesses of our Group, which mainly focuses on the provision of (a) commercial property management and operational services and (b) residential property management services.

The China SCE Group provides project management services which include advising on design drawings and construction inspection services. As part of our commercial property management and operational services business, we provide architectural design consultation services. Our Directors are of the view that the project management services provided by the China SCE Group can be clearly delineated from the architectural design consultation services provided by our Group in the following aspects:

	Project management services of the China SCE Group	**Architectural design consultation services of our Group**
(1) Different service nature, business model, service scope and expertise required	Providing project management services (including review of design drawings and inspection of the construction of the properties) only to the joint ventures of the China SCE Group from time to time to facilitate the smooth progress of the property development projects The expertise required includes technical skills in relation to construction for residential properties	Providing advice on architectural design to the China SCE Group to assist its management in making business decisions with respect to retail commercial property planning and positioning, tenant mix determination and precision marketing of the commercial properties of the China SCE Group The expertise required includes industry knowledge, expertise in tailor-made market positioning, tenant sourcing abilities and an understanding of the commercial markets but excludes any technical skills in relation to construction

		Project management services of the China SCE Group	Architectural design consultation services of our Group
(2)	**Different properties for which services are provided**	Only in respect of residential properties developed by joint ventures of the China SCE Group	Commercial properties developed by the China SCE Group, joint ventures of the China SCE Group and independent third parties at the pre-opening stage
(3)	**Different customers**	Joint ventures of the China SCE Group only	The China SCE Group, joint ventures of the China SCE Group and independent third parties
(4)	**Different pricing model**	Typically charges a fixed percentage of the total sales contract value as commission for the provision of project management services	Fees are charged primarily with reference to the property types involved, the location and positioning of the properties, and the rate charged by independent third party service providers
(5)	**Separate management teams**	Services are provided by a dedicated team within the China SCE Group which is separate from that of our Group	Services are provided by a dedicated team within our Group separate from that of the China SCE Group

Based on the foregoing, we believe that there is a clear business delineation between our business and the Retained Business and there will be no direct or material competition between our Group and the China SCE Group upon the completion of the Spin-off.

Other businesses of our Controlling Shareholders

Apart from our Controlling Shareholders' interest in the China SCE Group, Mr. Wong, our ultimate Controlling Shareholder, is interested in other businesses outside of our Group, such as excavators assembly, sales and after-sales services in construction industry, and voltage device manufacturing. As the principal businesses of such investments are separate and distinct from our business, there is no competition with the businesses of our Group.

As of the Latest Practicable Date, none of our Controlling Shareholders and our Directors had any interest in any other business which competes or is likely to compete, either directly or indirectly with our Company's business which would require disclosure under Rule 8.10 of the Listing Rules.

OUR BUSINESS RELATIONSHIP WITH THE CHINA SCE GROUP

Our Group has a well-established and ongoing business relationship with the China SCE Group. We have provided the China SCE Group with residential property management services since the establishment of our Group in 2003, and commercial property management and operational services since 2009. As of the Latest Practicable Date, all commercial and residential properties developed and owned by the China SCE Group are under our management.

China SCE Group Holdings has been named as one of the "2020 Best 40 China Real Estate Listed Companies with Strongest Comprehensive Strengths" and "2020 Best 50 of China Real Estate Developers" (2020中國房地產開發企業50強). We believe the vast land bank of China SCE Group provides us with a large potential pipeline of high-quality projects. According to its 2020 annual report, China SCE Group together with its joint ventures and associates had a land bank of approximately 37.7 million sq.m. as of December 31, 2020.

During the Track Record Period, we provided property management services to substantially all of the properties developed by the China SCE Group or its joint ventures and associates. See "Business—Commercial Property Management and Operational Services" and "Business—Residential Property Management Services" for more details.

The business relationship between our Group and the China SCE Group is common among PRC property management companies and their parent companies and has been mutually beneficial and complementary. Our long-standing relationship and established track record of providing the services to the China SCE Group is owed to our familiarity with the standards and requirements of the China SCE Group, which has helped reduce communication costs, accumulate tacit knowledge of service provisions to the China SCE Group, build mutual trust and has enabled us to constantly provide the high-quality property management services that met the China SCE Group's stringent demands and requirements. Our Directors believe that given the long history of business relationship, each of our Group and the China SCE Group has developed a well-established mutual understanding in the business needs of the other, and we are able to provide tailored services to the China SCE Group to meet its specific needs. Our Directors believe that our management is familiar with the standards and requirements of the China SCE Group, while the China SCE Group has been engaging us due to the stability and standards of service of our Group specially catered for its needs.

Notwithstanding the large number of property management service providers available in the market, we believe that it would not be in the best interest of the China SCE Group to select and engage those other property management service providers, considering the amount of time and resources required for seeking a comparable service provider. As demonstrated above, as confirmed by our Directors, our Group had, based on our own experience and expertise without relying on our relationship with the China SCE Group, secured a substantial portion of the property management projects relating to the properties developed by the China SCE Group through tendering processes during the Track Record Period. Going forward, based on our mutual and complementary business relationship, and considering the amount of time and efforts required to secure other service providers who can possibly provide services of comparable standard and scope, we consider we have a competitive advantage which distinguishes us from our competitors and we believe we will continue to secure future engagements from the China SCE Group. Based on the foregoing, our Directors are of the view that it is unlikely that the current business relationships between our Group and the China SCE Group would be materially adversely changed or terminated.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

We are capable of carrying on our business independently from our Controlling Shareholders and their close associates (other than our Group) after the Listing for the following reasons.

Management Independence

Our Board comprises (i) five executive Directors, namely Mr. Wong Lun, Mr. Niu Wei, Mr. Sun Qiang, Mr. Zheng Quanlou and Ms. Ku Weihong, (ii) one non-executive Director, namely Mr. Huang Youquan, and (iii) three independent non-executive Directors, namely Dr. Ding Zuyu, Mr. Wang Yongping and Mr. Pang Hon Chung. Upon Listing, save for (i) one of our executive Directors, namely Mr. Wong Lun, who will concurrently serve as an executive director and assistant president at China SCE Group Holdings; and (ii) our non-executive Director, Mr. Huang Youquan, who will serve as an executive director and executive president at China SCE Group Holdings, none of our Directors will hold any directorship or senior management role in our Controlling Shareholders or their respective close associates. In addition, save as disclosed above, there is no overlap of the senior management members between our Group and our Controlling Shareholders and their respective close associates. Our senior management team will carry out the business operations of our Group independently from our Controlling Shareholders and their respective close associates.

As of the Latest Practicable Date, save for (i) two executive Directors, namely Mr. Zheng Quanlou and Ms. Ku Weihong, each of whom was interested in 30,000,000 shares of China SCE Group Holdings, representing approximately 0.71% of its issued share capital, in the form of share options which had not yet been exercised, and (ii) one non-executive Director, namely Mr. Huang Youquan, who was interested in 16,000,000 shares of China SCE Group Holdings, representing approximately 0.38% of its issued share capital, in the form of share options which had not yet been exercised, none of our Directors held any interests in China SCE Group Holdings. Each of the Directors is aware of his/her fiduciary duties as a Director, which require, among other things, that he/she acts for the benefit and in the best interests of our Company and does not allow any conflict between his/her duties as a Director and his/her personal interests. In the event that there is any potential conflict of interest arising out of any transaction to be entered into between our Group and any of the Directors or their respective close associates, the interested Directors shall abstain from voting at the relevant board meetings of our Company in respect of such transactions and shall not be counted in the quorum.

Based on the reasons above, our Directors are of the view that our Group is capable of managing our business independently from our Controlling Shareholders and their respective close associates following the completion of the Spin-off.

Operational Independence

We have full rights, hold and enjoy the benefit of all relevant licenses material to the operation of our business. We are of the view that we have sufficient capital and employees necessary to make all decisions on, and to carry out, our own business operation independent from our Controlling Shareholders and their respective close associates and will continue to do so after the Listing.

Residential Property Management

At the pre-delivery stage, our preliminary management contracts for properties developed by the China SCE Group were secured primarily through standard tender and bidding processes, in which tender bids would be evaluated by tender evaluation committees established by the China SCE Group (in accordance with the Interim Measures for Tender and Bidding Management for Preliminary Property Management (《前期物業管理招標投標管理暫行辦法》). The tendering process is a well-established, competitive and fairly structured process where neither the China SCE Group nor our Group is able to exert influence on the selection process. Tender evaluation committees must consist of an odd number of no less than five members, including at least a two-thirds majority of property management experts who are independent of our Group. The experts are selected on a random basis from a list compiled by the local real estate administrative department. In evaluating the bids, the tender evaluation committee would consider a number of factors, including reputation, quality of service, management system, human resources management and the proposed management plan. We do not enjoy a preferential right to be engaged as the preliminary property management service provider for projects developed by the China SCE Group and we are not given extra weighting in the selection process and will not be automatically awarded property management contracts simply due to our relationship with the China SCE Group, and our tender bids are considered on the same basis as tender bids submitted by other property management service providers during the tender and bidding process. We undergo the same tender and bidding process to secure preliminary management contracts for properties developed by property developers which are non-China SCE Group and its joint ventures and associates. For more information, see "Business—Property Management Services— Property Management Service Agreements" in this Prospectus.

After the delivery of the properties by the China SCE Group to the property owners, who are usually Independent Third Parties, the property owners may establish a property owners' association to manage the properties. The property owners' association, if formed, will be operated by the property owners and will be independent of the China SCE Group and may select and engage property management service providers at its own discretion. The China SCE Group does not have any decisive influence over the selection (or replacement) of the property management service provider by individual property owners.

Benefiting from the quality of management services provided by our Group and our brand recognition, our Group has a proven track record of maintaining a high retention rate in respect of our property management business, which illustrates our ability to operate independently of the China SCE Group. During the Track Record Period, our Group managed to be retained by Independent Third Party customers after being awarded the preliminary management contracts by the China SCE Group or its joint venture or associates at a rate (being the number of property management service contracts effective as at the relevant period end divided by the number of property management service contracts existing during the same period) of 100%. This reflects the property management capabilities of our Group and shows that our Group is able to operate independently of the China SCE Group.

Commercial property management and operational services

Historically, our Group has procured commercial property management service engagements from the China SCE Group through fee quotations. Under the applicable PRC laws and regulations, the China SCE Group is not required to go through the standard public tender procedures in engaging commercial property management service providers.

Depending on the progress of development and operation, including the development, sales and delivery stages of the projects, the China SCE Group has also engaged our Group for commercial property management services through fee quotations in order to facilitate the process. Before obtaining a parcel of land for the development of a property, the China SCE Group would invite our Group to submit a proposal on the provision of commercial property management and operational services for the property. The proposal would typically include a market research report, preliminary design/positioning of the malls, the pricing strategy and the estimated return of the property. In preparing the proposal, our Group would form a team comprising personnel responsible for finance, operation and brand management to perform works such as site visit, market research and preliminary positioning. The proposal would be submitted to the China SCE Group for their internal approval, the decision process of which would involve the consideration of the pricing standards adopted by our Group against those for comparable services in the market. Our Group needs to provide quality and competitive services to the China SCE Group in order to secure new as well as continuous appointment by the China SCE Group.

Procurement of and achievements in securing external projects

As of December 31, 2020, substantially all of our total GFA under management was developed by the China SCE Group and its joint ventures and associates. Despite the above, we have been able to maintain a diversified customer base, primarily by continuing our property management services to property owners or property owners' associations after the delivery of residential properties as well as tenants of commercial properties under our management, by participating in tender and bidding processes conducted by property developers, and by providing value-added services to other property developers and household service providers. Accordingly, the majority of our customers are independent individual property owners and independent third-party property developers. During the Track Record Period, revenue attributable to customers other than the China SCE Group and its joint ventures and associates has consistently accounted for a majority of our total revenue for the respective year.

Since 2020, we have been actively exploring potential acquisition opportunities for third party property management companies or projects at reasonable consideration through various channels, such as industry referrals, participation in tender and bidding processes and cooperation with third party business partners. In 2020, we have secured 13 new engagements to provide property management services and/or related value-added services in respect of 13 properties developed by property developers which are non-China SCE Group and its joint ventures and associates with a total GFA of approximately 1,772,364 sq.m., of which approximately 690,364 sq.m. relate to residential properties and public facilities, and approximately 1,082,000 sq.m. relate to commercial properties. We are also in the process of negotiating and/or pursuing the additional engagements with independent third parties.

Going forward, we intend to continue (i) identifying and entering into agreements for the management of properties developed by property developers which are non-China SCE Group and its joint ventures and associates and (ii) acquiring the management company that has been managing certain properties developed by property developers which are non-China SCE Group and its joint ventures and associates (collectively, the "**External Projects**"). We intend to continue pursuing External Projects both on individual project basis and enter into cooperation arrangement with other independent third-party developers to fully collaborate and utilize their resources in the field of property management services. We expect to continue to obtain new projects primarily through tender and bidding process that our Group considers that no preferential treatment will be accorded to it. Our Directors are of the view that we would not have difficulties expanding our third party developers' portfolio given that smaller independent property developers would be in need of property management services from a reputable property management services provider such as our Group. We will continue to explore other potential business opportunities as well as acquisition opportunities as and when appropriate. As a result, it is expected that our management portfolio in respect of independent third party projects and revenue generated from services provided to Independent Third Parties will continue to increase through acquisition and organic growth.

Licenses required for operation

We hold and enjoy the benefit of all relevant licenses and permits material to the operation of our business.

Access to customers, suppliers and business partners

We have a large and diversified base of customers that are unrelated to our Controlling Shareholders and/or their respective close associates. We have independent access to such customers, our suppliers as well as our other business partners.

Operational facilities

As of the Latest Practicable Date, we were leasing two properties from our Controlling Shareholders with a GFA of approximately 3,962 sq.m. mainly for office use. The total rent payable for the year ending December 31, 2021 under such lease will be approximately RMB4.1 million. Based on a review of the rental rate of comparable premises in the vicinity of such leased properties, our Directors are of the view that the terms of such lease arrangements are in line with the prevailing market terms and are fair and reasonable. Save as disclosed above, all the properties and facilities necessary for our business operations are independent from our Controlling Shareholders and their respective close associates.

Employees

Upon Listing, all of our full-time employees will be recruited independently from our Controlling Shareholders and their respective close associates and primarily through both internal referrals and external sources such as recruiting websites.

Continuing connected transactions with our Controlling Shareholders

The section headed "Connected Transactions" in this Prospectus sets out the continuing connected transactions between our Group and our Controlling Shareholders or their associates which will continue after the completion of the Spin-off. All such transactions are determined after arm's length negotiations and on normal commercial terms.

As such, we expect that we will be able to maintain the aggregate amounts of the continuing connected transactions with our Controlling Shareholders or their associates at a reasonable percentage with respect to our total revenues after Listing. Accordingly, such continuing connected transactions are not expected to affect our operational independence as a whole.

Financial Independence

We have established our own finance department with a team of financial staff which is responsible for financial control, accounting, reporting and group credit of our Group, which is independent from the China SCE Group.

All loans, advances and balances of non-trade nature due to or from the Controlling Shareholders or their close associates which were not arising from the ordinary course of business will be fully settled before completion of the Spin-off. All pledges and guarantees provided by our Group to support borrowings of the China SCE Group had been fully released as of the Latest Practicable Date.

In addition, we have our own internal control and accounting systems, accounting and finance department, independent treasury function for cash receipts and payment and independent access to third party financing. Accordingly, we believe we are able to maintain financial independence from our Controlling Shareholders and their respective close associates.

CORPORATE GOVERNANCE MEASURES

Each of our Controlling Shareholders has confirmed that he/it fully comprehends his/its obligations to act in our Shareholders' best interests as a whole. Our Directors believe that there are adequate corporate governance measures in place to manage existing and potential conflicts of interest. In order to further avoid potential conflicts of interest, we have implemented the following measures:

(a) as part of our preparation for the Spin-off, we have amended our Articles of Association to comply with the Listing Rules. In particular, our Articles of Association provided that, unless otherwise provided, a Director shall not vote on any resolution approving any contract or arrangement or any other proposal in which such Director or any of his/her close associates have a material interest nor shall such Director be counted in the quorum present at the meeting;

(b) a Director with material interests shall make full disclosure in respect of matters that may have conflict or potentially conflict with any of our interest and abstain from the board meetings on matters in which such Director or his/her associates have a material interest, unless the attendance or participation of such Director at such meeting of the Board is specifically requested by a majority of the independent non-executive Directors;

(c) we are committed that our Board should include a balanced composition of executive Directors 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. For details of our independent non-executive Directors, see the section headed "Directors and Senior Management—Board of Directors—Independent non-executive Directors" in this Prospectus;

(d) we have appointed Octal Capital Limited as our compliance advisor to provide advice and guidance to us in respect of compliance with the applicable laws and the Listing Rules including various requirements relating to Directors' duties and corporate governance;

(e) as required by the Listing Rules, our independent non-executive Directors shall review any continuing 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; and

(f) on an annual basis, our independent non-executive Directors will review the compliance of Rule 8.10 of the Listing Rules by our Controlling Shareholders.

Our Group has entered into a number of agreements with parties who will, upon completion of the Listing, become our connected persons, and the transactions disclosed in this section will constitute continuing connected transactions for our Company under the Listing Rules upon the Listing.

(A) CONTINUING CONNECTED TRANSACTION FULLY EXEMPT FROM THE REPORTING, ANNUAL REVIEW, ANNOUNCEMENT AND INDEPENDENT SHAREHOLDERS' APPROVAL REQUIREMENTS

1. Trademark Licensing

On June 17, 2021, a trademark license agreement was entered into between our Company and Xiamen Zhongjun Industrial Co., Ltd. (廈門中駿集團有限公司) ("**Xiamen Zhongjun**") (the "**Trademark License Agreement**"), pursuant to which Xiamen Zhongjun agreed to irrevocably and unconditionally grant to our Company, and other members of our Group a non-transferable and non-exclusive license to use certain trademarks in the PRC, for a perpetual term commencing from the date of the Trademark License Agreement, on a royalty-free basis. The Trademark License Agreement will terminate upon China SCE Group Holdings ceasing to be our Controlling Shareholder. For a full list and details of the licensed trademarks, see "Appendix IV—Statutory and General Information—B. Further Information about Our Business—2. Intellectual property rights of our Group" to this Prospectus. In addition, Xiamen Zhongjun has undertaken to renew and maintain the registration of the Licensed Trademarks upon expiry during the term of the Trademark License Agreement.

We believe that the entering into of the Trademark License Agreement with a term of more than three years can ensure the stability of our operations, and is beneficial to us and our Shareholders as a whole. The Joint Sponsors are of the view that it is normal business practice for agreements of this type to be of duration of more than three years.

As of the Latest Practicable Date, Xiamen Zhongjun as the registered proprietor of the licensed trademarks was an indirect wholly-owned subsidiary of China SCE Group Holdings, one of our Controlling Shareholders. Each of Xiamen Zhongjun and China SCE Group Holdings is therefore a connected person of our Company for the purpose of the Listing Rules. Accordingly, the transactions under the Trademark License Agreement will constitute continuing connected transactions for our Company under Chapter 14A of the Listing Rules upon Listing.

As the right to use the licensed trademarks is granted on a royalty-free basis, the transactions under the Trademark License Agreement will be within the *de minimis* threshold provided under Rule 14A.76 of the Listing Rules and will be exempt from the reporting, annual review, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

(B) CONTINUING CONNECTED TRANSACTIONS SUBJECT TO THE REPORTING, ANNUAL REVIEW AND ANNOUNCEMENT REQUIREMENTS BUT EXEMPT FROM THE INDEPENDENT SHAREHOLDERS' APPROVAL REQUIREMENT

1. Car Parking Lots and Public Area Leasing

On June 17, 2021, our Company entered into a master car parking lots and public area leasing agreement (the "**Master Car Parking Lots and Public Area Leasing Agreement**") with China SCE Group Holdings, pursuant to which our Group will lease from China SCE Group Holdings and/or its subsidiaries and associates certain car parking lots and public areas situated in commercial properties owned by the China SCE Group and managed by us for subleasing to customers and tenants of such commercial properties (the "**Car Parking Lots and Public Area Leasing**"). The Master Car Parking Lots and Public Area Leasing Agreement has a term commencing from the Listing Date until December 31, 2023.

During the years ended December 31, 2018, 2019 and 2020, China SCE Group as the owner of certain car parking lots and public area paid a certain percentage of its income generated from the end users of such car parking lots and public area to our Group, as fees for property management services provided by our Group to the relevant car parking lots and public area. Under such model, the net income received by our Group constituted income generated from a related party, i.e. the China SCE Group, given that the car parking lots and public area were owned by the China SCE Group. For the years ended December 31, 2018, 2019 and 2020, the total amount of fees received by our Group for the management of such car parking lots and public area amounted to approximately RMB15.1 million, RMB21.5 million, and RMB21.4 million, respectively, representing approximately 3.8%, 3.7% and 2.7%, respectively, of our total revenue for the same periods.

With the aim of reducing the amount of our Group's related/connected transaction with the China SCE Group upon Listing, in particular related/connected income from the China SCE Group, our Group and the China SCE Group have adopted a new arrangement in relation to the car parking lots and pubic area owned by the China SCE Group from January 1, 2021, pursuant to which our Group leases car parking lots and public area from the China SCE Group and sub-leases such car parking lots and public area to end users. Under such arrangement, our Group will pay certain rental to the China SCE Group which will constitute continuing connected transactions of our Group, while the income generated from end users, being independent third party customers of our Group, will not constitute continuing connected transactions for our Company. In addition, having taken into account the following factors, our Directors are of the view that it is unlikely that our Group will fail to sub-lease to end customers and that the new model is in the interests of our Group:

(i) the lease expense from the Car Parking Lots and Public Area Leasing is estimated to be approximately RMB7.3 million for the year ending December 31, 2021, as a result of which, even if in the unlikely event that certain car parking spaces and/or public spaces could not be fully sub-leased to end-users, the negative impact on our financials would be minimal; and

(ii) the estimated revenue to be generated from the sub-leasing of such car parking lots and public areas for the year ending December 31, 2021, which is estimated based on (a) the historical average daily occupancy hours of approximately 3.3 hours we charged for each car parking lot in 2020; (b) the historical average fees charged by China SCE Group for leasing such car parking lots to end users; (c) the historical average annual rental fee for public area situated in the commercial properties managed by us; (d) the estimated project sizes to be developed by China SCE Group Holdings and/or its subsidiaries and associates and managed by us where we will lease car parking lots and public area for sub-leasing purpose; and (e) the expected increase in the demand for the car parking lots and public areas situated in the commercial properties in 2021, is expected to exceed the anticipated costs including lease expenses, labor costs and other operational costs.

The amount of rental to be paid by our Group under the Master Car Parking Lots and Public Area Leasing Agreement shall be determined on an arm's length basis with reference to, among others, (i) the prevailing market rental fee of the car parking lots and public area situated in comparable locations and comparable properties; (ii) the occupancy rate of car parking lots leased by our Group from the China SCE Group; and (iii) the number of the car parking lots and the GFA of the public area leased. It is estimated that the maximum amounts of rental payable by our Group in relation to the Car Parking Lots and Public Area Leasing for the three years ending December 31, 2021, 2022 and 2023 will not exceed RMB7.4 million, RMB13.5 million and RMB21.0 million, respectively.

The following factors were considered in arriving at the above annual caps:

- the historical rental paid by end users to the China SCE Group for usage of the relevant car parking lots and public area;

- the existing number of car parking lots and public area under our management as of December 31, 2020 and the expected increase in leased car parking lots and public area taking into account the increasing number of commercial properties to be managed by our Group;

- the estimated rental fee for car parking lots and public area of comparable types and size in comparable locations.

China SCE Group Holdings is a Controlling Shareholder and therefore a connected person of our Company for the purpose of the Listing Rules. Accordingly, the transactions under the Master Car Parking Lots and Public Area Leasing Agreement will constitute continuing connected transactions for our Company under Chapter 14A of the Listing Rules upon Listing.

Since each of the applicable percentage ratios under the Listing Rules in respect of the annual caps for the Master Car Parking Lots and Public Area Leasing Agreement is expected to be more than 0.1% but less than 5% on an annual basis, the transactions under the Master Car Parking Lots and Public Area Leasing Agreement constitute continuing connected transactions for our Company which are subject to the reporting, annual review and announcement requirements but exempt from the circular and independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

2. Carpark Sales Services

On June 17, 2021, our Company entered into a master carpark sales services agreement (the "**Master Carpark Sales Services Agreement**") with China SCE Group Holdings, pursuant to which our Group agreed to provide marketing and sales services for unsold car parking spaces of the China SCE Group and its associates (the "**Carpark Sales Services**"). The Master Carpark Sales Services Agreement has a term commencing from the Listing Date until December 31, 2023.

There was no historical transaction for the Carpark Sales Services given we only started to provide such services to the China SCE Group and its associates since January 2021. We commenced to provide such services as a result of an assessment of the commercial feasibility and our capacity, having taken into account the following factors: (i) the unsold car parking spaces being situated in properties managed by us and the residents and tenants are accustomed to approaching us for their purchase needs; (ii) we are experienced in transacting with China SCE Group and its associates and have been providing property management services at projects developed by them, which will enable better and more efficient communications when handling such services, in particular given our familiarity with the conditions of the relevant property projects and requirements of the services needed; (iii) we have readily available manpower and sufficient resources based in the relevant property projects which we manage to conduct marketing and sales of the unsold car parking spaces; and (iv) the marketing and sales of unsold car parking spaces is not the business focus of China SCE Group and its associates and they do not retain any on-site manpower or resource for such marketing and sales services after the sales of properties is substantially complete.

It is estimated that the maximum amounts of service fee receivable by our Group in relation to the Carpark Sales Services for the three years ending December 31, 2023 will not exceed RMB42.0 million, RMB46.5 million and RMB48.2 million, respectively. A fee representing a fixed amount for each car parking space sold with the support of the Carpark Sales Services will be charged for the Carpark Sales Services, which will be determined after arm's length negotiations with reference to the location, condition and salability of the relevant unsold car parking spaces as well as the anticipated operational costs including labor costs. The following factors were considered in arriving at the above annual caps:

- the estimated revenue to be recognized based on existing signed contracts;

- the estimated number of unsold car parking spaces owned by the China SCE Group and its associates which will require the Carpark Sales Services for the three years ending December 31, 2023, which is estimated based on the historical percentage of unsold car parking spaces in the properties developed by China SCE Group and the expected increase in number of projects and properties under development of the China SCE Group which contributed car parking spaces, which will lead to an increase in demand for the Carpark Sales Services;

- the expected amount of service fee per car parking space sold; and

- the estimated increase in resources to be devoted to our carpark sales services business and the expansion of our sales team through the recruitment of additional experienced sales personnel which will lead to an expected increase in capacity and capabilities in providing the Carpark Sales Services.

China SCE Group Holdings is a Controlling Shareholder and therefore a connected person of our Company for the purpose of the Listing Rules. Accordingly, the transactions under the Master Carpark Sales Services Agreement will constitute continuing connected transactions for our Company under Chapter 14A of the Listing Rules upon Listing.

Since each of the applicable percentage ratios under the Listing Rules in respect of the annual caps for the Master Carpark Sales Services Agreement is expected to be more than 0.1% but less than 5% on an annual basis, the transactions under the Master Carpark Sales Services Agreement constitute continuing connected transactions for our Company which are subject to the reporting, annual review and announcement requirements but exempt from the circular and independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

(C) CONTINUING CONNECTED TRANSACTIONS SUBJECT TO THE REPORTING, ANNUAL REVIEW, ANNOUNCEMENT AND INDEPENDENT SHAREHOLDERS' APPROVAL REQUIREMENT

1. Commercial Property Management and Operational Services

On June 17, 2021, our Company entered into a master commercial property management and operational services agreement (the "**Master Commercial Property Management and Operational Services Agreement**") with Mr. Wong, pursuant to which our Group agreed to provide to Mr. Wong and his associates, mainly including but not limited to the China SCE Group Holdings and/or its subsidiaries, as well as associates of China SCE Group Holdings, commercial property management and operational services, including but not limited to (i) commercial operational services at the pre-opening stage including (a) market research and positioning, (b) advice on architectural design and (c) tenant sourcing and opening preparation services; and (ii) commercial operation and property management services during the operation stage, such as tenant coaching, basic security and cleaning, repair and maintenance services for tenants as well as marketing and promotion services, tenant management and rent collection services (the "**Commercial Property Management and Operational Services**"). The Master Commercial Property Management and Operational Services Agreement has a term commencing from the Listing Date until December 31, 2023.

For the three years ended December 31, 2018, 2019 and 2020, the total service fee payable to our Group in respect of the Commercial Property Management and Operational Services amounted to approximately RMB42.4 million, RMB114.2 million and RMB247.5 million, respectively, representing approximately 10.7%, 19.9% and 30.7%, respectively, of our total revenue for the same periods.

The fees to be charged for the Commercial Property Management and Operational Services will be determined after arm's length negotiations with reference to (i) the size, location and neighborhood profile of the commercial properties; (ii) the scope of the services to be provided; (iii) the anticipated operational costs (including but not limited to labor costs, cost of materials and administrative costs); (iv) the rates generally offered by us to Independent Third Parties in respect of comparable services; and (v) fees for similar services and types of projects in the market.

It is estimated that the maximum amounts of service fee payable to our Group in relation to the Commercial Property Management and Operational Services for the three years ending December 31, 2021, 2022 and 2023 will not exceed RMB441.5 million, RMB522.2 million and RMB642.1 million, respectively. The increase in the annual caps for the Commercial Property Management and Operational Services as compared to the historical transaction amounts for the Track Record Period is mainly due to the expected increase in demand for Commercial Property Management and Operational Services, taking into account (i) the latest operating performance of the China SCE Group; and (ii) the expected GFA to be delivered by the China SCE Group and its associates for the three years ending December 31, 2023 as estimated with reference to our understanding of its future property development plan.

The following factors were considered in arriving at the above annual caps:

- the historical transaction amounts and growth trend during the Track Record Period;

- the estimated revenue to be recognized in relation to the Commercial Property Management and Operational Services provided by us pursuant to existing contracts; and

- in respect of the annual caps for the management services to be provided for commercial properties owned by the China SCE Group, the estimation of the GFA of the commercial properties expected to be developed by the China SCE Group in the relevant periods, estimated based on the land bank of the China SCE Group as of December 31, 2020 as well as the historical GFA of commercial properties developed by the China SCE Group and the related growth rate.

Mr. Wong is a Controlling Shareholder and therefore a connected person of our Company for the purpose of the Listing Rules. Accordingly, the transactions under the Master Commercial Property Management and Operational Services Agreement will constitute continuing connected transactions for our Company under Chapter 14A of the Listing Rules upon Listing.

Since each of the applicable percentage ratios under the Listing Rules in respect of the annual caps for the Master Commercial Property Management and Operational Services Agreement are expected to be more than 5% on an annual basis, the transactions under the Master Commercial Property Management and Operational Services Agreement constitute continuing connected transactions for our Company which are subject to the reporting, annual review, announcement, circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

2. Residential Property Management Services

On June 17, 2021, our Company entered into a master residential property management services agreement (the "**Master Residential Property Management Services Agreement**") with China SCE Group Holdings, pursuant to which our Group agreed to provide to China SCE Group Holdings and/or its subsidiaries and/or associates residential property management services, including but not limited to (i) property management services for unsold residential properties units, (ii) pre-delivery services including (a) display units and property sales office management services, and (b) cleaning, gardening and security services; and (iii) pre-delivery inspection (the "**Residential Property Management Services**"). The Master Residential Property Management Services Agreement has a term commencing from the Listing Date until December 31, 2023.

For the three years ended December 31, 2018, 2019 and 2020, the total service fee payable to our Group in respect of the Residential Property Management Services amounted to approximately RMB29.7 million, RMB85.4 million and RMB128.6 million, respectively, representing approximately 7.5%, 14.8% and 16.0%, respectively, for the same periods.

The fees to be charged for the Residential Property Management Services will be determined after arm's length negotiations with reference to (i) the prevailing market price for the relevant services (taking into account the location, size and condition of the property, the scope of services and the anticipated operational costs including but not limited to labor costs, administrative costs and cost of materials); (ii) historical transaction amounts; and (iii) the prices charged or would have been charged by our Group for providing comparable services to Independent Third Parties.

It is estimated that the maximum amounts of service fee payable to our Group in relation to the Residential Property Management Services for the three years ending December 31, 2021, 2022 and 2023 will not exceed RMB181.7 million, RMB257.8 million and RMB312.4 million, respectively. The increase in the annual caps for the Property Management and Related Services as compared to the historical transaction amounts for the Track Record Period is mainly due to the expected increase in demand for Residential Property Management Services, taking into account (i) the latest operating performance of the China SCE Group and its associates; and (ii) the expected GFA to be delivered by the China SCE Group and its associates for the three years ending December 31, 2023 as estimated with reference to our understanding of its future property development plan.

The following factors were considered in arriving at the above annual caps:

- the historical transaction amounts and growth trend during the Track Record Period;
- the estimated revenue to be recognized in respect of the Residential Property Management Services provided by us pursuant to existing contracts;
- the estimated GFA of the residential properties expected to be developed and sold by the China SCE Group and its associates in the relevant periods, estimated based on the land bank of China SCE Group and its associates as of December 31, 2020 as well as the GFA of their historical sales and the related growth rate; and
- in respect of the annual caps for the management services to be provided for the unsold residential property units, (i) the aggregate area of the unsold property units for the relevant periods, estimated with reference to (a) the historical average vacancy rate and (b) the expected total GFA under management; and (ii) the estimated management fees to be charged per sq.m.

China SCE Group Holdings is a Controlling Shareholder and therefore a connected person of our Company for the purpose of the Listing Rules. Accordingly, the transactions under the Master Residential Property Management Services Agreement will constitute continuing connected transactions for our Company under Chapter 14A of the Listing Rules upon Listing.

Since each of the applicable percentage ratios under the Listing Rules in respect of the annual caps for the Master Residential Property Management Services Agreement is expected to be more than 5% on an annual basis, the transactions under the Master Residential Property Management Services Agreement constitute continuing connected transactions for our Company which are subject to the reporting, annual review, announcement, circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

(D) Application for Waiver

The transactions described in "—(B) Continuing Connected Transactions subject to the Reporting, Annual Review and Announcement Requirements but exempt from the Independent Shareholders' Approval Requirement" in this section constitutes our continuing connected transactions under the Listing Rules, which are subject to the reporting, annual review and announcement requirements but exempt from independent shareholders' approval requirement of the Listing Rules.

The transactions described in "—(C) Continuing Connected Transactions subject to the Reporting, Annual Review, Announcement and Independent Shareholders' Approval Requirements" in this section constitute our continuing connected transactions under the Listing Rules, which are subject to the reporting, annual review, announcement and independent shareholders' approval requirements of the Listing Rules.

In respect of these continuing connected transactions, pursuant to Rule 14A.105 of the Listing Rules, we have applied for, and the Stock Exchange has granted, a waiver exempting from strict compliance with the announcement requirement under Chapter 14A of the Listing Rules in respect of the continuing connected transaction as disclosed in "—(B) Continuing Connected Transactions Subject to the Reporting, Annual Review and Announcement Requirements but Exempt from the Independent Shareholders' Approval Requirement"; and the announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules in respect of the continuing connected transactions as disclosed in "—(C) Continuing Connected Transactions Subject to the Reporting, Annual Review, Announcement and Independent Shareholders' Approval Requirements" in this section, subject to the condition that the aggregate amounts of the continuing connected transactions for each financial year shall not exceed the relevant amounts set forth in the respective annual caps (as stated above). Apart from such waivers on the strict compliance with the respective requirements, we will comply with the relevant requirements under Chapter 14A of the Listing Rules.

If any of the terms of the transactions contemplated under the agreements mentioned above are altered or if our Company enters into any new agreement with any connected person in the future, we will fully comply with the relevant requirements under Chapter 14A of the Listing Rules, unless we apply for and separate waiver is obtained from, the Stock Exchange.

(E) Directors' Views

Our Directors (including our independent non-executive Directors) consider that all the continuing connected transactions described in "—(B) Continuing Connected Transactions Subject to the Reporting, Annual Review and Announcement Requirements but Exempt from the Independent Shareholders' Approval Requirement" and "—(C) Continuing Connected Transactions Subject to the Reporting, Annual Review, Announcement and Independent Shareholders' Approval Requirements" in this section have been and will be carried out: (i) in the ordinary and usual course of our business; (ii) on normal commercial terms; and (iii) in accordance with the respective terms that are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

Our Directors (including our independent non-executive Directors) are also of the view that the annual caps of the continuing connected transactions in "—(B) Continuing Connected Transaction Subject to the Reporting, Annual Review and Announcement Requirements but Exempt from the Independent Shareholders' Approval Requirement" and "—(C) Continuing Connected Transactions Subject to the Reporting, Annual Review, Announcement and Independent Shareholders' Approval Requirements" in this section are fair and reasonable and are in the interests of our Shareholders as a whole.

(F) Joint Sponsors' View

Based on the due diligence findings of the Joint Sponsors, information provided by us, confirmation by our Directors (including independent non-executive Directors), discussion with JLL on the prevailing market rate (where available) of the underlying services, and review of the terms of the relevant framework agreements, the Joint Sponsors are of the view (i) that the continuing connected transactions described in "—(B) Continuing Connected Transactions Subject to the Reporting, Annual Review and Announcement Requirements but Exempt from the Independent Shareholders' Approval Requirement" and "—(C) Continuing Connected Transactions Subject to the Reporting, Annual Review, Announcement and Independent Shareholders' Approval Requirements" in this section have been and will be entered into in the ordinary and usual course of our business, on normal commercial terms, that are fair and reasonable and in the interests of our Company and our Shareholders as a whole, and (ii) that the proposed annual caps (where applicable) of such continuing connected transactions are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

BOARD OF DIRECTORS

Our Board currently consists of nine Directors, comprising five executive Directors, one non-executive Director and three independent non-executive Directors. The powers and duties of our Board include determining our business and investment plans, preparing our annual financial budgets and financial reports, and exercising other powers, functions and duties as conferred by the Articles. We have entered into a service agreement with each of our executive Directors and a letter of appointment with each of our non-executive Director and independent non-executive Directors.

The table below set out certain information in respect of our Directors and members of senior management of our Group:

Members of our Board

Name	Age	Date of joining our Group *(Note)*	Date of appointment as Director	Current position(s) in our Group	Roles and responsibilities	Relationship with other Directors or senior management
Executive Directors						
Mr. Wong Lun (黃倫)	33	September 1, 2010	August 20, 2019	Executive Director and chairman	Strategic planning, implementing policies and guidelines, making major decisions and overseeing the overall operations of our Group	None
Mr. Niu Wei (牛偉)	58	July 29, 2019	January 6, 2021	Executive Director and chief executive officer	Overall operation and management of the commercial property management business of our Group	None
Mr. Sun Qiang (孫強)	40	May 8, 2017	January 6, 2021	Executive Director and vice president	Overall management of the residential property management business of our Group	None

Name	Age	Date of joining our Group *(Note)*	Date of appointment as Director	Current position(s) in our Group	Roles and responsibilities	Relationship with other Directors or senior management
Mr. Zheng Quanlou (鄭全樓)	50	January 1, 2006	January 6, 2021	Executive Director	Implementing strategies in respect of the commercial property management and operational services business and commercial design services business of our Group	None
Ms. Ku Weihong (庫衛紅)	52	November 15, 2010	January 6, 2021	Executive Director	Overseeing the legal affairs and human resources of our Group	None
Non-executive Director						
Mr. Huang Youquan (黃攸權)	52	January 6, 2021	January 6, 2021	Non-executive Director	Providing guidance for the overall operation of our Group	None
Independent non-executive Directors						
Dr. Ding Zuyu (丁祖昱)	47	June 10, 2021	June 10, 2021	Independent non-executive Director	Providing independent advice on the operations and management of our Group	None
Mr. Wang Yongping (王永平)	52	June 10, 2021	June 10, 2021	Independent non-executive Director	Providing independent advice on the operations and management of our Group	None
Mr. Pang Hon Chung (彭漢忠)	47	June 10, 2021	June 10, 2021	Independent non-executive Director	Providing independent advice on the operations and management of our Group	None

Members of our senior management

Name	Age	Date of joining our Group	Current position(s) in our Group	Roles and responsibilities in our Group
Ms. Xu Liping (徐麗萍)	51	September 23, 2019	General manager of operation management department	Overseeing commercial operation management business
Mr. Kwan Kwong Cho (關光祖)	35	January 18, 2021	Deputy finance director and company secretary	Financial and company secretarial matters

Note: Denotes the time from which the relevant Director first became involved in matters relating to the business of our Group while under the employment of the China SCE Group or our Group (where applicable).

Executive Directors

Mr. Wong Lun (黃倫), aged 33, was appointed as our Director on August 20, 2019, and was re-designated as our executive Director and chairman of our Board on January 6, 2021. He is primarily responsible for strategic planning, implementing policies and guidelines, making major decisions and the overall operations of our Group. He joined our Group in September 2010 as an assistant to general manager of commercial management business of our Group, and became the general manager of Shanghai SCE CM in November 2013, where he is mainly responsible for its strategic planning and daily operations.

Mr. Wong Lun has over 10 years of experience in the property development and property management industries. He served as a general manager at the procurement department of the China SCE Group from September 2011 to June 2013, primarily responsible for procurement and business management. He has been serving as an assistant president of the China SCE Group since February 2017 and an executive director since March 2017, where he is mainly responsible for investors relations and commercial management.

Mr. Wong Lun obtained a bachelor's degree of science in engineering and business studies from the School of Engineering, University of Warwick in the United Kingdom in July 2010, and an executive master of business administration degree from China Europe International Business School (中歐國際工商學院) in the PRC in August 2019. Mr. Wong Lun is the son of Mr. Wong, our ultimate Controlling Shareholder.

Mr. Wong was the legal representative, director and general manager of Quanzhou Runpeng Trading Co., Ltd. (泉州潤鵬貿易有限公司), a company established in the PRC and deregistered on October 30, 2017. He was also the legal representative and director of Beijing Chaoran Yuedong Fitness Co., Ltd. (北京超燃悦動健身有限公司), a company established in the PRC and was deregistered on March 22, 2019. Mr. Wong confirmed that each of the above companies was deregistered by way of members' resolution and was solvent prior to its deregistration. He further confirmed that, as of the Latest Practicable Date, no claims had been made against him and he was not aware of any threatened or potential claims made against him and there are no outstanding claims and/or liabilities as a result of the deregistration of each of the above companies.

Mr. Niu Wei (牛偉), aged 58, was appointed as our executive Director on January 6, 2021. He is also our chief executive officer and is primarily responsible for the overall operation and management of the commercial property management business of our Group. He joined our Group in July 2019 as the president and was mainly responsible for our overall operation and management.

Prior to joining our Group, from June 2016 to July 2018, he worked at New World Department Stores China Limited (新世界百貨中國有限公司) ("**New World Department Stores**"), a company principally engaged in chain department store business in the PRC and listed on the Main Board of the Stock Exchange (stock code: 0825), where he was appointed as the chief executive officer in March 2017 and was mainly responsible for its overall operational management and business expansion in the PRC. From October 2014 to May 2016, he served as a vice president and chief operating officer at Intime Retail (Group) Company Limited (銀泰商業(集團)有限公司), a company principally engaged in the operation and management of domestic department stores and shopping centers, the shares of which were previously listed on the Main Board of the Stock Exchange and was privatized, where he was mainly responsible for its overall operational management of commercial business and business development. From April 2014 to October 2014, he served as a senior assistant to president at Wanda Group Share Co., Ltd (萬達集團股份有限公司), a company principally engaged in commercial property business, where he was mainly responsible for the overall management of its department store business. From June 1996 to March 2014, he served as a regional general manager of Central and Southwest China at New World Department Stores, where he was mainly responsible its regional management and business development.

Mr. Niu obtained a diploma in law from Nanjing University (南京大學) in the PRC in December 1989, and a master's degree in business administration from Fudan University (復旦大學) in the PRC in June 2018.

Mr. Niu was the legal representative, director and general manager of Hubei New World Department Store Co., Ltd. (湖北新世界百貨有限公司), a company established in the PRC and deregistered on September 20, 2018. He was the legal representative, director and general manager of Hengyang New World Department Store Co., Ltd. (衡陽新世界百貨有限公司), a company established in the PRC and was deregistered on September 4, 2018. He was also the legal representative and director of Shanghai Xinmin Catering Management Co., Ltd. (上海新

蜜餐飲管理有限公司), a company established in the PRC and was deregistered on October 30, 2018. Mr. Niu confirmed that each of the above companies was deregistered by way of members' resolution and was solvent prior to its deregistration. He further confirmed that, as of the Latest Practicable Date, no claims had been made against him and he was not aware of any threatened or potential claims made against him and there are no outstanding claims and/or liabilities as a result of the deregistration of each of the above companies.

Mr. Sun Qiang (孫強), aged 40, was appointed as our executive Director on January 6, 2021. He is primarily responsible for the overall management of the residential property management business of our Group. He joined our Group in May 2017 and was promoted as vice president in August 2020.

Prior to joining our Group, from May 2015 to May 2017, he served as a human resources director at Huawei Zhongduan Co., Ltd (華為終端有限公司), an information and communication technology solution provider, where he was responsible for its human resources. From September 2013 to April 2015, he served as a manager of consulting department at PricewaterhouseCoopers Consulting (Shenzhen) Holdings Limited (普華永道諮詢(深圳)有限公司), a consulting firm, where he was responsible for its consulting business. From April 2010 to August 2013, he served as a senior manager of human resources department at Vishay Components (Huizhou) Co., Ltd. (威世電子(惠州)有限公司), a discrete semiconductor and passive electronic device manufacturer, where he was responsible for its human resources.

Mr. Sun obtained a bachelor's degree in accounting from Hohai University (河海大學) in the PRC in June 2003, and a master's degree in business administration from Shanghai University of Finance and Economics (上海財經大學) in the PRC in January 2012.

Mr. Zheng Quanlou (鄭全樓), aged 50, was appointed as our executive Director on January 6, 2021. He is primarily responsible for implementing strategies in respect of the commercial property management and operational services business and commercial design services business of our Group. He joined our Group in January 2006 as a project manager and was mainly responsible for project design and planning matters.

Mr. Zheng has over 22 years of experience in the property development and property management industries. Mr. Zheng joined the China SCE Group in 1998 as a project manager. He was promoted to general manager of design management department of the China SCE Group in January 2008 and was mainly responsible for its design management and daily management. He served as an assistant president of the China SCE Group from January 2014 to January 2016 and was promoted to a vice president in January 2016, primarily responsible for its operation plan and design management. He was further promoted to the executive president of the China SCE Group in August 2018 and is primarily responsible for its operation plan, design management, engineering management and cost management.

Mr. Zheng graduated from Fujian Agriculture and Forestry University (福建農林大學) in the PRC with a major in civil engineering in January 2009. He was registered as a cost engineer (中國註冊造價工程師) by Fujian Provincial Department of Personnel (福建省人事廳) in August 1999.

Ms. Ku Weihong (庫衛紅), aged 52, was appointed as our executive Director on January 6, 2021. She is primarily responsible for overseeing the legal affairs and human resources. She joined our Group in November 2010 as the director of legal department and was mainly responsible for legal affairs and property management.

Ms. Ku joined the China SCE Group in November 2010, and served various positions including director of legal department from November 2010 to December 2010, general manager of auditing and legal department from January 2011 to October 2011, general manager of executive president office from November 2011 to January 2014, and assistant president since January 2014, where she was mainly responsible for its legal affairs and human resources matters. From July 2000 to September 2010, she served as director of legal department at Powerlong Real Estate Holdings Limited (寶龍地產控股有限公司), a property developer listed on the Main Board of the Stock Exchange (stock code: 1238), where she was mainly responsible for its legal affairs.

Ms. Ku obtained a bachelor's degree in economic law in July 1990 and a master's degree in business administration in January 2017, both from Peking University (北京大學) in the PRC.

Non-executive Director

Mr. Huang Youquan (黃攸權), aged 52, was appointed as our non-executive Director January 6, 2021. He is primarily responsible for providing guidance for the overall operation of our Group.

Mr. Huang joined the China SCE Group in January 2010 as a vice president, and was promoted as an executive president in August 2018. He has been serving as an executive director of China SCE Group Holdings since May 2010, and has been primarily responsible for its financial management. Prior to joining the China SCE Group, from February 2006 to December 2009, he served as general manager at Kato SCE (Xiamen) Construction Machinery Co., Ltd (加藤中駿(廈門)建機有限公司), a company indirectly controlled by Mr. Wong, where he was mainly responsible for its overall operational management. From August 2003 to February 2006, he served as a financial director at South China Heavy Industry (Xiamen) Co., Ltd. (中駿重工(廈門)有限公司), a company indirectly controlled by Mr. Wong, where he was mainly responsible for its financial management.

Mr. Huang obtained a bachelor's degree of science in mathematics from Xiamen University (廈門大學) in the PRC in July 1991. He also completed an Executive Master of Business Administration program at Xiamen University in the PRC in December 2019. Mr. Huang was certified as a Certified Public Accountant in the PRC in May 1996, and a registered asset appraiser (註冊資產評估師) in December 1998, both by Ministry of Finance of the PRC (中華人民共和國財務部).

Independent non-executive Directors

Dr. Ding Zuyu (丁祖昱), aged 47, was appointed as our independent non-executive Director on June 10, 2021. Dr. Ding is responsible for providing independent advice on the operations and management of our Board.

Dr. Ding has been serving as an executive director and chief executive officer of E-House (China) Enterprise Holdings Limited (易居(中國)企業控股有限公司), a company listed on the Main Board of the Stock Exchange (stock code: 2048), since March 16, 2018 where he has been primarily responsible for overseeing the management and strategic development of the group. Dr. Ding served as a manager of the research and development department of E-House (China) Management Group Ltd. (易居(中國)企業管理集團有限公司) from September 2000 to November 2001, after which he served as its president and technology director until January 2008. From April 2012 to August 2016, Dr. Ding was the co-president of E-House (China) Holdings Limited (易居中國控股有限公司). He has been the president of the real estate data and consulting services division of E-House Enterprise (China) Group Co., Ltd. (易居企業(中國)集團有限公司) since July 2006 and its chief executive officer since August 2016.

Dr. Ding has been an independent non-executive director of Powerlong Real Estate Holdings Limited (寶龍地產控股有限公司), a property developer listed on the Main Board of the Stock Exchange (stock code: 1238), since December 2014, and an independent non-executive director of Greentown Management Holdings Company Limited (綠城管理控股有限公司), a project management company listed on the Main board of the Stock Exchange (stock code: 9979), since July 2020.

He was named as "Shanghai Outstanding Young Merchant" (上海傑出青商) by Shanghai Federation of Economic Organizations (上海市經濟團體聯合會) in 2012 and one of the "Top Ten Shanghai Young Economics Figures" (上海十大青年經濟人物) by Shanghai Young Entrepreneurs Association (上海市青年企業家協會) for 2011 to 2012.

Dr. Ding obtained a bachelor's degree in real estate business management in July 1998 and a doctorate degree in economics in December 2013, both from East China Normal University (華東師範大學) in the PRC.

Dr. Ding was the legal representative and general manager of Shanghai Anfangle Information Technology Co., Ltd. (上海安房樂信息技術有限公司) ("**Shanghai Anfangle**"), a company established in the PRC and deregistered on June 21, 2018. Dr. Ding confirmed that Shanghai Anfangle was deregistered by way of members' resolution and was solvent prior to its deregistration. He further confirmed that, as of the Latest Practicable Date, no claims had been made against him and he was not aware of any threatened or potential claims made against him and there are no outstanding claims and/or liabilities as a result of the deregistration of Shanghai Anfangle.

Mr. Wang Yongping (王永平), aged 52, was appointed as our independent non-executive Director on June 10, 2021. Mr. Wang is responsible for providing independent advice on the operations and management of our Board.

From September 1990 to April 2002, Mr. Wang successively worked as a reporter and a chief reporter at China Business Daily (中國商報社) and was mainly responsible for business news collection and editing. From May 2002 to September 2018, he successively served as an executive editor-in-chief and editor-in-chief at Journal of Commercial Economics (商業經濟研究雜誌社) and was mainly responsible for formulating its editing policy and overseeing its daily administrative management. From November 2003 to July 2010, Mr. Wang successively served as an executive vice secretary-general, vice chairman and secretary-general of the China Urban Commercial Network Construction Management Federation (中國城市商業網點建設管理聯合會). From April 2011 to December 2020, Mr. Wang served as the executive general manager at Chinese Business Alliance (Beijing) Real Estate Consulting Co., Ltd. (中商聯盟(北京)房地產諮詢有限公司), a company principally engaged in providing market research, professional training, conference and exhibition services, and business study for commercial real estate industry, where he was mainly responsible for its daily management.

From September 2011 to July 2017, he served as a director at Chinese Business Alliance (Beijing) Commercial Investment Co., Ltd. (中商聯盟(北京)商業投資有限公司), a company principally engaged in the investment of the industrial chain of commercial real estate industry. From March 2014 to February 2020, he served as a director at Beijing Sperry Real Estate Brokerage Co., Ltd. (北京斯佩里房地產經紀股份有限公司), a company principally engaged in information consulting and real estate brokerage business. From April 2017 to May 2020, he served as an independent director at Winner Technology Co., Inc.(匯納科技股份有限公司) ("**Winner Technology**"), a data operation services provider listed on the Shenzhen Stock Exchange (stock code: 300609).

Since December 2019, Mr. Wang has been serving as an independent director at Easyhome New Retail Group Co., Ltd. (居然之家新零售集團股份有限公司) ("**Easyhome**") (formerly known as Wuhan Zhongshang Commercial Group Co., Ltd. (武漢中商集團股份有限公司), a large commercial chain group company principally engaged in interior design and decoration, furniture and building materials sales and intelligent logistics and listed on the Shenzhen Stock Exchange (stock code: 000785).

Mr. Wang has been serving as the president of China Commercial Real Estate Association (全聯房地產商會商業地產工作委員會) since August 2016 and a vice president of China Business Economics Association (中國商業經濟學會) since April 2018. He was qualified to serve as a mentor of the master of business administration center (MBA中心企業導師) at the school of economics and management of Tongji University (同濟大學經濟與管理學院).

Mr. Wang obtained a bachelor's degree in economics from Hangzhou College of Commerce (杭州商學院) (now known as Zhejiang Gongshang University (浙江工商大學)) in the PRC in July 1990. He completed the Training of Senior Managements of Listed Companies held by the Shenzhen Stock Exchange in February 2017.

Mr. Wang was an independent director of Shanghai Youyouto Investment Development Co., Ltd. (上海悠遊堂投資發展股份有限公司) ("**Shanghai Youyouto**"), a limited liability company established in the PRC principally engaged in the operation of children's indoor amusement park where he was primarily responsible for providing independent advice on its operations and management. Shanghai Youyouto was declared bankrupt on December 22, 2020 and is currently in the process of liquidation. Mr. Wang confirmed that he was not involved in the management and operation of the business of Shanghai Youyouto. During his directorship with Shanghai Youyouto, Mr. Wang attended the meetings of Shanghai Youyouto as its independent director whenever notified and had reviewed meeting proposals and resolutions provided to him in relation to the composition of the board of directors, appointment of new directors and amendment of Shanghai Youyouto's articles of association. Mr. Wang confirmed that he had not breached his fiduciary duties and duties of due diligence during his directorship with Shanghai Youyouto. Mr. Wang further confirmed that to the best of his knowledge and belief, as of the Latest Practicable Date, no claims had been made against him and he was not aware of any threatened or potential claims made against him and there are no outstanding claims and/or liabilities as a result of the liquidation of Shanghai Youyouto.

Mr. Wang's suitability as a Director

In respect of the bankruptcy of Shanghai Youyouto, having taking into account (i) Mr. Wang's confirmations above; (ii) no search results have been found in public domain that Mr. Wang was subject to any sanction, public reprimand or any limitation which would affect his suitability to act as a director; (iii) Mr. Wang's confirmation that he has never been involved in any legal proceedings in the PRC, Hong Kong and any other jurisdictions; and (iv) Mr. Wang's experience acting as director in other listed companies during or after the period when Mr. Wang was an independent director of Shanghai Youyouto, including an independent director of Winner Technology from April 2017 to May 2020 and an independent director of Easyhome since December 2019, our Directors are of the view that the bankruptcy of Shanghai Youyouto should not negatively affect Mr. Wang's suitability to act as our independent non-executive Director.

Mr. Pang Hon Chung (彭漢忠), aged 47, was appointed as our independent non-executive Director on June 10, 2021. Mr. Pang is responsible for providing independent advice on the operations and management of our Board.

Mr. Pang has over 20 years of professional accounting experience and considerable experience in special assurance and advisory assignments in relation to corporate restructurings and fund raising exercises. He also has extensive experience in corporate audits and consulting of pre-listing and listed companies, and medium to large private entities. From June 1997 to March 2000, he worked as an auditor at Li, Tang, Chen & Co. (李湯陳會計師事務所). He joined Ernst & Young in March 2000 as a staff accountant and he left the firm as a senior manager in November 2008. From April 2009 to July 2009, he worked as an audit manager at Baker Tilly Hong Kong (香港天華會計師事務所). Mr. Pang joined ZHONGHUI

ANDA CPA Limited (中匯安達會計師事務所有限公司) (formerly known as ANDA CPA Limited (安達會計師事務所有限公司)) in March 2010 as a senior manager in the audit department, and he has been a partner of the firm since January 2014.

Since June 2018, Mr. Pang has been serving as an independent non-executive director at Tianyuan Group Holdings Limited (天源集團控股有限公司), a company principally engaged in cargo uploading and related ancillary value-added port services and listed on the Main Board of the Stock Exchange (stock code: 6119).

Mr. Pang obtained a bachelor's degree in accountancy from the City University of Hong Kong (香港城市大學) in November 1997. Mr. Pang has been a Certified Public Accountant recognized by the Hong Kong Institute of Certified Public Accountants (formerly known as an Associate of the Hong Kong Society of Accountants) since April 2001. He has also been a member of the Society of Chinese Accountants and Auditors since August 2014.

Save as disclosed above, none of our Directors have held any other directorships in listed companies during the three years immediately preceding the date of this Prospectus. There is no other information relating to the relationship of any of our Directors with other Directors and senior management officers that should be disclosed pursuant to Rule 13.51(2) or paragraph 41(3) of Appendix 1A of the Listing Rules.

Save as disclosed herein, to the best of the knowledge, information and belief of our Directors having made all reasonable inquiries, there was no other matter with respect to the appointment of our Directors that needed to be brought to the attention of our Shareholders and there was no information relating to our Directors that was required to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules as of the Latest Practicable Date.

SENIOR MANAGEMENT

Our executive Directors and other members of senior management are responsible for the day-to-day management of our business.

Ms. Xu Liping (徐麗萍), aged 51, joined our Group in September 2019 and has been serving as the general manager of operation management department of Shanghai SCE CM since then. Ms. Xu is primarily responsible for overseeing the commercial operation management business.

Prior to joining our Group, from September 1994 to February 2019, Ms. Xu successively served as the general manager of regional commercial business, store general manager and general manager of southwest region at New World Department Stores, where she was mainly responsible for its overall operational management and project development prior to her departure.

Ms. Xu obtained a diploma in industrial enterprise management from Hubei Radio & TV University (湖北廣播電視大學) in the PRC in July 1990 and completed the advanced training courses in high-end retail provided by China Europe International Business School (中歐國際工商學院) in the PRC in August 2018.

Ms. Xu was the principal of the branch of Red Star Macalline (Zhejiang) Enterprise Management Co., Ltd. Chengdu Branch (紅星美凱龍(浙江)企業管理有限公司成都分公司) ("**Red Star Macalline**"), a company established in the PRC and deregistered on June 19, 2019. Ms. Xu confirmed that Red Star Macalline was deregistered by way of members' resolution and was solvent prior to its deregistration. She further confirmed that, as of the Latest Practicable Date, no claims had been made against her and she was not aware of any threatened or potential claims made against her and there are no outstanding claims and/or liabilities as a result of the deregistration of Red Star Macalline.

Mr. Kwan Kwong Cho (關光祖), aged 35, joined our Group in January 2021 and has been serving as our deputy finance director and company secretary since then. Mr. Kwan is primarily responsible for financial and company secretarial matters of our Group.

Prior to joining our Group, from October 2018 to January 2021, Mr. Kwan served as the finance manager of the Hong Kong subsidiary of Yuzhou Group Holdings Company Limited (禹洲集團控股有限公司), a property developer listed on the Main Board of the Stock Exchange (stock code: 1628), where he was mainly responsible for its financial management system and budget review. From September 2011 to September 2018, Mr. Kwan successively served as a senior accountant and audit manager at Ernst & Young and was mainly responsible for managing its audit projects.

Mr. Kwan obtained a bachelor's degree in business administration from The Hong Kong Polytechnic University in October 2011. He has been a certified public accountant of the Hong Kong Institute of Certified Public Accountants since January 2015.

Company Secretary

Mr. Kwan Kwong Cho (關光祖), aged 35, was appointed as our company secretary on January 18, 2021. For details of his biography, see "Senior Management" in this section.

BOARD COMMITTEES

Our Board has established the audit committee, the remuneration committee and the nomination committee and delegated various responsibilities to these committees, which assist our Board in discharging its duties and overseeing particular aspects of our Group's activities.

Audit Committee

Our Group has established an audit committee on June 10, 2021 with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraphs C.3 of the Corporate Governance Code ("**CG Code**") as set out in Appendix 14 to the Listing Rules. The audit committee consists of Mr. Pang Hon Chung, Mr. Huang Youquan, and Mr. Wang Yongping. Mr. Pang Hon Chung is the chairperson of the audit committee.

The primary duties of the audit committee are to (i) review and supervise our financial reporting process and internal control system of our Group, risk management and internal audit; (ii) provide advice and comments to our Board in respect of financial, risk management and internal control matters; and (iii) perform other duties and responsibilities as may be assigned by the Board.

Remuneration Committee

Our Group has established a remuneration committee on June 10, 2021 with written terms of reference in compliance with Rule 3.25 of the Listing Rules and paragraph B.1 of the CG Code as set out in Appendix 14 to the Listing Rules. The remuneration committee consists of Mr. Pang Hon Chung, Mr. Sun Qiang and Dr. Ding Zuyu. Mr. Pang Hon Chung is the chairperson of the remuneration committee.

The primary duties of the remuneration committee include, but not limited to (i) establishing, reviewing and providing advices to our Board on our policy and structure concerning remuneration of our Directors and senior management and on the establishment of a formal and transparent procedure for developing policies concerning such remuneration; (ii) determining the terms of the specific remuneration package of each Director and senior management; and (iii) reviewing and approving performance-based remuneration by reference to corporate goals and objectives resolved by our Directors from time to time.

Nomination Committee

Our Group has established a nomination committee on June 10, 2021 with written terms of reference in compliance with paragraph A.5 of the CG Code as set out in Appendix 14 to the Listing Rules. The nomination committee consists of Mr. Wong Lun, Dr. Ding Zuyu and Mr. Wang Yongping. Mr. Wong Lun is the chairperson of the nomination committee.

The primary duties of the nomination committee are to (i) review the structure, size and composition of our Board on a regular basis and make recommendations to the Board regarding any proposed changes to the composition of our Board; (ii) identify, select or make recommendations to our Board on the selection of individuals nominated for directorship, and ensure the diversity of our Board members; (iii) assess the independence of our independent non-executive Directors; and (iv) make recommendations to our Board on relevant matters relating to the appointment, re-appointment and removal of our Directors and succession planning for our Directors.

BOARD DIVERSITY POLICY

Our Board has adopted a board diversity policy which sets out the approach to achieve diversity on our Board. Our Company recognizes and embraces the benefits of having a diverse Board and sees increasing diversity at the Board level as an essential element in supporting the attainment of our Company's strategic objectives and sustainable development. Our Company seeks to achieve Board diversity through the consideration of a number of factors, including but not limited to talent, skills, gender, age, cultural and educational background, ethnicity, professional experience, independence, knowledge and length of service. We will select potential Board candidates based on merit and his/her potential contribution to our Board while taking into consideration our own business model and specific needs from time to time. All Board appointments will be based on meritocracy and candidates will be considered against objective criteria, having due regard to the benefits of diversity on our Board.

Our Board has a balanced mix of knowledge, skills and experience, including but without limitation to property development, property management, financial management, human resources, legal practice, and administrative management. They obtained degrees in various majors including but without limitation to civil engineering, mathematics, accounting, law, economic law, and business administration. We have three independent non-executive Directors who have different industry backgrounds, including property development, operation, economics and accounting. Furthermore, our Directors are of a wide range of age, from 33 years old to 58 years old. Taking into account our business model and specific needs as well as the presence of one female Director out of a total of nine Board members, we consider that the composition of our Board satisfies our board diversity policy.

With regards to gender diversity on the Board, we recognize the particular importance of gender diversity. Our Board currently comprises nine Directors, including one female Director. We have taken and will continue to take steps to promote and enhance gender diversity at all levels of our Company, including but without limitation at our Board and senior management levels. 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.

Our nomination committee is responsible for ensuring the diversity of our Board members. After Listing, our nomination committee will review our board diversity policy and its implementation from time to time to monitor its continued effectiveness and we will disclose the implementation of our board diversity policy, including any measurable objectives set for implementing the board diversity policy and the progress on achieving these objectives, in our corporate governance report on an annual basis.

COMPLIANCE ADVISOR

We have appointed Octal Capital Limited as our compliance advisor pursuant to Rule 3A.19 of the Listing Rules. Pursuant to Rule 3A.23 of the Listing Rules, our compliance advisor will advise our Company in the following circumstances:

- before the publication of any regulatory announcement, circular and financial report;
- where a transaction, which might be notifiable or connected transaction, is contemplated including shares issues and share repurchases;
- where our Company proposes to use the proceeds from the Global Offering in a manner different from that detailed in this Prospectus or where our business activities, developments or results deviate from any forecast, estimate or other information in this Prospectus; and
- where the Stock Exchange makes an inquiry of our Company regarding unusual movements in the price or trading volume of our Shares.

The term of the appointment shall commence on the Listing Date and end on the date on which our Company distribute our annual report in respect of our financial results for the first full financial year commencing after the Listing Date.

COMPENSATION OF DIRECTORS AND SENIOR MANAGEMENT

Our Directors and members of our senior management receive compensation from our Group in the form of fees, salaries and other benefits and contribution to pension scheme.

The aggregate remuneration (including salaries, allowances, benefits in kind, discretionary bonuses, share-based payment and pension scheme contributions) paid to our Directors for each of the three years ended December 31, 2018, 2019 and 2020 was approximately RMB2.5 million, RMB2.8 million and RMB5.9 million, respectively. Save as disclosed above, no other amounts have been paid or are payable by any member of our Group to our Directors for each of the three years ended December 31, 2018, 2019 and 2020.

The aggregate amount of salaries, allowances, benefits in kind, discretionary bonuses and pension scheme contributions paid to our five highest paid individuals in respect of each of the three years ended December 31, 2018, 2019 and 2020 was approximately RMB6.2 million, RMB7.7 million and RMB9.2 million, respectively.

No remuneration was paid by us to our Directors or the five highest paid individuals as an inducement to join or upon joining us or as a compensation for loss of office in respect of each of the three years ended December 31, 2018, 2019 and 2020. Further, none of our Directors had waived or agreed to waive any remuneration during the same periods.

Under the arrangement currently in force, the aggregate remuneration (including salaries, allowances, benefits in kind, discretionary bonuses and pension scheme contributions) of our Directors for the year ending December 31, 2021 is estimated to be no more than approximately RMB14.3 million.

Our Board will review and determine the remuneration and compensation packages of our Directors and senior management and will, following the Listing, receive recommendation from the remuneration committee which will take into account salaries paid by comparable companies, time commitment and responsibilities of our Directors and performance of our Group.

CORPORATE GOVERNANCE

Our Company aims to achieve high standards of corporate governance which are crucial to the development and safeguard the interests of our Shareholders. To accomplish this, our Company expects to comply with the CG Code and the associated Listing Rules after the Listing.

So far as our Directors are aware, the following persons will, prior to and following the completion of the Capitalization Issue and Spin-off (assuming the Reserved Shares under the Preferential Offering are not taken up by our Controlling Shareholders who are Qualifying China SCE Shareholders and without taking into account any Shares which may be issued pursuant to the exercise of the Over-allotment Option), have interests or short positions in our Shares or underlying Shares which would be required to be disclosed to us and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly, interested in 10% or more of the issued voting shares of our Company or any other member of our Company:

LONG POSITIONS IN SHARES OF OUR COMPANY

Name of Shareholder	Nature of Interest	Shares held immediately prior to the completion of the Capitalization Issue and the Spin-off		Shares held immediately following the completion of the Capitalization Issue and the Spin-off	
		Number	*Approximate Percentage*	*Number*	*Approximate Percentage*
Happy Scene[(1)]	Beneficial owner	967,980	83.24%	1,248,490,946	62.43%
Affluent Way[(1)]	Interest in controlled corporation	967,980	83.24%	1,248,490,946	62.43%
China SCE Group Holdings[(1)]	Interest in controlled corporation	967,980	83.24%	1,248,490,946	62.43%
Newup[(2)]	Interest in controlled corporation	967,980	83.24%	1,248,490,946	62.43%
Mr. Wong[(2)]	Interest in controlled corporation	967,980	83.24%	1,248,490,946	62.43%

Notes:

1. Happy Scene is directly wholly owned by Affluent Way, which in turn is wholly owned by China SCE Group Holdings. By virtue of the SFO, Affluent Way and China SCE Group Holdings are deemed to be interested in the Shares in which Happy Scene is interested.

2. As of the Latest Practicable Date, China SCE Group Holdings is owned as to 39.14% by Newup, and 5.45% by each of East Waves and Keen Century. Each of Newup, East Waves and Keen Century is wholly owned by Mr. Wong. By virtue of the SFO, Newup is deemed to be interested in the Shares in which China SCE Group Holdings is interested, and Mr. Wong is deemed to be interested in the Shares in which Newup is interested.

LONG POSITIONS IN EQUITY INTERESTS IN A MEMBER OF OUR GROUP

Name of Shareholder	Member of our Group	Nature of Interest	Shares held immediately prior to the completion of the Spin-off	Shares held immediately following the completion of the Spin-off
			Percentage	*Percentage*
Mr. Su Jisheng (蘇吉生)	Quanzhou World City	Beneficial owner	17%	17%
Ms. Yang Liling (楊麗玲)	Quanzhou World City	Beneficial owner	15%	15%
Mr. Chen Jiapin (陳加貧)	Quanzhou World City	Beneficial owner	10%	10%

Save as disclosed above, our Directors are not aware of any person who will, immediately following the completion of the Capitalization Issue and the Spin-off (assuming the Reserved Shares under the Preferential Offering are not taken up by our Controlling Shareholders who are Qualifying China SCE Shareholders and without taking into account any Shares which may be issued pursuant to exercise of the Over-allotment Option), have beneficial interests or short positions in any Shares or underlying Shares, which would be required to be disclosed to us and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly interested in 10% or more of the issued voting shares of any member of our Group. Our Directors are not aware of any arrangement which may at a subsequent date result in a change of control of our Company.

The following is a description of the authorized and issued share capital of our Company in issue and to be issued as fully paid or credited as fully paid immediately before and following the completion of the Capitalization Issue and Global Offering (without taking into account the exercise of the Over-allotment Option):

		Nominal value *(HK$)*
Authorized share capital:		
5,000,000,000	Shares of HK$0.01 each	50,000,000
Issued and to be issued, fully paid or credited as fully paid:		
1,162,980	Shares in issue immediately prior to the Capitalization Issue	11,629.8
1,498,837,020	Shares to be issued pursuant to the Capitalization Issue	14,988,370.2
500,000,000	Shares to be issued under the Global Offering	5,000,000
2,000,000,000	**Total**	20,000,000

ASSUMPTIONS

The above table assumes that the Global Offering becomes unconditional and the Shares are issued pursuant to the Global Offering. It takes no account of any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option or any Shares which may be issued or repurchased by us pursuant to the general mandates granted to our Directors to issue or repurchase Shares as described below.

RANKINGS

The Offer Shares will be ordinary shares in the share capital of our Company and will carry the same rights in all respects with all Shares in issue or to be issued as mentioned in this Prospectus and, in particular, will rank in full for all dividends or other distributions declared, made or paid on the Shares in respect of a record date which falls after the date of this Prospectus save for the entitlement under the Capitalization Issue.

GENERAL MANDATE TO ALLOT AND ISSUE AND TO REPURCHASE SHARES

Subject to the Global Offering becoming unconditional, general mandates have been granted to our Directors to allot and issue Shares and to repurchase Shares. For details of such general mandates, please see "Appendix IV—Statutory and General Information—A. Further Information about our Company—3. Written resolutions of the Shareholders passed on June 10, 2021" to this Prospectus.

CIRCUMSTANCES UNDER WHICH GENERAL MEETING AND CLASS MEETING ARE REQUIRED

Our Company has only one class of shares, namely ordinary shares, each of which carries the same right as with the other shares.

As a matter of the Companies Act, an exempted company is not required by law to hold any general meeting or class meeting. The holding of general meeting or class meeting is prescribed under the articles of association of a company. Accordingly, our Company will hold general meetings as prescribed under the Articles, 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.

THE CORNERSTONE PLACING

We have entered into cornerstone investment agreements with the cornerstone investors set out below (the "**Cornerstone Investors**" and each a "**Cornerstone Investor**") who have agreed to, subject to certain conditions, subscribe for such number of Offer Shares (rounded down to the nearest whole board lot of 1,000 Shares) which may be purchased for an aggregate amount of US$70.0 million (equivalent to HK$543.2 million at the Offer Price (exclusive of the brokerage, the SFC transaction levy and the Stock Exchange trading fee)) (the "**Cornerstone Placing**").

Cornerstone investor	Investment amount (HK$)	Indicative Offer Price[(1)]	Number of Shares to be subscribed for[(2)]	Approximate percentage of the International Offer Shares (assuming Over-allotment Option is not exercised)	Approximate percentage of the International Offer Shares (assuming Over-allotment Option is exercised in full)	Approximate percentage of the Offer Shares (assuming Over-allotment Option is not exercised)	Approximate percentage of the Offer Shares (assuming Over-allotment Option is exercised in full)	Approximate percentage of the total issued share capital of our Company immediately after Global Offering (assuming Over-allotment Option is not exercised)	Approximate percentage of the total issued share capital of our Company immediately after Global Offering (assuming Over-allotment Option is exercised in full)
He Sheng Overseas Holdings Limited (和盛海外控股有限公司)	155,208,000	Low-end: HK$3.70	41,948,000	9.3%	8.0%	8.4%	7.3%	2.1%	2.0%
		Mid-point: HK$4.15	37,399,000	8.3%	7.1%	7.5%	6.5%	1.9%	1.8%
		High-end: HK$4.60	33,740,000	7.5%	6.4%	6.7%	5.9%	1.7%	1.6%
King Terrace Limited	155,208,000	Low-end: HK$3.70	41,948,000	9.3%	8.0%	8.4%	7.3%	2.1%	2.0%
		Mid-point: HK$4.15	37,399,000	8.3%	7.1%	7.5%	6.5%	1.9%	1.8%
		High-end: HK$4.60	33,740,000	7.5%	6.4%	6.7%	5.9%	1.7%	1.6%
Ms. Lam Yuen Ying	155,208,000	Low-end: HK$3.70	41,948,000	9.3%	8.0%	8.4%	7.3%	2.1%	2.0%
		Mid-point: HK$4.15	37,399,000	8.3%	7.1%	7.5%	6.5%	1.9%	1.8%
		High-end: HK$4.60	33,740,000	7.5%	6.4%	6.7%	5.9%	1.7%	1.6%
TX Capital Value Fund	77,604,000	Low-end: HK$3.70	20,974,000	4.7%	4.0%	4.2%	3.6%	1.0%	1.0%
		Mid-point: HK$4.15	18,699,000	4.2%	3.6%	3.7%	3.3%	0.9%	0.9%
		High-end: HK$4.60	16,870,000	3.7%	3.2%	3.4%	2.9%	0.8%	0.8%
Total	543,228,000	Low-end: HK$3.70	146,818,000	32.6%	28.0%	29.4%	25.5%	7.3%	7.0%
		Mid-point: HK$4.15	130,896,000	29.1%	24.9%	26.2%	22.8%	6.6%	6.3%
		High-end: HK$4.60	118,090,000	26.2%	22.4%	23.5%	20.6%	5.9%	5.6%

Notes:

(1) Being the low end, mid-point and high end of the indicative Offer Price range stated in this prospectus respectively.

(2) Calculated based on an exchange rate of US$1.00 to HK$7.7604 as described in "Information about this Prospectus and the Global Offering—Exchange Rate Conversion" in this prospectus. The exact number of Shares to be subscribed by the Cornerstone Investors will be subject to the exchange rate as prescribed in the relevant cornerstone investment agreement.

The Cornerstone Investors conduct their investments in the Company as they have confidence with our Company's business and prospect.

The Cornerstone Placing will form part of the International Offering. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, each of the Cornerstone Investors is an independent third party, is not our connected person, is independent of each other, our Group, its connected person(s) and respective associate(s) and is not an existing shareholder or close associate of our Group. The Shares to be subscribed for by the Cornerstone Investors will be counted towards the public float of our Company and will rank *pari passu* with the Shares then in issue and to be listed on the Stock Exchange. Immediately following the completion of the Global Offering, the Cornerstone Investors will not have any Board representation in our Company, nor will any of them become a substantial shareholder or connected person of our Company, and will not further subscribe any Offer Shares in the Global Offering. None of the Cornerstone Investors has any preferential rights compared with other public shareholders pursuant to the cornerstone investment agreements. The Offer Shares to be subscribed for by the Cornerstone Investors will not be affected by any reallocation of the Offer Shares between the International Offering and the Hong Kong Public Offering described in the section headed "Structure of the Global Offering" in this Prospectus.

To the best knowledge of our Company, (i) there is no deferred settlement in payment or deferred delivery of the Shares to be subscribed by the Cornerstone Investors; (ii) there are no side agreements or arrangements between our Group and each of the Cornerstone Investors for the purpose of the Cornerstone Placing; (iii) we became acquainted with each of the Cornerstone Investors either through business operation, at social or industry gathering or through introduction by the Underwriter(s); (iv) each of the Cornerstone Investors expects to fund the respective cornerstone investment with his/its internal resources; (v) none of the Cornerstone Investors are accustomed to take instructions from our Company, the subsidiaries of our Company, the Directors, chief executive of our Company, Controlling Shareholders, substantial Shareholders or existing Shareholders or any of our subsidiaries or their respective close associates; and (vi) none of the subscription of the Offer Shares by the Cornerstone Investors are financed by our Company, the subsidiaries of our Company, the Directors, chief executive, Controlling Shareholders, substantial Shareholders, or existing Shareholders or any of our subsidiaries or their respective close associates.

Details of allocation to the Cornerstone Investors will be disclosed in the announcement of allotment results of our Company to be published on or about Wednesday, June 30, 2021.

THE CORNERSTONE INVESTORS

We set out below a brief description of each of the Cornerstone Investors:

He Sheng Overseas Holdings Limited (和盛海外控股有限公司)

Pursuant to the terms of a cornerstone investment agreement, He Sheng Overseas Holdings Limited (和盛海外控股有限公司) ("**He Sheng**") conditionally agreed to subscribe for, and our Company conditionally agreed to issue and allot to He Sheng such number of Shares (rounded down to the nearest whole board lot of 1,000 Shares) which may be purchased with an aggregate amount of US$20.0 million (equivalent to approximately HK$155.2 million (exclusive of brokerage, SFC transaction levy and the Stock Exchange trading fee) at the Offer Price.

The number of Shares to be subscribed by He Sheng should not exceed 10% of the total shares in issue immediately following the completion of the Global Offering.

He Sheng is a limited liability company incorporated in the BVI on December 20, 2016 and is an investment holding company which is used to hold financial assets such as stocks and bonds for a family trust established by Mr. Ding Shijia (丁世家) ("Mr. Ding") as the settlor for the benefit of Mr. Ding and his family members. Mr. Ding is the deputy chairman and executive director of ANTA Sports Products Limited, a company listed on the Main Board (stock code: 2020), which is principally engaged in the manufacturing and trading of branded sporting goods including footwear, apparel and accessories in the PRC. Each of He Sheng and its shareholders including Mr. Ding is an Independent Third Party.

King Terrace Limited

Pursuant to the terms of a cornerstone investment agreement, King Terrace Limited, a company wholly owned by Mr. Hui Ching Lau (許清流) ("**Mr. Hui**"), incorporated in the British Virgin Islands with investment as its main business, conditionally agreed to subscribe for, and our Company conditionally agreed to issue and allot to King Terrace Limited such number of Shares (rounded down to the nearest whole board lot of 1,000 Shares) which may be purchased with an aggregate amount of US$20.0 million (equivalent to approximately HK$155.2 million) (exclusive of brokerage, SFC transaction levy and the Stock Exchange trading fee) at the Offer Price.

The number of Shares to be subscribed by King Terrace Limited should not exceed 10% of the total shares in issue immediately following the completion of the Global Offering.

Mr. Hui is an executive director of Hengan International Group Company Limited (恒安國際集團有限公司), a company listed on the Main Board of the Stock Exchange (stock code: 1044), which is principally engaged in the manufacturing, distribution and sale of personal hygiene products in the PRC and certain overseas markets. He is also an executive director and chairman of the board of directors of Qinqin Foodstuffs Group (Cayman) Company Limited (親親食品集團(開曼)股份有限公司), a company listed on the Main Board of the Stock Exchange (stock code: 1583). Each of King Terrace Limited and Mr. Hui is an Independent Third Party.

Ms. Lam Yuen Ying (林婉瑩)

Pursuant to the terms of a cornerstone investment agreement, Ms. Lam Yuen Ying (林婉瑩) conditionally agreed to subscribe for, and our Company conditionally agreed to issue and allot to Ms. Lam Yuen Ying such number of Shares (rounded down to the nearest whole board lot of 1,000 Shares) which may be purchased with an aggregate amount of US$20.0 million (equivalent to approximately HK$155.2 million) (exclusive of brokerage, SFC transaction levy and the Stock Exchange trading fee) at the Offer Price.

The number of Shares to be subscribed by Ms. Lam Yuen Ying should not exceed 10% of the total shares in issue immediately following the completion of the Global Offering.

Ms. Lam Yuen Ying is an individual investor and is the head of investment at Joeone International Investments Holdings Limited (九牧王國際投資控股有限公司), which is the major shareholder of Joeone Co., Ltd. (九牧王股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 601566), which is principally engaged in manufacturing and sale of men's business and casual wear in China, with core products including men's trousers and jackets. Ms. Lam is an Independent Third Party.

TX Capital Value Fund

Pursuant to the terms of a cornerstone investment agreement, TX Capital Value Fund conditionally agreed to subscribe for, and our Company conditionally agreed to issue and allot to TX Capital Value Fund such number of Shares (rounded down to the nearest whole board lot of 1,000 Shares) which may be purchased with an aggregate amount of US$10.0 million (equivalent to approximately HK$77.6 million) (exclusive of brokerage, SFC transaction levy and the Stock Exchange trading fee) at the Offer Price.

The number of Shares to be subscribed by TX Capital Value Fund should not exceed 10% of the total shares in issue immediately following the completion of the Global Offering.

TX Capital Value Fund is an exempted company established under the laws of the Cayman Islands. TX Capital Value Fund is owned by two other feeder funds, TX Capital Value Fund (Main) and TX Capital Value Fund (US Feeder), both of which are incorporated in the Cayman Islands. TX Capital (HK) Limited ("**TX Capital**") is incorporated in Hong Kong and licensed by the SFC to carry out Type 9 (asset management) regulated activities. TX Capital serves as the sole investment manager to TX Capital Value Fund. The controller of TX Capital Value Fund is the investment manager of TX Capital Value Fund, being TX Capital. There are no persons who hold 20% or more interest in TX Capital Value Fund. TX Capital Value Fund comprises over 100 investors with the majority of its assets under management invested by institutional investors. Mr. Yung Chun Hing (Mr. "**Danny Yung**") is the sole shareholder of TX Capital, the investment manager of TX Capital Value Fund. He is also a key investor of TX Capital Value Fund (Main). There is a number of investors in TX Capital Value Fund (Main), including various institutional investors. Mr. Danny Yung also owns management shares in TX Capital Value Fund and the two feeder funds of TX Capital Value Fund. Founded in 2014 by

Mr. Danny Yung, TX Capital adopts a fundamental, bottom-up and value investment approach in the Greater China market. TX Capital manages long-term capital for global institutional investors, including endowments, foundations and pensions. Mr. Danny Yung is the sole ultimate beneficial owner of TX Capital and is also the Chief Investment Officer of TX Capital. Mr. Danny Yung graduated from The Chinese University of Hong Kong with a Bachelor degree in Professional Accountancy and previously worked in management consulting and business management. TX Capital is an Independent Third Party.

CONDITIONS PRECEDENT

The subscription obligation of the Cornerstone Investors is subject to, among other things, the following conditions precedent:

(i) the underwriting agreements for the Hong Kong Public Offering and the International Offering being entered into and having become effective and unconditional (in accordance with their respective original terms or as subsequently waived or varied by agreement of the parties thereto) by no later than the time and date as specified in these underwriting agreements, and neither of the aforesaid underwriting agreements having been terminated;

(ii) the Offer Price having been agreed upon between the Company and the Joint Representatives (on behalf of the Underwriters);

(iii) the Listing Committee of the Stock Exchange having granted the listing of, and permission to deal in, the Shares (including the Investor Shares 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;

(iv) 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 herein and there shall be no orders or injunctions from a court of competent jurisdiction in effect precluding or prohibiting consummation of such transactions;

(v) the respective representations, warranties, undertakings and confirmations of the Cornerstone Investor under the cornerstone investment agreement are accurate and true and not misleading and that there is no material breach of the cornerstone investment agreement on the part of the Cornerstone Investor; and

(vi) the respective representations, warranties and confirmations of our Company in the cornerstone investment agreement are accurate and true and not misleading and that there is no material breach of the cornerstone investment agreement on the part of our Company.

RESTRICTIONS ON THE INVESTMENTS BY THE CORNERSTONE INVESTORS

Each of the Cornerstone Investors agrees, covenants with and undertakes to the Company, the Joint Representatives and the Joint Sponsors that without the prior written consent of each of the Company, the Joint Representatives and the Joint Sponsors, the Cornerstone Investor will not, whether directly or indirectly, at any time during the period of six (6) months from the Listing Date, directly or indirectly, (i) dispose of, in any way, any Shares subscribed by the Cornerstone Investor under the cornerstone investment agreement or any interest in any company or entity holding any such Shares; (ii) allow itself to undergo a change of control (as defined in The Codes on Takeovers and Mergers and Share Buy-backs promulgated by the SFC) at the level of its ultimate beneficial owner; or (iii) enter into any transactions directly or indirectly with the same economic effect as any aforesaid transaction.

You should read the following discussion and analysis in conjunction with our audited combined financial information set forth in our Accountants' Report in Appendix I to this Prospectus. Our audited combined financial information was prepared in accordance with the HKFRSs, which may differ in material aspects from generally accepted accounting principles in other jurisdictions.

The following discussion and analysis contain certain forward-looking statements which involve risks and uncertainties. These forward-looking statements are based on assumptions and analysis we made in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth under the section headed "Risk Factors" and elsewhere in this Prospectus.

OVERVIEW

We are a comprehensive property management service provider managing both commercial and residential properties in China. We had a large contracted property management portfolio encompassing 55 cities across 18 provinces, municipalities and autonomous regions in China as of the Latest Practicable Date. As of December 31, 2020, we had 104 commercial and residential projects under management, with an aggregate GFA under management of approximately 16.2 million sq.m. and an aggregate contracted GFA of approximately 36.6 million sq.m.

During the Track Record Period, our revenue from commercial property management and operational services increased from RMB152.3 million in 2018 to RMB373.0 million in 2020, constituting 38.4% and 46.3% of our total revenue in the respective periods. We expect the percentage share of revenue from our commercial property management and operational services to continue to increase in the future given our strategic focus on developing the commercial property management and operational services segment.

With over 18 years of experience in providing property management services in China, we have built a trusted brand image and reputation for quality services in China. For instance, we were named the sixth in the "2020 China Commercial Real Estate Brand Value Top 10" (2020中國商業地產公司品牌價值TOP10) by CIA, earned the "2019 "Time Coordinates" Outstanding Commercial Property Operator of the Year" (2019"時代座標"年度商業地產優秀運營商) by Winshang.com and "Leading Enterprise in Quality Property Service in China 2019" (2019品質物業服務領先企業) by CIA.

We experienced rapid growth during the Track Record Period in revenue, net profit, aggregate GFA under management, and aggregate contracted GFA. Our revenue increased by 44.9% from RMB396.5 million in 2018 to RMB574.5 million in 2019. Our net profit increased by 122.0% from RMB34.8 million in 2018 to RMB77.3 million in 2019. Our revenue increased by 40.2% from RMB574.5 million in 2019 to RMB805.3 million in 2020, while our net profit increased by 110.2% from RMB77.3 million in 2019 to RMB162.5 million in 2020. Our aggregate GFA under management increased from approximately 10.6 million sq.m. as of December 31, 2018 to approximately 11.8 million sq.m. as of December 31, 2019, and further to approximately 16.2 million sq.m. as of December 31, 2020. Our aggregate contracted GFA increased from approximately 17.9 million sq.m. as of December 31, 2018 to approximately 22.5 million sq.m. as of December 31, 2019 and further to approximately 36.6 million sq.m. as of December 31, 2020.

BASIS OF PRESENTATION

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability on August 20, 2019. Pursuant to the Reorganization before the Listing, our Company became the holding company of the companies comprising our Group and certain commercial property management and operational services operated by the business units of certain subsidiaries of China SCE Group Holdings not comprising our Group were under the common control of China SCE Group Holdings, being the ultimate holding company, before and after the Reorganization. For further details of our Reorganization, see “History, Reorganization and Corporate Structure” in this prospectus.

Our historical financial information has been prepared as if our Company had always been the holding company of the companies now comprising our Group and the current group structure had been in existence throughout the Track Record Period, taking into account the respective dates of the incorporation of our subsidiaries.

Our combined financial statements were prepared on a historical cost basis in accordance with the HKFRSs issued by the HKICPA. In addition, our combined financial statements have included the applicable disclosure requirements under the Listing Rules and the Companies Ordinance. For more information on the basis of presentation of the financial information included in this section, please see “Accountants’ Report—Notes to Historical Financial Information—2.1 Basis of Presentation” in Appendix I to this Prospectus.

KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our results of operations have been and will continue to be affected by a number of factors, some of which are beyond our control, including those factors set out in the section headed "Risk Factors" in this Prospectus and those set out below. Accordingly, our historical financial results may not be indicative of our future performance and our management's assessment of the prospects of our Group. The key factors affecting our results of operations include, among other factors, the following:

Contracted GFA and GFA under Management

Our results of operations are affected by the amount of contracted GFA and GFA under management. According to JLL, our total GFA under management ranked 15th among property management companies with commercial property management and operational services in China as of December 31, 2020.

During the Track Record Period, we generated the majority of our revenue from the provision of property management services to commercial and residential properties. Accordingly, our business and results of operations depend on our ability to maintain and grow our contracted GFA, which in turn is affected by our ability to obtain new service contracts through organic growth or to acquire existing property management companies. As of December 31, 2018, 2019 and 2020, the aggregate contracted GFA of our commercial properties amounted to 0.7 million sq.m., 1.6 million sq.m. and 4.4 million sq.m., respectively; and the aggregate contracted GFA of our residential properties amounted to 17.2 million sq.m., 20.9 million sq.m. and 32.2 million sq.m., respectively.

As contracted but undelivered GFA does not generate management services fees, our financial position and results of operations are directly affected by our GFA under management. Our GFA under management for commercial properties amounted to 0.7 million sq.m., 0.7 million sq.m. and 1.0 million sq.m. as of December 31, 2018, 2019 and 2020, respectively; and that for residential properties amounted to 9.9 million sq.m., 11.1 million sq.m. and 15.2 million sq.m. as of December 31, 2018, 2019 and 2020, respectively.

In addition, the demand for our value-added services was also driven in a large part by our GFA under management. Accordingly, our ability to maintain and grow our contracted GFA and GFA under management would have a significant impact on our results of operations.

Business Mix

Our results of operations are affected by our business mix. During the Track Record Period, we operated different business lines under our two business segments, namely commercial property management and operational service segment and residential property management service segment. Our profit margin varies across different business lines and depends on types of products and services we offer under different contractual arrangements. In general, the gross profit margin of our commercial property management and operational service segment was higher than that of our residential property management service segment during the Track Record Period. In particular, our gross profit margin had been impacted by the commencement of our pre-opening management services for commercial property developers in 2019, which generally had high margins in comparison with other services because pre-opening services were generally more complex and less labor-intensive comparing to other types of property management services. As a result, any change in the structure of revenue contribution from these two business segments may have a corresponding impact on our overall profit margin.

The table below sets forth the revenue contribution by each business segment for the years indicated:

	For the year ended December 31,					
	2018		2019		2020	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Commercial property management and operational services	152,262	38.4	241,116	42.0	373,036	46.3
Residential property management services	244,245	61.6	333,401	58.0	432,248	53.7
Total	**396,507**	**100.0**	**574,517**	**100.0**	**805,284**	**100.0**

The following table sets forth the gross profit contribution by business segment and the respective gross profit margin for the years indicated:

	For the year ended December 31,					
	2018		2019		2020	
	Gross profit	**Gross profit margin**	**Gross profit**	**Gross profit margin**	**Gross profit**	**Gross profit margin**
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Commercial property management and operational services	72,509	47.6	123,748	51.3	220,089	59.0
Residential property management services	64,486	26.4	88,542	26.6	136,488	31.6
Total	**136,995**	**34.6**	**212,290**	**37.0**	**356,577**	**44.3**

Brand Positioning and Pricing of Our Services

With over 18 years of experience in providing property management services in China, we have built a trusted brand image and reputation for quality services in China, which positively impacts on our ability to maintain and increase our fee rates we charged for our services. According to CIA, in 2020, we ranked 32nd among Top 100 Property Management Companies in China (中國物業服務百強企業) in terms of overall strength, based on data from the previous year on key factors such as scale of operations, financial performance, service quality, growth potential and social responsibility.

Our strong market position is attested to by our average property management fee for commercial properties. For the years ended December 31, 2018, 2019 and 2020 our average property management fee per sq.m. for basic commercial property management services was RMB31.2, RMB29.5 and RMB27.7, respectively. According to JLL, in 2018, 2019 and 2020, our average property management fee per sq.m. for basic commercial property management services was higher than all listed Chinese property management companies that disclosed such information.

We generally price our services by taking into account a number of factors. For commercial property management and operational services, we generally price our services with reference to, among others, (i) brand, size and location of a commercial property; (ii) availability of utilities; (iii) level of complexity in tenant sourcing; (iv) the service period, and (v) the fees charged by independent third parties to adjacent comparable commercial properties. For residential property management services, we generally price our services with reference to, among others, the types and locations of the properties, the scope and quality of the services proposed, the budgeted expenses, the target profit margins, the profiles of the property owners and residents, the local government's guidance price on property management fees (where applicable), and the pricing of comparable properties when determining the property management fee. Failure to balance various factors in determining our pricing could materially and adversely affect our financial condition and results of operations.

Ability to Mitigate the Impact of Rising Labor Costs and Subcontracting Costs

Our labor costs and subcontracting costs in aggregate constitute a substantial portion of our cost of sales and accounted for 87.9%, 88.2% and 89.6% of our total costs of sales in 2018, 2019 and 2020, respectively. We outsource certain services, such as cleaning, security, landscaping, and repair and maintenance services, to subcontractors in order to lower our cost of sales and improve our service quality. Our subcontractors specialize in the services they perform, which helps improve our operational efficiency. We believe that such subcontracting arrangements allow us to leverage the human resources and technical expertise of our subcontractors, reduce our labor costs and enhance our overall profitability. During the Track Record Period, our labor costs and subcontracting costs increased substantially as a result of the expansion of our business as well as increases in minimum wages and the market price for workers in real estate industry resulting from the development of economy. Any significant increase in our labor costs and subcontracting costs may negatively affect our profit margin and reduce our profitability.

Competition

The property management industry in the PRC is intensely competitive and highly fragmented with a few large companies and numerous smaller market participants. Large companies with professional knowledge, financial strength and background or affiliation with property developers are more competitive and are at a more advantageous position in the market. According to the JLL Report, we primarily compete against large national, regional and local property management companies. Our ability to effectively compete with our competitors and maintain or improve our market position is therefore important and depends on our ability to differentiate our Company from our competitors in the industry through ensuring our service quality and consistency. Our ability to maintain such position will affect our ability to source new projects and renew existing property management contracts and to expand both the number of property projects we manage and GFA under management. If we fail to source new and renew existing property management contracts and expand the number of projects and GFA under management and services, the growth and profitability of our business may be adversely impacted. For more details about the industry and markets that we operate in, see "Industry Overview" and "Business—Competition."

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

We have identified certain accounting policies that are significant to the preparation of our combined financial statements. Some of our accounting policies involve subjective assumptions and estimates, as well as complex judgments relating to accounting items. We set out below some of the accounting policies and estimates that we believe are of critical importance to us or involve the most significant estimates and judgments used in the preparation of our financial statements. Our significant accounting policies, judgments and estimates, which are important for understanding our financial condition and results of operations, are set out in further details in Notes 2.4 and 3 to our combined financial statements in the Accountants' Report in Appendix I to this Prospectus.

Revenue Recognition

We provide commercial property management and operational services and residential property management services. Revenue from contracts with customers is recognized when control of goods or services is transferred to the customers at an amount that reflects the consideration to which we expect to be entitled in exchange for those goods or services.

Commercial Property Management and Operational Services

Under our commercial property management and operational service segment, we provide (i) basic commercial property management services, such as cleaning, security, repair and maintenance, tenant assistance, marketing and promotion services; (ii) pre-opening management service, including market research and positioning, preliminary consulting and planning, architectural design consultation, tenant sourcing and opening preparation services; and (iii) other value-added services, such as tenant management, rent collection, car park management, advertising spaces and other common area management services and property leasing services.

For basic commercial property management services, we bill certain percentages of the rent collected from tenants on behalf of the landlord for services provided on a monthly basis and recognize as revenue in the amount to which we have a right to invoice and that corresponds directly with the value of performance completed.

For pre-opening management services, we generally recognize revenue at the point in time when services have been provided and we have a present right to payment for the services.

For other value-added services, we generally recognize revenue when the related services are rendered and the customer simultaneously receives and consumes the benefits provided by us, except for revenue from our property leasing services, which is recognized as rental income on a time proportion basis over the lease terms.

Residential Property Management Services

Under our residential property management service segment, we provide (i) basic residential property management services, primarily cleaning, security, landscaping and repair and maintenance services; (ii) value-added services to non-property owners, primarily pre-sale management services to property developers during their pre-sale activities, such as cleaning, security and maintenance services for pre-sale display units and sales offices, and pre-delivery inspection services; and (iii) community value-added services, primarily housekeeping and cleaning services, and car park management, clubhouse operation and common area value-added services.

For basic residential property management services, we charge property management fees on a lump sum basis and recognize as revenue the full amount of property management fees we charge to the property owners and property developers. As basic property management services are performed by an indeterminate number of acts over a specified period of time, we recognize revenue on a straight-line basis over the specified period and the corresponding cost of sales as incurred in connection with performing such services.

For value-added services to non-property owners, we recognize revenue over the scheduled period on a straight-line basis because the customer simultaneously receives and consumes the benefits provided by us.

For community value-added services, we recognize revenue when the related services are rendered and the customer simultaneously receives and consumes the benefits provided by us.

Contract Liabilities

We recognize contract liability when a payment is received or a payment is due (whichever is earlier) from a customer before we transfer the related goods or services. Contract liabilities are reversed and the amounts recognized as revenue when we perform under the contract (i.e. transfers control of the related goods or services to the customer).

Impairment of Trade Receivables

We recognize an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that we expect to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade receivables that do not contain a significant financing component or when we apply the practical expedient of not adjusting the effect of a significant financing component, we apply the simplified approach in calculating ECLs. Under the simplified approach, we do not track changes in credit risk, but instead recognize a loss allowance based on lifetime ECLs at each reporting date. We have established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Goodwill

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognized for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognized in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. We perform annual impairment test of goodwill as of December 31. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of our cash-generating units ("CGUs"), or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether our other assets or liabilities are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the CGU (group of CGUs) to which the goodwill relates. Where the recoverable amount of the CGU (group of CGUs) is less than the carrying amount, an impairment loss is recognized. An impairment loss recognized for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a CGU (or group of CGUs) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the CGU retained.

Impairment testing on goodwill

During the year ended December 31, 2020, we completed the acquisition of Kunshan Honghui Property Management Company Limited ("Kunshan Honghui") for a cash consideration of RMB3,500,000, which resulted in the recognition of goodwill of RMB748,000.

The recoverable amount of this Kunshan Honghui CGU has been determined based on a value-in-use calculation using cash flow projections based on financial budgets covering a five-year period approved by our management. The discount rate applied to the cash flow projections is 23.8% per annum. The growth rate used to extrapolate the cash flows beyond the five-year period is 2.5%.

Cash flow projections during the budget period for this CGU are based on our management's estimate of cash inflows/outflows including revenue, operating expenses and working capital requirements. The assumptions and estimation are based on the past performance of the CGU and the management's expectation of market development. Our management believes that any reasonably possible change in the key assumptions of the value-in-use calculation would not cause the carrying amount to exceed recoverable amount of the CGU.

Assumptions were used in the value-in-use calculation of the CGU as of December 31, 2020. The following describes each key assumption on which our management has based its cash flow projections to undertake impairment testing of goodwill:

- Discount rate – The discount rate used is before tax and reflects specific risks relating to the relevant unit.

- Annual revenue growth rate – The predicted revenue growth rate of the CGU for the five-year period subsequent to the date of fair value assessment is one of the assumptions used in the value-in-use calculation.

Current and Deferred Income Tax

We are subject to corporate income taxes in the PRC. We exercise judgment in determining the amount of the provision for taxation and the timing of payment of the related taxations. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business, and we record an estimated liability in that period for the estimated tax. Where the final tax outcome of these matters is different from the amounts that were initially recorded, we record an adjustment in the income tax and deferred tax provisions in the period in which such determination is made.

Adoption of HKFRS 9, HKFRS 15 and HKFRS 16

Our historical financial information has been prepared based on the underlying financial statements, in which HKFRS 9 "Financial Instruments" and HKFRS 15 "Revenue from contracts with customers" and HKFRS 16 "Leases" have been applied consistently throughout the Track Record Period. As compared to HKAS 39, HKAS 18 and HKAS 17, the adoption of HKFRS 9, HKFRS 15 and HKFRS 16 did not have a significant impact on our financial position, performance or key financial ratios during the Track Record Period.

RESULTS OF OPERATIONS

The following table sets forth a summary of our combined statements of profit or loss and other comprehensive income for the years indicated:

	Year ended December 31,		
	2018	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*
Revenue	396,507	574,517	805,284
Cost of sales	(259,512)	(362,227)	(448,707)
Gross profit	136,995	212,290	356,577
Selling and marketing expenses	(12,426)	(12,222)	(5,351)
Administrative expenses	(76,174)	(98,533)	(135,295)
Other income and gains	2,383	5,391	6,817
Finance cost	(114)	(112)	(43)
Share of loss of a joint venture	–	–	(25)
Profit before tax	50,664	106,814	222,680
Income tax expense	(15,844)	(29,516)	(60,170)
Profit for the year	**34,820**	**77,298**	**162,510**
Other comprehensive loss			
Exchange differences on translation of foreign operations	–	(1)	(9,676)
Total comprehensive income for the year	**34,820**	**77,297**	**152,834**
Total comprehensive income attributable to:			
Owners of the parent	27,407	70,048	146,053
Non-controlling interests	7,413	7,249	6,781
	34,820	77,297	152,834

Revenue

During the Track Record Period, we generated revenue mainly from the following two business segments:

- Commercial property management and operational services, which primarily include (i) basic commercial property management services, such as cleaning, security, repair and maintenance, tenant assistance, marketing and promotion services; (ii) pre-opening management service, including market research and positioning, preliminary consulting and planning, architectural design consultation, tenant sourcing and opening preparation services; and (iii) other value-added services, such as tenant management, rent collection, car park management, advertising spaces and other common area management services and property leasing services. Our revenue generated from commercial property management and operational services contributed approximately 38.4%, 42.0%, and 46.3% of our total revenue for the years ended December 31, 2018, 2019 and 2020, respectively; and

- Residential property management services, which primarily include (i) basic residential property management services, primarily cleaning, security, landscaping and repair and maintenance services; (ii) value-added services to non-property owners, primarily pre-sale management services to property developers during their pre-sale activities, such as cleaning, security and maintenance services for pre-sale display units and sales offices, and pre-delivery inspection services; and (iii) community value-added services, primarily housekeeping and cleaning services, and car park management, clubhouse operation and common area value-added services. Our revenue generated from residential property management services contributed approximately 61.6%, 58.0%, and 53.7% of our total revenue for the years ended 2018, 2019 and 2020, respectively.

The following table sets forth the breakdown of our revenue by business segment and type of customer for the years indicated:

	Year ended December 31,					
	2018		2019		2020	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Commercial property management and operational services						
China SCE Group	38,077	9.6	94,064	16.4	212,913	26.4
Joint ventures or associates of China SCE Group(1)	4,337	1.1	20,169	3.5	34,539	4.3
Independent Third Parties	109,848	27.7	126,883	22.1	125,584	15.6
Subtotal	152,262	38.4	241,116	42.0	373,036	46.3
Residential property management services						
China SCE Group	27,565	7.0	73,525	12.8	101,533	12.6
Joint ventures or associates of China SCE Group(1)	2,092	0.5	11,909	2.0	27,044	3.4
Independent Third Parties	214,588	54.1	247,967	43.2	303,671	37.7
Subtotal	244,245	61.6	333,401	58.0	432,248	53.7
Total	**396,507**	**100.0**	**574,517**	**100.0**	**805,284**	**100.0**

Note:

(1) Refer to joint ventures or associates of China SCE Group and other entities controlled by Mr. Wong's family.

The table below sets forth a breakdown of our total revenue by service category for the years indicated:

	For the year ended December 31,					
	2018		2019		2020	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Commercial property management and operational services						
Basic commercial property management services	108,058	27.3	119,584	20.8	123,662	15.3
Pre-opening management services	–	–	57,739	10.1	193,891	24.1
Other value-added services	44,204	11.1	63,793	11.1	55,483	6.9
Residential property management services						
Basic residential property management services	215,000	54.2	244,716	42.6	294,230	36.5
Value-added services to non-property owners	14,510	3.7	73,094	12.7	113,178	14.1
Community value-added services	14,735	3.7	15,591	2.7	24,840	3.1
Total	**396,507**	**100.0**	**574,517**	**100.0**	**805,284**	**100.0**

Commercial Property Management and Operational Services Segment

The following table sets forth a further breakdown of our revenue from commercial property management and operational services by type of service for the years indicated:

	Year ended December 31,					
	2018		**2019**		**2020**	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Basic commercial property management services	108,058	71.0	119,584	49.6	123,662	33.1
Pre-opening management services	–	–	57,739	23.9	193,891	52.0
Other value-added services	44,204	29.0	63,793	26.5	55,483	14.9
Total	**152,262**	**100.0**	**241,116**	**100.0**	**373,036**	**100.0**

Revenue from commercial property management and operational services generally increased during the Track Record Period, primarily driven by the increase in total GFA under management as a result of our business expansion and the increase of number of properties that utilized our commercial value-added services. Our total GFA under management under commercial property management and operational services segment increased from approximately 0.7 million sq.m. as of December 31, 2018 and 2019 to approximately 1.0 million sq.m. as of December 31, 2020. The number of properties that engaged us to provide pre-opening management services (including properties that were not yet under our management but engaged us to provide pre-opening management services) and contributed revenue for the respective period increased from seven in 2019 to 22 in 2020. Our revenue from other value-added services generally increased from 2018 to 2019 in line with our business expansion, but decreased in 2020 primarily due to the outbreak of the COVID-19 pandemic, which led to the closure and reduced opening hours of several of our commercial properties under management from February to April, 2020 and therefore reduced demand for our other value-added services, such as the demand for car parks, advertising space, as well as other common area management services as a result of reduced visitor traffic. See "Summary—Recent Developments and No Material Adverse Change—COVID-19 Pandemic" and "Business—Effects of the COVID-19 Outbreak" for details.

During the Track Record Period, substantially all of our revenue from commercial property management and operational services segment was derived from commercial properties that are either (i) developed by China SCE Group or (ii) jointly developed by China SCE Group and other property developers.

The table below sets forth a breakdown of the number of commercial properties we managed, our total GFA under management as of the dates indicated, and revenue generated from commercial property management and operational services by type of developer for the years indicated:

	As of or for the year ended December 31,											
	2018				2019				2020			
	Number of Projects	GFA	Revenue		Number of Projects	GFA	Revenue		Number of Projects	GFA	Revenue	
		sq.m.	*RMB'000*	*%*		*sq.m.*	*RMB'000*	*%*		*sq.m.*	*RMB'000*	*%*
Projects developed by China SCE Group[(1)]	4	354,003	104,838	68.9	4	354,003	182,442	75.7	7	539,489	311,130	83.4
Jointly Developed Projects[(2)]	2	344,996	47,424	31.1	2	344,996	58,674	24.3	3	450,286	59,548	16.0
Projects developed by property developers which are non-China SCE Group and its joint ventures and associates[(3)]	–	–	–	–	–	–	–	–	–	–[(4)]	2,358	0.6
Total	**6**	**698,999**	**152,262**	**100.0**	**6**	**698,999**	**241,116**	**100.0**	**10**	**989,775**	**373,036**	**100.0**

Notes:

(1) Refer to properties solely developed by China SCE Group, as well as properties jointly developed by China SCE Group and other property developers where China SCE Group held a controlling interest in such properties.

(2) Refer to projects jointly developed by China SCE Group and other property developers where China SCE Group did not hold a controlling interest in such properties.

(3) Refers to properties solely developed by property developers which are non-China SCE Group and its joint ventures and associates.

(4) The GFA under management was nil because we only provided operation consultancy services (i.e. market research and positioning services and tenant sourcing services under our pre-opening services segment) for these projects developed by property developers which are non-China SCE Group and its joint ventures and associates in 2020.

Basic Commercial Property Management Services

Our basic commercial property management services are primarily cleaning, security, repair and maintenance, tenant assistance, marketing and promotion services offered to property developers, owners and tenants. In 2018, 2019 and 2020, revenue derived from basic commercial property management services accounted for approximately 71.0%, 49.6%, and 33.1%, respectively, of our total revenue from commercial property management and operational services segment for the same periods. The increase in our overall revenue from commercial property management services during the Track Record Period was primarily driven by the increase in our total GFA under management during the respective periods from which we could collect services fees. Our total GFA under management under commercial property management and operational services segment increased from approximately 0.7 million sq.m. as of December 31, 2018 and 2019 to approximately 1.0 million sq.m. as of December 31, 2020.

Pre-opening Management Services

Our pre-opening management services primarily include market research and positioning, preliminary consulting and planning, architectural design consultation, tenant sourcing and opening preparation services offered to property developers prior to the opening of the commercial property. We began to offer pre-opening management services in 2019. In 2019 and 2020, revenue derived from pre-opening management services accounted for approximately 23.9% and 52.0%, respectively, of our total revenue from commercial property management and operational services segment for the same periods. The increase in our revenue from pre-opening management services since we started this business was primarily due to increase in the number of commercial properties that engaged us to provide pre-opening management services. The number of commercial properties that had engaged us to provide pre-opening management services and contributed revenue for the respective period increased from seven in 2019 to 22 in 2020.

Other Value-added Services

Our other value-added services primarily include tenant management, rent collection, car park management, advertising spaces and other common area management services rendered after the opening of the commercial property. In 2018, 2019 and 2020, revenue derived from other value-added services accounted for approximately 29.0%, 26.5%, and 14.9%, respectively, of our total revenue from commercial property management and operational services segment for the same periods. The increase in our revenue from other value-added services from 2018 to 2019 was primarily due to the addition of certain properties under management that made revenue contribution for less than six months in 2018. The decrease in our revenue from other value-added services in 2020 was primarily attributable to the outbreak of the COVID-19 pandemic, which led to the closure and reduced opening hours of several of our commercial properties under management from February to April, 2020 and therefore reduced demand for our other value-added services, such as the demand for car parks, advertising space, as well as other common area management services as a result of reduced visitor traffic. See "Summary—Recent Developments and No Material Adverse Change—COVID-19 Pandemic" and "Business—Effects of the COVID-19 Outbreak" for details.

Residential Property Management Services Segment

During the Track Record Period, we provided (i) basic residential property management services, primarily cleaning, security, landscaping and repair and maintenance services; (ii) value-added services to non-property owners, primarily pre-sale management services to property developers during their pre-sale activities, such as cleaning, security and maintenance services for pre-sale display units and sales offices, and pre-delivery inspection services; and (iii) community value-added services, primarily housekeeping and cleaning services, and car park management, clubhouse operation and common area value-added services. The table below sets forth the breakdown of our revenue from the residential property management service segment by type of service for the years indicated:

	Year ended December 31,					
	2018		**2019**		**2020**	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Basic residential property management services	215,000	88.0	244,716	73.4	294,230	68.1
Value-added services to non-property owners	14,510	5.9	73,094	21.9	113,178	26.2
Community value-added services	14,735	6.1	15,591	4.7	24,840	5.7
Total	**244,245**	**100.0**	**333,401**	**100.0**	**432,248**	**100.0**

During the Track Record Period, we derived a majority of revenue in our residential property management services segment from residential properties that were either (i) developed by China SCE Group or (ii) jointly developed by China SCE Group and other property developers, which accounted for approximately 98.6%, 98.9%, and 97.7% of our total revenue from our residential property management services segment in 2018, 2019 and 2020, respectively.

The table below sets forth a breakdown of the number of residential properties we managed, our total GFA under management as of the dates, and revenue generated from residential property management services by type of developer for the years indicated:

	As of or for the year ended December 31,											
	2018				2019				2020			
	Number of Projects	GFA	Revenue		Number of Projects	GFA	Revenue		Number of Projects	GFA	Revenue	
		sq.m.	*RMB'000*	*%*		*sq.m.*	*RMB'000*	*%*		*sq.m.*	*RMB'000*	*%*
Projects developed by China SCE Group[(1)]	53	9,795,497	238,559	97.7	59	10,540,429	316,096	94.8	79	13,685,928	391,871	90.6
Jointly Developed Projects[(2)]	–	–	2,196	0.9	1	354,300	13,512	4.1	5	1,009,585	30,594	7.1
Projects developed by property developers which are non-China SCE Group and its joint ventures and associates[(3)]	2	88,531	3,490	1.4	3	178,843[(4)]	3,793	1.1	10	559,455	9,783	2.3
Total	**55**	**9,884,028**	**244,245**	**100.0**	**63**	**11,073,572**	**333,401**	**100.0**	**94**	**15,254,968**	**432,248**	**100.0**

Notes:

(1) Refers to properties solely developed by China SCE Group, as well as properties jointly developed by China SCE Group and other property developers where China SCE Group held a controlling interest in such properties.

(2) Refers to projects jointly developed by China SCE Group and other property developers where China SCE Group did not hold a controlling interest in such properties. As we provided value-added services to non-property owners to some of these projects before their delivery, we recorded revenue from such services despite not having any GFA under management for some of the periods.

(3) Refers to properties solely developed by property developers which are non-China SCE Group and its joint ventures and associates.

(4) As we only started to manage some of our new projects during the latter half of the relevant year, revenue from such projects during the relevant year or period might be less than the increase in our year-end GFA might suggest.

Basic Residential Property Management Services

Our basic residential property management services mainly include cleaning, security, landscaping and repair and maintenance services provided to property owners, owners' associations or property developers. In 2018, 2019 and 2020, revenue derived from basic residential property management services accounted for approximately 88.0%, 73.4% and 68.1%, respectively, of our total revenue from residential property management service segment for the same periods. The increase in our revenue from basic residential property management services during the Track Record Period were primarily attributable to the increase in our total GFA under management over the same periods. Our total GFA under management under residential property management services segment increased from approximately 9.9 million sq.m. as of December 31, 2018 to approximately 11.1 million sq.m. as of December 31, 2019, and further increased to approximately 15.2 million sq.m. as of December 31, 2020.

Value-added Services to Non-property Owners

Our value-added services to non-property owners primarily include pre-sale management services to property developers during their pre-sale activities, such as cleaning, security and maintenance services for pre-sale display units and sales offices, and pre-delivery inspection services. In 2018, 2019 and 2020, revenue derived from value-added services to non-property owners accounted for approximately 5.9%, 21.9% and 26.2%, respectively, of our total revenue from residential property management service segment for the same periods. The increase in our revenue from value-added services to non-property owners during the Track Record Period were primarily attributable to the increase in the number of properties that engaged us to provide pre-sale management services, as we provided pre-sale management services to 58, 77 and 102 properties as of December 31, 2018, 2019 and 2020, respectively. Our revenue from value-added services to non-property owners also increased significantly in 2019 because we expanded the scope of our services offered under pre-sale management services to include the provision of cleaning, security and maintenance services for pre-sale display units and sales offices, whereas in the past we were generally only engaged to supervise the performance of such functions. During the Track Record Period, substantially all of our value-added services to non-property owners were provided to the China SCE Group and its joint ventures and associates. We expanded our service scope as part of China SCE Group's overall strategy to enhance cost control and improve operational efficiency. Prior to the change in work arrangement, China SCE Group either used its own employees or hired subcontractors to provide cleaning, security and maintenance services for pre-sale display units and sales offices during pre-sale activities, and we were engaged only to supervise the work performed by such employees or subcontractors (i.e. check the quality of the work, make suggestions or comments for improvement, correct issues found, and file report to the property developer regarding major issues) to make sure the work qualify satisfied the required standard, and a fee would be paid to us only relating to the supervision work. After the change in work arrangement, China SCE Group will pay a lump sum to us and will no longer be involved in the day-to-day management of the pre-sale display units and sales offices during pre-sale activities; instead, we will use our employees or hire subcontractors to provide cleaning, security and maintenance services for the pre-sale display units and sales offices, in addition to the supervision of such services. Overall, for comparable projects, our revenue and gross profit would increase under the new work arrangement due to the increase in work scope, but our gross profit margin would decrease due to the increase in cost of sales.

Community Value-added Services

Our community value-added services primarily include housekeeping and cleaning services, and car park management, clubhouse operation and common area management value-added services. In 2018, 2019 and 2020, revenue derived from community value-added services accounted for approximately 6.1%, 4.7% and 5.7%, respectively, of our total revenue from residential property management service segment for the same periods. The increase in our revenue from community value-added services from 2018 to 2019 were primarily attributable to the increase in the number of properties we managed, as our number of residential properties under management increased from 55 as of December 31, 2018 to 63 as of December 31, 2019, which led to an increase in demand for our housekeeping and cleaning services, as well as an increase in the GFA of common area and the number of car parks under our management. The increase in our revenue from community value-added services in 2020 was primarily attributable to the increase in the number of properties we managed, as our number of residential properties under management increased from 63 as of December 31, 2019 to 94 as of December 31, 2020, partially offset by the outbreak of the COVID-19 pandemic, which led to an overall decrease in community activities and therefore reduced demand for our community value-added services, such as the demand for housekeeping and cleaning services, car parks and other common area services due to travel restrictions and social distancing measures. See "Summary—Recent Developments and No Material Adverse Change—COVID-19 Pandemic" and "Business—Effects of the COVID-19 Outbreak" for details.

Revenue by Geographic Region

As of the Latest Practicable Date, our operations covered five major geographic regions in the PRC, namely Western Taiwan Straits Economic Zone, Yangtze River Delta Economic Zone, Bohai Rim Economic Zone, Central Western Region and the Guangdong-Hong Kong-Macau Greater Bay Area. The following table sets forth a breakdown of our revenue by geographic region for the years indicated:

	For the year ended December 31,					
	2018		2019		2020	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Western Taiwan Straits Economic Zone	251,750	63.5	279,623	48.7	321,273	39.9
Yangtze River Delta Economic Zone	68,651	17.3	179,211	31.2	317,322	39.4
Bohai Rim Economic Zone	61,259	15.4	82,830	14.4	111,988	13.9
Central Western Region	2,356	0.6	14,161	2.5	30,655	3.8
Guangdong-Hong Kong-Macau Greater Bay Area	12,491	3.2	18,692	3.2	24,046	3.0
Total	**396,507**	**100.0**	**574,517**	**100.0**	**805,284**	**100.0**

During the Track Record Period, property projects managed by us were primarily located in Western Taiwan Straits Economic Zone and Yangtze River Delta Economic Zone and the revenue generated from these areas continued to increase. We also expanded our operations in other areas in China, including Bohai Rim Economic Zone, Central Western Region and the Guangdong-Hong Kong-Macau Greater Bay Area. While we expect that our nationwide expansion will continue, we also expect our managed properties in Western Taiwan Straits Economic Zone and Yangtze River Delta Economic Zone will continue to account for a significant portion of our operations for the foreseeable future.

Cost of Sales

Cost of Sales by Nature

Our cost of sales consists of salaries and wages, subcontracting costs, water and electricity costs, material costs, event costs and others. The following table sets forth a breakdown of our cost of sales by nature for the years indicated:

	Year ended December 31,					
	2018		**2019**		**2020**	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Salaries and wages	154,474	59.5	212,966	58.8	265,989	59.3
Subcontracting costs	73,641	28.4	106,580	29.4	135,781	30.3
Water and electricity	23,327	9.0	32,792	9.1	29,604	6.6
Material costs	1,913	0.7	1,937	0.5	3,126	0.7
Event cost	2,010	0.8	2,098	0.6	11,061	2.4
Others(1)	4,147	1.6	5,854	1.6	3,146	0.7
Total	**259,512**	**100.0**	**362,227**	**100.0**	**448,707**	**100.0**

Note:

(1) Others is primarily insurance, renovation costs and consultancy fees.

During the Track Record Period, key factors affecting our cost of sales were salaries and wages, subcontracting costs, and water and electricity costs. The increase in salaries and wages during the Track Record Period were mainly due to the increase in the number of our personnel in line with our business expansion and the increase in the average salary level. The increase in subcontracting costs during the Track Record Period was mainly due to the increase in the amount of subcontracting services we used, which was in line with our business expansion. The water and electricity costs increased from 2018 to 2019 mainly due to the increase in our aggregate GFA under management, but decreased in 2020 as a result of the outbreak of the COVID-19 pandemic, which led to the closure and reduced opening hours of several of our commercial properties under management from February to April 2020 and therefore reduced our consumption of water and electricity.

Cost of Sales by Business Segment

The following table sets forth a breakdown of our cost of sales by business segment for the years indicated:

	Year ended December 31,					
	2018		2019		2020	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Commercial property management and operational services	79,753	30.7	117,368	32.4	152,947	34.1
Residential property management services	179,759	69.3	244,859	67.6	295,760	65.9
Total	**259,512**	**100.0**	**362,227**	**100.0**	**448,707**	**100.0**

Gross Profit and Gross Profit Margin

Our gross profit in 2018, 2019 and 2020 amounted to RMB137.0 million, RMB212.3 million and RMB356.6 million, respectively. During the same periods, our gross profit margin was 34.6%, 37.0% and 44.3%, respectively. The following table sets forth the breakdown of our gross profit and gross profit margin by business segment for the years indicated:

	For the year ended December 31,					
	2018		2019		2020	
	Gross profit	**Gross profit margin**	**Gross profit**	**Gross profit margin**	**Gross profit**	**Gross profit margin**
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Commercial property management and operational services	72,509	47.6	123,748	51.3	220,089	59.0
Residential property management services	64,486	26.4	88,542	26.6	136,488	31.6
Total	**136,995**	**34.6**	**212,290**	**37.0**	**356,577**	**44.3**

The table below sets forth a breakdown of our gross profit and gross profit margin from commercial property management and operational services by service category for the years indicated:

	For the year ended December 31,					
	2018		2019		2020	
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
	RMB'000	%	*RMB'000*	%	*RMB'000*	%
Basic commercial property management services	55,949	51.8	56,230	47.0	57,937	46.9
Pre-opening management services	–	–	35,859	62.1	133,020	68.6
Other value-added services	16,560	37.5	31,659	49.6	29,132	52.5
Total	**72,509**	**47.6**	**123,748**	**51.3**	**220,089**	**59.0**

The table below sets forth a breakdown of our gross profit and gross profit margin generated from residential property management services by service category for the years indicated:

	For the year ended December 31,					
	2018		2019		2020	
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
	RMB'000	%	*RMB'000*	%	*RMB'000*	%
Basic property management services	54,993	25.6	64,558	26.4	93,014	31.6
Value-added services to non-property owners	5,576	38.4	18,691	25.6	35,615	31.5
Community value-added services	3,917	26.6	5,293	33.9	7,859	31.6
Total	**64,486**	**26.4**	**88,542**	**26.6**	**136,488**	**31.6**

The table below sets forth a breakdown of our gross profit and gross profit margin by type of developer for the years indicated:

	For the year ended December 31,					
	2018		2019		2020	
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Commercial property management and operational services						
Projects developed by China SCE Group	44,637	42.6	96,060	52.7	188,553	60.6
Jointly Developed Projects	27,872	58.8	27,688	47.2	29,919	50.2
Projects developed by property developers which are non-China SCE Group and its joint ventures and associates	–	–	–	–	1,617	68.6
Residential property management services						
Projects developed by China SCE Group	63,046	26.4	84,084	26.6	123,999	31.6
Jointly Developed Projects	556	25.3	3,439	25.5	9,831	32.1
Projects developed by property developers which are non-China SCE Group and its joint ventures and associates	884	25.3	1,019	26.9	2,658	27.2
Total	**136,995**	**34.6**	**212,290**	**37.0**	**356,577**	**44.3**

For commercial properties, during the Track Record Period, our gross profit margin for projects developed by China SCE Group was generally higher than our gross profit margin for Jointly Developed Projects, primarily because most of our pre-opening management services were rendered to projects developed by China SCE Group. Our gross profit margin for Jointly Developed Projects decreased from 2018 to 2019 primarily because (i) we granted a one-month fee waiver for tenants of Shanghai SCE Plaza Phase One as part of our promotional initiative in 2019; (ii) we received additional payment from the property developer for the opening preparation of Shanghai SCE Plaza Phase Two delivered in 2018 due to the low occupancy rate expected at the opening of the property; and (iii) a reduction in basic property management fees for certain tenants of Shanghai SCE Plaza Phase Two in 2019 as a result of fee negotiation. Our gross profit margin for projects developed by property developers which are non-China SCE Group and its joint ventures and associates was higher than properties developed by other types of property developers in 2020 because we had provided only consultation services, which had high gross profit margin, to projects developed by property developers which are non-China SCE Group and its joint ventures and associates.

For residential properties, during the Track Record Period, our gross profit margin for properties developed by different types of developers had generally been comparable. Our gross profit margin for residential property management services, across all of projects developed by China SCE Group, Jointly Developed Projects and projects developed by property developers which are non-China SCE Group and its joint ventures and associates, generally increased in 2020 due to reduction in social insurance costs relating to the PRC government policy aimed at mitigating the impact of the COVID-19 outbreak to businesses as well as economies of scale, but the increase in gross profit margin for properties developed by property developers which are non-China SCE Group and its joint ventures and associates lagged behind in terms of relative growth in the gross profit margin primarily because two new management projects (out of a total of ten projects developed by property developers which are non-China SCE Group and its joint ventures and associates under our management as of December 31, 2020) we obtained through acquisition had historically been underperforming and it takes time to consolidate the newly acquired business and streamline its operations to align them with our existing projects, which affected the overall gross profit margin for properties developed by property developers which are non-China SCE Group and its joint ventures and associates.

The table below sets forth a breakdown of our revenue, gross profit and gross profit margin generated from commercial property management and operational services by city tiers for the years indicated:

	For the year ended December 31,								
	2018			2019			2020		
	Revenue	Gross profit	Gross profit margin	Revenue	Gross profit	Gross profit margin	Revenue	Gross profit	Gross profit margin
	RMB'000		*%*	*RMB'000*		*%*	*RMB'000*		*%*
Projects developed by China SCE Group									
Tier one cities	23,018	5,939	25.8	30,835	14,368	46.6	31,571	12,425	39.4
Tier two cities	–	–	–	1,107	696	62.9	30,083	20,133	66.9
Tier three cities	81,820	38,698	47.3	150,500	80,996	53.8	249,476	155,995	62.5
	104,838	44,637	42.6	182,442	96,060	52.7	311,130	188,553	60.6
Jointly Developed Projects									
Tier one cities	47,424	27,872	58.8	58,674	27,688	47.2	58,223	29,892	51.3
Tier two cities	–	–	–	–	–	–	–	–	–
Tier three cities	–	–	–	–	–	–	1,325	27	2.0
	47,424	27,872	58.8	58,674	27,688	47.2	59,548	29,919	50.2
Projects developed by property developers which are non-China SCE Group and its joint ventures and associates									
Tier one cities	–	–	–	–	–	–	–	–	–
Tier two cities	–	–	–	–	–	–	1,572	1,078	68.6
Tier three cities	–	–	–	–	–	–	786	539	68.6
	–	–	–	–	–	–	2,358	1,617	68.6
Total	**152,262**	**72,509**	**47.6**	**241,116**	**123,748**	**51.3**	**373,036**	**220,089**	**59.0**

Note:

For the purpose of this breakdown, tier one cities include Beijing and Shanghai; tier two cities include Xiamen, Chongqing, Nanchang, Fuzhou, Suzhou, Nanjing and Hefei; and tier three cities include Quanzhou, Putian, Taizhou, Heyuan, Pingdingshan, Zhangjiagang, Jieyang, Gaomi, Xiangtan, Tongchuan, Shaoguan, Zhumadian, Chizhou, Meizhou, Shangrao, Nantong and Yangzhou.

For commercial properties, during the Track Record Period, our gross profit margin for projects developed by China SCE Group located in tier two and tier three cities was generally higher than our gross profit margin for projects developed by China SCE Group located in tier one cities and Jointly Developed Projects, primarily because most of our pre-opening management services were rendered to projects developed by China SCE Group located in tier two and tier three cities. Our gross profit margin for projects developed by China SCE Group located in tier one cities was particularly low in 2018 because we conducted major renovation works for Beijing CBD SCE Funworld, the only commercial property under our management located in tier one cities in 2018, thus leading to high cost of sales for the year. Our gross profit margin for projects developed by China SCE Group located in tier one cities also decreased from 2019 to 2020, as we conducted further renovation work for Beijing CBD SCE Funworld. Our gross profit margin for projects developed by China SCE Group located in tier two and tier three cities increased from 2019 to 2020 primarily as a result of the further expansion of our pre-opening management services, an increase in our operational efficiency due to economies of scale, as well as a reduction in social insurance costs due to the PRC government policy aimed at mitigating the impact of COVID-19 to businesses.

Our gross profit margin for Jointly Developed Projects located in tier one cities decreased from 2018 to 2019 primarily because (i) we granted a one-month fee waiver for tenants of Shanghai SCE Plaza Phase One as part of our promotional initiative in 2019; (ii) we received additional payment from the property developer for the opening preparation of Shanghai SCE Plaza Phase Two delivered in 2018 due to the low occupancy rate expected at the opening of the property; and (iii) a reduction in basic property management fees for certain tenants of Shanghai SCE Plaza Phase Two in 2019 as a result of fee negotiation. We recorded insignificant amount of gross profit from Jointly Developed Projects located in tier two cities as Shuitou Funworld, the only Jointly Developed Project located in tier two cities under our management, was delivered to our management in December 2020 and only generated revenue for several days.

Our gross profit margin for projects developed by property developers which are non-China SCE Group and its joint ventures and associates, all of which were located in tier two and tier three cities, was higher than properties developed by other types of property developers in 2020 because we had provided only operation consultation services, which had high gross profit margin, to projects developed by property developers which are non-China SCE Group and its joint ventures and associates.

The table below sets forth a breakdown of our revenue, gross profit and gross profit margin generated from residential property management services by city tiers for the years indicated:

	For the year ended December 31,								
	2018			2019			2020		
	Revenue	Gross profit	Gross profit margin	Revenue	Gross profit	Gross profit margin	Revenue	Gross profit	Gross profit margin
	RMB'000		*%*	*RMB'000*		*%*	*RMB'000*		*%*
Projects developed by China SCE Group									
Tier one cities	25,363	6,768	26.7	38,766	10,447	26.9	47,784	15,170	31.7
Tier two cities	39,469	10,374	26.3	71,645	19,153	26.7	99,740	31,625	31.7
Tier three cities	173,727	45,904	26.4	205,685	54,484	26.5	244,347	77,204	31.6
	238,559	63,046	26.4	316,096	84,084	26.6	391,871	123,999	31.6
Jointly Developed Projects									
Tier one cities	114	29	25.3	2,943	757	25.7	8,482	2,711	32.0
Tier two cities	2,082	527	25.3	6,927	1,760	25.4	16,823	5,421	32.2
Tier three cities	–	–	–	3,642	922	25.3	5,289	1,699	32.1
	2,196	556	25.3	13,512	3,439	25.5	30,594	9,831	32.1
Projects developed by property developers which are non-China SCE Group and its joint ventures and associates									
Tier one cities	–	–	–	–	–	–	–	–	–
Tier two cities	3,490	884	25.3	3,793	1,019	26.9	7,893	2,054	26.0
Tier three cities	–	–	–	–	–	–	1,890	604	32.0
	3,490	884	25.3	3,793	1,019	26.9	9,783	2,658	27.2
Total	**244,245**	**64,486**	**26.4**	**333,401**	**88,542**	**26.6**	**432,248**	**136,488**	**31.6**

Note:

For the purpose of this breakdown, tier one cities include Beijing, Shanghai and Shenzhen; tier two cities include Fuzhou, Hangzhou, Jinan, Kunming, Nanchang, Nanjing, Qingdao, Xiamen, Suzhou, Tianjin, Wuxi, Zhengzhou and Chongqing; and tier three cities include Anshan, Chizhou, Dezhou, Foshan, Heyuan, Huizhou, Jiaxing, Jieyang, Jiujiang, Lishui, Lianyungang, Linfen, Longyan, Luoyang, Nantong, Pingdingshan, Putian, Quanzhou, Shanwei, Shangqiu, Shangrao, Shaoguan, Taizhou, Taizhou, Tangshan, Tongchuan, Xiangtan, Xuzhou, Xuchang, Sanhe, Zhangzhou, Zhaotong, Zhenjiang and Zhumadian.

For residential properties, during the Track Record Period, our gross profit margin for properties developed by different types of developers among the city tiers had generally been comparable. Our gross profit margin for residential property management services, across city tiers and developer types, generally increased in 2020 due to reduction in social insurance costs relating to the PRC government policy aimed at mitigating the impact of the COVID-19 outbreak to businesses as well as economies of scale, but the gross profit margin for properties developed by property developers which are non-China SCE Group and its joint ventures and associates located in tier two cities lagged behind primarily because two new management projects located in Kunshan, Suzhou (out of a total of ten projects developed by property developers which are non-China SCE Group and its joint ventures and associates under our management as of December 31, 2020) that we obtained through acquisition had historically been underperforming and it takes time to consolidate the newly acquired business and streamline its operations to align them with the our existing projects, which affected the overall gross profit margin for properties developed by property developers which are non-China SCE Group and its joint ventures and associates.

The table below sets forth a breakdown of our revenue, gross profit and gross profit margin generated from each sub-categories of residential property management services by type of customers for the years indicated:

	For the year ended December 31,								
	2018			2019			2020		
	Revenue	Gross Profit	Gross Profit Margin	Revenue	Gross Profit	Gross Profit Margin	Revenue	Gross Profit	Gross Profit Margin
	RMB'000	*RMB'000*	*%*	*RMB'000*	*RMB'000*	*%*	*RMB'000*	*RMB'000*	*%*
Basic residential property management services									
China SCE Group	15,147	3,820	25.2	12,340	3,244	26.3	15,002	4,733	31.6
Joint ventures or associates of China SCE Group[1]	–	–	–	–	–	–	659	210	31.9
Independent Third Parties	199,853	51,173	25.6	232,376	61,314	26.4	278,569	88,071	31.6
	215,000	54,993	25.6	244,716	64,558	26.4	294,230	93,014	31.6
Value-added services to non-property owners									
China SCE Group	12,418	4,962	40.0	61,185	15,549	25.4	86,531	27,165	31.4
Joint ventures or associates of China SCE Group[1]	2,092	614	29.4	11,909	3,142	26.4	26,385	8,366	31.7
Independent Third Parties	–	–	–	–	–	–	262	84	31.9
	14,510	5,576	38.4	73,094	18,691	25.6	113,178	35,615	31.5
Community value-added services									
China SCE Group	–	–	–	–	–	–	–	–	–
Joint ventures or associates of China SCE Group[1]	–	–	–	–	–	–	–	–	–
Independent Third Parties	14,735	3,917	26.6	15,591	5,293	33.9	24,840	7,859	31.6
	14,735	3,917	26.6	15,591	5,293	33.9	24,840	7,859	31.6
Total	**244,245**	**64,486**	**26.4**	**333,401**	**88,542**	**26.6**	**432,248**	**136,488**	**31.6**

Note:

(1) Refer to joint ventures or associates of China SCE Group and other entities controlled by Mr. Wong's family.

During the Track Record Period, most of our revenue for basic residential property management services was generated from Independent Third Parties, and the trend in revenue growth had been consistent among the different types of customers. During the Track Record Period, our gross profit margin for basic residential property management services had generally been comparable among the different types of customers. Our gross profit margin for basic residential property management services, across all customer types, increased in 2020 due to reduction in social insurance costs relating to the PRC government policy aimed at mitigating the impact of the COVID-19 outbreak to businesses as well as economies of scale.

During the Track Record Period, most of our revenue for value-added services to non-property owners was generated from China SCE Group and its joint ventures and associates, and, except for 2018 to 2019, the trend in revenue growth among the different types of customers was primarily attribute to the growth in the number of properties developed by different developers to which we provided services. From 2018 to 2019, our revenue increased but gross profit margin decreased because we expanded the scope of our services offered under pre-sale management services to include the provision of cleaning, security and maintenance services for pre-sale display units and sales offices, which were generally labor-intensive and therefore had a relatively low gross profit margin. Since the expansion of our service scope in 2019, our gross profit margin for value-added services to non-property owners had generally been comparable among the different types of customers. Our gross profit margin of value-added services to non-property owners for joint ventures or associates of China SCE Group was lower than that for China SCE Group because we had started to expand our service scope to services offered to joint ventures or associates of China SCE Group in 2018. Meanwhile, we provided only an insignificant amount of value-added services to non-property owners to Independent Third Parties in 2020, consisting only of pre-delivery inspection services to one Independent Third Party customer, involving the inspection of a project consisting of apartments designated for employees of the Independent Third Party customer. We charged the Independent Third Party customer discounted fee rate because, at the time when the fee rate was negotiated: (i) the pre-delivery inspection service was part of the basic property management service contract (which was also our first basic property management service contract for properties developed by property developers which are non-China SCE Group and its joint ventures and associates), and we offered discounted fee rate for pre-delivery inspection services as an incentive during the tender process; (ii) the GFA of the project was also much larger than the standard projects that we provided pre-delivery inspection service to, and considering the expected increase in efficiency due to economies of scale, we were of the view that, even at the discounted fee rate, we could still generate reasonable return.

During the Track Record Period, we provided community value-added services only to Independent Third Parties.

The table below sets forth a breakdown of our revenue, gross profit and gross profit margin generated from each sub-categories of value-added services for non-property owners for the years indicated:

	For the year ended December 31,								
	2018			2019			2020		
	Revenue	Gross Profit	Gross Profit Margin	Revenue	Gross Profit	Gross Profit Margin	Revenue	Gross Profit	Gross Profit Margin
	RMB'000	*RMB'000*	%	*RMB'000*	*RMB'000*	%	*RMB'000*	*RMB'000*	%
Pre-sale management services	7,012	3,403	48.5	67,764	17,259	25.5	97,785	30,697	31.4
Pre-delivery inspection services	7,498	2,173	29.0	5,330	1,432	26.9	15,393	4,918	31.9
Total	**14,510**	**5,576**	**38.4**	**73,094**	**18,691**	**25.6**	**113,178**	**35,615**	**31.5**

The increase in our revenue from value-added services to non-property owners during the Track Record Period were primarily attributable to the increase in the number of properties that engaged us to provide pre-sale management services, as we provided pre-sale management services to 58, 77 and 102 properties as of December 31, 2018, 2019 and 2020, respectively. From 2018 to 2019, for pre-sale management services, our revenue increased but gross profit margin decreased because we expanded the scope of our services offered under pre-sale management services to include the provision of cleaning, security and maintenance services for pre-sale display units and sales offices, which were generally labor-intensive and therefore had a relatively low gross profit margin; for pre-delivery inspection services, our revenue decreased due to a decrease in GFA delivered by property developers to property buyers, and our gross profit margin decreased as our fixed costs remained despite the decrease in revenue. Our gross profit margin increased from 2019 to 2020 across different services categories primarily attributable to a reduction in social insurance costs due to the PRC government policy aimed at mitigating the impact of COVID-19 to businesses as well as economies of scale.

Our gross profit margin increased from 34.6% in 2018 to 37.0% in 2019, primarily as a result of the commencement of our pre-opening management services for commercial property developers, which generally had high margins in comparison with other services. This increase was partially offset by rising labor costs. Our gross profit margin increased from 37.0% in 2019 to 44.3% in 2020, primarily due to a further expansion of our pre-opening management services, as well as a reduction of approximately RMB13.5 million in social insurance costs recognized in our cost of sales due to the PRC government policy aimed at mitigating the impact of COVID-19 to businesses.

Commercial Property Management and Operational Services

The gross profit margin of our commercial property management and operational services increased from 47.6% in 2018 to 51.3% in 2019 primarily as a result of the commencement of pre-opening management services we offered to commercial property developers, which generally had a higher gross profit margin in comparison with other services. Pre-opening management services usually generate higher gross profit margins than basic commercial property management services and other value-added services because pre-opening management services typically involve a relatively small number of staff while the staff cost is one of the major reasons which impact the gross profit margin. As a result, pre-opening management services can achieve greater economies of scale as our business expands. The gross profit margin of our commercial property management and operational services increased from 51.3% in 2019 to 59.0% in 2020 primarily as a result of the further expansion of our pre-opening management services, an increase in our operational efficiency due to economies of scale, as well as a reduction of approximately RMB3.7 million in social insurance costs due to the PRC government policy aimed at mitigating the impact of COVID-19 to businesses.

Residential Property Management Services

The gross profit margin of our residential property management services increased from 26.4% in 2018 to 26.6% in 2019 primarily as a result of an increase in our operational efficiency due to economies of scale, as well as an increase in car park management fees we received as a percentage of our overall community value-added services. The car park management services are generally less labor intensive and therefore has a higher gross profit margin than other value-added services. The gross profit margin of our residential property management services increased from 26.6% in 2019 to 31.6% in 2020 primarily as a result of a reduction in social insurance costs of approximately RMB9.8 million due to the PRC government policy aimed at mitigating the impact of COVID-19 to businesses and an increase in our operational efficiency due to economies of scale.

Selling and Marketing Expenses

Our selling and marketing expenses primarily consist of expenses we incurred for the advertising, promotion and tenant sourcing services in connection with our commercial property management and operation service.

Administrative Expenses

Our administrative expenses primarily consist of salaries and wages for our administrative staff, entertainment expenses, office expenses, traveling and transportation expenses, depreciation and amortization and others. The following table sets forth the breakdown of our administrative expenses for the years indicated:

	For the year ended December 31,					
	2018		2019		2020	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Salaries and wages	57,829	75.9	70,603	71.7	89,367	66.1
Depreciation of property and equipment	2,350	3.1	3,665	3.7	4,675	3.4
Depreciation of right-of-use assets	679	0.9	733	0.7	770	0.6
Amortization of an intangible asset	–	–	–	–	105	0.1
Entertainment expenses	2,560	3.4	3,066	3.1	4,047	3.0
Traveling and transportation expenses	3,721	4.9	5,468	5.5	6,089	4.5
Listing expenses	–	–	–	–	7,909	5.8
Office expenses	5,111	6.7	8,983	9.1	13,675	10.1
Impairment/(reversal of impairment) of trade receivables	101	0.1	985	1.0	(102)	(0.1)
Share award expenses	–	–	–	–	1,354	1.0
Others(1)	3,823	5.0	5,030	5.2	7,406	5.5
Total	**76,174**	**100.0**	**98,533**	**100.0**	**135,295**	**100.0**

Note:

(1) Others primarily consist of headhunter fees, legal and professional fees, bank charges and miscellaneous taxes.

Other Income and Gains

Our other income and gains primarily consist of (i) government subsidies received from local governments to encourage our efforts towards local economy development and employment, (ii) income from forfeited deposits arising from the early termination of certain tenants' lease agreements, and (iii) bank interest income.

Finance Cost

Finance costs represent interest expense on lease liabilities. For details, please see "Accountants' Report—Notes to Historical Financial Information—2.4 Summary of Significant Accounting Policies—Leases" in Appendix I to this Prospectus.

Income Tax Expense

Our income tax expense mainly comprise PRC corporate income tax.

	Year ended December 31,		
	2018	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*
Current income tax	13,531	27,942	58,646
Deferred income tax	2,313	1,574	1,524
Total	**15,844**	**29,516**	**60,170**

In 2018, 2019 and 2020, our effective tax rates were approximately 31.3%, 27.6% and 27.0%, respectively. Our effective income tax rates during the Track Record Period were slightly higher than the EIT rate of 25.0%, primarily due to certain expenses that were not deductible for tax purposes. The higher effective tax rate in 2018 was mainly due to the initial ramp up cost incurred by managing Nan'an Funworld (南安世界城) (a mall that commenced operation in December 2018) that led to initial operating losses that were not recognized as deferred tax assets.

Pursuant to the relevant PRC requirements, accounts to be filed for income tax computation purpose should, in principle, be determined based on when the revenue from the delivery of goods or rendering of services to customer is earned (the "Accrual Basis"), regardless of the timing of payment or collections. We calculated taxes based on the amounts of pre-opening management fees we received that we paid (the "Cash Basis") for our annual tax filings prior to 2020. We originally adopted the Cash Basis, rather than the Accrual Basis, for pre-opening management services mainly because such services started only in 2019 and at the time were provided only within the China SCE Group, and it would be practically more convenient to provide relevant documentary evidence to the relevant tax authorities if requested. Starting from our EIT tax filing for 2020, we have adopted the Accrual Basis for pre-opening management services and applied it retrospectively. As of the Latest Practicable Date, we made tax payment of approximately RMB35.1 million for the pre-opening management services to reflect tax computation on the Accrual basis and informed the relevant tax authorities of the tax adjustment. During the Track Record Period, we calculated taxes for services other than pre-opening management services on the Accrual Basis.

Considering that (i) during the Track Record Period and up to the Latest Practicable Date, we had not been charged any penalty with respect to tax filings we had made; (ii) we have adopted the Accrual Basis for tax computation starting from our EIT tax filings for 2020 and will use the Accrual Basis for EIT annual tax filings going forward; (iii) we have made the relevant adjustments for the above mentioned tax filing matters and that no EIT tax payment thereof was outstanding; and (iv) our PRC tax advisor is of the view that, as we have voluntarily made the tax adjustment for the above mentioned tax filing matters and that no EIT tax payment thereof was outstanding, based on the enforcement record of relevant tax authorities for cases in similar situations, the risk of us being subject to late fees or administrative penalty imposed by the relevant tax authorities for such tax matter is low, we are of the view that the tax filing matters discussed above were not material issues and would not have a material impact on our business, financial performance and results of operations.

To prevent the recurrence of similar incidents, we have implemented the following enhanced internal control measures: (i) we have adopted a tax management policy which clearly requires the adoption of the Accrual Basis for tax filings; (ii) we require our subsidiaries and branches to collect and study local tax regulations and new policies which may be issued and amended from time to time; (iii) we have formulated future training plans and will arrange our relevant employees to attend trainings on applicable laws and regulations on a regular basis; and (iv) we have further established internal procedures to conduct internal inspections on tax compliance annually and if needed, will formulate correction measures and plans in a timely manner, designate responsible personnel and monitor and review correction progress to ensure compliance with the applicable laws and regulations.

Profit for the Year

In 2018, 2019 and 2020, our profit was RMB34.8 million, RMB77.3 million and RMB162.5 million, respectively.

PERIOD TO PERIOD COMPARISONS OF OUR RESULTS OF OPERATIONS

2019 Compared to 2020

Revenue

Our revenue increased by approximately 40.2% from RMB574.5 million in 2019 to RMB805.3 million in 2020. This increase was primarily attributable to an increase in revenue from our commercial property management and operational services segment and, to a lesser degree, an increase in revenue from our residential property management segment.

Revenue from commercial property management and operational services

Revenue from commercial property management and operational services increased by 54.7% from RMB241.1 million in 2019 to RMB373.0 million in 2020, primarily attributable to:

- an increase in revenue from pre-opening management services from RMB57.7 million in 2019 to RMB193.9 million in 2020, which was primarily attributable to 17 new engagements for commercial properties under development to which we provided pre-opening management services; and

- an increase in revenue from basic commercial property management services from RMB119.6 million in 2019 to RMB123.7 million in 2020 as a result of the increase in the number of commercial properties under our management and our total commercial GFA under management. The number of commercial properties managed by us increased from six as of December 31, 2019 to ten as of December 31, 2020, while our total commercial GFA under management increased from 0.7 million sq.m. as of December 31, 2019 to 1.0 million sq.m. as of December 31, 2020.

These increases were partially offset by a decrease in revenue from other value-added services from RMB63.8 million in 2019 to RMB55.5 million in 2020, which was primarily attributable to the outbreak of the COVID-19 pandemic. The COVID-19 pandemic led to the closure and reduced opening hours of several of our commercial properties under management from February to April, 2020 and therefore reduced demand for our other value-added services.

Revenue from Residential Property Management Services

Revenue from residential property management services increased by 29.6% from RMB333.4 million in 2019 to RMB432.2 million in 2020, primarily attributable to:

- an increase in revenue from basic residential property management services from RMB244.7 million in 2019 to RMB294.2 million in 2020, which was primarily attributable to an increase in the number of residential properties under our management and our total residential GFA under management. The number of residential properties managed by us increased from 63 as of December 31, 2019 to 94 as of December 31, 2020, while our total residential GFA under management increased from 11.1 million sq.m. as of December 31, 2019 to 15.2 million sq.m. as of December 31, 2020;

- an increase in revenue from value-added services to non-property owners from RMB73.1 million in 2019 to RMB113.2 million in 2020, primarily because the number of residential properties for which we provided pre-sale management services increased from 77 as of December 31, 2019 to 102 as of December 31, 2020; and

- An increase in revenue from community value-added services from RMB15.6 million in 2019 to RMB24.8 million in 2020, which was primarily attributable to an increase in the demand for construction and furnishing waste disposal services, car park management services and common area management services as a result of an increased number of new residential properties delivered during the year.

Cost of Sales

Our cost of sales increased by approximately 23.9% from RMB362.2 million in 2019 to RMB448.7 million in 2020. This increase was primarily due to (i) an increase in salaries and wages as a result of an increase in employee number in line with our business expansion, partially offset by the reduction in social insurance costs due to the PRC government policy aimed at mitigating the impact of COVID-19 to businesses; and (ii) an increase in subcontracting costs in line with our business expansion; partially offset by a decrease in water and electricity costs due to the closure and reduced opening hours of several of our commercial properties under management from February to April, 2020 as a result of the COVID-19 pandemic.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit increased by approximately 68.0% from RMB212.3 million in 2019 to RMB356.6 million in 2020.

Our gross profit margin increased from 37.0% in 2019 to 44.3% in 2020. This increase was primarily due to the increase of our pre-opening management services as a percentage of our overall business mix, as well as an increase of profit margin across all our business segments as a result of the reduction in social insurance costs due to the PRC government policy aimed at mitigating the impact of COVID-19 to businesses.

Gross Profit Margin for Commercial Property Management and Operational Services

Our gross profit margin for commercial property management and operational services increased from 51.3% in 2019 to 59.0% in 2020, which was primarily attributable to a further expansion of our pre-opening management services as a percentage of our overall commercial property management and operational services, an increase in our operational efficiency due to economies of scale, as well as a reduction in social insurance costs due to the PRC government policy aimed at mitigating the impact of COVID-19 to businesses, partially offset by commercial property management fee waivers and rent waivers by property owners (which affected our commission on rent collection services) granted to commercial property tenants in six properties to survive the pandemic. Pre-opening management services usually generate higher gross profit margins than basic commercial property management services and other value-added services because pre-opening management services typically involve a relatively small number of staff while staff cost is one of the major reasons which impact the gross profit margin. As a result, pre-opening management services can achieve greater economies of scale as our business expands.

Gross Profit Margin for Residential Property Management Services

Our gross profit margin for residential property management services increased from 26.6% in 2019 to 31.6% in 2020, which was primarily attributable to a reduction in social insurance costs due to the PRC government policy aimed at mitigating the impact of COVID-19 to businesses as well as economies of scale.

Selling and Marketing Expenses

Our selling and marketing expenses decreased by approximately 56.2% from approximately RMB12.2 million in 2019 to approximately RMB5.4 million in 2020. This decrease was primarily attributable to the impact of the COVID-19 pandemic, as we undertook less selling and marketing activities in light of the social distancing rules and travel restrictions imposed by the government.

Administrative Expenses

Our administrative expenses increased by approximately 37.3% from RMB98.5 million in 2019 to RMB135.3 million in 2020. This increase was primarily attributable to an increase in office expenses and other costs in line with our business expansion, partially offset by a decrease in social insurance costs as a result of PRC government policy aimed at mitigating the impact of COVID-19 to businesses.

Other Income and Gains

Our other income and gains increased from RMB5.4 million in 2019 to RMB6.8 million in 2020. This increase was primarily attributable to increases in forfeited deposits arising from the early termination of certain tenants' lease agreements as well as interest from bank deposits.

Finance Cost

Our finance cost remained negligible in 2019 as well as in 2020. Such finance costs represent our interest expense on lease liabilities.

Income Tax Expense

Our income tax expense increased by approximately 103.9% from RMB29.5 million in 2019 to RMB60.2 million in 2020. This increase was primarily attributable to an increase in our profit before tax. Our effective tax rate was 27.6% in 2019 and 27.0% in 2020.

Profit for the Year

As a result of the foregoing, our profit for the year increased by approximately 110.2% from RMB77.3 million in 2019 to RMB162.5 million in 2020. Our net profit margin increased from 13.5% in 2019 to 20.2% in 2020.

2019 Compared to 2018

Revenue

Our revenue increased by approximately 44.9% from RMB396.5 million in 2018 to RMB574.5 million in 2019. This increase was primarily attributable to an increase in revenue from our commercial property management and operational services segment, and a similar increase in revenue from our residential property management segment.

Revenue from Commercial Property Management and Operational Services

Revenue from commercial property management and operational services increased by 58.4% from RMB152.3 million in 2018 to RMB241.1 million in 2019, primarily attributable to:

- an increase in revenue from pre-opening management services from nil in 2018 to RMB57.7 million in 2019 due to the commencement of this new business line;

- an increase in revenue from basic commercial property management services from RMB108.1 million in 2018 to RMB119.6 million in 2019, primarily due to the addition of Shanghai SCE Plaza Phase Two (上海中駿廣場二期), Quanzhou SCE Plaza Office Building (泉州中駿廣場寫字樓) and Nan'an Funworld (南安世界城) to our portfolio of managed properties during the latter half of 2018. As each of these properties had been under our management for less than six months in 2018, these properties made revenue contribution for less than six months in 2018 but made revenue contribution for the full year in 2019; and

- an increase in revenue from other value-added services from RMB44.2 million in 2018 to RMB63.8 million in 2019, primarily due to the addition of Shanghai SCE Plaza Phase Two (上海中駿廣場二期), Quanzhou SCE Plaza Office Building (泉州中駿廣場寫字樓) and Nan'an Funworld (南安世界城) to our portfolio of managed properties during the latter half of 2018. As each of these properties had been under our management for less than six months in 2018, these properties made revenue contribution for less than six months in 2018 but made revenue contribution for the full year in 2019.

Revenue from Residential Property Management Services

Revenue from residential property management services increased by 36.5% from RMB244.2 million in 2018 to RMB333.4 million in 2019, primarily attributable to:

- an increase in revenue from basic residential property management services from RMB215.0 million in 2018 to RMB244.7 million in 2019, which was primarily attributable to an increase both in the number of residential properties under our management and our total residential GFA under management. The number of residential properties managed by us increased from 55 as of December 31, 2018 to 63 as of December 31, 2019, while our total GFA under management increased from 9.9 million sq.m. as of December 31, 2018 to 11.1 million sq.m. as of December 31, 2019;

- an increase in revenue from value-added services to non-property owners from RMB14.5 million in 2018 to RMB73.1 million in 2019, which was primarily because we expanded the scope of our services offered under pre-sale management services to include the provision of cleaning, security and maintenance services for pre-sale display units and sales offices, whereas in the past we were generally only engaged to supervise the performance of such functions; and

- an increase in revenue from community value-added services from RMB14.7 million in 2018 to RMB15.6 million in 2019, which was primarily due to an increase in the number of car parks and an expansion of the common area and advertising space under our management as a result of the increase in the number of residential properties under our management from 55 as of December 31, 2018 to 63 as of December 31, 2019.

Cost of Sales

Our cost of sales increased by approximately 39.6% from RMB259.5 million in 2018 to RMB362.2 million in 2019. This increase was primarily due to (i) an increase in salaries and wages due to an increase in the number of personnel to support the expanded service scope of our value-added services to non-property owners, as well as general business expansion; (ii) an increase in subcontracting costs in line with our business expansion; and (iii) an increase in water and electricity costs in line with our business expansion.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit increased by approximately 55.0% from RMB137.0 million in 2018 to RMB212.3 million in 2019.

Our gross profit margin increased from 34.6% in 2018 to 37.0% in 2019. This increase was primarily attributable to the increase of our commercial property management and operational services as a percentage of our overall business mix and the increase in the gross profit margin of our residential property management services.

Gross Profit Margin for Commercial Property Management and Operational Services

Our gross profit margin for commercial property management and operational services increased from 47.6% in 2018 to 51.3% in 2019, which was primarily attributable to the commencement of our pre-opening management services, which usually generate higher gross profit margins than basic commercial property management services and other value-added services. In addition, as some of our staff employed for pre-opening management services could also assist with the provision of our other value-added services, the gross profit margin of our other value-added services also increased as a result of synergies and economies of scale. The increase in our overall gross profit margin for commercial property management and operational services was partially offset by a decrease in our gross profit margin for the basic property management services, which was primarily attributable to the relatively lower occupancy rate of Shanghai SCE Plaza Phase Two (上海中駿廣場二期) and Quanzhou SCE Plaza Office Building (泉州中駿廣場寫字樓), two office buildings that we started to manage in the latter half of 2018, as well as ramp-up costs we incurred for the preparation of the opening of Nan'an Funworld (南安世界城) in December 2018.

Gross Profit Margin for Residential Property Management Services

The gross profit margin of our residential property management services increased from 26.4% in 2018 to 26.6% in 2019 primarily as a result of an increase in our operational efficiency due to economies of scale, as well as an increase in car park management fees we received as a percentage of our overall community value-added services. The car park management services are generally less labor intensive and therefore have a higher gross profit margin than other value-added services. The increase in our overall gross profit margin for residential property management services was partially offset by a decrease in our gross profit margin for value-added services to non-property owners, because we expanded the scope of our services offered under pre-sale management services to include the provision of cleaning, security and maintenance services for pre-sale display units and sales offices, which were generally labor-intensive and therefore had a relatively low gross profit margin.

Selling and Marketing Expenses

Our selling and marketing expenses remained stable at RMB12.4 million in 2018 and RMB12.2 million in 2019.

Administrative Expenses

Our administrative expenses increased by approximately 29.4% from RMB76.2 million in 2018 to RMB98.5 million in 2019, which was primarily attributable to (i) an increase in salaries and wages as a result of an increase in the number of administrative personnel in line with our business expansion and average salary level; (ii) an increase in office expenses as a result of an increase in the office spaces we rented to accommodate our additional staff members in line with our business expansion; and (iii) an increase in traveling and transportation expenses as a result of our business expansion.

Other Income and Gains

We recorded other income and gains of RMB2.4 million in 2018 and RMB5.4 million in 2019. The increase in other income and gains from 2018 to 2019 was primarily attributable to a government subsidy awarding us for the contribution we made to the development of Hongqiao Central Business District in Shanghai, as well as an increase in income from forfeited deposits arising from the early termination of certain tenants' lease agreements.

Finance Cost

Our finance cost remained stable at RMB0.1 million in 2018 and RMB0.1 million in 2019. Such finance costs represent our interest expense on lease liabilities.

Income Tax Expense

Our income tax expense increased by approximately 86.3% from RMB15.8 million in 2018 to RMB29.5 million in 2019. This increase was primarily attributable to an increase in our profit before tax. Our effective tax rate was 31.3% in 2018 and 27.6% in 2019. The higher effective tax rate in 2018 was mainly due to the initial ramp-up cost incurred by managing Nan'an Funworld (南安世界城) (a mall that commenced operation in December 2018) that led to initial operating losses which were not recognized as deferred tax assets.

Profit for the Year

As a result of the foregoing, our profit for the year increased by approximately 122.0% from RMB34.8 million in 2018 to RMB77.3 million in 2019. Our net profit margin increased from 8.8% in 2018 to 13.5% in 2019.

DESCRIPTION OF CERTAIN COMBINED STATEMENTS OF FINANCIAL POSITION ITEMS

The following table sets forth a summary of our combined statements of financial position as of the dates indicated:

	As of December 31,		
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
Non-current assets			
Property and equipment	7,242	7,297	11,240
Investment properties	3,046	1,304	491
Deferred tax assets	10,965	9,391	7,841
Goodwill	–	–	748
Intangible asset	–	–	1,159
Prepayment	2,528	2,224	3,175
Investment in a joint venture	–	–	1,475
Total non-current assets	23,781	20,216	26,129
Current assets			
Trade receivables	15,147	98,638	73,552
Prepayments, deposits and other receivables	9,688	14,766	26,635
Amounts due from related parties	1,205,493	890,555	487,398
Cash and bank balances	82,603	74,578	503,944
Total current assets	1,312,931	1,078,537	1,091,529
Total assets	1,336,712	1,098,753	1,117,658
Current liabilities			
Trade payables	26,180	34,799	51,175
Other payables and accruals	128,198	143,150	195,982
Contract liabilities	54,609	62,731	108,650
Amounts due to related parties	839,506	484,130	156,864
Tax payable	4,177	23,870	67,013
Total current liabilities	1,052,670	748,680	579,684
Net current assets	260,261	329,857	511,845
Total assets less current liabilities	284,042	350,073	537,974

	As of December 31,		
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
Non-current liabilities			
Deferred tax liabilities	–	–	290
Lease liabilities	1,267	–	–
Total non-current liabilities	1,267	–	290
Net assets	282,775	350,073	537,684
Equity			
Issued capital	–	1	7
Reserves	280,830	340,878	521,702
Non-controlling interests	1,945	9,194	15,975
Total equity	282,775	350,073	537,684

Property and Equipment

Our property and equipment consist of furniture, fixtures and office equipment, right-of-use assets and motor vehicles. Our property and equipment increased from RMB7.2 million as of December 31, 2018 to RMB7.3 million as of December 31, 2019, primarily due to our acquisition of new furniture, fixtures and office equipment, partially offset by the depreciation of our right-of-use assets and motor vehicles. Our property and equipment further increased to RMB11.2 million as of December 31, 2020 primarily due to our acquisition of new furniture, fixtures and office equipment and motor vehicles.

Investment Properties

Our investment properties represent units within the shopping streets for which we entered into lease contracts with the properties' owners. Our investment properties decreased from RMB3.0 million as of December 31, 2018 to RMB1.3 million as of December 31, 2019 and RMB0.5 million as of December 31, 2020, primarily due to depreciation expenses.

Goodwill

Our goodwill represents the excess of consideration over the fair value of the identifiable net assets of the acquiree as of the acquisition date in relation to the acquisition of a subsidiary. As a result of the acquisition, our goodwill increased from nil as of December 31, 2019 to RMB0.7 million as of December 31, 2020.

Intangible Asset

Our intangible asset represents the fair value of the customer relationship we obtained upon the acquisition of a subsidiary in 2020. As a result of the acquisition, our intangible asset increased from nil as of December 31, 2019 to RMB1.2 million as of December 31, 2020.

Investment in a Joint Venture

Our investment in a joint venture refers to our equity interest, amounting to RMB1.5 million as of December 31, 2020, in a joint venture we formed in 2020.

Trade Receivables

Our trade receivables primarily arise from the provision of our commercial property management and operational services and residential property management services. We generally grant our customers a credit period that is within six months. The following sets forth the breakdown of our trade receivables as of the dates indicated:

	As of December 31,		
	2018	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables			
– Related parties	8,608	89,379	60,001
– Independent Third Parties	6,667	10,372	14,562
	15,275	99,751	74,563
Less: Impairment of trade receivables	(128)	(1,113)	(1,011)
	15,147	**98,638**	**73,552**

Our trade receivables increased from RMB15.1 million as of December 31, 2018 to RMB98.6 million as of December 31, 2019, primarily due to the commencement of our pre-opening management services offered to China SCE Group as well as the expanded scope of services we offered under the value-added services to non-property owners. Our trade receivables decreased from RMB98.6 million as of December 31, 2019 to RMB73.6 million as of December 31, 2020, primarily due to the settlement of our trade receivables by related parties.

We made allowance for impairment of trade receivables of RMB0.1 million, RMB1.1 million and RMB1.0 million as of December 31, 2018, 2019 and 2020, respectively. We calculate the provision rate for impairment of trade receivables based on days past due for groupings of various customer segments with similar loss patterns (i.e., customer type and service type). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at each of the reporting dates about past events, current conditions and forecasts of future economic conditions. We will adopt the same collection policies and procedures for related parties and Independent Third Parties after the Listing. The decreases in average expected credit loss rate applied to trade receivables due from related companies during the Track Record Period were due to: (i) improvement of average cumulative issuer-weighted global default rate (published by Moody) as a result of better global economy from 2018 to 2019; and (ii) the reduced amounts owed from related companies from 2019 to 2020.

The following table sets forth our trade receivable turnover days for the years indicated:

	Year ended December 31,		
	2018	**2019**	**2020**
Trade receivable turnover days *(Days)*[(1)]	7.9	36.5	39.5
– Related parties	26.0	89.6	72.5
– Independent Third Parties	3.9	8.3	10.6

Note:

(1) The trade receivable turnover days for a period is the average unimpaired trade receivables divided by revenue attributable to the relevant customers for that period and multiplied by 365 days for the years ended December 31, 2018, 2019 and 2020. Average trade receivables are the sum of the beginning and ending trade receivables for the relevant period divided by two.

The increase in our trade receivable turnover days from 7.9 days in 2018 to 36.5 days in 2019 was primarily due to the commencement of our pre-opening management services provided to China SCE Group, which generally had a longer term of payment. The increase in our trade receivable turnover days from 36.5 days for the year ended December 31, 2019 to 39.5 days for the year ended December 31, 2020 was primarily due to a further expansion of our pre-opening management services provided to China SCE Group as a percentage to our overall business, which was partially offset by the settlement of our trade receivables by related parties.

Aging Analysis on Trade Receivables

The following table sets forth an aging analysis of our trade receivables based on the invoice date and as of the dates indicated:

	As of December 31,		
	2018	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables			
Current to 90 days	13,654	97,167	69,731
91 to 180 days	1,441	149	2,417
181 to 365 days	–	–	11
Over 365 days	52	1,322	1,393
Total	**15,147**	**98,638**	**73,552**

The following table sets forth an aging analysis of our trade receivables due from related parties based on the invoice date and as of the dates indicated:

	As of December 31,		
	2018	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables due from related parties			
Current to 90 days	7,242	88,538	57,390
91 to 180 days	1,223	109	1,390
181 to 365 days	–	–	8
Over 365 days	44	289	961
Total	8,509	88,936	59,749

The following table sets forth an aging analysis of our trade receivables due from Independent Third Parties based on the invoice date and as of the dates indicated:

	As of December 31,		
	2018	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables due from Independent Third Parties			
Current to 90 days	6,412	8,629	12,341
91 to 180 days	218	40	1,027
181 to 365 days	–	–	3
Over 365 days	8	1,033	432
Total	6,638	9,702	13,803

The payment and credit terms of our fees vary depend on the terms of our contracts for our commercial property management and operational services and residential property management services.

Under our commercial property management and operational services segment, we typically require (i) prepayment for retail commercial property management services, car park, common area and advertising space management services, and tenants to prepay rents for property leasing services; (ii) settlement within 30 days after the issuance of the demand note for tenant management and rent collection services; and (iii) settlement within six months for pre-opening management services when the relevant payment conditions have been satisfied. Historically, we provided long credit periods for pre-opening management services rendered to China SCE Group primarily because we were part of China SCE Group and China SCE Group conducts centralized fund management and allocation; upon Listing, we plan to closely monitor the credit periods we provide for pre-opening management services and effect the timely collection of the relevant receivables.

Under our residential property management service segment, we normally receive payment for our residential property management services within one to six months after the issuance of the demand note to property owners and residents.

As of the Latest Practicable Date, approximately 89.6% of our trade receivables as of December 31, 2020, in an amount of RMB65.9 million, had been settled, among which 94.2% of our trade receivables due from related parties, in an amount of RMB56.3 million, and 69.9% of our trade receivables due from Independent Third Parties, in an amount of RMB9.6 million, had been settled.

Prepayments, Deposits and Other Receivables

The following table sets forth the breakdown of our prepayments, deposits and other receivables as of the dates indicated:

	As of December 31,		
	2018	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*
Prepayments	7,226	9,683	17,076
Deposits	1,038	1,145	1,511
Other receivables	3,952	6,162	11,223
Total	**12,216**	**16,990**	**29,810**

Prepayments

Our prepayments primarily represent prepaid utility fees and listing expenses. Our prepayments increased from RMB7.2 million as of December 31, 2018 to RMB9.7 million as of December 31, 2019 and RMB17.1 million as of December 31, 2020, primarily due to the growth in the size of our business.

Deposits

Our deposits primarily represent deposits we made in order to participate in the bidding for certain property management projects. Our deposits increased from RMB1.0 million as of December 31, 2018 to RMB1.1 million as of December 31, 2019 and RMB1.5 million as of December 31, 2020, primarily due to our increased efforts to secure new projects.

Other Receivables

Our other receivables primarily represent fees paid on behalf of tenants and residents and advances we made to our staff from time to time for business purposes. Our other receivables increased from RMB4.0 million as of December 31, 2018 to RMB6.2 million as of December 31, 2019 and RMB11.2 million as of December 31, 2020, which was largely in line with our business growth during the same year.

Trade and Other Payables

The following table sets forth the breakdown of our trade and other payables and accruals as of the dates indicated:

	As of December 31,		
	2018	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*
Trade payables	26,180	34,799	51,175
Other payables and accruals	129,465	143,150	195,982
Total	**155,645**	**177,949**	**247,157**

Trade Payables

Our trade payables primarily represent our obligation to pay for the goods or services we acquired in the ordinary course of business from our suppliers and subcontractors, such as materials, utilities, cleaning and services. Our trade payables are normally settled based on 10 to 90 days term. During the Track Record Period, all of our trade payables were due to Independent Third Parties.

Our trade payables increased from RMB26.2 million as of December 31, 2018 to RMB34.8 million as of December 31, 2019, and further increased to RMB51.2 million as of December 31, 2020, primarily due to our business expansion.

The following table sets forth our trade payable turnover days for the years indicated:

	Year ended December 31,		
	2018	**2019**	**2020**
Trade payable turnover days *(Days)*[(1)]	30.9	30.7	35.0

Note:

(1) The trade payable turnover days for a period is the average trade payables divided by cost of sales for that period and multiplied by 365 days for the years ended December 31, 2018, 2019 and 2020. Average trade payables are the sum of the beginning and ending trade payables for the relevant period divided by two.

Our trade payable turnover days indicate the average time we take to make payments to suppliers and subcontractors, which fluctuated during the Track Record Period but generally remained within the typical credit terms granted to us.

The following table sets forth an aging analysis of our trade payables based on the invoice date as of the dates indicated:

	As of December 31,		
	2018	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*
Within one year	25,637	34,007	48,698
Over one year	543	792	2,477
Total	**26,180**	**34,799**	**51,175**

As of the Latest Practicable Date, approximately 72.7% of our trade payables as of December 31, 2020, in an amount of RMB37.2 million, had been settled.

Other Payables and Accruals

Our other payables and accruals primarily consist of (i) deposits from tenants, residents and subcontractors, (ii) accrued expenses such as year-end bonuses for staff members and cash collected on behalf of tenants or residents, (iii) others, which primarily consist of VAT payable, fees payable to property owners under community value-added service arrangements, and provisions made for community repair and maintenance fund, and (iv) the current and non-current portions of our lease liabilities. The following table sets forth the breakdown of our other payables and accruals as of the dates indicated:

	As of December 31,		
	2018	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*
Other payables and accruals			
Deposit received	48,965	42,827	52,925
Accruals	56,818	66,615	89,742
Lease liabilities	2,713	1,267	–
Others[(1)]	20,969	32,441	53,315
Total	129,465	143,150	195,982
Non-current portion – lease liabilities	(1,267)	–	–
Current portion	**128,198**	**143,150**	**195,982**

Note:

(1) Others include VAT payable, fees payable to property owners under community value-added service arrangements, provisions made for community repair and maintenance fund, and other miscellaneous payables.

Our other payables and accruals increased from RMB128.2 million as of December 31, 2018 to RMB143.2 million as of December 31, 2019, primarily due to (i) an increase in others in line with our business expansion; (ii) an increase in accruals of expenses in line with our business expansion. These were partially offset by a decrease in deposits we received from tenants, residents and subcontractors.

Our other payables and accruals increased from RMB143.2 million as of December 31, 2019 to RMB196.0 million as of December 31, 2020, primarily due to (i) an increase in accruals of expenses, such as employees' year-end bonuses, which was in line with our business expansion; (ii) an increase in others as a result of an increase in VAT and other miscellaneous tax payables and an increase in fees payable to property owners in line with our general business expansion, as well as payables incurred in association with the Reorganization; and (iii) an increase in deposits received.

Contract Liabilities

Our contract liabilities mainly represent advance payments made by the customers of our commercial property management and operational services and residential property management services. Our contract liabilities increased from RMB54.6 million as of December 31, 2018 to RMB62.7 million as of December 31, 2019, and further to RMB108.7 million as of December 31, 2020, which were in line with the growth of our business.

CURRENT ASSETS AND CURRENT LIABILITIES

The tables below sets out current assets and current liabilities as of the dates indicated:

	As of December 31,			As of April 30,
	2018	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *Unaudited*
Current assets				
Trade receivables	15,147	98,638	73,552	40,956
Prepayments, other receivables and other assets	9,688	14,766	26,635	31,993
Amounts due from related parties	1,205,493	890,555	487,398	228,286
Cash and bank balances	82,603	74,578	503,944	674,825
Total current assets	1,312,931	1,078,537	1,091,529	976,060
Current liabilities				
Trade payables	26,180	34,799	51,175	53,440
Other payables and accruals	128,198	143,150	195,982	160,140
Contract liabilities	54,609	62,731	108,650	115,026
Amounts due to related parties	839,506	484,130	156,864	17,038
Tax payable	4,177	23,870	67,013	14,654
Total current liabilities	1,052,670	748,680	579,684	360,298
Net current assets	260,261	329,857	511,845	615,762

As of December 31, 2018, 2019 and 2020, we had net current assets of RMB260.3 million, RMB329.9 million and RMB511.8 million. Our net current assets position as of each of these dates was mainly attributable to amounts due from related companies, cash and bank balances, trade receivables, prepayments, other receivables and other assets, partially offset by amounts due to related parties, trade and other payables, contract liabilities, tax payables and lease liabilities. See "—Related Party Transactions" for more details.

Our net current assets increased from RMB260.3 million as of December 31, 2018 to RMB329.9 million as of December 31, 2019, primarily due to an RMB304.0 million decrease in current liabilities driven primarily by an RMB355.4 million decrease in amounts due to related parties. These decreases were partially offset by an RMB234.4 million decrease in current assets driven primarily by an RMB314.9 million decrease in amounts due from related parties, partially offset by an RMB83.5 million increase in trade receivables. See "—Related Party Transactions" for more details.

Our net current assets increased from RMB329.9 million as of December 31, 2019 to RMB511.8 million as of December 31, 2020, primarily due to an RMB13.0 million increase in current assets driven primarily by an RMB429.4 million increase in cash and bank balances partially offset by an RMB403.2 million decrease in amounts due from related parties, and an RMB169.0 million decrease in current liabilities driven primarily by an RMB327.3 million decrease in amounts due to related parties. See "—Related Party Transactions" for more details.

INDEBTEDNESS

We did not have any outstanding bank borrowings as of December 31, 2018, 2019, 2020 and April 30, 2021. As of the Latest Practicable Date, we did not have any banking facilities, any unutilized banking facilities or any outstanding or authorized but unissued debt securities, term loans, other borrowings or indebtedness in the nature of borrowing, acceptance credits, hire purchase commitments, mortgages and charges, contingent liabilities or guarantees outstanding.

Our Directors have confirmed that there was no material adverse change in our indebtedness since December 31, 2020 and up to the Latest Practicable Date.

Lease Liabilities

We lease certain properties in the PRC as our offices and as employee dormitories. Our lease liabilities (including current and non-current portions) decreased from RMB2.7 million as of December 31, 2018 to RMB1.3 million as of December 31, 2019, and further to nil and nil as of December 31, 2020 and April 30, 2021, respectively, mainly because we did not enter into any new leases for our own use with a contract term longer than one year in 2020 and up to the Latest Practicable Date.

Amounts Due to Related Parties

As of December 31, 2018, 2019 and 2020 and April 30, 2021, we had amounts due to the related parties which was non-trade in nature amounting to RMB839.5 million, RMB484.1 million, RMB156.9 million and RMB17.0 million, respectively. These amounts were non-interest bearing, unsecured and unguaranteed.

The amount due to related parties of non-trade nature will be fully settled prior to the Listing.

CONTINGENT LIABILITIES

As of December 31, 2020, we did not have any material contingent liabilities, guarantees or any litigations or claims of material importance, pending or threatened against any member of our Group. Our Directors have confirmed that there was no material adverse change in our Group's contingent liabilities since December 31, 2020 and up to the Latest Practicable Date.

LIQUIDITY AND CAPITAL RESOURCES

Our primary uses of cash are to fund our working capital requirements. We have historically funded our operations through cash generated from our operations and advances from related parties. As of December 31, 2018, 2019 and 2020, we had cash and bank balances of RMB82.6 million, RMB74.6 million and RMB503.9 million.

Following completion of the Global Offering, we expect to fund our future working capital, capital expenditure and other cash requirements through cash generated from our operations, bank borrowings, and the net proceeds from the Global Offering. Our ability to fund our working capital needs, repay our indebtedness and finance other obligations depends on our future operating performance and cash flow, which are in turn subject to the prevailing economic conditions, the level of spending by our customers and other factors, many of which are beyond our control. In addition, any future significant acquisition or expansion may require additional capital, and we cannot assure you that such capital will be available to us on acceptable terms, if at all. We did not experience any liquidity shortage during the Track Record Period.

Working Capital Sufficiency

After taking into consideration the financial resources available to our Group, including our bank balances and cash on hand, operating cash flows and the estimated net proceeds from the Global Offering, and in the absence of unforeseeable circumstances, our Directors confirm, and the Joint Sponsors concur, that we have sufficient working capital for our present requirements, that is for at least the next 12 months from the date of this Prospectus.

The following table sets forth a summary of our combined statements of cash flows for the years indicated:

	Year ended December 31,		
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
Net cash from operating activities	54,309	45,907	301,977
Net cash generated from/(used in) investing activities	(910,546)	312,890	554,880
Net cash generated from/(used in) financing activities	822,313	(366,821)	(426,411)
Net increase/(decrease) in cash and bank balances	(33,924)	(8,024)	430,446
Cash and bank balances at the beginning of the year	116,527	82,603	74,578
Effect of foreign exchange rate changes, net	–	(1)	(1,080)
Cash and bank balances at the end of the year, represented by bank balances and cash	**82,603**	**74,578**	**503,944**

Cash Flows From Operating Activities

We generate cash from our operating activities primarily from fees received for providing our commercial property management and operational services and residential property management services, while cash used in our operating activities were primarily attributable to the payment of staff costs and payments for other working capital needs. Cash flows from operating activities can be significantly affected by factors such as the timing of collection of trade receivables from customers and the timing of payment of trade payables to suppliers during the ordinary course of our business. Cash flows from operating activities reflects (i) profit before tax adjusted for non-cash and non-operating items, such as finance costs, depreciation of property and equipment, depreciation of right-of-use assets, depreciation of investment properties and impairment of trade receivables; (ii) movements in working capital, such as increase or decrease in trade receivables, prepayments, other receivables and other assets, trade payables, and other payables, deposits received and accruals; and (iii) other cash items consisting of income tax paid, interest received and interest paid.

Net cash from operating activities amounted to RMB302.0 million for 2020, primarily reflecting (i) profit before tax of RMB222.7 million; (ii) positive total adjustments before movements in working capital of RMB6.3 million, which in turn primarily reflected depreciation of property and equipment, depreciation of right-of-use assets and depreciation of investment properties; (iii) positive movements in working capital of RMB87.4 million, which primarily reflected a decrease in trade receivables, an increase in trade payable, an increase in other payables, deposits received and accruals, and an increase in prepayment, deposits and other receivables; and (iv) income tax paid.

Net cash from operating activities amounted to RMB45.9 million for 2019, primarily reflecting (i) profit before tax of RMB106.8 million; (ii) positive total adjustments before movements in working capital of RMB5.6 million, which in turn primarily reflected depreciation of property and equipment, depreciation of right-of-use assets and depreciation of investment properties; (iii) negative movements in working capital of RMB59.0 million, which primarily reflected an increase in trade receivables and an increase in prepayment, deposits and other receivables, partially offset by an increase in other payables, deposits received and accruals and an increase in trade payables; and (iv) income tax paid.

Net cash from operating activities amounted to RMB54.0 million for 2018, primarily reflecting (i) profit before tax of RMB50.7 million; (ii) positive total adjustments before movements in working capital of RMB3.4 million, which in turn primarily reflected depreciation of property and equipment and depreciation of investment properties; (iii) positive movements in working capital of RMB13.8 million, which primarily reflected an increase in other payables, deposits received and accruals and an increase in trade payables, partially offset by an increase in trade receivables and an increase in prepayment, deposits and other receivables; and (iv) income tax paid.

Cash Flows From/(Used in) Investing Activities

Our investing activities consist primarily of changes in amounts due from related parties, changes in purchases of property and equipment and investment in a joint venture.

Net cash from investing activities amounted to RMB554.9 million in 2020, primarily reflecting (i) a decrease in amounts due from related parties; (ii) purchases of property and equipment; and (iii) investment in a joint venture.

Net cash from investing activities amounted to RMB312.9 million in 2019, primarily reflecting (i) a decrease in amounts due from related parties; and (ii) purchases of property and equipment.

Net cash used in investing activities amounted to RMB910.5 million in 2018, primarily reflecting (i) an increase in amounts due from related parties; and (ii) purchases of property and equipment.

Cash Flows From/(Used in) Financing Activities

Financing activities primarily include changes in amounts due to related parties and settlement of lease liabilities.

Net cash used in financing activities amounted to RMB426.4 million for 2020, primarily reflecting a decrease in amounts due to related parties and deemed distribution to the then equity holders.

Net cash used in financing activities amounted to RMB366.8 million for 2019, primarily reflecting a decrease in amounts due to related parties.

Net cash from financing activities amounted to RMB822.3 million for 2018, primarily reflecting an increase in amounts due to related parties.

CAPITAL EXPENDITURE AND COMMITMENTS

Capital Expenditure

Our capital expenditure in 2018, 2019 and 2020 was RMB2.1 million, RMB3.8 million and RMB8.6 million, respectively. Our capital expenditure was used primarily for purchases of furniture, fixtures and office equipment and motor vehicles. We financed our capital expenditure primarily through our cash flow generated from operating activities.

Capital Commitments

As of December 31, 2018, 2019 and 2020, we had contracted to purchase office equipment amounting to RMB2.0 million, RMB0.7 million and RMB3.3 million, respectively. During the Track Record Period, we did not have any other material capital commitment.

RELATED PARTY TRANSACTIONS

We entered into certain related party transactions from time to time.

Significant Related Party Transactions

During the Track Record Period, we had the following significant transactions with related parties.

Provision of Services

In 2018, 2019 and 2020, revenue recorded for providing services to related parties amounted to RMB72.1 million, RMB199.7 million and RMB376.0 million, respectively. We mainly provide:

(i) Under our commercial property management and operational service segment: (a) basic commercial property management services; (b) pre-opening management services including market research and positioning, preliminary consulting and planning, architectural design consultation, tenant sourcing and opening preparation services; and (c) other value-added services, including tenant management, rent collection, car park management, and other common area management services; and

(ii) Under our residential property management service segment: value-added services to non-property owners, including pre-sale management services to property developers during their pre-sale activities, such as cleaning, security and maintenance services for pre-sale display units and sales offices, and pre-delivery inspection services to our related parties.

Balances with Related Parties

	As of December 31,		
	2018	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*
Receivables from related parties			
Trade receivables	8,608	89,379	60,001
Amount due from related parties (non-trade)	1,205,493	890,555	487,398
Total	**1,214,101**	**979,934**	**547,399**

	As of December 31,		
	2018	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*
Payable to related parties			
Amount due to related parties (non-trade)	839,506	484,130	156,864
Total	**839,506**	**484,130**	**156,864**

The non-trade receivables from or payables to related parties represent funds we advanced to or received from related parties because we were part of China SCE Group and China SCE Group conducts centralized fund management and allocation. The amount of non-trade receivables due from related parties and the amount of payables due to related parties both decreased during the Track Record Period as we gradually reduced our reliance on China SCE Group and began to manage our finance independently. All non-trade receivables from or payables to related parties as of the relevant dates were interest-free advances.

Our Directors have confirmed that these transactions of a non-trade nature were conducted on normal commercial terms and on arm's length basis and did not have a material impact on our results of operations during the Track Record Period. Further, our Directors confirm that all related party balances which are non-trade in nature will be fully settled prior to the Listing. For further details, please see "Accountants' Report—Notes to Historical Financial Information—31. Related Party Transactions" in Appendix I to this Prospectus.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As of the Latest Practicable Date, we did not have any off-balance sheet commitments and transactions.

MAJOR FINANCIAL RATIOS

The following table sets forth the major financial ratios as of the dates and for the years indicated:

	As of or for the Year ended December 31,		
Financial metrics	**2018**	**2019**	**2020**
Current ratio(1)	1.2	1.4	1.9
Return on equity(2)	12.3%	22.1%	30.2%
Net profit margin	8.8%	13.5%	20.2%

Notes:

(1) Current ratio is calculated based on our total current assets as of the end of the relevant years divided by our total current liabilities as of the end of the corresponding years.

(2) Return on equity is calculated based on profit for the years ended December 31, 2018, 2019 and 2020, divided by our total equity as of the end of the corresponding years and multiplied by 100%.

Current Ratio

Our current ratio increased from 1.2 in 2018, to 1.4 in 2019, and further to 1.9 in 2020. The fluctuation in our current ratio was primarily attributable to the fluctuations in amount due from related parties and amount due to related parties because of the centralized fund management and allocation practice conducted by China SCE Group, of which we were a part prior to the Reorganization, as well as the settlement of such balances in 2020.

Return on Equity

Our return on equity increased from approximately 12.3% in 2018 to approximately 22.1% in 2019, attributable to the increase in our net profit from 2018 to 2019. Our return on equity further increased from approximately 22.1% in 2019 to approximately 30.2% in 2020, primarily attributable to the increase in our net profit during the period.

Net Profit Margin

Our net profit margin increased during the Track Record Period. See "—Results of Operations" for further discussions.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT FINANCIAL RISKS

The main risks associated with our financial instruments are (i) credit risk and (ii) liquidity risk. Our management regularly reviews and monitors our exposures to these risks in order to ensure appropriate measures are implemented on a timely and effective manner. Details of the relevant risks and our policies for managing these risks are set out below.

Credit Risk

Our credit risk is primarily attributable to trade receivables, other receivables and cash and bank balances. We expect no significant credit risk associated with cash and bank balances since they are substantially placed at state-owned banks and other medium or large-sized listed banks. We do not expect any significant losses from non-performance by these counterparties.

China SCE Group is our largest customer and we therefore are exposed to credit risks related to China SCE Group. We expect that the credit risk associated with trade receivables and amounts due from China SCE Group to be low, since we believe China SCE Group has strong capacity to meet contractual cash flow obligations in the near term.

We trade only with recognized and credit worthy third parties. Concentrations of credit risk are managed by analysis by customer/counterparty. There are no significant concentrations of credit risk within us as the customer bases of our trade receivables and other receivables are widely dispersed. In addition, receivable balances are monitored on an ongoing basis.

Liquidity Risk

We aim to maintain a prudent financial policy, to monitor liquidity ratios against risk limits and to maintain a contingency plan for funding to ensure that we maintain sufficient cash to meet our liquidity requirements.

The following table sets forth our financial liabilities by relevant maturity grouping as of the dates indicated:

	Within one year or on demand	In the second year	Total
	RMB'000	*RMB'000*	*RMB'000*
As of December 31, 2020			
Trade payables	48,698	2,477	51,175
Other payables and accruals	195,982	–	195,982
Due to related parties	156,864	–	156,864
	401,544	2,477	404,021
As of December 31, 2019			
Trade payables	34,463	336	34,799
Other payables and accruals	141,883	–	141,883
Lease liabilities	1,309	–	1,309
Due to related parties	484,130	–	484,130
	661,785	336	662,121
As of December 31, 2018			
Trade payables	26,180	–	26,180
Other payables and accruals	126,752	–	126,752
Lease liabilities	1,558	1,309	2,867
Due to related parties	839,506	–	839,506
	993,996	1,309	995,305

DIVIDEND POLICY AND DISTRIBUTABLE RESERVE

Our Board is responsible for submitting proposals in respect of dividend payments, if any, to our Shareholders for approval at general meetings. A decision to declare any dividends and the amount of such dividends depend on various factors, including our results of operation, cash flows, financial condition, future business prospects, capital requirements, statutory and contractual restrictions on the payment of dividends by us, and other factors that our Board considers relevant.

We did not have any dividend payable as of December 31, 2018 or 2019. We have no present plan to pay any additional dividends to our Shareholders in the foreseeable future as we intend to retain most, if not all, of our available funds and any future earnings to operate and expand our business. Except for a special dividend of RMB43,542,000 declared by Beijing World City to its then sole shareholder, Max Fresh Investments Limited, in August 2020, which had been fully settled subsequent to the Track Record Period, and cash considerations in the amounts of RMB10.0 million and RMB97.9 million paid to China SCE Group for certain Reorganization procedures recorded as deemed distributions to the then equity owners in 2019 and 2020, respectively, we did not declare or pay any dividend during the Track Record Period.

The recommendation of the payment of dividend is subject to the absolute discretion of our Board, and, after the Listing, any declaration of final dividend for the year will be subject to the approval of our Shareholders. The declaration and payment of future dividends will be subject to various factors, including but not limited to our results of operations, financial performance, profitability, business development, prospects, capital requirements and economic outlook. Any declaration and payment as well as the amount of the dividend will be subject to our constitutional documents and the Cayman Islands Companies Act, including the approval of our Shareholders.

As of December 31, 2020, we had retained profits of RMB274.9 million under HKFRS, as reserves available for distribution to our equity shareholders.

NO ADDITIONAL DISCLOSURE REQUIRED UNDER LISTING RULES

Our Directors have confirmed that, as of the Latest Practicable Date, they were not aware of any circumstances which would have given rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

LISTING EXPENSES

The total estimated listing expenses in connection with the Global Offering, including underwriting commission for the Global Offering, is approximately HK$88.3 million (based on the mid-point of the Offer Price of HK$4.15 per Offer Share and assuming no Over-allotment Option will be exercised), of which (i) approximately HK$9.6 million was charged to our profit or loss for the year ended December 31, 2020; (ii) approximately HK$22.6 million is expected to be charged to our profit or loss for the year ending December 31, 2021; and (iii) approximately HK$56.1 million is expected to be accounted for as a deduction from equity upon the Listing. We expect total listing expense to represent approximately 4.3% of gross IPO proceeds.

Our Directors consider that our financial results will be affected by the estimated listing expenses in relation to the Global Offering as we recognized approximately HK$9.6 million and expect to recognize HK$22.6 million in the combined statement of profit or loss and other comprehensive income for the year ended December 31, 2020, and for the year ending December 31, 2021, respectively. Our Directors are of the view that our listing expenses will not materially adversely affect our financial performance for the year ending December 31, 2021.

Our Directors would like to emphasize that the estimated amount of listing expenses disclosed above is for reference only. The final amount of listing expenses in relation to the Listing to be recognized in our combined statements of profit or loss and other comprehensive income for the year ending December 31, 2021 will be subject to adjustment based on audit and the then changes in variables and assumptions. Prospective investors should note that our financial performance for the year ending December 31, 2021 is expected to be adversely (but not materially) affected by non-recurring listing expenses, and may or may not be comparable to our financial performance in the past.

UNAUDITED PRO FORMA ADJUSTED COMBINED NET TANGIBLE ASSETS

For details of our unaudited pro forma adjusted combined net tangible assets, please see Appendix II to this Prospectus.

RECENT DEVELOPMENTS AND NO MATERIAL ADVERSE CHANGE

Save for the estimated non-recurring listing expenses as disclosed in the paragraph headed "Listing Expenses" in this section, our Directors, after due and careful consideration, confirm that since December 31, 2020 and up to the date of this prospectus, (i) there was no material adverse change in the market conditions and the industry and the regulatory environment in which our Group operates that affect our financial or operating position materially and adversely; (ii) there was no material adverse change in the business, revenue structure, trading, profitability, cost structure, financial position and prospects of our Group; and (iii) no event had occurred that would affect the information shown in our Accountants' Report in Appendix I to this Prospectus materially and adversely.

FUTURE PLANS

Please see "Business—Our Strategies" for a detailed description of our future plans.

USE OF PROCEEDS

We estimate the net proceeds of the Global Offering which we will receive, assuming an Offer Price of HK$4.15 per Offer Share (being the mid-point of the Offer Price range stated in this prospectus), will be approximately HK$1,986.7 million, after deduction of underwriting fees and commissions and estimated expenses payable by us in connection with the Global Offering and assuming the Over-allotment Option is not exercised.

We intend to use the net proceeds of the Global Offering for the following purposes assuming the Offer Price is fixed at HK$4.15 per Offer Share (being the mid-point of the indicative Offer Price Range).

- Approximately 50% of the net proceeds will be used to pursue strategic acquisition of and investment in other property management companies and service providers in order to scale up our business and diversify our service offerings. We intend to use at least 40% of the net proceeds to acquire or invest in property management companies, and use the remaining proceeds to acquire or invest in other service providers. In general, we intend to obtain majority interest in the acquisition targets. As of the Latest Practicable Date, we had not identified any acquisition or investment targets for our use of net proceeds from the Global Offering. We target companies which meet the following criteria when we evaluate potential investments or acquisitions:

  (i) In respect of property management companies, we will consider their scope of service, geographic coverage (such as city size, population, income level of the local populace, local competitive environment and average property management fee level), financial track record, growth potential, brand image, overall competitiveness and other factors that may contribute to our long term growth and success. In particular,

    - for commercial property management companies, we plan to focus on companies operating in economically developed areas such as the Yangtze River Delta Economic Zone and the Guangdong-Hong Kong-Macau Greater Bay Area, as well as other high growth areas such as Fujian province, Yunnan province, Shandong province, Henan province and Hubei province. Our main criteria generally include the competence of the management team, the size of the business, financial performance, market reputation and compliance record. Specifically, we intend to focus on companies that have a total GFA under management of at least 0.5 million sq.m. and an annual revenue of at least RMB20.0 million; and

- for residential and other property management companies, we plan to focus on companies operating in the Bohai Rim Economic Zone, the Yangtze River Delta Economic Zone, the Guangdong-Hong Kong-Macau Greater Bay Area and the Western Taiwan Straits Economic Zone that either complement our existing property management portfolio or broaden the scope of our property portfolio to include other property types such as industrial parks and public facilities. Specifically, we intend to focus on companies that have a total GFA under management of at least 1.0 million sq.m. and an annual revenue of at least RMB10.0 million.

(ii) In respect of service providers, we will focus on companies providing services such as cleaning, repair and maintenance and other services in order to optimize our business structure and achieve synergy effect. We believe investing in or acquiring these providers will create synergy effect which enables us to improve the efficiency in our supplier selection process as well as control our costs more effectively even though historically we outsourced such functions to subcontractors.

According to JLL, the property management industry is fragmented, with approximately 130,000 property management service providers operating in the industry in 2020. As advised by JLL, there are over 650 commercial property management service providers in the market that meet our criteria of having a total GFA under management of at least 0.5 million sq.m., and an annual revenue of at least RMB20.0 million; in addition, there are over 1,400 residential property management service providers in the market that meet our criteria of having a total GFA under management of at least 1.0 million sq.m., and an annual revenue of at least RMB10.0 million. Consequently, our Directors believe that our selection criteria are in line with the industry practice and there are sufficient number of suitable target companies available in the market for our aforementioned expansion plan.

- Approximately 25% of the net proceeds will be used to invest in technology to improve service quality, customer experience and engagement and enhance our operational efficiency. In particular,

(i) we plan to use 3% of the net proceeds to upgrade our WeChat mini-app. We expect such upgrade would provide a more user-friendly interface and better shopping experience to users, and our plan is based on the costs we expected to incur in order to (a) improve the mini-app's user interface; (b) diversify payment channels; (c) add e-receipt functions; (d) improve the automation of membership functions, such as one-touch membership registration, automatic membership point accumulation, automatic parking payment and personalized advertisement; (e) build an online shopping platform; (f) improve the mini-app's data analytics capability; and (g) improve the mini-app's data collection and monitoring capability. As advised by our PRC Legal Advisors, we are not required to obtain requisite licenses under current PRC laws and regulations for these proposed initiatives, except for the online shopping platform which will require value-added telecommunication business operating license for online data processing and transaction processing business (operating e-commerce). Under current PRC laws and regulations, there is no restrictions for foreign investment companies to obtain such licenses. We undertake to apply for the value-added telecommunication business operating license for the online shopping platform in due course according to the relevant laws and regulations. Given that (i) there is no restrictions for foreign investment companies to obtain the value-added telecommunication business operating licence (operating e-commerce) for the online shopping platform, (ii) according to E-commerce Law of the People's Republic of China (中華人民共和國電子商務法, promulgated on August 31, 2018 and became effective on January 1, 2019), Telecommunications Regulations of the People's Republic of China (中華人民共和國電信條例, revised and became effective on February 6, 2016), Administrative Provisions on Foreign-Invested Telecommunications Enterprises (外商投資電信企業管理規定, revised and became effective on February 6, 2016), and Administrative Measures for the Licensing of Telecommunications Business (電信業務經營許可管理辦法, promulgated on July 3, 2017 and became effective on September 1, 2017), the operators shall be permitted to conduct value-added telecommunications business to the extent that they meet a series of conditions, including but not limited to the requisite funds and professionals fit for their business activities, the reputation and capacity for providing users with long-term services, and other conditions as prescribed by the state, for foreign-invested telecommunications enterprise, the major foreign investor shall have a record of good performance and operating experience in managing value-added telecommunications business, and (iii) according to our communication with professional agency firms to be engaged to assist us in applying the licence, it is expected that there is no material obstacle for obtaining the aforementioned licence, our PRC Legal Advisors are of the view that, subject to the fulfillment of the requisite conditions above, there is no material legal impediment for us to obtain the value-added telecommunication business operating licence (operating e-commerce) for the online shopping platform, while the possibility that the relevant authorities may refuse to grant the licence for the reason that the Company does not meet any conditions above cannot be ruled out. We also intend to collaborate with qualified third party payment service providers (such as WeChat Pay and Ali Pay) for the diversified payment channels, and we are not required to obtain the payment licenses on such business;

(ii) we plan to use 2% of the net proceeds to upgrade our subcontractor and supplier platform to increase our operational efficiency, and our plan is based on the costs we expected to incur in order to (a) upgrade the interface of our subcontractor and supplier platform and make it accessible from personal

WeChat; (b) add online contract execution function for suppliers and business partners; (c) add online bidding and marketing functions; and (d) improve overall workflow by adding functions such as business data sharing;

(iii) we plan to use 3% of the net proceeds to upgrade our digitalized enterprise management system, and our plan is based on the costs we expected to incur in order to (a) upgrade our ERP system to better support properties under our management; (b) upgrade our asset management system to provide visual illustration of consumer traffic so that we can have a better understanding of consumers' shopping pattern and make more efficient decisions in resource allocation; (c) upgrade our data analytics system to aid our business decision making; and (d) upgrade our remote facility monitoring system to improve quality control;

(iv) we plan to use 7% of the net proceeds to upgrade our operation platform to link our consumer-front WeChat mini-app to additional supporting systems, including a multi-channel online ecosystem that includes a marketing system, a product digitalization system, a transaction management system, a compliance system and a data analytics system that can support the operation of our business and enhance efficiency;

(v) We plan to use 10% of the net proceeds to purchase and deploy new technology and smart devices to improve consumers' shopping experience and improve our operational efficiency, and our plan is based on the costs we expected to incur in order to (a) purchase and deploy smart POS; (b) establish a commercial business data collection platform; (c) purchase and deploy facial recognition devices, as well as the relevant data analytics system, to support our targeted marketing activities; and (d) improve our smart parking system.

We plan to measure the efficacy of our technology initiatives by making reference to (a) growth in our membership program; (b) growth in our revenue; and (c) growth in the gross merchandise volume. We believe our investment in technology will allow us to maintain long term growth and improve overall competitiveness.

- Approximately 10% of the net proceeds will be used to expand our business along the value chain and diversify our value-added service offerings. We intend to (i) offer car park sale assistance services to property developers for their car parking spaces that remain unsold after the pre-sale period; (ii) offer real estate brokerage services that include both new and second-hand properties, (iii) develop and integrate other community value-added services such as housekeeping, air purification and elderly care services, (iv) develop home decoration and turnkey furnishing services, and collaborate with high-quality furnishing suppliers and property developers to build show flats that enhance the home-buying experience, and (v) diversify our services for commercial property customers, such as advertisement, architectural design and other new forms of value-added services. We intend to carry out our goals by (i) acquiring specialized service providers, (ii) establishing an in-house team to study and develop new value-added services (specifically, we intend to assign staff members who have many years of experiences in providing value-added services to design new types of services, and provide them with necessary resources to run pilot programs in our existing properties under management to test the results), and/or (iii) cooperating with third parties. According to JLL, there is a high demand for value-added services in China's property management market with significant growth potential. On the one hand, in terms of community value-added service, the growth in per capita disposable income has boosted resident's demand for better living quality and thus a wide range of community value-added service. Due to close interaction with residents in daily lives, property management companies have advantages over other parties to provide such services. In 2014-2019, the total revenue from community services provided by the Top 100 Property Management Companies soared with a CAGR of 45.0% and reached RMB25.4 billion in 2019. On the other hand, the steady development of real estate market also lends great support to the demand for the value-added service for property developers.

- Approximately 5% of the net proceeds will be used to attract, cultivate, and retain talent to support our growth. We will provide competitive compensation packages and promotion opportunities to attract talent and hire experienced managers to support our entry into new markets and new services. We will also invest in training programs to provide our managers and staff with continuing growth opportunities.

- Approximately 10% of the net proceeds will be used for general business purpose and working capital. We expect the demand for working capital to increase as a result of our organic growth as well as plans for strategic acquisitions and investments.

We intend to use our net proceeds from the Global Offering pursuant to the timetable sets forth below. The estimated timetable is inherently subject to many uncertainties and unpredictable factors, such as market conditions, our ability to identify suitable targets and investment opportunities, our ability to reach agreements with third parties at terms that are acceptable to the Group, and the risk factors as set out in "Risk Factors" in this prospectus. We cannot assure you that our business strategies will be achieved and our implementation plans will materialize in accordance with the estimated timeframe or at all.

Future plan	Percentage of total net proceeds	Estimated timeframe 2021	2022	2023	2024	2025
		(percentage of total net proceeds)				
Strategic acquisition of and investment in other property management companies and service providers	50.0%	10.0%	15.0%	10.0%	10.0%	5.0%
Investment in technology to improve service quality, customer experience and engagement and enhance our operational efficiency	25.0%	5.0%	7.5%	7.5%	2.5%	2.5%
Expansion along the value chain and diversification our value-added service offerings	10.0%	3.0%	3.0%	2.0%	1.0%	1.0%
Attracting, cultivating, and retaining talent to support our growth	5.0%	1.0%	1.0%	1.0%	1.0%	1.0%
General business purpose and working capital	10.0%	2.0%	2.0%	2.0%	2.0%	2.0%

The above allocation of the 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 estimated offer price range or the Over-allotment Option is exercised.

If the Offer Price is fixed at HK$4.60 per Offer Share (being the high end of the Offer Price range stated in this prospectus) and assuming the Over-allotment Option is not exercised, we will receive net proceeds of approximately HK$2,205.4 million, after deduction of underwriting fees and commissions and estimated expenses payable by us in connection with the Global Offering.

If the Offer Price is fixed at HK$3.70 per Offer Share (being the low end of the Offer Price range stated in this prospectus) and assuming the Over-allotment Option is not exercised, the net proceeds we receive will be approximately HK$1,767.9 million, after deduction of underwriting fees and commissions and estimated expenses payable by us in connection with the Global Offering.

In the event that the Over-allotment Option is exercised in full, we will receive additional net proceeds ranging from approximately HK$270.6 million (assuming an Offer Price of HK$3.70 per Share, being the low end of the proposed Offer Price range) to HK$336.4 million (assuming an Offer Price of HK$4.60 per Share, being the high end of the proposed Offer Price range), after deduction of underwriting fees and commissions and estimated expenses payable by us in connection with the Global Offering.

To the extent that the net proceeds are not immediately applied to the above purposes (including situations under which we cannot timely identify suitable targets for acquisition) and to the extent permitted by applicable law and regulations, we will deposit the net proceeds into short-term demand deposits with licensed banks or authorized financial institutions. We will make an appropriate announcement if there is any change to the above proposed use of proceeds or if any amount of the proceeds will be used for general corporate purpose.

HONG KONG UNDERWRITERS

Merrill Lynch (Asia Pacific) Limited
UBS AG Hong Kong Branch
CLSA Limited
The Hongkong and Shanghai Banking Corporation Limited
CRIC Securities Company Limited
Futu Securities International (Hong Kong) Limited

UNDERWRITING ARRANGEMENTS AND EXPENSES

Hong Kong Public Offering

Hong Kong Underwriting Agreement

The Hong Kong Underwriting Agreement was entered into on June 17, 2021. As described in the Hong Kong Underwriting Agreement, we are offering the Hong Kong Offer Shares for subscription on and subject to the terms and conditions of this Prospectus and the Application Forms at the Offer Price. Subject to the Listing Committee granting the listing of, and permission to deal in, our Shares in issue and to be issued pursuant to the Global Offering as mentioned herein (including any additional Shares which may be issued pursuant to the exercise of the Over-allotment Option) and to certain other conditions set out in the Hong Kong Underwriting Agreement, the Hong Kong Underwriters have agreed severally and not jointly to subscribe or procure subscribers for their respective applicable proportions of the Hong Kong Offer Shares which are now being offered but are not taken up under the Hong Kong Public Offering on and subject to the terms and conditions of this Prospectus, the Application Forms and the Hong Kong Underwriting Agreement.

The Hong Kong Underwriting Agreement is conditional upon and subject to, among other things, the International Underwriting Agreement having been signed and becoming unconditional and not having been terminated in accordance with its terms.

Grounds for Termination

The Joint Representatives (for themselves and on behalf of the Hong Kong Underwriters), in their sole and absolute discretion, shall be entitled by notice (orally or in writing) to the Company to terminate the Hong Kong Underwriting Agreement with immediate effect if prior to 8:00 a.m. on the Listing Date:

(a) there shall develop, occur, exist or come into effect:

  (i) any local, national, regional or international event 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 infectious disease, economic sanctions, strikes, lock-outs, 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) in or affecting Hong Kong, the PRC, the United States, the Cayman Islands, the United Kingdom, the European Union (or any member thereof) or any other jurisdiction relevant to any member of the Group (the "**Relevant Jurisdictions**"); or

(ii) any change, or any development involving a prospective change, or any event or circumstance likely to result in any change or development involving a prospective change, in any local, national, regional or international financial, economic, political, military, industrial, fiscal, regulatory, currency, credit or market conditions (including, without limitation, conditions in the stock and bond markets, money and foreign exchange markets, the interbank markets and credit markets) in or affecting any of the Relevant Jurisdictions; or

(iii) any moratorium, suspension or restriction (including, without limitation, any imposition of or requirement for any minimum or maximum price limit or price range) in or on trading in securities generally on the Stock Exchange, the New York Stock Exchange, the NASDAQ Global Market, the London Stock Exchange, the Shanghai Stock Exchange or the Shenzhen Stock Exchange; or

(iv) 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 any securities of the Company or of any other member of the Group or of China SCE Group Holdings listed or quoted on a stock exchange or an over-the-counter market; or

(v) any general moratorium on commercial banking activities in Hong Kong (imposed by the Financial Secretary or the Hong Kong Monetary Authority or other competent Authority), New York (imposed at Federal or New York State level or other competent Authority), London, the PRC, the Cayman Islands, the European Union (or any member thereof) or any other jurisdiction in which any member of the Group operates, or any disruption in commercial banking or foreign exchange trading or securities settlement or clearance services, procedures or matters in any of the Relevant Jurisdictions; or

(vi) any new law, or any change or any development involving a prospective change or any event or circumstance likely to result in a change or a development involving a prospective change in (or in the interpretation or application by any court or other competent authority of) existing laws, in each case, in or affecting any of the Relevant Jurisdictions; or

(vii) the imposition of economic sanctions, in whatever form, directly or indirectly, by, or for, the United States or the European Union (or any member thereof) on the PRC or any other jurisdiction relevant to any member of the Group; or

(viii) a change or development involving a prospective change in or affecting taxation or exchange control, currency exchange rates or foreign investment regulations (including, without limitation, a material devaluation of the Hong Kong dollar or the Renminbi against any foreign currencies), or the implementation of any exchange control, in any of the Relevant Jurisdictions; or

(ix) any litigation or claim of any third party being threatened or instigated against any member of the Group; or

(x) a 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

(xi) the chairman or chief executive officer of the Company vacating his or her office; or

(xii) an authority commencing any investigation or other action, or announcing an intention to investigate or take other action, against any Director; or

(xiii) save as disclosed in the Prospectus, a contravention by any member of the Group of applicable laws; or

(xiv) save as disclosed in the Prospectus or waived by the Stock Exchange, a contravention by any member of the Group of the Listing Rules; or

(xv) the issue or requirement to issue by the Company of any supplement or amendment to the Prospectus (or to any other documents used in connection with the contemplated offer and sale of the Shares) pursuant to the Companies Ordinance or 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

(xvi) an order or petition for the winding up of any member of the Group or any composition or arrangement made by any member of the Group with its creditors or a scheme of arrangement entered into by any member of the Group or any resolution for the winding-up of any member of the Group or the appointment of a provisional liquidator, receiver or manager over all or part of the material assets or undertaking of any member of the Group or anything analogous thereto occurring in respect of any member of the Group,

which, individually or in the aggregate, in the sole opinion of the Joint Representatives (1) has or will have or is likely to have a material adverse effect on the assets, liabilities, business, general affairs, management, prospects, shareholders' equity, profits, losses, results of operations, position or condition, financial or otherwise, or performance of the Group as a whole; or (2) has or will have or is likely to have a material adverse effect on the success or marketability of the Global Offering; or (3) makes or will make or may make it inadvisable or impracticable for the Global Offering to proceed or to market the Global Offering; 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 Representatives:

(i) that any statement contained in 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) was, when it was issued, or has become, untrue, incorrect in any material respect or misleading, or that any forecast, estimate, expression of opinion, intention or expectation contained in any of the Hong Kong public 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 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 the Prospectus, constitute a material 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) a prohibition on the Company for whatever reason from offering, allotting, issuing or selling any of the Shares (including the option Shares for the Over-allotment Option) pursuant to the terms of the Global Offering; or

(iv) non-compliance of the 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

(v) any breach of any of the obligations imposed upon any party to the Hong Kong Underwriting Agreement; or

(vi) any event, act or omission which gives or is likely to give rise to any liability of any of the indemnifying parties pursuant to the Hong Kong Underwriting Agreement; or

(vii) any adverse change, or any development involving a prospective adverse change, in the assets, liabilities, business, general affairs, management, prospects, shareholders' equity, profits, losses, results of operations, position or condition, financial or otherwise, or performance of any member of the Group or the Group as a whole; or

(viii) any breach of, or any event or circumstance rendering untrue or incorrect in any respect, any of the warranties in the Hong Kong Underwriting Agreement; or

(ix) that approval by the Listing Committee of the Stock Exchange of the listing of, and permission to deal in, the Shares to be issued (including any additional Shares that may be issued pursuant to the exercise of the Over-allotment Option) under the Global Offering is refused or not granted, other than subject to customary conditions, on or before the Listing Date, or if granted, that the approval is subsequently withdrawn or qualified (other than by customary conditions); or

(x) a withdrawal by the Company of the Prospectus (and/or any other documents issued or used in connection with the Global Offering) or the Global Offering; or

(xi) that a significant portion of the orders placed or confirmed in the bookbuilding process, or of the investment commitments made by any cornerstone investors under agreements signed with such cornerstone investors, have been withdrawn, terminated or cancelled.

Undertakings to the Stock Exchange Pursuant to the Listing Rules

Undertakings by the Company

Pursuant to Rule 10.08 of the Listing Rules, the Company has undertaken to the Stock Exchange that we will not issue any shares or other securities convertible into equity securities (whether or not of a class already listed) of the Company or enter into any agreement or arrangement to issue such shares or securities at any time within six months from the Listing Date (whether or not such issue of shares or securities will be completed within six months from the Listing Date), except pursuant to the Capitalization Issue, the Global Offering, the Over-allotment Option or any of the circumstances prescribed by Rule 10.08 of the Listing Rules.

Undertakings by the Controlling Shareholders

Pursuant to Rule 10.07 of the Listing Rules, each of the Controlling Shareholders has undertaken to us and to the Stock Exchange, except pursuant to the Capitalization Issue, the Global Offering (including pursuant to the Over-allotment Option or, if applicable, the stock borrowing arrangement that may be entered into with the Stabilizing Manager or any of its associates or any person acting for it), that it will not, and shall procure that any other registered holder(s) (if any) will not, without the prior written consent of the Stock Exchange or unless otherwise in compliance with applicable requirements of the Listing Rules:

(a) in the period commencing on the date of this Prospectus and ending on the date which is six months from the Listing Date (the "**First Six-month Period**"), dispose of, or enter into any agreement to dispose of any Shares in respect of which it is shown by this Prospectus each of the Controlling Shareholders to be the beneficial owner (as defined in Rule 10.07(2) of the Listing Rules) or otherwise create any options, rights, interests or encumbrances in respect of such Shares; and

(b) in the period of six months immediately following the expiry of the First Six-month Period (the "**Second Six-month Period**"), dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares referred to in paragraph (a) above if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, it would cease to be a controlling shareholder of the Company,

in each case, save as permitted under the Listing Rules.

Further, pursuant to Note (3) to Rule 10.07(2) of the Listing Rules, each of the Controlling Shareholders has undertaken to us and to the Stock Exchange that, during the First Six-month Period and the Second Six-month Period, it will:

(a) if it pledges or charges any of our securities beneficially owned by it in favor of an authorized institution (as defined in the Banking Ordinance, Chapter 155 of the Laws of Hong Kong) for a bona fide commercial loan, immediately inform us of such pledge or charge together with the number of securities so pledged or charged; and

(b) if it receives indications, either verbal or written, from the pledgee or chargee that any of our pledged or charged securities will be disposed of, immediately inform us of such indications.

We will also inform the Stock Exchange as soon as we have been informed of the above matters, if any, by the Controlling Shareholders and disclose such matters in accordance with the publication requirements under Rule 2.07C of the Listing Rules as soon as possible after being so informed.

Undertakings Pursuant to the Hong Kong Underwriting Agreement

Undertakings by the Company

Pursuant to the Hong Kong Underwriting Agreement, the Company has undertaken to each of the Joint Representatives, the Hong Kong Underwriters and the Joint Sponsors not to, and to procure each other member of the Group not to, except for the offer and issue of the Offer Shares pursuant to the Global Offering (including pursuant to any exercise of the Over-allotment Option) and the issue of Shares pursuant to the Capitalization Issue, in the period commencing from the date of the Hong Kong Underwriting Agreement and until the expiry of the First Six-month Period, without the prior written consent of the Joint Representatives (on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules:

(a) issue, sell, accept subscription for, offer to issue or sell, contract or agree to 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 issue or sell, or otherwise transfer or dispose of or create an encumbrance over, or contract or agree to transfer or dispose of or create an encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to subscribe for or purchase, any Shares; 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 equity securities of the 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 subscribe for or purchase, any Shares or any other equity securities of the Company); or

(c) enter into any transaction with the same economic effect as any transaction described in paragraphs (a) or (b) above;

(d) offer to or agree to or announce the intention to effect any such transaction specified in paragraphs (a), (b) or (c) above,

in each case, whether any of the transactions specified in paragraphs (a), (b) or (c) above is to be settled by delivery of Shares or such other securities of the Company or in cash or otherwise (whether or not the allotment or issue of such Shares or such other securities of the Company will be completed within the First Six-month Period). In the event that, in the period of the Second Six-month Period, the Company enters into any of the transactions specified in paragraphs (a), (b) or (c) above or offers to or agrees to or announces any intention to effect any such transaction, the Company shall take all reasonable steps to ensure that such transaction, offer, agreement or announcement will not create a disorderly or false market in the Shares or any other securities of the Company. China SCE Group Holdings undertakes to each of the Joint Representatives, the Hong Kong Underwriters and the Joint Sponsors to procure the Company to comply with the undertakings above.

Undertakings by China SCE Group Holdings

Pursuant to the Hong Kong Underwriting Agreement, China SCE Group Holdings has undertaken to each of the Company, the Joint Sponsors, the Joint Representatives and the Hong Kong Underwriters that, except as pursuant to the Global Offering, without the prior written consent of the Joint Representatives (for themselves and on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules (other than any pledge or charge of the issued share capital of the Company after consummation of the Global Offering in favour of an authorized institution as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) for a bona fide commercial loan in compliance with Note (2) to Rule 10.07(2) of the Listing Rules):

(a) it will not at any time during the First Six-month Period:

(i) sell, offer to sell, contract or agree to sell, mortgage, charge, pledge, hypothecate, hedge, lend, grant or sell any option, warrant, contract or right to purchase, grant or purchase any option, warrant, contract or right to sell, or otherwise transfer or dispose of or create an encumbrance over, or agree to transfer or dispose of or create an encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or any other securities of the 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 Shares or any other securities of the Company) (the "**Locked-up Securities**");

(ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any Locked-up Securities;

(iii) enter into any transaction with the same economic effect as any transaction specified in paragraphs (i) and (ii) above; or

(iv) offer to or agree to or announce any intention to effect any transaction specified in paragraphs (i), (ii) and (iii) above,

in each case, whether the transaction is to be settled by delivery of Shares or such other securities of the Company or in cash or otherwise (whether or not the transaction will be completed within the First Six-month Period);

(b) it will not at any time during the Second Six-month Period, enter into any of the transactions specified in paragraphs (i), (ii) and (iii) above in respect of any Locked-up Securities, 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;

(c) until the expiry of the Second Six-month Period, in the event that it enters into any of the transactions specified in paragraphs (i), (ii) and (iii) above in respect of any Locked-up Securities, or offers to or agrees to or announces any intention to effect any such transaction, it will take all reasonable steps to ensure that any such transaction, offer, agreement or announcement will not create a disorderly or false market in the Shares or any other securities of the Company; and

(d) at any time after the date hereof up to and including the date falling 12 months after the Listing Date, it shall:

(i) if and when it pledges or charges any Shares or other securities of the Company (or any interests therein) beneficially owned by it, immediately inform the Company and the Joint Representatives in writing of such pledge or charge together with the number of Shares or securities (or interests therein) so pledged or charged; and

(ii) if and when it receives indications, either verbal or written, from any pledgee or chargee that any of the pledged or charged Shares or securities (or interests therein) of the Company will be disposed of, immediately inform the Company and the Joint Representatives in writing of such indications.

The Company also undertakes that upon receiving such information in writing from China SCE Group Holdings, it shall, as soon as practicable and if required pursuant to the Listing Rules, notify the Stock Exchange and make a public disclosure in relation to such information by way of announcement.

The International Offering

In connection with the International Offering, it is expected that the Company will enter into the International Underwriting Agreement with the Joint Representatives and the International Underwriters. Under the International Underwriting Agreement, the International Underwriters would, subject to certain conditions set out therein, severally and not jointly agree to purchase the International Offer Shares being offered pursuant to the International Offering or procure subscribers or purchasers for such International Offer Shares.

The Company is expected to grant the Over-allotment Option to the International Underwriters, exercisable by the Joint Representatives (for themselves and on behalf of the International Underwriters) at any time from the date of the International Underwriting Agreement until July 24, 2021, being the 30th day from the last day for lodging applications under the Hong Kong Public Offering, to require the Company to allot and issue up to an aggregate of 75,000,000 additional Offer Shares, representing approximately 15% of the number of Offer Shares initially being offered under the Global Offering, at the Offer Price to solely cover over-allocations in the International Offering, if any.

Commission and Expenses

Under the terms and conditions of the Underwriting Agreements, the Underwriters will receive a gross underwriting commission of 2.5% on the aggregate Offer Price payable for the Offer Shares (including any Offer Shares to be sold pursuant to the exercise of the Over-allotment Option), out of which they will pay any sub-underwriting commission. For unsubscribed Hong Kong Offer Shares reallocated to the International Offering, we will pay an underwriting commission at the rate applicable to the International Offering and such commission will be paid to the Joint Representatives and the relevant International Underwriters (but not the Hong Kong Underwriters). In addition, the Company may also in our sole discretion pay any or all of the Underwriters an additional incentive fee of up to 1.0% in the aggregate of the sale proceeds of the Shares offered by us under the Global Offering.

Assuming the Over-allotment Option is not exercised at all, and based on an Offer Price of HK$4.15 per Share (being the mid-point of the indicative Offer Price range of HK$3.70 to HK$4.60 per Share), the aggregate commissions and fees (including the maximum discretionary incentive fee), together with the Stock Exchange listing fees, the SFC transaction levy, the Stock Exchange trading fee, legal and other professional fees and printing and other expenses relating to the Global Offering to be borne by the Company (collectively the "**Commission and Fee**") are estimated to amount to approximately HK$88.3 million in aggregate.

Indemnity

We have agreed to indemnify the Hong Kong Underwriters for certain losses which they may suffer, including losses incurred arising from their performance of their obligations under the Hong Kong Underwriting Agreement and any breach by us of the Hong Kong Underwriting Agreement.

Hong Kong Underwriters' Interests in the Company

Save for their respective obligations under the Hong Kong Underwriting Agreement or as otherwise disclosed in this Prospectus, none of the Hong Kong Underwriters is interested legally or beneficially in any shares of any of our members or has any right or option (whether legally enforceable or not) to subscribe for or purchase or to nominate persons to subscribe for or purchase securities in any of our members in the Global Offering.

Following the completion of the Global Offering, the Hong Kong Underwriters and their affiliated companies may hold a certain portion of the Shares as a result of fulfilling their obligations under the Hong Kong Underwriting Agreement.

Joint Sponsors' Fee

An amount of US$400,000 is payable by the Company as sponsor fees to each of the Joint Sponsors, totaling an amount of US$800,000.

Independence of Joint Sponsors

As of the Latest Practicable Date, both Merrill Lynch Far East Limited and UBS Securities Hong Kong Limited satisfy the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules.

ACTIVITIES BY SYNDICATE MEMBERS

The underwriters of the Hong Kong Public Offering and the International Offering (together, the "**Syndicate Members**") and their affiliates may each individually undertake a variety of activities (as further described below) which do not form part of the underwriting or stabilizing process.

The Syndicate Members and their affiliates are diversified financial institutions with relationships in countries around the world. These entities engage in a wide range of commercial and investment banking, brokerage, fund management, trading, hedging, investing and other activities for their own account and for the account of others. In relation to the Shares, those activities could include acting as agent for buyers and sellers of the Shares, entering into transactions with those buyers and sellers in a principal capacity, securities investment and trading in the Shares, and entering into over the counter or listed derivative transactions or listed and unlisted securities transactions (including issuing securities such as derivative warrants listed on a stock exchange) which have as their underlying assets, assets including the Shares. Those activities may require hedging activity by those entities involving, directly or indirectly, the buying and selling of the Shares. All such activity could occur in Hong Kong and elsewhere in the world and may result in the Syndicate Members and their affiliates holding long and/or short positions in the Shares, in baskets of securities or indices including the Shares, in units of funds that may purchase the Shares, or in derivatives related to any of the foregoing.

In relation to issues by 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 stock exchange may require the issuer of those securities (or one of its affiliates or agents) to act as a market maker or liquidity provider in the security, and this will also result in hedging activity in the Shares in most cases.

All such activities may occur both during and after the end of the stabilizing period described in the section headed "Structure of the Global Offering." Such activities may affect the market price or value of the Shares, the liquidity or trading volume in the Shares and the volatility of the price of the Shares, and the extent to which this occurs from day to day cannot be estimated.

It should be noted that when engaging in any of these activities, the Syndicate Members will be subject to certain restrictions, including the followings:

(a) the Syndicate Members (other than the Stabilizing Manager or any person acting for it) must not, in connection with the distribution of the Offer Shares, effect any transactions (including issuing or entering into any option or other derivative transactions relating to the Offer Shares), whether in the open market or otherwise, with a view to stabilizing or maintaining the market price of any of the Offer Shares at levels other than those which might otherwise prevail in the open market; and

(b) the Syndicate Members must comply with all applicable laws and regulations, including the market misconduct provisions of the SFO, including the provisions prohibiting insider dealing, false trading, price rigging and stock market manipulation.

Certain of the Syndicate Members or their respective affiliates have provided from time to time, and expect to provide in the future, investment banking and other services to the Company and each of their affiliates for which such Syndicate Members or their respective affiliates have received or will receive customary fees and commissions.

In addition, the Syndicate Members or their respective affiliates may provide financing to investors to finance their subscriptions of Offer Shares in the Global Offering.

THE GLOBAL OFFERING

This Prospectus is published in connection with the Hong Kong Public Offering as part of the Global Offering. The Global Offering comprises:

(a) the Hong Kong Public Offering of 50,000,000 Shares (subject to adjustment as mentioned below) in Hong Kong as described below in the section headed "—The Hong Kong Public Offering"; and

(b) the International Offering of an aggregate of 450,000,000 Shares (including 50,000,000 Reserved Shares under the Preferential Offering) (subject to adjustment and the Over-allotment Option as mentioned below) outside the United States in offshore transactions in accordance with Regulation S or any other available exemption from the registration requirements under the U.S. Securities Act.

Merrill Lynch (Asia Pacific) Limited and UBS AG Hong Kong Branch are the Joint Representatives of the Global Offering.

Investors may apply for Hong Kong Offer Shares under the Hong Kong Public Offering or apply for or indicate an interest for International Offer Shares under the International Offering, but may not do both, except that Qualifying China SCE Shareholders who are eligible to apply for the Reserved Shares in the Preferential Offering may also either (i) apply for Hong Kong Offer Shares under the Hong Kong Public Offering, if eligible; or (ii) indicate an interest for International Offer Shares under the International Offering, if qualified to do so.

The Offer Shares will represent approximately 25% of the enlarged issued share capital of the Company immediately after completion of the Global Offering, assuming the Over-allotment Option is not exercised. If the Over-allotment Option is exercised in full, the Offer Shares will represent approximately 27.7% of the enlarged registered share capital of the Company immediately after completion of the Global Offering and the exercise of the Over-allotment Option.

References in this Prospectus to applications, Application Forms, application monies or the procedure for application relate solely to the Hong Kong Public Offering.

THE HONG KONG PUBLIC OFFERING

Number of Offer Shares Initially Offered

We are initially offering 50,000,000 Shares for subscription by the public in Hong Kong at the Offer Price, representing approximately 10% of the total number of Offer Shares initially available under the Global Offering, assuming the Over-allotment Option is not exercised. Subject to the reallocation of Offer Shares between the International Offering and the Hong Kong Public Offering, the Hong Kong Offer Shares will represent approximately 2.5% of the Company's enlarged issued share capital immediately after completion of the Global Offering (assuming that the Over-allotment Option is not exercised).

The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to institutional and professional investors. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities.

Completion of the Hong Kong Public Offering is subject to the conditions as set out in the section headed "—Conditions of the Hong Kong Public Offering" below.

Applications

Each applicant under the Hong Kong Public Offering will also be required to give an undertaking and confirmation in the application submitted by him that he and any person(s) for whose benefit he is making the application has not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any International Offer Shares under the International Offering (except in respect of Reserved Shares applied for under the Preferential Offering), and such applicant's application is liable to be rejected if the said undertaking and/or confirmation is breached and/or untrue (as the case may be) or it has been or will be placed or allocated Offer Shares under the International Offering.

The listing of the 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$4.60 per Hong Kong 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 the section headed "—Pricing and Allocation" below, is less than the maximum Offer Price of HK$4.60 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. Further details are set out below in the section headed "How to Apply for Hong Kong Offer Shares and Reserved Shares" in this Prospectus.

Conditions of the Hong Kong Public Offering

Acceptance of all applications for Offer Shares pursuant to the Hong Kong Public Offering will be conditional on, among other things:

(a) 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 Shares that may be issued pursuant to the exercise of the Over-allotment Option) and the approval for such listing and permission not subsequently having been revoked prior to the Listing Date;

(b) the Offer Price being duly agreed between the Joint Representatives (for themselves and on behalf of the Underwriters) and the Company on or before the Price Determination Date;

(c) the execution and delivery of the International Underwriting Agreement on or before the Price Determination Date; and

(d) the obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement and the obligations of the International Underwriters under the International Underwriting Agreement becoming and remaining unconditional and not having been terminated in accordance with the terms of the respective agreements,

in each case on or before the dates and times specified in the Hong Kong Underwriting Agreement or the International Underwriting Agreement (unless and to the extent such conditions are validly waived on or before such dates and times) and in any event not later than 8:00 a.m. on Friday, July 2, 2021.

If, for any reason, the Offer Price is not agreed between Joint Representatives (for themselves and on behalf of the Underwriters) and the Company on or before Friday, June 25, 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, the other offering becoming unconditional and not having been terminated in accordance with their 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 the Company on the website of the Company (**www.sce-icm.com**) and the website of the Stock Exchange (**www.hkexnews.hk**) on the next day following such lapse. In such eventuality, all application monies will be returned, without interest, on the terms set out in the section headed "How to Apply for Hong Kong Offer Shares and Reserved Shares—J. Despatch/Collection of Share Certificates and Refund Monies" in this Prospectus. In the meantime, all application monies will be held in separate bank account(s) with the receiving bank(s) or other bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) (as amended).

THE PREFERENTIAL OFFERING

Basis of the Assured Entitlement

In order to enable China SCE 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 China SCE Shareholders are being invited to apply for an aggregate of 50,000,000 Reserved Shares in the Preferential Offering, representing approximately 11.1% and 10% 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 headed "—Pricing and Allocation—Reallocation" below. 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 33 China SCE Shares held by Qualifying China SCE Shareholders as at 4:30 p.m. on the Record Date.

Qualifying China SCE Shareholders should note that Assured Entitlement to Reserved Shares may not represent a number of a full board lot of 1,000 Shares. No odd lot matching services will be provided. Further, the Reserved Shares allocated to the Qualifying China SCE 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.

Qualifying China SCE Shareholders who hold less than 33 China SCE 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.

Assured Entitlement of Qualifying China SCE Shareholders to Reserved Shares are not transferable and there will be no trading in nil-paid entitlements on the Stock Exchange.

Basis of Allocation for Applications for Reserved Shares

Qualifying China SCE Shareholders may apply for a number of Reserved Shares which is greater than, less than or equal to their Assured Entitlement under the Preferential Offering. A valid application for a number of Reserved Shares which is less than or equal to a Qualifying China SCE 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 China SCE Shareholder applies for a number of Reserved Shares which is greater than the Qualifying China SCE 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 described below.

Qualifying China SCE Shareholders who intend to apply for excess Reserved Shares must apply for a number which is one of the numbers set out in the table of numbers in the **BLUE** Application Form and make a payment of the corresponding amount (other than HKSCC Nominees).

To the extent that the excess applications for the Reserved Shares are:

(a) less than the Reserved Shares not taken up by the Qualifying China SCE Shareholders' Assured Entitlement (the "**Available Reserved Shares**"), the Available Reserved Shares will first be allocated to satisfy such excess applications for the Reserved Shares in full and thereafter will be allocated, at the discretion of the Joint Representatives, to the International Offering;

(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 Representatives, 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 China SCE Shareholders (not being Non-Qualifying China SCE Shareholders) whose China SCE Shares are held by a nominee company should note that the Company will regard the nominee company as a single China SCE Shareholder according to the register of members of China SCE Group Holdings. Accordingly, such Beneficial China SCE Shareholders whose China SCE Shares are held by a nominee company should note that the arrangement under paragraph (c) above will not apply to them individually. Any Beneficial China SCE Shareholders (not being Non-Qualifying China SCE Shareholders) whose China SCE 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 China SCE Shares in the name of the beneficial owner prior to the Record Date.

Applications by Qualifying China SCE Shareholders for Hong Kong Offer Shares

In addition to any application for Reserved Shares made on a **BLUE** Application Form, Qualifying China SCE 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 China SCE 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.

Qualifying China SCE Shareholders and Non-Qualifying China SCE Shareholders

Only China SCE Shareholders whose names appeared on the register of members of China SCE Group Holdings at 4:30 p.m. on the Record Date, excluding the Non-Qualifying China SCE Shareholders, are entitled to subscribe for the Reserved Shares under the Preferential Offering.

Non-Qualifying China SCE Shareholders are those China SCE Shareholders whose names appeared on the Record Date and whose addresses as shown in such register are in any of the Specified Territories and any China SCE Shareholders or Beneficial China SCE Shareholders at that time who are otherwise known by China SCE Group Holdings to be resident in any of the Specified Territories.

Notwithstanding any other provision in this Prospectus or the **BLUE** Application Forms, our Company reserves the right to permit any China SCE Shareholder to take up his/her/its Assured Entitlement to the Reserved Shares if our Company, in its absolute discretion, is satisfied that the transaction in question is exempt from or not subject to or can otherwise be lawfully made to them without contravention of any relevant or legal regulatory requirements.

Beneficial China SCE Shareholders who hold China SCE 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 China SCE Shareholders who hold China SCE 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.

Distribution of this Prospectus and the BLUE Application Forms

A **BLUE** Application Form has been despatched to each Qualifying China SCE Shareholder. In addition, a printed copy of this Prospectus will be despatched to all Qualifying China SCE Shareholders to their address as shown in the register of members of China SCE Group Holdings on the Record Date.

An electronic version of this Prospectus (which is identical to the printed Prospectus) can be accessed and downloaded from the websites of the Company and the Stock Exchange at **www.sce-icm.com** and **www.hkexnews.hk**, respectively.

Qualifying China SCE Shareholders may also obtain a printed copy of this Prospectus during normal business hours from any of the designated branches of the receiving bank(s) 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. Application for Reserved Shares" and on the **BLUE** Application Forms.

The documents to be issued in connection with the Hong Kong Public Offering and the Preferential Offering will not be registered or filed under applicable securities or equivalent legislation of any jurisdiction other than Hong Kong. No action has been taken to permit an offering of the Hong Kong Offer Shares and the Reserved Shares or the distribution of this Prospectus in any jurisdiction other than Hong Kong. Accordingly, this Prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation.

THE INTERNATIONAL OFFERING

The International Offering will consist of an initial offering of 450,000,000 Offer Shares (including 50,000,000 Reserved Shares being offered under the Preferential Offering), representing approximately 90% of the total number of Offer Shares initially available under the Global Offering and approximately 22.5% of the Company's enlarged issued share capital immediately after completion of the Global Offering (assuming that the Over-allotment Option is not exercised).

The Stabilizing Manager or its affiliates or any person acting for it may over-allocate up to and not more than an aggregate of 75,000,000 additional Offer Shares, which is approximately 15% of the Offer Shares initially available under the Global Offering, and cover such over-allocations by (among other methods) exercising the Over-allotment Option in full or in part or by using Shares purchased by the Stabilizing Manager, its affiliates or any person acting for it in the secondary market at prices that do not exceed the Offer Price or through stock borrowing arrangement (as detailed below) or a combination of these means.

The Joint Representatives (for themselves and on behalf of the Underwriters) may require any investor who has been offered Offer Shares under the International Offering and who has made an application under the Hong Kong Public Offering, to provide sufficient information to the Joint Representatives so as to allow them to identify the relevant applications under the Hong Kong Public Offering and to ensure that they are excluded from any application of Offer Shares under the Hong Kong Public Offering.

OVER-ALLOTMENT OPTION

In connection with the Global Offering, we are expected to grant the Over-allotment Option to the International Underwriters, exercisable by the Joint Representatives on behalf of the International Underwriters.

Pursuant to the Over-allotment Option, the International Underwriters have the right, exercisable by the Joint Representatives (for themselves and on behalf of the International Underwriters) at any time from the date of the International Underwriting Agreement until 30 days after the last day for lodging applications under the Hong Kong Public Offering, to require the Company to allot and issue up to an aggregate of 75,000,000 additional Offer Shares, representing approximately 15% of the Offer Shares initially available under the Global Offering, at the Offer Price under the International Offering, to solely cover over-allocations in the International Offering, if any.

If the Over-allotment Option is exercised in full, the additional Offer Shares will represent approximately 3.6% of our enlarged issued share capital immediately following the completion of the Global Offering and the exercise of the Over-allotment Option. In the event that the Over-allotment Option is exercised, an announcement will be made.

STABILIZATION

Stabilization is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilise, the underwriters may bid for, or purchase, the newly issued securities in the secondary market, during a specified period of time, to retard and, if possible, prevent a decline in the 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, its affiliates 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. Any market purchases of our Shares will be effected in compliance with all applicable laws and regulatory requirements. However, the Stabilizing Manager has been or will be appointed as stabilizing manager for the purposes of the Global Offering in accordance with the Securities and Futures (Price Stabilizing) Rules, as amended, under the SFO and hence, there is no obligation on the Stabilizing Manager, its affiliates or any persons acting for it, to conduct any such stabilizing action. Such stabilizing action, if commenced, will be conducted at the absolute discretion of the Stabilizing Manager, its affiliates or any person acting for it and may be discontinued at any time, and is required to be brought to an end after a limited period.

Stabilization actions permitted in Hong Kong pursuant to the Securities and Futures (Price Stabilizing) Rules, as amended, include (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 subscribing for, or agreeing to purchase or subscribe for, 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 Offer 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 (ii), (iii), (iv) or (v).

Specifically, prospective applicants for and investors in the Offer Shares should note that:

- the Stabilizing Manager, its affiliates or any person acting for it, may, in connection with the stabilizing action, maintain a long position in our Shares;
- there is no certainty as to the extent to which and the time or period for which the Stabilizing Manager, its affiliates or any person acting for it, will maintain such a long position;
- liquidation of any such long position by the Stabilizing Manager, its affiliates or any person acting for it and selling in the open market, may have an adverse impact on the market price of our Shares;
- no stabilizing action can be taken to support the price of our Shares for longer than the stabilization period which will begin on the Listing Date, and is expected to expire on July 24, 2021, being the 30th day after the last date for lodging applications under the Hong Kong Public Offering. After this date, when no further stabilizing action may be taken, demand for our Shares, and therefore the price of our Shares, could fall;
- the price of our 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 and can, therefore, be done at a price below the price paid by applicants for, or investors in, acquiring the Offer Shares.

The Company will ensure or procure that an announcement in compliance with the Securities and Futures (Price Stabilizing) Rules will be made within seven days of the expiration of the stabilization period.

Following any over-allocation of Offer Shares in connection with the Global Offering, the Joint Representatives, their affiliates or any person acting on their behalf may cover such over-allocation by using Shares purchased by Stabilizing Manager, its affiliates or any person acting for it in the secondary market, exercising the Over-allotment Option in full or in part, or by a combination of these means. Any such purchases will be made in accordance with the laws, rules and regulations in place in Hong Kong, including in relation to stabilization, the Securities and Futures (Price Stabilizing) Rules, as amended, made under the SFO. The number of Offer Shares which can be over-allocated will not exceed the number of Offer Shares which may be sold pursuant to the exercise in full of the Over-allotment Option, being 75,000,000 Offer Shares, representing no more than 15% of the Offer Shares initially available under the Global Offering.

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 75,000,000 Shares, representing approximately 15% of the Offer Shares (being the maximum number of Offer Shares which may be issued upon exercise of the Over-allotment Option), from Happy Scene, a Controlling Shareholder, pursuant to the Stock Borrowing Agreement which is expected to be entered into between the Stabilizing Manager and Happy Scene.

Such stock borrowing arrangement under the Stock Borrowing Agreement, if entered into, will not be subject to the restrictions of Rule 10.07(1)(a) of the Listing Rules provided that the requirements set out in Rule 10.07(3) of the Listing Rules are complied with. 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 Happy Scene 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 Happy Scene may agree in writing. No payment will be made to Happy Scene by the Stabilizing Manager or its agent in relation to such stock borrowing arrangement.

PRICING AND ALLOCATION

Pricing

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.

Pricing for the Offer Shares for the purpose of the various offerings under the Global Offering will be fixed on the Price Determination Date, which is expected to be on or around Thursday, June 24, 2021 (Hong Kong time) and in any event on or before Friday, June 25, 2021 (Hong Kong time), by agreement between the Joint Representatives (for themselves and on behalf of the Underwriters) and the Company and the number of Offer Shares to be allocated under the various offerings will be determined shortly thereafter.

The Offer Price per Hong Kong Offer Share under the Hong Kong Public Offering will be identical to the Offer Price per International Offer Share under the International Offering based on the Hong Kong dollar price per International Offer Share under the International Offering, as determined by the Joint Representatives (for themselves and on behalf of the Underwriters) and the Company. The Offer Price per Hong Kong Offer Share under the Hong Kong Public Offering will be fixed at the Hong Kong dollar amount which, when increased by the 1.0% brokerage, 0.0027% SFC transaction levy and 0.005% Stock Exchange trading fee payable thereon, is (subject to any necessary rounding) effectively equivalent to the Hong Kong dollar price per International Offer Share under the International Offering. The SFC transaction levy and the Stock Exchange trading fee otherwise payable by investors in the International Offering on International Offer Shares purchased by them will be paid by us.

The Offer Price will not be more than HK$4.60 per Offer Share and is expected to be not less than HK$3.70 per Offer Share unless otherwise announced, as further explained below, not later than the morning of the last day for lodging applications under the Hong Kong Public Offering. Applicants under the Hong Kong Public Offering and the Preferential Offering must pay, on application, the maximum offer price of HK$4.60 per Offer Share plus brokerage of 1.0%, SFC transaction levy of 0.0027% and the Stock Exchange trading fee of 0.005%. 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 indicative offer price range stated in this Prospectus.

The Joint Representatives (for themselves and on behalf of the 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 the Company, reduce the number of Offer Shares 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, the Company will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the last day for lodging applications under the Hong Kong Public Offering, cause there to be published on the website of the Company (**www.sce-icm.com**) and the website of the Stock Exchange (**www.hkexnews.hk**) notices of the reduction in the number of Offer Shares and/or the indicative offer price range. Upon issue of such a notice, the revised offer price range will be final and conclusive and the offer price, if agreed upon by the Joint Representatives (for themselves and on behalf of the Underwriters) and the Company, will be fixed within such revised offer price range.

Supplemental listing documents will also be issued by the Company in the event of a reduction in the number of Offer Shares and/or the Offer Price. Such supplemental listing documents will also include confirmation or revision, as appropriate, of the working capital statement and the Global Offering statistics as currently set out in this Prospectus, and any other financial information which may change as a result of any such reduction. In the absence of any such notice so published, the number of Offer Shares and/or the Offer Price will not be reduced.

If the number of Offer Shares being offered under the Global Offering and/or the indicative Offer Price range is so reduced, applicants who have already submitted an application will be notified that they are required to confirm their applications. All applicants who have already submitted an application need to confirm their applications in accordance with the procedures set out in the announcement and all unconfirmed applications will not be valid.

Before submitting applications for the Hong Kong Offer Shares, applicants should have regard to the possibility that any announcement of a reduction in the number of Offer Shares and/or the indicative offer price range may not be made until the day which is the last day for lodging applications under the Hong Kong Public Offering. Such notice will also include such information as agreed with the Stock Exchange which may change materially as a result of any such reduction. In the absence of any such notice of reduction published as described in this paragraph, the number of Offer Shares will not be reduced and/or the Offer Price, if agreed upon with the Company and the Joint Representatives (for themselves and on behalf of the Underwriters), will under no circumstances be set outside the offer price range as stated in this Prospectus.

In the event of a reduction in the number of Offer Shares, the Joint Representatives may, at their discretion, reallocate the number of Offer Shares to be offered in the Hong Kong Public Offering and the International Offering, provided that the number of Hong Kong Offer Shares comprised in the Hong Kong Public Offering shall not be less than 10% of the total number of Offer Shares available under the Global Offering (assuming the Over-allotment Option is not exercised).

The Offer Price for Offer Shares under the Global Offering is expected to be announced on Wednesday, June 30, 2021. The level of indications of interest in the Global Offering, the level of applications in the Hong Kong Public Offering and the Preferential Offering, and the basis of allotment of Hong Kong Offer Shares available under the Hong Kong Public Offering and the Reserved Shares under the Preferential Offering, are expected to be announced on Wednesday, June 30, 2021 on the website of the Company (**www.sce-icm.com**) and the website of the Stock Exchange (**www.hkexnews.hk**).

Allocation

Allocation Under the Hong Kong Public Offering

Allocation of Hong Kong Offer Shares to investors under the Hong Kong Public Offering will be based solely on the level of valid applications received under the Hong Kong Public Offering. The basis of allocation may vary, depending on the number of Hong Kong Offer Shares validly applied for by applicants. Such allocation could, where appropriate, consist of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

For allocation purposes only, the total number of Hong Kong Offer Shares available under the Hong Kong Public Offering (subject to the reallocation of the Offer Shares between the Hong Kong Public Offering and the International Offering referred to below) is to be divided into two pools for allocation purposes: pool A and pool B. The Hong Kong Offer Shares in pool A will consist of 25,000,000 Hong Kong Offer Shares and will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares with an aggregate price of HK$5 million (excluding the brokerage, the SFC transaction levy and the Stock Exchange trading fee payable) or less. The Hong Kong Offer Shares in pool B will consist of 25,000,000 Hong Kong Offer Shares and will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares with an aggregate price of more than HK$5 million (excluding the brokerage, the SFC transaction levy and the Stock Exchange trading fee payable) and up to the total value of pool B.

Investors should be aware that applications in pool A and applications in pool B may receive different allocation ratios. If Hong Kong Offer Shares in one (but not both) of the pools are under-subscribed, the surplus Hong Kong Offer Shares will be transferred to the other pool to satisfy demand in that other pool and be allocated accordingly. For the purpose of this paragraph only, the "price" for Hong Kong Offer Shares means the price payable on application therefor (without regard to the Offer Price as finally determined). Applicants can only receive an allocation of Hong Kong Offer Shares from either pool A or pool B but not from both pools. Multiple or suspected multiple applications and any application for more than 25,000,000 Offer Shares, being the number of Hong Kong Offer Shares initially allocated to each pool (being 50% of the 50,000,000 Hong Kong Offer Shares initially available under the Hong Kong Public Offering), are liable to be rejected.

Allocation Under the International Offering

The International Offering will include selective marketing of International Offer Shares to institutional and professional investors and other investors anticipated to have a sizeable demand for such International Offer Shares in Hong Kong and other jurisdictions outside the United States in offshore transactions in reliance on Regulation S. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities.. Allocation of International Offer Shares pursuant to the International Offering will be effected in accordance with the "book-building" process described in the section headed "—Pricing and Allocation" above and based on a number of factors, including the level and timing of demand, the total size of the relevant investor's invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to hold or sell its Shares, after the listing of our Shares on the Stock Exchange. Such allocation is intended to result in a distribution of our Shares on a basis which would lead to the establishment of a solid professional and institutional shareholder base for the benefit of the Company and its shareholders as a whole.

The Joint Representatives (for themselves and on behalf of the Underwriters) may require any investor who has been offered International Offer Shares under the International Offering, and who has made an application under the Hong Kong Public Offering to provide sufficient information to the Joint Representatives so as to allow them to identify the relevant application under the Hong Kong Public Offering and to ensure that it is excluded from any application of Hong Kong Offer Shares under the Hong Kong Public Offering.

Reallocation

The allocation of the Offer Shares between the Hong Kong Public Offering and the International Offering is subject to adjustment. Paragraph 4.2 of Practice Note 18 of the Listing Rules and the Guidance Letter HKEX-GL-91-18 requires a clawback mechanism to be put in place which would have the effect of increasing the number of Hong Kong Offer Shares to certain percentages of the total number of Offer Shares offered in the Global Offering if certain prescribed total demand levels are reached.

The initial allocation of Offer Shares under the Hong Kong Public Offering shall not be less than 10% of the Global Offering. In the event of over-subscription in the Hong Kong Public Offering, the Joint Representatives shall apply a clawback mechanism following the closing of application lists on the following basis:

(a) If the number of Offer Shares validly applied for under the Hong Kong Public Offering represents less than 15 times the number of Offer Shares initially available for subscription under the Hong Kong Public Offering, the Joint Representatives, in their absolute discretion, may (but shall not be obliged to) reallocate up to 50,000,000 Offer Shares from the International Offering to the Hong Kong Public Offering, so that the total number of the Offer Shares available under the Hong Kong Public Offering will be 100,000,000 Offer Shares, representing 20% of the Offer Shares initially available under the Global Offering (before any exercise of the Over-allotment Option), and the final Offer Price shall be fixed at HK$3.70 per Offer Share (being the low-end of the Offer Price range stated in this Prospectus);

(b) If the number of Offer Shares validly applied for under the Hong Kong Public Offering represents 15 times or more but less than 50 times the number of Offer Shares initially available for subscription under the Hong Kong Public Offering, then Offer Shares will be reallocated to the Hong Kong Public Offering from the International Offering so that the total number of Offer Shares available under the Hong Kong Public Offering will be 150,000,000 Offer Shares, representing 30% of the Offer Shares initially available under the Global Offering;

(c) If the number of Offer Shares validly applied for under the Hong Kong Public Offering represents 50 times or more but less than 100 times the number of Offer Shares initially available for subscription under the Hong Kong Public Offering, then the number of Offer Shares to be reallocated to the Hong Kong Public Offering from the International Offering will be increased so that the total number of Offer Shares available under the Hong Kong Public Offering will be 200,000,000 Offer Shares, representing approximately 40% of the Offer Shares initially available under the Global Offering; and

(d) If the number of Offer Shares validly applied for under the Hong Kong Public Offering represents 100 times or more than the number of Offer Shares initially available for subscription under the Hong Kong Public Offering, then the number of Offer Shares to be reallocated to the Hong Kong Public Offering from the International Offering will be increased so that the total number of Offer Shares available under the Hong Kong Public Offering will be 250,000,000 Offer Shares, representing 50% of the Offer Shares initially available under the Global Offering.

In the event of under-subscription in the International Offering but full or over-subscription in the Hong Kong Public Offering, the Joint Representatives, in their absolute discretion, may (but shall not be obliged to) reallocate up to 50,000,000 Offer Shares from the International Offering to the Hong Kong Public Offering, so that the total number of the Offer Shares available under the Hong Kong Public Offering will be 100,000,000 Offer Shares, representing 20% of the Offer Shares initially available under the Global Offering (before any exercise of the Over-allotment Option), and the final Offer Price shall be fixed at HK$3.70 per Offer Share (being the low-end of the Offer Price range stated in this Prospectus).

In each case, the additional Offer Shares reallocated to the Hong Kong Public Offering will be allocated between pool A and pool B and the number of Offer Shares allocated to the International Offering will be correspondingly reduced in such manner as the Joint Representatives deem appropriate.

If the Hong Kong Public Offering is not fully subscribed, the Joint Representatives have the authority to reallocate all or any unsubscribed Hong Kong Offer Shares to the International Offering, in such proportions as the Joint Representatives deem appropriate. However, if neither the Hong Kong Public Offering nor the International Offering is fully subscribed, the Global Offering will not proceed unless the Underwriters would subscribe or procure subscribers for respective applicable proportions of the Offer Shares being offered which are not taken up under the Global Offering on the terms and conditions of this Prospectus, the Application Forms and the Underwriting Agreements.

The Preferential Offering will not be subject to reallocation between the Hong Kong Public Offering and the International Offering.

DEALING ARRANGEMENT

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Friday, July 2, 2021, it is expected that dealings in our Shares on the Stock Exchange will commence at 9:00 a.m. on Friday, July 2, 2021. Our Shares will be traded in board lots of 1,000 Shares each. The stock code of the Shares is 606.

Share certificates issued in respect of the Offer Shares will only become valid certificates of title at 8:00 a.m. on Friday, July 2, 2021 provided that (i) the Global Offering has become unconditional in all respects and (ii) the right of termination as described in the section headed "Underwriting—Underwriting Arrangements and Expenses—Hong Kong Public Offering—Grounds for Termination" in this Prospectus has not been exercised. Investors who trade Shares prior to the receipt of share certificates or prior to the share certificates becoming valid certificates of title do so entirely at their own risk.

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.

To apply for Hong Kong Offer Shares, you may:

- use a **WHITE** or **YELLOW** Application Form;
- apply online via the **White Form eIPO** service at **www.eipo.com.hk**; or
- electronically cause HKSCC Nominees to apply on your behalf.

None of you or your joint applicant(s) may make more than one application, except where you are a nominee and provide the required information in your application.

The Company, the Joint Representatives, the **White Form eIPO** Service Provider and their respective agents may reject or accept any application in full or in part for any reason at their discretion.

2. Who can Apply

You can apply for Hong Kong Offer Shares on a **WHITE** or **YELLOW** Application Form if you or the person(s) for whose benefit you are applying:

- are 18 years of age or older;
- have a Hong Kong address;
- are outside the United States and not a U.S. person (within the meaning of Regulation S under the U.S. Securities Act) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S; and
- are not a legal or natural person of the PRC.

If you apply online through the **White Form eIPO**, in addition to the above, you must also:

- have a valid Hong Kong identity card number; and
- provide a valid e-mail address and a contact telephone number.

If you are a firm, the application must be in the individual members' names. If you are a body corporate, the Application Form must be signed by a duly authorized officer, who must state his representative capacity, and stamped with your corporation's chop.

If an application is made by a person under a power of attorney, the Joint Representatives may accept it at their discretion and on any conditions they think fit, including evidence of the attorney's authority.

The number of joint applicants may not exceed four and they may not apply by means of **White Form eIPO** for the Hong Kong Offer Shares.

Unless permitted by the Listing Rules or any relevant waivers that have been granted by the Stock Exchange, you cannot apply for any Hong Kong Offer Shares if you are:

- an existing beneficial owner of shares in the Company and/or any its subsidiaries;
- a director or chief executive officer of the Company and/or any of its subsidiaries (other than a Director and/or his close associates who are Qualifying China SCE Shareholders who may apply for Reserved Shares pursuant to the Preferential Offering);
- a close associate (as defined in the Listing Rules) of any of the above; and
- have been allocated or have applied for any International Offer Shares or otherwise participate in the International Offering.

3. Applying for Hong Kong Offer Shares

Which Application Channel to Use

For Hong Kong Offer Shares to be issued in your own name, use a **WHITE** Application Form or apply online through **www.eipo.com.hk**.

For Hong Kong Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS Participant's stock account, use a **YELLOW** Application Form or electronically instruct HKSCC via CCASS to cause HKSCC Nominees to apply for you.

Where to Collect the Application Forms

You can collect a **WHITE** Application Form and a Prospectus during normal business hours from 9:00 a.m. on Monday, June 21, 2021 until 12:00 noon on Thursday, June 24, 2021 from:

(a) any of the following offices of certain Hong Kong Underwriters:

Merrill Lynch (Asia Pacific) Limited
55/F Cheung Kong Centre
2 Queen's Road Central
Central
Hong Kong

UBS AG Hong Kong Branch
52/F Two International Finance Centre
8 Finance Street
Central
Hong Kong

CLSA Limited
18/F, One Pacific Place
88 Queensway
Hong Kong

The Hongkong and Shanghai Banking Corporation Limited
1 Queen's Road Central
Hong Kong

CRIC Securities Company Limited
Unit 2007 & 2403, Great Eagle Centre
23 Harbour Road, Wanchai
Hong Kong

Futu Securities International (Hong Kong) Limited
Unit C1-2 13/F United Centre
No. 95 Queensway
Admiralty
Hong Kong

(b) or any of the branches of the following receiving bank:

Hang Seng Bank Limited

District	**Branch Name**	**Address**
Hong Kong Island	Head Office	83 Des Voeux Road Central
	Wanchai Branch	1/F, Allied Kajima Building, 138 Gloucester Road
Kowloon	Kowloon Main Branch	618 Nathan Road
	Tsimshatsui Branch	18 Carnarvon Road

You can collect a **YELLOW** Application Form and a Prospectus during normal business hours from 9:00 a.m. on Monday, June 21, 2021 until 12:00 noon on Thursday, June 24, 2021 from:

- the Depository Counter of HKSCC at 1/F, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong; or
- your stockbroker.

Time for Lodging Application Forms

Your completed **WHITE** or **YELLOW** Application Form, together with a cheque or a banker's cashier order attached and marked payable to "HANG SENG (NOMINEE) LIMITED – SCE INTELLIGENT COMMERCIAL MANAGEMENT HOLDINGS LIMITED PUBLIC OFFER" for the payment, should be deposited in the special collection boxes provided at any of the branches of the receiving bank listed above, at the following times:

Monday, June 21, 2021 – 9:00 a.m. to 4:30 p.m.
Tuesday, June 22, 2021 – 9:00 a.m. to 4:30 p.m.
Wednesday, June 23, 2021 – 9:00 a.m. to 4:30 p.m.
Thursday, June 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 Thursday, June 24, 2021, the last application day or such later time as described in the section headed "—F. Effect of Bad Weather and/or Extreme Conditions on the Opening of the Application Lists" in this section.

4. Terms and Conditions of an Application

Follow the detailed instructions in the Application Form carefully; otherwise, your application may be rejected.

By submitting an Application Form or applying through the **White Form eIPO** service, among other things, you:

(a) undertake to execute all relevant documents and instruct and authorize the Company and/or the Joint Representatives (or their agents or nominees), as agents of the Company, to execute any documents for you and to do on your behalf all things necessary to register any Hong Kong Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association;

(b) agree to comply with the Companies Act, Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Articles of Association;

(c) confirm that you have read the terms and conditions and application procedures set out in this Prospectus and in the Application Form and agree to be bound by them;

(d) confirm that you have received and read this Prospectus and have 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;

(e) confirm that you are aware of the restrictions on the Global Offering in this Prospectus;

(f) agree that none of the Company, the Joint Sponsors, the Joint Representatives, the Joint Global Coordinators, 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);

(g) undertake and confirm that you or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the International Offering nor participated in the International Offering except in respect of Reserved Shares applied for under the Preferential Offering;

(h) agree to disclose to the Company, our Hong Kong Share Registrar, the receiving bank(s), the Joint Sponsors, the Joint Representatives, the Joint Global Coordinators, 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;

(i) if the laws of any place outside Hong Kong apply to your application, agree and warrant that you have complied with all such laws and none of the Company, the Joint Sponsors, the Joint Representatives, the Joint Global Coordinators, the Joint Bookrunners, the Joint 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;

(j) agree that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;

(k) agree that your application will be governed by the laws of Hong Kong;

(l) represent, warrant and undertake that (i) you understand that the Hong Kong Offer Shares have not been and will not be registered under the U.S. Securities Act; and (ii) you and any person for whose benefit you are applying for the Hong Kong Offer Shares are outside the United States and not a U.S. persons (as defined in Regulation S) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S;

(m) warrant that the information you have provided is true and accurate;

(n) agree to accept the Hong Kong Offer Shares applied for, or any lesser number allocated to you under the application;

(o) authorize the Company to place your name(s) or the name of the HKSCC Nominees, on the Company's register of members as the holder(s) of any Hong Kong Offer Shares allocated to you, and the Company and/or its agents to send any share certificate(s) and/or any White Form 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 this Prospectus to collect the share certificate(s) and/or refund cheque(s) in person;

(p) declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying except in respect of Reserved Shares applied under the Preferential Offering, if applicable;

(q) understand that the Company, the Joint Sponsors, and the Joint Representatives will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Offer Shares to you and that you may be prosecuted for making a false declaration;

(r) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or to the **White Form eIPO** Service Provider by you or by anyone as your agent or by any other person; and

(s) (if you are making the application as an agent for the benefit of another person) warrant that (i) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC; and (ii) you have due authority to sign the Application Form or give **electronic application instructions** on behalf of that other person as their agent.

Additional Instructions for YELLOW Application Form

You may refer to the **YELLOW** Application Form for details.

5. Applying Through White Form eIPO

General

Individuals who meet the criteria in the section headed "—2. Who can apply" above may apply through the **White Form eIPO** for the Hong Kong Offer Shares to be allotted and registered in their own names through the designated website at **www.eipo.com.hk**.

Detailed instructions for application through the **White Form eIPO** are on the designated website. If you do not follow the instructions, your application may be rejected and may not be submitted to the Company. If you apply through the designated website, you authorize the **White Form eIPO** Service Provider to apply on the terms and conditions in this Prospectus, as supplemented and amended by the terms and conditions of the **White Form eIPO**.

Time for Submitting Applications under the WHITE form eIPO

You may submit your application to the **White Form eIPO** Service Provider at **www.eipo.com.hk** (24 hours daily, except on the last application day) from 9:00 a.m. on Monday, June 21, 2021 until 11:30 a.m. on Thursday, June 24, 2021 and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Thursday, June 24, 2021 or such later time under the section headed "—F. Effect of Bad Weather and/or Extreme Conditions on the Opening of the Application Lists" below.

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** to make an application for Hong Kong Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an **electronic application instruction** under **White Form eIPO** more than once and obtaining different application reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you are suspected of submitting more than one application through the **White Form eIPO** service or by any other means (except where you applied as or for a Qualifying China SCE Shareholder under the Preferential Offering), all of your applications are liable to be rejected.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, the Company and all other parties involved in the preparation of this Prospectus acknowledge that each applicant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

Commitment to sustainability

The obvious advantage of **White Form eIPO** is to save the use of papers 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 per each "SCE Intelligent Commercial Management Holdings Limited" **White Form eIPO** application submitted via **www.eipo.com.hk** to support sustainability.

6. Applying by Giving Electronic Application Instructions to HKSCC via CCASS

General

CCASS Participants may give **electronic application instructions** to apply for the Hong Kong Offer Shares and to arrange payment of the 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 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 Centre
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.

If you are not a CCASS Investor Participant, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf.

You will be deemed to have authorized HKSCC and/or HKSCC Nominees to transfer the details of your application to the Company, the Joint Representatives and our Hong Kong Share Registrar.

Giving Electronic Application Instructions to HKSCC via CCASS

Where you have given **electronic application instructions** to apply for the Hong Kong Offer Shares and a **WHITE** Application Form is signed by HKSCC Nominees on your behalf:

(a) HKSCC Nominees will only be acting as a nominee for you and is not liable for any breach of the terms and conditions of the **WHITE** Application Form or this Prospectus;

(b) HKSCC Nominees will do the following things on your behalf:

- agree that the Hong Kong Offer Shares to be allotted shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the CCASS Participant's stock account on your behalf or your CCASS Investor Participant's stock account;

- agree to accept the Hong Kong Offer Shares applied for or any lesser number allocated;

- undertake and confirm that you have not applied for or taken up, will not apply for or take up, or indicate an interest for, any Offer Shares under the International Offering (except in respect of Reserved Shares applied for pursuant to the Preferential Offering);

- (if the electronic application instructions are given for your benefit) declare that only one set of **electronic application instructions** has been given for your benefit;

- (if you are an agent for another person) declare that you have only given one set of **electronic application instructions** for the other person's benefit and are duly authorized to give those instructions as their agent;

- confirm that you understand that the Company, the Directors, the Joint Sponsors and the Joint Representatives will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Offer Shares to you and that you may be prosecuted if you make a false declaration;

- authorize the Company to place HKSCC Nominees' name on the Company's register of members as the holder of the Hong Kong Offer Shares allocated to you and to send share certificate(s) and/or refund monies under the arrangements separately agreed between us and HKSCC;

- confirm that you have read the terms and conditions and application procedures set out in this Prospectus and agree to be bound by them;

- confirm that you have received and/or read a copy of this Prospectus and have relied only on the information and representations in this Prospectus in causing the application to be made, save as set out in any supplement to this Prospectus;

- agree that none of the Company, the Joint Sponsors, the Joint Representatives, the Joint Global Coordinators, 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 the Company, our Hong Kong Share Registrar, the receiving bank(s), the Joint Sponsors, the Joint Representatives, the Joint Global Coordinators, 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 a Saturday, Sunday or public holiday in Hong Kong), such agreement to take effect as a collateral contract with us and to become binding when you give the instructions and such collateral contract to be in consideration of the Company agreeing that it will not offer any Hong Kong Offer Shares to any person before the fifth day after the time of the opening of the application lists (excluding any day which is a Saturday, Sunday or public holiday in Hong Kong), except by means of one of the procedures referred to in this Prospectus. However, HKSCC Nominees may revoke the application before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong) if a person responsible for this Prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance gives a public notice under that section which excludes or limits that person's responsibility for this Prospectus;

- agree that once HKSCC Nominees' application is accepted, neither that application nor your **electronic application instructions** can be revoked, and that acceptance of that application will be evidenced by the Company's announcement of the Hong Kong Public Offering results;

- agree to the arrangements, undertakings and warranties under the participant agreement between you and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, for the giving of **electronic application instructions** to apply for Hong Kong Offer Shares;

- agree with the Company, for itself and for the benefit of each Shareholder (and so that the Company will be deemed by its acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for itself and on behalf of each of the Shareholders, with each CCASS Participant giving **electronic application instructions**) to observe and comply with the Companies Act, the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Articles of Association; and

- agree that your application, any acceptance of it and the resulting contract will be governed by the laws of Hong Kong.

Effect of Giving Electronic Application Instructions to HKSCC via CCASS

By giving **electronic application instructions** to HKSCC or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees shall be liable to the Company or any other person in respect of the things mentioned below:

- instructed and authorized HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Hong Kong Offer Shares on your behalf;

- instructed and authorized HKSCC to arrange payment of the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or if the Offer Price is less than the maximum Offer Price per Offer Share initially paid on application, refund of the application monies (including brokerage, SFC transaction levy and the Stock Exchange trading fee) by crediting your designated bank account; and

- instructed and authorized HKSCC to cause HKSCC Nominees to do on your behalf all the things stated in the **WHITE** Application Form and in this Prospectus.

Minimum Purchase Amount and Permitted Numbers

You may give or cause your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** for a minimum of 1,000 Hong Kong Offer Shares. Instructions for more than 1,000 Hong Kong Offer Shares must be in one of the numbers set out in the table in the Application Forms. No application for any other number of Hong Kong Offer Shares will be considered and any such application is liable to be rejected.

Time for Inputting Electronic Application Instructions(1)

CCASS Clearing/Custodian Participants can input **electronic application instructions** at the following times on the following dates:

Monday, June 21, 2021 – 9:00 a.m. to 8:30 p.m.
Tuesday, June 22, 2021 – 8:00 a.m. to 8:30 p.m.
Wednesday, June 23, 2021 – 8:00 a.m. to 8:30 p.m.
Thursday, June 24, 2021 – 8:00 a.m. to 12:00 noon

CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on Monday, June 21, 2021 until 12:00 noon on Thursday, June 24, 2021 (24 hours daily, except Thursday, June 24, 2021, on the last application day).

The latest time for inputting your **electronic application instructions** will be 12:00 noon on Thursday, June 24, 2021, the last application day or such later time as described in the section headed "—F. Effect of Bad Weather and/or Extreme Conditions on the Opening of the Application Lists" below.

Note:

(1) The times in this sub-section are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants and/or CCASS Investor Participants.

No Multiple Applications

If you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Hong Kong Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Hong Kong Offer Shares for which you have given such instructions and/or for which such instructions have been given for your benefit. Any **electronic application instructions** to make an application for the Hong Kong Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, the Company and all other parties involved in the preparation of this Prospectus acknowledge that each CCASS Participant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

Personal Data

The section of the Application Form headed "Personal Data" applies to any personal data held by the Company, the Hong Kong Share Registrar, the receiving bank(s), the Joint Sponsors, the Joint Representatives, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, 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. APPLICATION FOR RESERVED SHARES

1. Who can Apply for Reserved Shares

Only China SCE Shareholders whose names appeared on the register of members of China SCE Group Holdings at 4:30 p.m. on the Record Date, and who are Qualifying China SCE Shareholders, are entitled to subscribe for the Reserved Shares under the Preferential Offering.

Qualifying China SCE Shareholders are entitled to apply on the basis of an Assured Entitlement of one Reserved Share for every integral multiple of 33 China SCE Shares held by them as of 4:30 p.m. on the Record Date. Any Qualifying China SCE Shareholder holding less than 33 China SCE Shares as of 4:30 p.m. on the Record Date will not be entitled to apply for Reserved Shares but will still be entitled to participate in the Preferential Offering by applying for excess Reserved Shares.

If you are a firm, the application must be in the individual members' names. 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, the Joint Representatives may accept it at its discretion, and on any conditions it thinks fit, including evidence of the attorney's authority.

2. Channel for Applying for the Reserved Shares

An application for Reserved Shares under the Preferential Offering may only be made by Qualifying China SCE Shareholders using **BLUE** Application Forms which have been despatched to Qualifying China SCE Shareholders. In addition, a printed copy of this Prospectus will be despatched to all Qualifying China SCE Shareholders to their address as shown in the register of members of China SCE Group Holdings on the Record Date.

Qualifying China SCE Shareholders may obtain a printed copy of this Prospectus during normal business hours from any of the designated branches of the receiving bank and the designated offices of each of those 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." An electronic version of this Prospectus (which is identical to the printed Prospectus) can be accessed and downloaded from the websites of the Company and the Stock Exchange at **www.sce-icm.com** and **www.hkexnews.hk**, respectively.

Where a Qualifying China SCE Shareholder applies for a number of Reserved Shares which is greater than the Qualifying China SCE Shareholder's Assured Entitlement under the Preferential Offering, the relevant Assured Entitlement will be satisfied in full (subject to terms and conditions of an application mentioned above) but the excess portion of such application will only be met to the extent that there are sufficient Available Reserved Shares resulting from other Qualifying China SCE Shareholders declining to take up some or all of their Assured Entitlement by way of allocation by the Joint Representatives on a fair and reasonable basis. Such allocation basis is consistent with the allocation basis commonly used in the case of over subscriptions in public offerings in Hong Kong, where a higher allocation percentage will be applied in respect of smaller applications of excess Reserved Shares, and thereafter at the discretion of the Joint Representatives, to other investors in the International Offering.

Qualifying China SCE Shareholders (other than HKSCC Nominees) who intend to apply for excess Reserved Shares must apply for a number of Shares which is one of the numbers set out in the table of numbers and payments in the **BLUE** Application Form.

To the extent that excess applications for the Reserved Shares are:

(a) less than the Available Reserved Shares, the Available Reserved Shares will first be allocated to satisfy such excess applications for the Reserved Shares in full and thereafter will be allocated, at the discretion of the Joint Representatives, to the International Offering;

(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 reallocated, at the discretion of the Joint Representatives, to the International Offering.

Save for the above, the Preferential Offering will not be subject to the clawback or reallocation arrangement between the International Offering and the Hong Kong Public Offering.

Qualifying China SCE 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 China SCE Shareholders will receive no preference as to entitlement or allocation in respect of applications for Hong Kong Offer Shares made on **WHITE** or **YELLOW** Application Forms or by giving **electronic application instructions** to HKSCC or through the **WHITE Form eIPO** service under the Hong Kong Public Offering.

3. Despatch of the Prospectus and the Blue Application Forms

The **BLUE** Application Form has been despatched, if you are a Qualifying China SCE Shareholder, to your address recorded on the register of members of China SCE Group Holdings, at 4:30 p.m. on the Record Date. In addition, Qualifying China SCE Shareholders will receive a printed copy of this Prospectus. An electronic version of this Prospectus (which is identical to the printed Prospectus) can be accessed and downloaded from the websites of the Company at **www.sce-icm.com** and the Stock Exchange at **www.hkexnews.hk,** respectively.

Persons who held their China SCE Shares on the Record Date in CCASS indirectly through a broker/custodian, and wish to participate in the Preferential Offering, should instruct their broker or custodian to apply for the Reserved Shares on their behalf by no later than the deadline set by HKSCC or HKSCC Nominees. In order to meet the deadline set by HKSCC, such persons should check with their broker/custodian for the timing on the processing of their instructions, and submit their instructions to their broker/custodian as required by them. Persons who held their China SCE Shares on the Record Date in CCASS directly as a CCASS Investor Participant, and wish to participate in the Preferential Offering, should give their instructions to HKSCC via the CCASS Phone System or CCASS Internet System no later than the deadline set by HKSCC or HKSCC Nominees. Qualifying China SCE 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 +852 2862 8555.

Distribution of this Prospectus and/or the **BLUE** Application Form(s) into any jurisdiction other than Hong Kong may be restricted by law. Persons into whose possession this Prospectus and/or the **BLUE** Application Form(s) come (including, without limitation, agents, custodians, nominees and trustees) should inform themselves of, and observe, any such restriction. Any failure to comply with such restriction may constitute a violation of the securities laws of any such jurisdiction.

Receipt of this Prospectus and/or the **BLUE** Application Form(s) does not and will not constitute an offer in those jurisdictions in which it would be illegal to make an offer and, in those circumstances, this Prospectus and/or the **BLUE** Application Form(s) must be treated as sent for information only and should not be copied or redistributed.

4. Applying by Using Blue Application Form

(a) You may choose one of the four options on the **BLUE** Application Form when applying for Reserved Shares:

- **Option 1**: apply for a number of Reserved Shares that is equal to your Assured Entitlement.
- **Option 2**: apply for a number of Reserved Shares up to your Assured Entitlement and excess Reserved Shares.
- **Option 3**: apply for a number of Reserved Shares that is less than your Assured Entitlement.
- **Option 4**: Apply for excess Reserved Shares only (e.g. if you hold less than 33 China SCE Shares on the Record Date and therefore do not have an Assured Entitlement but are still entitled to participate in the Preferential Offering by applying for excess Reserved Shares).

(b) The **BLUE** Application Form will be rejected by the 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 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;

- the account name on cheque/banker's cashier order is not pre-printed or certified by the issuing 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 "HANG SENG (NOMINEE) LIMITED – SCE INTELLIGENT COMMERCIAL MANAGEMENT HOLDINGS LIMITED PREFERENTIAL OFFER";

- the cheque has not been crossed "Account payee only";

- the cheque was post-dated;

- the applicant's payment is not made correctly or the applicant paid 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 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;

- the applicant applies for more than 50,000,000 Reserved Shares;

- the Company or the Directors believe that by accepting the application, the Company would violate the applicable securities or other laws, rules or regulations of the jurisdiction where the application is received or where the applicant or the Beneficial China SCE Shareholder on whose behalf the applicant is making the application is situated; or

- the Company and the Joint Representatives, and their respective agents or nominees, exercise their discretion to reject or accept any application, or to accept only part of any application. No reasons have to be given for any rejection or acceptance.

(c) If you are applying for a number of Reserved Shares which is equal to your Assured Entitlement ("**Option 1**"):

- Your application will be rejected by our Company if the amount on your cheque/banker's cashier order does not match with the amount payable in Box B set out in the **BLUE** Application Form.

(d) If you are applying for a number of Reserved Shares up to your Assured Entitlement and excess Reserved Shares ("**Option 2"):**

- Your application will be rejected if the amount on the cheque/banker's cashier order does not match and is less than the amount payable in relation to your Assured Entitlement applied for in your **BLUE** Application Form.

- Your application for your Assured Entitlement (if any) will be accepted in full but your application for excess Reserved Shares will be rejected if the amount on the cheque/banker's cashier order does not match and is more than the amount payable in relation to your Assured Entitlement applied for but is less than the total amount payable in relation to both your Assured Entitlement applied for and the excess Reserved Shares applied for in your **BLUE** Application Form.

- Your application will be accepted in full if the amount on the cheque/banker's cashier order does not match and is more than the total amount payable in relation to both your Assured Entitlement applied for and the excess Reserved Shares applied for in your **BLUE** Application Form.

(e) If you are applying for a number of Reserved Shares which is less than your Assured Entitlement ("**Option 3"):**

- You are recommended to apply for Reserved Shares in one of the numbers set out in the table in the **BLUE** Application Form. When the number of Reserved Shares applied for is in one of the numbers set out in the table in the **BLUE** Application Form, your application will be rejected by our Company if the amount on your cheque/banker's cashier order does not match with the corresponding amount payable as set out in the table in the **BLUE** Application Form. When the number of Reserved Shares applied for is not in one of the numbers set out in the table in the **BLUE** Application Form, your application will be rejected by the Company if the amount on your cheque/banker's cashier order does not match with the amount payable calculated by using the formula set out in the **BLUE** Application Form.

(f) If you are applying for excess Reserved Shares only **("Option 4"):**

- You are recommended to apply for Reserved Shares in one of the numbers set out in the table in the **BLUE** Application Form. When the number of Reserved Shares applied for is in one of the numbers set out in the table in the **BLUE** Application Form, your application will be rejected by the Company if the amount on your cheque/banker's cashier order does not match with and is less than the corresponding amount payable as set out in the table in the **BLUE** Application Form. When the number of Reserved Shares applied for is not in one of the numbers set out in the table in the **BLUE** Application Form, your application will be rejected by the Company if the amount on your cheque/banker's cashier order does not match with the amount payable calculated by using the formula and is less than the amount payable.

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 "HANG SENG (NOMINEE) LIMITED – SCE INTELLIGENT COMMERCIAL MANAGEMENT HOLDINGS LIMITED PREFERENTIAL OFFER", should be deposited in the special collection boxes provided at any of the branches of the receiving bank listed in "—A. Applications for Hong Kong Offer Shares—3. Applying for Hong Kong Offer Shares—Where to Collect the Application Forms", Hong Kong at the specified times on the following dates:

Monday, June 21, 2021 – 9:00 a.m. to 4:30 p.m.
Tuesday, June 22, 2021 – 9:00 a.m. to 4:30 p.m.
Wednesday, June 23, 2021 – 9:00 a.m. to 4:30 p.m.
Thursday, June 24, 2021 – 9:00 a.m. to 12:00 noon

Application lists

The application lists will be open from 11:45 a.m. to 12:00 noon on Thursday, June 24, 2021, the last application day or such later time as described in "—F. Effect of Bad Weather and/or Extreme Conditions on the Opening of the Application Lists" in this section. No proceedings will be taken on applications for Reserved Shares and no allotment of any such Reserved Shares will be made until after the closing of the application lists.

6. How Many Applications may be Made

You should refer to "—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.

7. Terms, Conditions and Instructions

You may refer to the **BLUE** Application Form for details of the terms, conditions and instructions which apply to applications for Reserved Shares.

C. WARNING FOR ELECTRONIC APPLICATIONS

The subscription of the Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC is only a facility provided to CCASS Participants. Similarly, the application for Hong Kong Offer Shares through the **White Form eIPO** service, is also only a facility provided to public investors and Qualifying China SCE Shareholders. Such facilities are subject to capacity limitations and potential service interruptions and you are advised not to wait until the last application day in making your electronic applications. The Company, the Joint Sponsors, the Directors, the Joint Representatives, the Joint Global Coordinators, 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.

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 Thursday, June 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 China SCE 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 designated website at **www.eipo.com.hk.** However, in respect of any application for Hong Kong Offer Shares using the abovementioned methods, you will not enjoy the preferential treatment accorded to you under the Preferential Offering as described in "Structure of the Global Offering—The Preferential Offering."

All of your applications will be rejected if more than one application on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or through **White Form eIPO** service, is made for your benefit (including the part of the application made by HKSCC Nominees acting on **electronic application instructions**). If an application is made by an unlisted company and:

- the principal business of that company is dealing in securities; and
- you exercise statutory control over that company,

then the application will be treated as being for your benefit.

"Unlisted company" means a company with no equity securities listed on the Stock Exchange.

"Statutory control" means you:

- control the composition of the board of directors of the company;
- control more than half of the voting power of the company; or

- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

E. HOW MUCH ARE THE HONG KONG OFFER SHARES AND THE RESERVED SHARES

The **WHITE, YELLOW** and **BLUE** Application Forms have tables showing the exact amount payable for Offer Shares.

You must pay the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee in full upon application for Offer Shares under the terms set out in the Application Forms.

You may submit an application using a **WHITE** or **YELLOW** Application Form or through the **White Form eIPO** service in respect of a minimum of 1,000 Hong Kong Offer Shares. Each application or **electronic application instruction** in respect of more than 1,000 Hong Kong Offer Shares must be in one of the numbers set out in the table in the **WHITE** or **YELLOW** Application Form, or as otherwise specified on the designated website at **www.eipo.com.hk**.

For applicants on the **BLUE** Application Form, if the number of Reserved Shares applied for is not one of the numbers set out in the table, you must calculate the correct amount payable on application by using the formula set out in the **BLUE** Application Form.

If your application is successful, brokerage will be paid to the Exchange Participants (as defined in the Listing Rules), and the SFC transaction levy and the Stock Exchange trading fee are paid to the Stock Exchange (in the case of the SFC transaction levy, collected by the Stock Exchange on behalf of the SFC).

For further details on the Offer Price, see the section headed "Structure of the Global Offering-Pricing and Allocation".

F. EFFECT OF BAD WEATHER AND/OR EXTREME CONDITIONS ON THE OPENING OF THE APPLICATION LISTS

The application lists will not open 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 Thursday, June 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 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 Thursday, June 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

The Company expects to announce the final Offer Price, the level of indication of interest in the International Offering, the level of applications in the Hong Kong Public Offering and the Preferential Offering and the basis of allocation of the Hong Kong Offer Shares and Reserved Shares on Wednesday, June 30, 2021 on the Company's website at **www.sce-icm.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 dates and in the manner specified below:

- in the announcement to be posted on the Company's website at **www.sce-icm.com** and the Stock Exchange's website at **www.hkexnews.hk** by no later than 9:00 a.m. on Wednesday, June 30, 2021;

- from the designated results of allocations website at **www.iporesults.com.hk** (alternatively: English **https://www.eipo.com.hk/en/Allotment**; Chinese **https://www.eipo.com.hk/zh-hk/Allotment**) with a "search by ID" function on a 24-hour basis from 8:00 a.m. on Wednesday, June 30, 2021 to 12:00 midnight on Tuesday, July 6, 2021;

- by telephone enquiry line by calling +852 2862 8555 between 9:00 a.m. and 6:00 p.m. from Wednesday, June 30, 2021 to Tuesday, July 6, 2021 (excluding Saturday, Sunday and Hong Kong public holiday);

- in the special allocation results booklets which will be available for inspection during opening hours on Wednesday, June 30, 2021, Friday, July 2, 2021 and Saturday, July 3, 2021 at all the receiving banks' designated branches and sub-branches.

If the Company accepts your offer to purchase (in whole or in part), which it may do by announcing the basis of allocations and/or making available the results of allocations publicly, there will be a binding contract under which you will be required to purchase the Hong Kong Offer Shares and the Reserved Shares if the conditions of the Global Offering are satisfied and the Global Offering is not otherwise terminated. Further details are contained in the section headed "Structure of the Global Offering".

You will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application. This does not affect any other right you may have.

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:

(a) 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 the Company.

Your application or the application made by HKSCC Nominees on your behalf may only be revoked on or before such fifth day if a person responsible for this Prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance) gives a public notice under that section which excludes or limits that person's responsibility for this Prospectus.

If any supplement to this Prospectus is issued, applicants who have already submitted an application will be notified that they are required to confirm their applications. If applicants have been so notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked.

If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the press of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot respectively.

(b) If the Company or its agents exercise their discretion to reject your application:

The Company, the Joint Representatives, the **White Form eIPO** Service Provider and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

(c) If the allotment of Hong Kong Offer Shares and the Reserved Shares is void:

The allotment of Hong Kong Offer Shares and Reserved Shares will be void if the Listing Committee of the Stock Exchange does not grant permission to list the Shares either:

- within three weeks from the closing date of the application lists; or
- within a longer period of up to six weeks if the Listing Committee notifies the Company of that longer period within three weeks of the closing date of the application lists.

(d) If:

- you make multiple applications or suspected multiple applications (other than an application (if any) made on a **BLUE** Application Form in your capacity as a Qualifying China SCE Shareholder);
- you or the person for whose benefit you are applying have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) Hong Kong Offer Shares and International Offer Shares (except in respect of the Reserved Shares applied for pursuant to the Preferential Offering);
- your Application Form is not completed in accordance with the stated instructions;
- your **electronic application instructions** through the **White Form eIPO** are not completed in accordance with the instructions, terms and conditions on the designated website 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;
- the Company or the Joint Representatives believe that by accepting your application, it or they would violate applicable securities or other laws, rules or regulations;

- your application is for more than 50% of the Hong Kong Offer Shares initially offered under the Hong Kong Public Offering; or

- your application under the Preferential Offering is for more than 50,000,000 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$4.60 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 the section headed "Structure of the Global Offering—Conditions of the Hong Kong Public 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 Wednesday, June 30, 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) and one share certificate for all Reserved Shares allotted to you under the Preferential Offering.

No temporary document of title will be issued in respect of the Shares. No receipt will be issued for sums paid on application. If you apply by **WHITE**, **YELLOW** or **BLUE** Application Form, subject to personal collection as mentioned below, the following will be sent to you (or, in the case of joint applicants, to the first-named applicant) by ordinary post, at your own risk, to the address specified on the Application Form:

- share certificate(s) for all the Hong Kong Offer Shares and/or Reserved Shares allotted to you (for **YELLOW** Application Forms, share certificates will be deposited into CCASS as described below); and

- refund cheque(s) crossed "Account Payee Only" in favour 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 Wednesday, June 30, 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).

Share certificates will only become valid at 8:00 a.m. on Friday, July 2, 2021 provided that the Global Offering has become unconditional and the right of termination described in the section headed "Underwriting" 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

(a) If you apply using a WHITE Application Form or BLUE Application Form

If you apply for 1,000,000 or more Hong Kong Offer Shares and/or for 1,000,000 or more Reserved Shares and have provided all information required by your Application Form, you may collect your refund cheque(s) and/or share certificate(s) from the Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong from 9:00 a.m. to 1:00 p.m. on Wednesday, June 30, 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 which is eligible for personal collection, your authorized representative must bear a letter of authorization from your corporation stamped with your corporation's chop. Both individuals and authorized representatives must produce, at the time of collection, evidence of identity acceptable to the Hong Kong Share Registrar.

If you do not collect your refund 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 less than 1,000,000 Hong Kong Offer Shares or 1,000,000 Reserved Shares, your refund cheque(s) and/or share certificate(s) will be sent to the address on the relevant Application Form on or before Wednesday, June 30, 2021, by ordinary post and at your own risk.

(b) If you apply using a YELLOW Application Form

If you apply for 1,000,000 Hong Kong Offer Shares or more and have provided all information required by your Application Form, please follow the same instructions as described above for 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 Wednesday, June 30, 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 Wednesday, June 30, 2021, or upon contingency, on any other date determined by HKSCC or HKSCC Nominees.

If you apply through a designated CCASS Participant (other than a CCASS Investor Participant)

For Hong Kong Offer Shares credited to your designated CCASS Participant's stock account (other than a CCASS Investor Participant), you can check the number of Hong Kong Offer Shares allotted to you with that CCASS Participant.

If you are applying as a CCASS Investor Participant

The Company will publish the results of CCASS Investor Participants' applications together with the results of the Hong Kong Public Offering in the manner described in the section headed "—G. Publication of Results" above. You should check the announcement published by the Company and report any discrepancies to HKSCC before 5:00 p.m. on Wednesday, June 30, 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.

(c) If you apply through the White Form eIPO service

If you apply for 1,000,000 Hong Kong Offer Shares or more, and your application is wholly or partially successful, you may collect your share certificate(s) from the Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong from

9:00 a.m. to 1:00 p.m. on Wednesday, June 30, 2021, or such other date as notified by the Company in the newspapers as the date of despatch/collection of share certificates/e-Refund payment instructions/refund 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, your share certificate(s) (where applicable) will be sent to the address specified in your application instructions on or before Wednesday, June 30, 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) by ordinary post at your own risk.

(d) 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 Wednesday, June 30, 2021, or, on any other date determined by HKSCC or HKSCC Nominees.

- The Company expects to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, the Company will include information relating to the relevant beneficial owner), your Hong Kong identity card number/passport number or other identification code (Hong Kong business registration number for corporations) and the basis of allotment of the Hong Kong Public Offering in the manner specified in the section headed "—G. Publication of Results" above on Wednesday, June 30, 2021. You should check the announcement published by the Company and report any discrepancies to HKSCC before 5:00 p.m. on Wednesday, June 30, 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 Wednesday, June 30, 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.

- 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 Wednesday, June 30, 2021.

K. ADMISSION OF THE SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the Shares on the Stock Exchange 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 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.

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ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF THE SCE INTELLIGENT COMMERCIAL MANAGEMENT HOLDINGS LIMITED, MERRILL LYNCH FAR EAST LIMITED AND UBS SECURITIES HONG KONG LIMITED

Introduction

We report on the historical financial information of SCE Intelligent Commercial Management Holdings Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages I-4 to I-57, which comprises the combined statements of profit or loss and other comprehensive income, the combined statements of changes in equity and the combined statements of cash flows of the Group for each of the years ended 31 December 2018, 2019 and 2020 (the "Relevant Periods"), and the combined statements of financial position of the Group as at 31 December 2018, 2019 and 2020 and the statements of financial position of the Company as at 31 December 2019 and 2020, and a summary of significant accounting policies and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-4 to I-57 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 21 June 2021 (the "Prospectus") in connection with the initial listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively, and for such internal control as the directors determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 *Accountants' Reports on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' 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 presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively, in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the financial position of the Group as at 31 December 2018, 2019 and 2020, the Company as at 31 December 2019 and 2020 and of the financial performance and cash flows of the Group for each of the Relevant Periods in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively.

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-4 have been made.

Dividends

We refer to note 11 to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Relevant Periods.

No historical financial statements for the Company

As at the date of this report, no statutory financial statements have been prepared for the Company since its date of incorporation.

Ernst & Young
Certified Public Accountants
Hong Kong
21 June 2021

I. HISTORICAL FINANCIAL INFORMATION

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The financial statements of the Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by Ernst & Young in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the "Underlying Financial Statements").

The Historical Financial Information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Years ended 31 December 2018, 2019 and 2020

		Year ended 31 December		
		2018	**2019**	**2020**
	Notes	*RMB'000*	*RMB'000*	*RMB'000*
Revenue	*5(a)*	396,507	574,517	805,284
Cost of sales		(259,512)	(362,227)	(448,707)
Gross profit		136,995	212,290	356,577
Other income and gains	*5(c)*	2,383	5,391	6,817
Selling and marketing expenses		(12,426)	(12,222)	(5,351)
Administrative expenses		(76,174)	(98,533)	(135,295)
Finance cost	*6*	(114)	(112)	(43)
Share of loss of a joint venture	*18*	–	–	(25)
PROFIT BEFORE TAX	*7*	50,664	106,814	222,680
Income tax expense	*10*	(15,844)	(29,516)	(60,170)
PROFIT FOR THE YEAR		34,820	77,298	162,510
OTHER COMPREHENSIVE LOSS				
Other comprehensive loss that may not be reclassified to profit or loss in subsequent periods:				
Exchange differences on translation of foreign operations		–	(1)	(9,676)
OTHER COMPREHENSIVE LOSS FOR THE YEAR		–	(1)	(9,676)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		34,820	77,297	152,834
Profit attributable to:				
Owners of the parent		27,407	70,049	155,729
Non-controlling interests		7,413	7,249	6,781
		34,820	77,298	162,510
Total comprehensive income attributable to:				
Owners of the parent		27,407	70,048	146,053
Non-controlling interests		7,413	7,249	6,781
		34,820	77,297	152,834
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY				
Basic and diluted	*12*	N/A	N/A	N/A

COMBINED STATEMENTS OF FINANCIAL POSITION

31 December 2018, 2019 and 2020

		As at 31 December		
		2018	2019	2020
	Notes	*RMB'000*	*RMB'000*	*RMB'000*
NON-CURRENT ASSETS				
Property and equipment	*13*	7,242	7,297	11,240
Investment properties	*14*	3,046	1,304	491
Goodwill	*16*	–	–	748
Intangible asset	*17*	–	–	1,159
Prepayment	*20*	2,528	2,224	3,175
Investment in a joint venture	*18*	–	–	1,475
Deferred tax assets	*24*	10,965	9,391	7,841
Total non-current assets		23,781	20,216	26,129
CURRENT ASSETS				
Trade receivables	*19*	15,147	98,638	73,552
Prepayments, deposits and other receivables	*20*	9,688	14,766	26,635
Amounts due from related parties	*31(a)*	1,205,493	890,555	487,398
Cash and bank balances	*21*	82,603	74,578	503,944
Total current assets		1,312,931	1,078,537	1,091,529
CURRENT LIABILITIES				
Trade payables	*22*	26,180	34,799	51,175
Other payables and accruals	*23*	128,198	143,150	195,982
Amounts due to related parties	*31(a)*	839,506	484,130	156,864
Contract liabilities	*23*	54,609	62,731	108,650
Tax payable		4,177	23,870	67,013
Total current liabilities		1,052,670	748,680	579,684
NET CURRENT ASSETS		260,261	329,857	511,845
TOTAL ASSETS LESS CURRENT LIABILITIES		284,042	350,073	537,974
NON-CURRENT LIABILITIES				
Lease liabilities	*15*	1,267	–	–
Deferred tax liabilities	*24*	–	–	290
Total non-current liabilities		1,267	–	290
Net assets		282,775	350,073	537,684
EQUITY				
Equity attributable to owners of the parent				
Issued capital	*25*	–	1	7
Reserves	*26*	280,830	340,878	521,702
		280,830	340,879	521,709
Non-controlling interests		1,945	9,194	15,975
Total equity		282,775	350,073	537,684

COMBINED STATEMENTS OF CHANGES IN EQUITY

Years ended 31 December 2018, 2019 and 2020

	Attributable to owners of the parent								
	Issued capital	Share premium account*	Merger reserve*	Statutory surplus reserve*	Exchange reserve*	Retained profits*	Total	Non-controlling interests	Total equity
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(note 25)		*(note 26(b))*	*(note 26(a))*					
At 1 January 2018	–	–	172,620	7,848	–	72,955	253,423	(5,468)	247,955
Profit and total comprehensive income for the year	–	–	–	–	–	27,407	27,407	7,413	34,820
Transfer to statutory surplus reserve	–	–	–	1,858	–	(1,858)	–	–	–
At 31 December 2018 and 1 January 2019	–	–	172,620	9,706	–	98,504	280,830	1,945	282,775
Profit for the year	–	–	–	–	–	70,049	70,049	7,249	77,298
Other comprehensive loss for the year:									
Exchange differences on translation of foreign operations	–	–	–	–	(1)	–	(1)	–	(1)
Total comprehensive income/(loss) for the year	–	–	–	–	(1)	70,049	70,048	7,249	77,297
Transfer to statutory surplus reserve	–	–	–	3,259	–	(3,259)	–	–	–
Issue of shares *(note 25(a))*	1	–	–	–	–	–	1	–	1
Deemed distribution to the then equity owners	–	–	(10,000)	–	–	–	(10,000)	–	(10,000)
At 31 December 2019 and 1 January 2020	1	–	162,620	12,965	(1)	165,294	340,879	9,194	350,073
At 31 December 2019 and 1 January 2020	1	–	162,620	12,965	(1)	165,294	340,879	9,194	350,073
Profit for the year	–	–	–	–	–	155,729	155,729	6,781	162,510
Other comprehensive loss for the year:									
Exchange differences on translation of foreign operations	–	–	–	–	(9,676)	–	(9,676)	–	(9,676)

	Attributable to owners of the parent								
	Issued capital	**Share premium account***	**Merger reserve***	**Statutory surplus reserve***	**Exchange reserve***	**Retained profits***	**Total**	**Non-controlling interests**	**Total equity**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(note 25)		*(note 26(b))*	*(note 26(a))*					
Total comprehensive income/(loss) for the year	–	–	–	–	(9,676)	155,729	146,053	6,781	152,834
Transfer to statutory surplus reserve	–	–	–	2,568	–	(2,568)	–	–	–
Issue of shares *(note 25(b))*	6	174,273	–	–	–	–	174,279	–	174,279
Deemed distribution to the then equity owners	–	–	(97,314)	–	–	–	(97,314)	–	(97,314)
Dividend	–	–	–	–	–	(43,542)	(43,542)	–	(43,542)
Share-based payment expenses	–	1,354	–	–	–	–	1,354	–	1,354
At 31 December 2020	7	175,627	65,306	15,533	(9,677)	274,913	521,709	15,975	537,684

* These reserve accounts comprise the combined reserves of RMB280,830,000, RMB340,878,000 and RMB521,702,000 in the combined statements of financial position as at 31 December 2018, 2019 and 2020, respectively.

COMBINED STATEMENTS OF CASH FLOWS

Years ended 31 December 2018, 2019 and 2020

		Year ended 31 December		
		2018	2019	2020
	Notes	*RMB'000*	*RMB'000*	*RMB'000*
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax		50,664	106,814	222,680
Adjustments for:				
Finance cost	*6*	114	112	43
Interest income	*5(c)*	(926)	(877)	(1,101)
Depreciation of property and equipment	*7*	1,615	2,232	3,473
Depreciation of right-of-use assets	*7*	735	1,433	1,202
Depreciation of investment properties	*7*	1,740	1,742	1,383
Amortisation of an intangible asset	*7*	–	–	105
Impairment/(reversal of impairment) of trade receivables	*7*	101	985	(102)
Gain on disposal of items of property and equipment, net		(11)	(7)	(47)
Share-based payment expenses	*7*	–	–	1,354
Share of loss of a joint venture	*18*	–	–	25
		54,032	112,434	229,015
Decrease/(increase) in trade receivables		(13,347)	(84,476)	25,503
Increase in prepayments, deposits and other receivables		(4,379)	(6,439)	(8,964)
Increase in trade payables		8,474	8,619	16,069
Increase in other payables and accruals		23,072	23,253	54,799
Cash generated from operations		67,852	53,391	316,422
Interest received		926	877	1,101
Interest paid		(114)	(112)	(43)
Income tax paid		(14,355)	(8,249)	(15,503)
Net cash flows from operating activities		54,309	45,907	301,977
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchases of items of property and equipment		(2,074)	(2,122)	(8,600)
Proceeds from disposal of items of property and equipment		116	74	58
Acquisition of a subsidiary	*28*	–	–	(256)
Investment in a joint venture		–	–	(1,500)
Decrease/(increase) in amounts due from related parties		(908,588)	314,938	565,178
Net cash flows from/(used in) investing activities		(910,546)	312,890	554,880

	Notes	2018	2019	2020
		Year ended 31 December		
		RMB'000	RMB'000	RMB'000
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issue of shares		–	1	6
Deemed distributions to the then equity holders		–	–	(97,884)
Increase/(decrease) in amounts due to related parties		823,007	(365,376)	(327,266)
Principal portion of lease payments		(694)	(1,446)	(1,267)
Net cash flows from/(used in) financing activities		822,313	(366,821)	(426,411)
NET INCREASE/(DECREASE) IN CASH AND BANK BALANCES		(33,924)	(8,024)	430,446
Cash and bank balances at beginning of year		116,527	82,603	74,578
Effect of foreign exchange rate changes, net		–	(1)	(1,080)
CASH AND BANK BALANCES AT END OF YEAR	*21*	82,603	74,578	503,944
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS				
Cash and bank balances	*21*	82,603	74,578	503,944

STATEMENT OF FINANCIAL POSITION OF THE COMPANY

31 December 2019 and 2020

		As at 31 December	
		2019	**2020**
	Notes	*RMB'000*	*RMB'000*
NON-CURRENT ASSET			
Investment in a subsidiary		1	1
CURRENT ASSETS			
Prepayments and other receivables		–	5,730
Due from a subsidiary		–	65
Due from related companies	*31(b)*	–	160,106
Total current assets		–	165,901
CURRENT LIABILITIES			
Accruals		–	4,766
Due to a subsidiary		1	–
Due to related companies	*31(b)*	51	5,184
Total current liabilities		52	9,950
NET CURRENT ASSETS/(LIABILITIES)		(52)	155,951
Net assets/(liabilities)		(51)	155,952
EQUITY/(DEFICIENCY IN ASSETS)			
Issued capital	*25*	1	7
Reserves	*26(c)*	(52)	155,945
Total equity/(deficiency in assets)		(51)	155,952

NOTES TO HISTORICAL FINANCIAL INFORMATION
31 DECEMBER 2018, 2019 AND 2020

1. CORPORATE INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands on 20 August 2019. The registered office address of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Company is an investment holding company. During the Relevant Periods, the Company's subsidiaries now comprising the Group were involved in the provision of property management services and commercial operational services in the People's Republic of China (the "PRC"). The controlling shareholder of the Group (defined below) is China SCE Group Holdings Limited ("China SCE" or the "Controlling Shareholder").

The Company and its subsidiaries are hereafter collectively referred to as the Group (the "Group"); whereas China SCE and its subsidiaries, but excluding the Group, are collectively referred to as the Retained Group (the "Retained Group").

The Company and its subsidiaries now comprising the Group underwent a reorganisation (the "Reorganisation") as set out in the paragraph headed "Reorganisation" in the section headed "History, Reorganisation and Corporate Structure" in the Prospectus. Apart from the Reorganisation, the Company has not commenced any business or operation since its incorporation.

Certain commercial property management and operational services were also operated by the business units of certain subsidiaries of China SCE not comprising the Group (the "Commercial Business Units"). These Commercial Business Units did not exist as a legal or statutory entity. As at the date of this report, the commercial property management and operation business of the Commercial Business Units had been transferred to the Group (the "Business Transfer").

As at the date of this report, the Company had direct and indirect interests in subsidiaries, all of which are private limited liability companies (or, if incorporated outside Hong Kong, have substantially similar characteristics to a private company incorporated in Hong Kong), the particulars of the Company's principal subsidiaries are set out below:

Name	Place and date of incorporation/ establishment and place of operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity interest attributable to the Company Direct	Indirect	Principal activities
Lofty Idea Enterprises Limited 高思企業有限公司	British Virgin Islands (the "BVI") 27 August 2019	US$100	100%	–	Investment Holding
Shine Sino Limited 輝華有限公司	BVI 22 September 2020	US$100	100%	–	Investment Holding
First Bright Management Limited ("First Bright") 輝信管理有限公司	Hong Kong 3 May 2019	HK$100	–	100%	Investment Holding
Superior Management Limited 中盛管理有限公司	Hong Kong 5 November 2020	HK$100	–	100%	Investment Holding

Name	Place and date of incorporation/ establishment and place of operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity interest attributable to the Company Direct	Indirect	Principal activities
Nan'an Meilin China SCE Commercial Management Co., Ltd *(note a)**# 南安美林中駿商業管理有限公司	PRC/Mainland China 12 January 2018	RMB5,000,000	–	100%	Property Management
Shanghai China SCE Hongshen Commercial Management Co., Ltd *(note a)**# 上海中駿虹申商業管理服務有限公司	PRC/Mainland China 30 October 2019	RMB10,000,000	–	100%	Property Management
Xiamen China SCE Commercial Management Co., Ltd ("Xiamen China SCE") *(note a)**# 廈門中駿商業管理有限公司	PRC/Mainland China 21 February 2011	RMB100,000,000	–	100%	Property Management
Quanzhou Taicheng Commercial Property Management Co., Ltd *(note a)**# 泉州泰城商業物業管理有限公司	PRC/Mainland China 20 May 2016	RMB10,000,000	–	100%	Property Management
Beijing World City Property Management Co., Ltd ("Beijing World City") *(note a)**# 北京世界城物業管理有限公司	PRC/Mainland China 27 June 2007	RMB50,000,000	–	100%	Property Management
Quanzhou World City Property Management Co., Ltd ("QZ World City") *(note a)**# 泉州世界城物業管理有限公司	PRC/Mainland China 27 July 2012	RMB10,000,000	–	58%	Property Management
Xiamen Cippon Tai Wo Property Management Co., Ltd *(note a)*^# 廈門世邦泰和物業管理有限公司	PRC/Mainland China 4 November 2002	HK$1,500,000	–	100%	Property Management
Fujian Cippon Tai Wo Property Management Co., Ltd *(note a)**# 福建世邦泰和物業管理有限公司	PRC/Mainland China 1 April 2003	RMB10,000,000	–	100%	Property Management

Name	Place and date of incorporation/ establishment and place of operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity interest attributable to the Company Direct	Indirect	Principal activities
Cippon Tai Wo (Shanghai) Property Management Co., Ltd *(note a)**# 世邦泰和(上海)物業管理有限公司	PRC/Mainland China 4 May 2018	RMB5,000,000	–	100%	Property Management
Shangqiu Anshu Property Management Co., Ltd *(note a)**# 商丘市安舒物業管理有限公司	PRC/Mainland China 18 November 2014	RMB500,000	–	100%	Property Management
Shanghai China SCE Commercial Management Co., Ltd ("Shanghai China SCE") *(note a)*^# 上海中駿商業管理有限公司	PRC/Mainland China 18 November 2013	RMB12,200,000	–	100%	Property Management

Notes:

(a) No audited financial statements have been prepared for these entities for the years ended 31 December 2018, 2019 and 2020 as they are not subject to any statutory audit requirement under the relevant rules and regulations in their jurisdictions of incorporation or establishment.

* Registered as domestic limited liability companies under PRC law.

^ Registered as wholly-foreign-owned enterprises under PRC law.

\# The English names of these companies represent the best effort made by management of the Company to directly translate their Chinese names as they did not register any official English name.

2.1 BASIS OF PRESENTATION

Pursuant to the Reorganisation of the Company in connection with the listing of the shares of the Company on the Main Board of the Stock Exchange, as fully explained in the paragraph headed "Reorganisation" in the section headed History, Reorganisation and Corporate Structure in the Prospectus, the Company became the holding company of the companies now comprising the Group on 23 January 2021. The companies now comprising the Group are under the common control of the Controlling Shareholder before and after the Reorganisation. Accordingly, for the purpose of this report, the Historical Financial Information has been prepared by applying the principles of merger accounting as if the Reorganisation had been completed at the beginning of the Relevant Periods.

The combined statements of profit or loss and other comprehensive income, combined statements of changes in equity and combined statements of cash flows of the Group for the Relevant Periods include the results and cash flows of all companies now comprising the Group and the Commercial Business Units from the earliest date presented or since the date when the subsidiaries and the Commercial Business Units first came under the common control of the Controlling Shareholder, where this is a shorter period. The combined statements of financial position of the Group as at 31 December 2018, 2019 and 2020 have been prepared to present the assets and liabilities of the subsidiaries using the existing book values from the Controlling Shareholder's perspective. No adjustments are made to reflect fair values, or recognise any new assets or liabilities as a result of the Reorganisation.

Equity interests in subsidiaries and/or businesses held by parties other than the Controlling Shareholder and changes therein, prior to the Reorganisation are presented as non-controlling interests in equity in applying the principles of merger accounting.

All intra-group transactions and balances have been eliminated on combination.

2.2 BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the HKICPA, and accounting principles generally accepted in Hong Kong. All HKFRSs effective for the accounting period commencing from 1 January 2020, together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the Historical Financial Information throughout the Relevant Periods.

The Historical Financial Information has been prepared under the historical cost convention.

2.3 ISSUED BUT NOT YET EFFECTIVE HKFRSS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in the Historical Financial Information.

Amendments to HKFRS 3	*Reference to the Conceptual Framework*[2]
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	*Interest Rate Benchmark Reform – Phase 2*[1]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[7]
Amendment to HKFRS 16	*Covid-19-Related Rent Concessions*[4]
HKFRS 17	*Insurance Contracts*[3]
Amendments to HKFRS 17	*Insurance Contracts*[3, 6]
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current*[3, 5]
Amendments to HKAS 16	*Property, Plant and Equipment: Proceed before Intended Use*[2]
Amendments to HKAS 37	*Onerous Contracts – Cost of Fulfilling a Contract*[2]
Annual Improvements to HKFRSs 2018–2020	*Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41*[2]

1 Effective for annual periods beginning on or after 1 January 2021

2 Effective for annual periods beginning on or after 1 January 2022

3 Effective for annual periods beginning on or after 1 January 2023

4 Effective for annual periods beginning on or after 1 June 2020

5 As a consequence of the amendments to HKAS 1, Hong Kong Interpretation 5 *Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause* was revised in October 2020 to align the corresponding wording with no change in conclusion

6 As a consequence of the amendments to HKFRS 17 issued in October 2020, HKFRS 4 was amended to extend the temporary exemption that permits insurers to apply HKAS 39 rather than HKFRS 9 for annual periods beginning before 1 January 2023

7 No mandatory effective date yet determined but available for adoption

The Group is in the process of assessing the impact of these new and revised HKFRSs upon initial application. So far, the Group considers that these new and revised HKFRSs may result in changes in accounting policies but are unlikely to have a significant impact on the Group's results of operations and financial position.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Subsidiaries

A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets and liabilities.

The results of a subsidiary are included in the Company's profit or loss to the extent of dividends received and receivable. The Company's investment in a subsidiary is stated at cost less any impairment losses.

Business combinations other than those under common control combinations and goodwill

Business combinations other than those under common control are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interest issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Investments in a joint venture

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investment in a joint venture is stated in the combined statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses.

Adjustments are made to bring into line any dissimilar accounting policies that may exist.

The Group's share of the post-acquisition results and other comprehensive income of a joint venture is included in combined profit or loss and combined other comprehensive income. In addition, when there has been a change recognised directly in the equity of the joint venture, the Group recognises its share of any changes, when applicable in the combined statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its joint venture are eliminated to the extent of the Group's investment in the joint venture, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates or joint ventures is included as part of the Group's investment in the joint venture.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the Historical Financial Information are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the Historical Financial Information on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each of the Relevant Periods.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than deferred tax assets and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each of the Relevant Periods as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property and equipment and depreciation

Property and equipment, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Furniture, fixtures and office equipment	2 to 5 years
Motor vehicles	2 to 5 years

Where parts of an item of property and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Investment properties

Investment properties are leasehold interests in properties held by the Group as a lessee to earn rental income, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are carried at cost less subsequent accumulated depreciation and any impairment losses.

Depreciation on investment properties is provided to write off the cost of the properties over the shorter of the estimated useful lives and the lease terms of 3 years using the straight-line method.

Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year of the retirement or disposal.

Intangible asset (other than goodwill)

Intangible asset acquired separately is measured on initial recognition at cost. The cost of intangible asset acquired in a business combination is the fair value at the date of acquisition. The useful life of intangible asset is assessed to be either finite or indefinite. Intangible asset with finite life is subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

An intangible asset is derecognised on disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement of an intangible asset recognised in profit or loss in the period is the difference between the net sales proceeds and the carrying amount of the relevant intangible asset.

Customer relationship

Customer relationship acquired in a business combination is recognised at fair value at the acquisition date. The customer relationship has a finite useful life and is stated at cost less accumulated amortisation. Amortisation is calculated using the straight-line method over the expected useful life, taking into account the prior experience of the renewal pattern of property management contracts, which is 5 years.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets, included in "property and equipment" or "investment properties" line items on the face of statements of financial position, representing the right to use the underlying assets.

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful life of the underlying assets.

Buildings	2 to 3 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

When a right-of-use asset meets the definition of investment property, it is included in investment properties. The corresponding right-of-use asset is initially measured at cost, and subsequently measured at cost model, in accordance with the Group's policy for "investment properties".

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

The Group's current portion of lease liabilities is included in other payables and accruals whereas the non-current portion of lease liabilities is separately disclosed in the combined statement of financial position.

(c) Short-term leases

The Group applies the short-term lease recognition exemption to its short-term leases of office and staff quarters (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option).

Lease payments on short-term leases are recognised as an expense on a straight-line basis over the lease term.

Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease terms and is included in revenue in profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases that transfer substantially all the risks and rewards incidental to ownership of underlying assets to the lessee are accounted for as finance leases.

When the Group is an intermediate lessor, a sublease is classified as a finance lease or operating lease with reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the Group applies the on-balance sheet recognition exemption, the Group classifies the sublease as an operating lease.

Financial assets

Initial recognition and measurement

Financial assets are all classified, at initial recognition, as subsequently measured at amortised cost.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under HKFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's combined statements of financial position) when:

- the rights to receive cash flows from the asset have expired; or

- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as payables.

All financial liabilities are recognised initially at fair value and, in the case of payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables and amounts due to related parties.

After initial recognition, they are subsequently measured at amortised cost using the effective interest rate method.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Cash and cash equivalents

For the purpose of the combined statements of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the combined statements of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of each of the Relevant Periods of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in profit or loss.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each of the Relevant Periods, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of each of the Relevant Periods between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each of the Relevant Periods and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each of the Relevant Periods and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each of the Relevant Periods.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, 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 between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

Property management services

The Group charged property management fees in respect of the property management services on a lump sum basis.

On a lump sum basis, the Group is entitled to retain the full amount of received property management fees. From the property management fees, the Group shall bear expenses associated with, among others, staff, cleaning, garbage disposal, gardening and landscaping, security and general overheads covering the common areas. During the term of the contract, if the amount of property management fees the Group collected is not sufficient to cover all the expenses incurred, the Group is not entitled to request the property owners to pay the shortfall.

Accordingly, on a lump sum basis, the Group recognises revenue as the full amount of property management fees the Group charged to the property owners and property developers.

These services are performed by an indeterminate number of acts over a specified period of time. Accordingly, revenue is recognised on a straight-line basis over the specified period unless there is evidence that some other methods better represents the stage of completion, and the cost of services is recognised as incurred in connection with performing such services.

Value-added services to non-property owners

Value-added services to non-property owners mainly include pre-delivery inspection services, pre-sale management services, such as cleaning, security and maintenance services for pre-sale display units and sales offices. Revenue is recognised over the scheduled period on a straight-line basis because the customer simultaneously receives and consumes the benefits provided by the Group.

Community value-added services

Community value-added services mainly include daily value-added services provided to property owners and residents. Revenue from community value-added services is recognised when the related services are rendered and the customer simultaneously receives and consumes the benefits provided by the Group.

Commercial operational services

The Group enters into commercial operational service contracts with property developers or owners of office buildings and shopping malls, pursuant to which the Group provides the following services:

- market research and positioning, providing advice on design, tenant sourcing and opening preparation services to property owners during the preparation stage; and

- commercial operation services during the operation stage, including tenant management and rental collection services.

Revenue in respect of provision of market research and positioning, providing advice on design, tenant sourcing and opening preparation services was recognised at the point in time when services have been provided and the Group has a present right to payment for the services.

For commercial operational services during the operational stage, the Group charges a service fee for business tenant management and rent collection according to the terms in the relevant contracts, which is generally a certain proportion of the monthly rent and the revenue is recognised over time in the period in which the services are rendered.

Revenue from other sources

Rental income

Rental income is recognised on a time proportion basis over the lease terms. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are incurred.

Other income

Interest income

Interest income is recognised on an accrual basis, using the effective interest method by applying the rate that discounts the estimated future cash receipts over the expected life of the financial instrument of the net carrying amount of the financial asset.

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract, (i.e., transfers control of the related goods or services to the customer).

Share-based payments

The Group has offered restricted share awards for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees for grants is measured by reference to the fair value at the date at which they are granted. Further details of which are given in note 27 to the Historical Financial Information.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

Employee retirement benefits

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a certain proportion of their payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

Dividends

Final dividends are recognised as a liability when they have been approved by the equity holders of relevant entities comprising the Group in a general meeting.

Interim dividends are simultaneously proposed and declared, because the memorandum and articles of association of relevant entities comprising the Group grant their directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Foreign currencies

Items included in the financial information of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates, i.e., the functional currency. The Historical Financial Information is presented in RMB while the Company's functional currency is Hong Kong dollars. In the opinion of the Company's directors, as the Group's operations are mainly in the PRC, the use of RMB as the presentation currency is more appropriate for the presentation of the Group's results and financial position. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange prevailing at the end of each of the financial periods. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of the Company and certain subsidiaries operating outside the PRC are currencies other than RMB. As at the end of each of the Relevant Periods, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss and other comprehensive income are translated into RMB at the weighted average exchange rates for the year. The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

For the purpose of the combined statements of cash flows, the cash flows of the Company and certain subsidiaries operating outside the PRC are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of Hong Kong entities which arise throughout the year are translated into RMB at the weighted average exchange rates for the year.

3. SIGNIFICANT ACCOUNTING ESTIMATES

The preparation of the Historical Financial Information requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each of the Relevant Periods, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are disclosed below:

PRC corporate income tax ("CIT")

The Group is subject to corporate income taxes in the PRC. As a result of the fact that certain matters relating to the income taxes have not been confirmed by the local tax bureau, objective estimates and judgements based on currently enacted tax laws, regulations and other related policies are required in determining the provision for income taxes to be made. Where the final tax outcome of these matters is different from the amounts originally recorded, the differences will impact on the income tax and tax provisions in the period in which the differences realise.

Provision for expected credit losses on trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., customer type and service type).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in note 19 to the Historical Financial Information.

4. OPERATING SEGMENT INFORMATION

The Group is principally engaged in the provision of property management business, value-added service and commercial operational services. Information reported to the Group's chief operating decision maker, for the purpose of resource allocation and performance assessment, focuses on the operating results of the Group as a whole as the Group's resources are integrated and no discrete operating segment information is available. Accordingly, no operating segment information is presented.

Geographical information

No geographical information is presented as the Group's revenue from the external customers is derived solely from its operation in Mainland China during the Relevant Periods and no non-current assets of the Group are located outside Mainland China as at the end of each of the Relevant Periods.

Information about major customers

For each of the Relevant Periods, revenue from the Retained Group contributed 16.6% and 29.2%, 39.0% of the Group's revenue, respectively. Other than the revenue from the Retained Group, no revenue derived from sales to a single customer or a group of customers under common control accounted for 10% or more of the Group's revenue for each of the Relevant Periods.

5. REVENUE, OTHER INCOME AND GAINS

Revenue mainly comprises proceeds from property management services, value-added services and commercial operation and other related services during the Relevant Periods.

An analysis of revenue is as follows:

	Year ended 31 December		
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
Types of goods or services			
Revenue from contracts with customers			
Property management services	323,058	364,300	417,892
Value-added services	73,449	152,478	193,501
Commercial operation services	–	57,739	193,891
	396,507	574,517	805,284

(a) Disaggregated revenue information:

Year ended 31 December 2018

	Property management services	Value-added services	Commercial operation services	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Timing of revenue recognition				
Services transferred over time	323,058	73,449	–	396,507

Year ended 31 December 2019

	Property management services	Value-added services	Commercial operation services	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Timing of revenue recognition				
Services transferred over time	364,300	152,478	–	516,778
Services transferred at a point in time	–	–	57,739	57,739
Total revenue from contracts with customers	364,300	152,478	57,739	574,517

Year ended 31 December 2020

	Property management services	Value-added services	Commercial operation services	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Timing of revenue recognition				
Services transferred over time	417,892	193,501	–	611,393
Services transferred at a point in time	–	–	193,891	193,891
Total revenue from contracts with customers	417,892	193,501	193,891	805,284

The following table shows the amounts of revenue recognised in each of the Relevant Periods that were included in the contract liabilities at the beginning of each of these years:

	Year ended 31 December		
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
Revenue recognised that was included in contract liabilities at beginning of year	49,702	54,609	62,731

(b) Performance obligations

Information about the Group's performance obligation is summarised below:

For property management services and value-added services, the Group recognises revenue in the amount that equals to the right to invoice which correspond directly with the value of performance completed. The Group has applied the practical expedient in HKFRS 15 to its revenue from property management contracts for not to disclose the remaining performance obligations under the Group's existing contracts as these contracts do not have a fixed term.

For commercial operation services, the Group recognised revenue in the amount that equals to the rights to invoices which corresponds directly with the value to the customers of the Group's performance to date. The amounts of unsatisfied performance obligations are expected to be recognised in one to three years as of 31 December 2018, 2019 and 2020.

The amount of transaction prices for commercial operation services allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at the end of each of the Relevant Periods are as follows:

	As at 31 December		
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
Amounts expected to be recognised as revenue:			
Within one year	–	36,792	150,472
After one year	–	42,453	116,038
	–	79,245	266,510

(c) Other income and gains

An analysis of the Group's other income and gains is as follows:

	Year ended 31 December		
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
Bank interest income	926	877	1,101
Gain on disposal of items of property and equipment	11	7	47
Forfeiture income on deposits received	740	875	1,782
Government grants	369	3,101	3,091
Others	337	531	796
	2,383	5,391	6,817

6. FINANCE COST

	Year ended 31 December		
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
Interests on lease liabilities	114	112	43

7. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

		Year ended 31 December		
		2018	2019	2020
	Notes	*RMB'000*	*RMB'000*	*RMB'000*
Cost of services provided*		259,512	362,227	448,707
Depreciation of property and equipment	*13*	1,615	2,232	3,473
Depreciation of right-of-use assets	*15(c)*	735	1,433	1,202
Depreciation of investment properties**	*14*	1,740	1,742	1,383
Amortisation of an intangible asset	*17*	–	–	105
Lease payments not included in the measurement of lease liabilities	*15(c)*	933	3,641	4,254
Employee benefit expense (including directors' remuneration *(note 8)*):				
Salaries, bonuses and benefits in kind		181,909	248,537	335,509
Share-based payment expenses		–	–	1,354
Pension scheme contributions		30,393	35,122	19,846
		212,302	283,659	356,709
Impairment/(reversal of impairment) of trade receivables	*19*	101	985	(102)

* Cost of services provided included an aggregate amount of RMB155,535,000, RMB213,975,000 and RMB266,602,000 for each of the years ended 31 December 2018, 2019 and 2020 which comprised employee benefit expense and depreciation of investment properties. These amounts comprised of the respective expense items disclosed above.

** The depreciation of investment properties amounting to RMB1,061,000, RMB1,009,000 and RMB614,000 were included in the cost of services provided for each of the years ended 31 December 2018, 2019 and 2020, respectively.

8. DIRECTORS' REMUNERATION

Mr. Wong Lun was appointed as a director of the Company on 20 August 2019.

Subsequent to the end of the Relevant Periods, Mr. Wong Lun was re-designated as an executive director and chairman of the Company on 6 January 2021. On the same date, Mr. Niu Wei was appointed as an executive director and chief executive officer of the Company; Mr. Sun Qiang as an executive director and vice president of the Company; Mr. Zheng Quanlou and Ms. Ku Weihong as executive directors of the Company; and Mr. Huang Youquan as a non-executive director of the Company.

Certain directors received remuneration from the subsidiaries now comprising the Group during the Relevant Periods for their capacity as directors and/or employees of these subsidiaries. The remuneration of these directors during the Relevant Periods is set out below:

	Year ended 31 December		
	2018	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*
Fees	–	–	–
Other emoluments:			
Salaries, allowances and benefits in kind	1,546	1,828	2,643
Discretionary bonuses	875	891	1,765
Share-based payment expenses *(note)*	–	–	1,345
Pension scheme contributions	74	104	123
	2,495	2,823	5,876

Note: Share-based payment expenses were related to the restricted shares issued and granted to certain directors and employees of the Company on 2 March 2020, further details of this transaction are set out in note 27 to the Historical Financial Information.

(a) Independent non-executive directors

Subsequent to the end of the Relevant periods, Dr. Ding Zuyu, Mr. Wang Yongping and Mr. Pang Hon Chung were appointed as independent non-executive directors of the Company on 10 June 2021. There was no emolument payable to the independent non-executive directors during the Relevant Periods.

(b) Executive directors and non-executive directors

An analysis of these directors' remuneration during the Relevant Periods, on a named basis, is as follows:

	Salaries, allowances and benefits in kind	**Discretionary bonuses**	**Pension scheme contributions**	**Share-based payment expenses**	**Total remuneration**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2018					
Executive directors:					
Mr. Wong Lun	365	365	5	–	735
Ms. Ku Weihong	320	120	8	–	448
Mr. Zheng Quanlou	321	120	8	–	449
Mr. Sun Qiang	540	270	53	–	863
	1,546	875	74	–	2,495

	Salaries, allowances and benefits in kind *RMB'000*	Discretionary bonuses *RMB'000*	Pension scheme contributions *RMB'000*	Share-based payment expenses *RMB'000*	Total remuneration *RMB'000*
Non-executive director:					
Mr. Huang Youquan	–	–	–	–	–
	1,546	875	74	–	2,495
Year ended 31 December 2019					
Executive directors:					
Mr. Wong Lun	381	381	5	–	767
Ms. Ku Weihong	325	120	9	–	454
Mr. Zheng Quanlou	325	120	21	–	466
Mr. Sun Qiang	540	270	57	–	867
Mr. Niu Wei	257	–	12	–	269
	1,828	891	104	–	2,823
Non-executive director:					
Mr. Huang Youquan	–	–	–	–	–
	1,828	891	104	–	2,823
Year ended 31 December 2020					
Executive directors:					
Mr. Wong Lun	385	385	5	51	826
Ms. Ku Weihong	230	120	8	228	586
Mr. Zheng Quanlou	277	120	14	51	462
Mr. Sun Qiang	743	540	52	203	1,538
Mr. Niu Wei	1,008	600	44	761	2,413
	2,643	1,765	123	1,294	5,825
Non-executive director:					
Mr. Huang Youquan	–	–	–	51	51
	2,643	1,765	123	1,345	5,876

There was no arrangement under which a director waived or agreed to waive any remuneration during the Relevant Periods.

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees for the years ended 31 December 2018, 2019 and 2020 included nil director, nil director and 2 directors, respectively, details of whose remuneration are set out in note 8 to the Historical Financial Information. Details of the remuneration of the remaining highest paid non-director employees during the Relevant Periods are as follows:

	Year ended 31 December		
	2018	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*
Salaries, allowances and benefits in kind	4,255	4,638	2,527
Discretionary bonuses	1,806	2,789	2,634
Pension scheme contributions	184	319	129
	6,245	7,746	5,290

The number of non-director highest paid employees whose remuneration fell within the following bands is as follows:

	Year ended 31 December		
	2018	**2019**	**2020**
Nil to HK$1,000,000	–	–	–
HK$1,000,001 to HK$1,500,000	3	1	1
HK$1,500,001 to HK$2,000,000	2	3	1
HK$2,000,001 to HK$2,500,000	–	1	1
	5	5	3

10. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the tax jurisdictions in which members of the Group are domiciled and operate. Pursuant to the rules and regulations of the Cayman Islands and the BVI, the entities within the Group incorporated in the Cayman Islands and the BVI are not subject to any income tax. No provision for Hong Kong profits tax has been made during the Relevant Periods as the Group did not generate any assessable profits arising in Hong Kong during these years.

Subsidiaries of the Group operating in Mainland China are subject to the CIT at a rate of 25% for the Relevant Periods:

	Year ended 31 December		
	2018	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*
Current income tax	13,531	27,942	58,646
Deferred income tax *(note 24)*	2,313	1,574	1,524
Total tax charge for the year	15,844	29,516	60,170

A reconciliation of income tax expense applicable to profit before tax at the statutory rate for the jurisdictions in which the Company and most of its subsidiaries are domiciled to the income tax expense at the effective income tax rate for each of the Relevant Periods is as follows:

	Year ended 31 December		
	2018	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*
Profit before tax	50,664	106,814	222,680
Tax charge at the PRC statutory income tax rate	12,666	26,704	55,670
Income not subject to tax	(92)	(571)	(302)
Expense not deductible for tax	970	3,383	4,802
Tax losses not recognised	2,300	–	–
Tax charge at the Group's effective tax rate	15,844	29,516	60,170

11. DIVIDEND

No dividends have been paid or declared by the Company since its date of incorporation.

In August 2020, Beijing World City declared a special dividend of RMB43,542,000 to its then sole shareholder, Max Fresh Investments Limited ("Max Fresh"). Max Fresh was incorporated in the BVI with limited liability and wholly owned by China SCE indirectly.

12. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

Earnings per share information is not presented as its inclusion, for the purpose of this report, is not considered meaningful in connection with the Reorganisation and the presentation of the results of the Group for the Relevant Periods using the principle of merger accounting, as disclosed in note 2.1 to the Historical Financial Information.

13. PROPERTY AND EQUIPMENT

	Right-of-use assets	Owned assets			
	Buildings	**Furniture, fixtures and office equipment**	**Motor vehicles**	**Subtotal**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2018					
At 1 January 2018:					
Cost	1,655	5,618	2,507	8,125	9,780
Accumulated depreciation	(48)	(2,814)	(1,058)	(3,872)	(3,920)
Net carrying amount	1,607	2,804	1,449	4,253	5,860

	Right-of-use assets	Owned assets			
	Buildings	Furniture, fixtures and office equipment	Motor vehicles	Subtotal	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2018, net of accumulated depreciation	1,607	2,804	1,449	4,253	5,860
Additions	1,763	2,074	–	2,074	3,837
Disposal	–	(105)	–	(105)	(105)
Depreciation provided during the year	(735)	(1,241)	(374)	(1,615)	(2,350)
At 31 December 2018, net of accumulated depreciation	2,635	3,532	1,075	4,607	7,242
At 31 December 2018:					
Cost	3,418	7,313	2,505	9,818	13,236
Accumulated depreciation	(783)	(3,781)	(1,430)	(5,211)	(5,994)
Net carrying amount	2,635	3,532	1,075	4,607	7,242
31 December 2019					
At 1 January 2019:					
Cost	3,418	7,313	2,505	9,818	13,236
Accumulated depreciation	(783)	(3,781)	(1,430)	(5,211)	(5,994)
Net carrying amount	2,635	3,532	1,075	4,607	7,242
At 1 January 2019, net of accumulated depreciation	2,635	3,532	1,075	4,607	7,242
Additions	–	3,519	268	3,787	3,787
Disposal	–	(67)	–	(67)	(67)
Depreciation provided during the year	(1,433)	(1,807)	(425)	(2,232)	(3,665)
At 31 December 2019, net of accumulated depreciation	1,202	5,177	918	6,095	7,297
At 31 December 2019:					
Cost	3,418	10,578	2,773	13,351	16,769
Accumulated depreciation	(2,216)	(5,401)	(1,855)	(7,256)	(9,472)
Net carrying amount	1,202	5,177	918	6,095	7,297
31 December 2020					
At 1 January 2020:					
Cost	3,418	10,578	2,773	13,351	16,769
Accumulated depreciation	(2,216)	(5,401)	(1,855)	(7,256)	(9,472)
Net carrying amount	1,202	5,177	918	6,095	7,297

	Right-of-use assets	Owned assets				
	Buildings	Furniture, fixtures and office equipment	Motor vehicles	Subtotal	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2020, net of accumulated depreciation	1,202	5,177	918	6,095	7,297
Additions	–	7,723	877	8,600	8,600
Acquisition of a subsidiary *(note 28)*	–	29	–	29	29
Disposal	–	(11)	–	(11)	(11)
Depreciation provided during the year	(1,202)	(2,957)	(516)	(3,473)	(4,675)
At 31 December 2020, net of accumulated depreciation	–	9,961	1,279	11,240	11,240
At 31 December 2020:					
Cost	3,418	18,419	3,650	22,069	25,487
Accumulated depreciation	(3,418)	(8,458)	(2,371)	(10,829)	(14,247)
Net carrying amount	–	9,961	1,279	11,240	11,240

14. INVESTMENT PROPERTIES

	Right-of-use assets
	RMB'000
Carrying amount at 1 January 2018	4,786
Depreciation for the year	(1,740)
Carrying amount at 31 December 2018 and 1 January 2019	3,046
Depreciation for the year	(1,742)
Carrying amount at 31 December 2019 and 1 January 2020	1,304
Additions	570
Depreciation for the year	(1,383)
Carrying amount at 31 December 2020	491

The Group's investment properties represented leasehold interests in properties held for rental purposes and are situated in Mainland China. Based on valuations performed by management, the estimated fair values of the investment properties approximated to RMB3,100,000, RMB1,400,000 and RMB500,000 as at 31 December 2018, 2019 and 2020, respectively.

Fair value hierarchy

The fair value measurement of the Group's investment properties is using significant unobservable inputs (Level 3).

During the Relevant Periods, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3.

Below is a summary of the valuation techniques used and the key inputs to the valuation of investment properties:

	Valuation technique	Significant unobservable inputs	Weighted average As at 31 December 2018	2019	2020
Retail	Income approach	Adopted unit rate (per sq. foot)	RMB61	RMB61	RMB79

A significant increase/decrease in the adopted unit rate would result in a significant increase/decrease in the fair value of the investment properties.

15. LEASES

The Group as a lessee

The Group has lease contracts for properties used in operations. Leases of properties generally have lease terms between 2 to 3 years.

(a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets included in property and equipment and investment properties and the movements during the Relevant Periods are disclosed in notes 13 and 14 respectively, to the Historical Financial Information.

(b) Lease liabilities

The carrying amount of lease liabilities (included under other payables and accruals) and the movements during the year are as follows:

	RMB'000
At 1 January 2018	1,644
New leases	1,763
Accretion of interest recognised during the year	114
Payments	(808)
At 31 December 2018	2,713
At 1 January 2019	2,713
Accretion of interest recognised during the year	112
Payments	(1,558)
At 31 December 2019	1,267
At 1 January 2020	1,267
Accretion of interest recognised during the year	43
Payments	(1,310)
At 31 December 2020	–

	As at 31 December		
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
Analysed into:			
Current portion	1,446	1,267	–
Non-current portion	1,267	–	–
	2,713	1,267	–

The maturity analysis of lease liabilities is disclosed in note 34 to the Historical Financial Information.

(c) The amounts recognised in profit or loss in relation to leases are as follows:

	Year ended 31 December		
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
Interest on lease liabilities *(note 6)*	114	112	43
Depreciation charge of right-of-use assets *(note 7)*	735	1,433	1,202
Depreciation charge of investment properties *(note 7)*	1,740	1,742	1,383
Expense relating to short-term leases *(note 7)*	933	1,415	1,253
Expenses relating to variable lease *(note 7)*	–	2,226	3,001
Total amount recognised in profit or loss	3,522	6,928	6,882

(d) The total cash outflow for leases are disclosed in note 29(c) to the Historical Financial Information.

The Group as a lessor

The Group leases its investment properties (note 14) consisting of various commercial properties in Mainland China under operating lease arrangements. The terms of the leases generally require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions. Rental income recognised by the Group during the Relevant Periods were RMB3,717,000, RMB2,464,000 and RMB2,081,000.

The undiscounted lease payments receivables by the Group in future periods under non-cancellable operating leases with its tenants are as follows:

	As at 31 December		
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
Within one year	1,017	888	1,310

16. GOODWILL

	As at 31 December		
	2018	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*
Carrying amount at the beginning of the year	–	–	–
Acquisition of a subsidiary *(note 28)*	–	–	748
Carrying amount at the end of the year	–	–	748
Cost and net carrying amount	–	–	748

Impairment testing on goodwill

During the year ended 31 December 2020, the Group completed the acquisition of Kunshan Honghui Property Management Company Limited ("Kunshan Honghui") for a cash consideration of RMB3,500,000, which resulted in the recognition of goodwill of RMB748,000.

The recoverable amount of this Kunshan Honghui CGU has been determined based on a value-in-use calculation using cash flow projections based on financial budgets covering a five-year period approved by management. The discount rate applied to the cash flow projections is 23.8% per annum. The growth rate used to extrapolate the cash flows beyond the five-year period is 2.5%.

Cash flow projections during the budget period for this CGU are based on the management's estimate of cash inflows/outflows including revenue, operating expenses and working capital requirements. The assumptions and estimation are based on the past performance of the CGU and the management's expectation of market development. The management of the Group believes that any reasonably possible change in the key assumptions of the value-in-use calculation would not cause the carrying amount to exceed recoverable amount of the CGU.

Assumptions were used in the value-in-use calculation of the CGU as at 31 December 2020. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

Discount rate – The discount rate used is before tax and reflects specific risks relating to the relevant unit.

Annual revenue growth rate – The predicted revenue growth rate of the CGU for the five-year period subsequent to the date of fair value assessment is one of the assumptions used in the value-in-use calculation.

17. INTANGIBLE ASSET

	Customer relationship
	RMB'000
At 31 December 2020	
At beginning of year:	
Cost	–
Accumulated amortisation	–
Net carrying amount	–
Carrying amount at beginning of year	–
Acquisition of a subsidiary *(note 28)*	1,264
Amortisation provided during the year *(note 7)*	(105)
Carrying amount at end of year	1,159

	Customer relationship
	RMB'000
At end of year:	
Cost	1,264
Accumulated amortisation	(105)
Net carrying amount	1,159

18. INVESTMENT IN A JOINT VENTURE

	As at 31 December		
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
Share of net assets	–	–	1,475

Particulars of the Group's joint venture are as follows:

Name	Place of incorporation and operations	Particulars of issued and paid-up capital	Percentage of equity interest attributable to the Group 31 December 2018	2019	2020	Principal activity
Fujian Junyi Property Management Company Limited ("Fujian Junyi")* (福建省駿翼物業管理有限公司#)	PRC	RMB3,000,000	N/A	N/A	50	Property management

* Registered as a limited liability company under the PRC law.

\# The English name of the company represents the best effort made by management of the Company to directly translate its Chinese name as no official English name is registered.

The above investment is indirectly held by the Company.

The following table illustrates the financial information of Fujian Junyi that is not material:

	As at 31 December		
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
Share of the joint venture's loss for the year and total comprehensive loss	N/A	N/A	(25)
Carrying amount of the Group's investment in a joint venture	N/A	N/A	1,475

19. TRADE RECEIVABLES

	As at 31 December		
	2018	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables from related companies *(note 31(a))*	8,608	89,379	60,001
Trade receivables from independent third parties	6,667	10,372	14,562
	15,275	99,751	74,563
Less: Impairment of trade receivables	(128)	(1,113)	(1,011)
	15,147	98,638	73,552

Trade receivables represented receivables arising from property management services, commercial operational services and other related services. For trade receivables from property management services, the Group charges property management fees on a quarterly or monthly basis and the payment is generally due upon the issuance of demand notes. For trade receivables from other services, the Group's trading terms with its customers are mainly on credit and the credit period is generally within six months. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by management. Except for the balances with the Retained Group, the Group's trade receivables relate to a number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are interest-free.

The amounts due from the Retained Group are repayable on credit terms similar to those offered to the major customers of the Group.

An ageing analysis of the trade receivables as at the end of each of the Relevant Periods, 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*
Current to 90 days	13,654	97,167	69,731
91 to 180 days	1,441	149	2,417
181 to 365 days	–	–	11
Over 365 days	52	1,322	1,393
	15,147	98,638	73,552

The movements in provision for impairment of trade receivables are as follows:

	As at 31 December		
	2018	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*
At beginning of the year	27	128	1,113
Impairment/(reversal of impairment) losses *(note 7)*	101	985	(102)
At end of the year	128	1,113	1,011

An impairment analysis is performed at each reporting date using a provision matrix to measure ECLs. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., customer type and service type). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

	Current to 90 days	**91 to 180 days**	**181 to 365 days**	**Over 365 days**	**Due from related companies**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 31 December 2018						
Expected credit loss rate	0.355%	0.768%	N/A	34.896%	1.151%	
Gross carrying amount	6,435	220	–	12	8,608	15,275
Expected credit losses	23	2	–	4	99	128
As at 31 December 2019						
Expected credit loss rate	0.390%	N/A	N/A	38.104%	0.496%	
Gross carrying amount	8,663	40	–	1,669	89,379	99,751
Expected credit losses	34	–	–	636	443	1,113
As at 31 December 2020						
Expected credit loss rate	0.363%	0.773%	25.000%	62.005%	0.420%	
Gross carrying amount	12,386	1,035	4	1,137	60,001	74,563
Expected credit losses	45	8	1	705	252	1,011

In the opinion of the Company's directors, the business and customer risk portfolio of the Group remained stable and there were no significant fluctuations in the historical credit loss incurred. In addition, there is no significant change with regards to economic indicators based on an assessment of forward-looking information.

20. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

		As at 31 December	
	2018	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*
Prepayments	7,226	9,683	17,076
Deposits	1,038	1,145	1,511
Other receivables	3,952	6,162	11,223
	12,216	16,990	29,810
Non-current portion	(2,528)	(2,224)	(3,175)
Current portion	9,688	14,766	26,635

All other receivables are unsecured, non-interest-bearing and repayable on demand.

The Group has assessed that the credit risk of these receivables has not increased significantly since initial recognition and measured the impairment based on 12-month expected credit loss. The Group considers the historical loss rate and adjusts for forward looking macroeconomic data in calculating the expected credit loss rate. As at 31 December 2018, 2019 and 2020, the Group estimated the expected loss rate for other receivables is minimal under the 12-month expected loss method.

The information about the credit exposure is disclosed in note 34 to the Historical Financial Information.

21. CASH AND BANK BALANCES

	As at 31 December		
	2018	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*
Cash and bank balances	82,603	74,578	503,944

At 31 December 2018, 2019 and 2020, cash and bank balances of the Group amounting to RMB82,603,000, RMB74,578,000 and RMB503,944,000, respectively, were denominated in RMB. The RMB is not freely convertible into other currencies, however, under the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default. The carrying amounts of the cash and bank balances approximate to their fair values.

22. TRADE PAYABLES

An ageing analysis of the trade payables as at the end of each of the Relevant Periods, based on the invoice date, is as follows:

	As at 31 December		
	2018	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*
Current to 90 days	25,229	31,620	43,619
91 to 365 days	408	2,387	5,079
Over 365 days	543	792	2,477
	26,180	34,799	51,175

Trade payables are unsecured and interest-free and are normally settled based on 10 to 90 days term.

The fair values of trade payables as at the end of each of the Relevant Periods approximated to their corresponding carrying amounts due to their relatively short maturity terms.

23. OTHER PAYABLES AND ACCRUALS

		As at 31 December		
		2018	**2019**	**2020**
	Note	*RMB'000*	*RMB'000*	*RMB'000*
Contract liabilities	*(a)*	54,609	62,731	108,650
Other payables		20,969	32,441	53,315
Deposits received		48,965	42,827	52,925
Accruals		56,818	66,615	89,742
Lease liabilities *(note 15(b))*		2,713	1,267	–
		184,074	205,881	304,632
Non-current portion – lease liabilities		(1,267)	–	–
Current portion		182,807	205,881	304,632
Represented by:				
Contract liabilities		54,609	62,731	108,650
Current portion of other payables and accruals		128,198	143,150	195,982
		182,807	205,881	304,632

Note:

(a) Contract liabilities include advances payments received from customers for services yet to be provided. The net increases in contract liabilities as at 31 December 2018, 2019 and 2020 were mainly due to the increase in short term advances received from customers in relation to the provision of property managements services at the end of that year.

24. DEFERRED TAX

The movements in deferred tax during the Relevant Periods are as follows:

Deferred tax liabilities

	Fair value adjustment arising from acquisition of a subsidiary
	RMB'000
At 1 January 2020	–
Acquisition of a subsidiary *(note 28)*	316
Credited to profit or loss during the year *(note 10)*	(26)
At 31 December 2020	290

Deferred tax assets

	Accruals	Losses available for offsetting against future taxable profits	Total
	RMB'000	*RMB'000*	*RMB'000*
At 1 January 2018	6,390	6,888	13,278
Credited/(charged) to profit or loss during the year *(note 10)*	1,688	(4,001)	(2,313)
At 31 December 2018 and 1 January 2019	8,078	2,887	10,965
Charged to profit or loss during the year *(note 10)*	(90)	(1,484)	(1,574)
At 31 December 2019 and 1 January 2020	7,988	1,403	9,391
Credited/(charged) to profit or loss during the year *(note 10)*	(1,914)	364	(1,550)
At 31 December 2020	6,074	1,767	7,841

The Group had unutilised tax losses of approximately RMB32,896,000, RMB26,960,000 and RMB28,416,000 as at 31 December 2018, 2019 and 2020 that can be carried forward for five years from the year in which the losses arose for offsetting against future taxable profits of the tax entity in which the losses arose. Deferred tax assets have not been recognised in respect of certain of these losses of RMB21,348,000, RMB21,348,000 and RMB21,348,000 as at 31 December 2018, 2019 and 2020 as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which these tax losses can be utilised.

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 5%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008.

At 31 December 2018, 2019 and 2020, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in Mainland China. In the opinion of the directors of the Company, the Group's fund will be retained in Mainland China for the expansion of the Group's operation, so it is not probable that these subsidiaries will distribute such earnings in the foreseeable future. The aggregate amount of temporary differences associated with investments in subsidiaries in Mainland China for which deferred tax liabilities have not been recognised totalled approximately RMB159,165,000, RMB267,147,000 and RMB435,452,000 as at 31 December 2018, 2019 and 2020, respectively.

25. SHARE CAPITAL

	As at 31 December		
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
Authorised (number of shares):			
Ordinary shares of US$1	N/A	50,000	50,000
Issued and fully paid (number of shares):			
Ordinary shares of US$1	N/A	100	7

	As at 31 December		
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
Issued and fully paid:			
Ordinary shares of US$1	N/A	1	7

A summary of movements in the Company's issued share capital during the Relevant Periods is as follows:

	Number of shares in issue	Issued capital
		RMB'000
At 1 January 2018, 31 December 2018 and 1 January 2019	–	–
Issue of shares *(note (a))*	100	1
At 31 December 2019 and 1 January 2020	100	1
Issue of shares *(note (b))*	900	6
At 31 December 2020	1,000	7

Notes:

(a) The Company was incorporated in the Cayman Islands on 20 August 2019 with authorised share capital of US$50,000.00 divided into 50,000 shares of US$1.00 at par value each. Upon its incorporation, one fully-paid share of the Company was issued and allotted at par to an initial subscriber, an independent third party, and such share was transferred to Affluent Way International Limited ("Affluent Way") at a cash consideration of US$1 on the same date. On the same date, 99 shares at a consideration of US$1 each were issued and allotted to Affluent Way. Affluent Way was incorporated in the BVI with limited liability and wholly owned by China SCE.

(b) On 2 March 2020, 650 shares, 75 shares, 55 shares, 50 shares, 50 shares and 20 shares at consideration of approximately HK$166,500,000 (equivalent to RMB149,381,000), HK$8,325,000 (equivalent to RMB7,469,000), HK$6,105,000 (equivalent to RMB5,477,000), HK$5,550,000 (equivalent to RMB4,980,000), HK$5,550,000 (equivalent to RMB4,980,000) and HK$2,220,000 (equivalent to RMB1,992,000), respectively, were issued and allotted to Affluent Way, Graceful Solar Limited ("Graceful Solar"), Raising Sail Enterprises Limited ("Raising Sail"), Ambitious Profit Holdings Limited ("Ambitious Profit"), Golden Skill Investments Limited ("Golden Skill") and Surplus Star International Limited ("Surplus Star"), respectively. Graceful Solar, Raising Sail, Ambitious Profit, Golden Skill and Surplus Star were incorporated in the BVI with limited liability and wholly owned by certain employees and business partner of China SCE.

26. RESERVES

The amounts of the Group's reserves and the movements therein for the Relevant Periods are presented in the combined statements of changes in equity.

(a) Statutory surplus reserve

In accordance with the PRC Company Law and the articles of association of the subsidiaries established in the PRC, each of the relevant subsidiaries is required to appropriate 10% of its net profit after tax, as determined under the Chinese Accounting Standards, to the statutory surplus reserve until the reserve balance reaches 50% of its registered capital. Subject to certain restrictions set out in the relevant PRC regulations and in the articles of association of the relevant subsidiaries, the statutory surplus reserve may be used either to offset losses, or to be converted to increase the share capital provided that the balance after such conversion is not less than 25% of registered capital. The reserve cannot be used for purposes other than those for which it is created and is not distributable as cash dividends.

(b) Merger reserve

(i) The merger reserve of the Group represents the combined issued capital of certain subsidiaries now comprising the Group before the completion of the Reorganisation as detailed in note 1 to the Historical Financial Information.

(ii) In December 2019, First Bright, a wholly-owned subsidiary of the Company, acquired 100% equity interest in Shanghai China SCE with a consideration of RMB10,000,000 to Xiamen Zhongjun Industrial Co., Ltd ("Xiamen Zhongjun Industrial"), a wholly-owned subsidiary of the Company's Controlling Shareholder. As Xiamen Zhongjun Industrial was under control of the Controlling Shareholder before and after the combination and such control was not provisional, this combination was a business combination involving entities under common control.

(iii) In August 2020, Shanghai China SCE, a wholly-owned subsidiary of the Company, acquired 100% equity interest in Xiamen Zhongjun and its subsidiaries with a cash consideration of RMB92,090,000 to Xiamen Zhongjun Industrial, a wholly-owned subsidiary of the Company's Controlling Shareholder. As Xiamen Zhongjun Industrial was under control of the Controlling Shareholder before and after the combination and such control was not provisional, this combination was a business combination involving entities under common control.

(iv) In August 2020, Shanghai China SCE, a wholly-owned subsidiary of the Company, acquired 58% equity interest in QZ World City with a cash consideration of RMB5,800,000 to Xiamen Guanjun Aviation Storage Services Co., Ltd ("Xiamen Guanjun"), a wholly-owned subsidiary of the Company's Controlling Shareholder. As Xiamen Guanjun was under control of the Controlling Shareholder before and after the combination and such control was not provisional, this combination was a business combination involving entities under common control.

Details of the movements in the merger reserve are set out in the combined statements of changes in equity.

(c) A summary of movements of the Company's reserves during the Relevant Periods are as follows:

	Share premium *RMB'000*	**Exchange reserve** *RMB'000*	**Accumulated losses** *RMB'000*	**Total** *RMB'000*
At 20 August 2019 (date of incorporation)	–	–	–	–
Total comprehensive loss for the year	–	(1)	(51)	(52)
At 31 December 2019 and 1 January 2020	–	(1)	(51)	(52)
Issue of shares	174,273	–	–	174,273
Share-based payment	1,354	–	–	1,354
Total comprehensive loss for the year	–	(10,260)	(9,370)	(19,630)
At 31 December 2020	175,627	(10,261)	(9,421)	155,945

27. SHARE-BASED PAYMENTS

On 2 March 2020, the Company issued and granted 900 new ordinary shares as restricted shares to Affluent Way and 12 employees at respective cash considerations of approximately RMB149,381,000 (HK$166,500,000) and RMB24,898,000 (HK$27,750,000), which would be vested on the condition that the employees remain in service for 5 years from the date of grant. Accordingly, the Group measured the fair value of these shares and recorded the excess of the fair value over the subscription price as equity-settled compensation costs over the estimated service period.

The fair value of ordinary shares of the Company was estimated as at the date of grant. The following table lists the inputs to the price-to-earnings multiples method used to estimate the fair value:

	Valuation technique	**Significant unobservable input**	**Multiples**
Fair value of ordinary shares of the Company at date of grant	Valuation multiples	Price to earning multiple of peers rate	23

The fair value of the restricted shares granted in 2020 was RMB40,762,000, of which the Group recognised share-based payment expenses of RMB1,354,000 during the year ended 31 December 2020.

28. BUSINESS COMBINATION

The purpose of the following acquisition is to expand the Group's portfolio in property management in the Mainland China.

Acquisition of Kunshan Honghui

Pursuant to an equity transfer agreement entered into by Cippon Tai Wo (Shanghai) Property Management Co., Ltd and the then shareholders of Kunshan Honghui on 27 August 2020, the Group acquired a 100% equity interest in Kunshan Honghui at a cash consideration of RMB3,500,000. Kunshan Honghui is a property management company established in the PRC with limited liability. The relevant equity transfer registration arrangement was completed on 3 September 2020. Since then, Kunshan Honghui has become a subsidiary of the Group.

The fair values of the identifiable assets and liabilities of Kunshan Honghui, as at 3 September 2020, were as follows:

	Fair value recognised on acquisition *RMB'000*
Property and equipment	29
Other intangible asset	1,264
Trade receivables	315
Prepayments, deposits and other receivables	200
Cash and bank balances	3,244
Trade payables	(307)
Other payables and accruals	(1,620)
Contract liabilities	(57)
Deferred tax liabilities	(316)
Total identifiable net assets at fair value	2,752
Goodwill on acquisition	748
Satisfied by cash	3,500

An analysis of the net outflow of cash and cash equivalents in respect of the above acquisition is as follows:

	RMB'000
Total cash consideration paid	3,500
Total cash and bank balances acquired	(3,244)
Net outflow of cash and cash equivalents in respect of the acquisition of Kunshan Honghui	256

Since the acquisition, Kunshan Honghui contributed RMB2,155,000 to the Group's revenue and incurred loss of RMB781,000 to the combined profit or loss of the Group for the year ended 31 December 2020.

Had the combination taken place at the beginning of 1 January 2020, the revenue of the Group and the profit of the Group for the year ended 31 December 2020 would have been RMB809,923,000 and RMB162,818,000, respectively.

29. NOTES TO THE COMBINED STATEMENTS OF CASH FLOWS

(a) Major non-cash transactions

In 2018, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB1,763,000 and RMB1,763,000, respectively, in respect of lease arrangements for office properties.

(b) Changes in liabilities arising from financing activities

	Lease liabilities	**Due to related parties**
	RMB'000	*RMB'000*
At 1 January 2018	1,644	16,499
Changes from financing cash flows	(694)	823,007
New leases	1,763	–
Interest expense	114	–
Interest paid classified as operating cash flows	(114)	–
At 31 December 2018 and 1 January 2019	2,713	839,506
Changes from financing cash flows	(1,446)	(365,376)
Interest expense	112	–
Interest paid classified as operating cash flows	(112)	–
Deemed distribution arising from Reorganisation	–	10,000
At 31 December 2019 and 1 January 2020	1,267	484,130
Changes from financing cash flows	(1,267)	(327,266)
Interest expense	43	–
Interest paid classified as operating cash flows	(43)	–
At 31 December 2020	–	156,864

(c) Total cash outflow for leases

	As at 31 December		
	2018	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*
Within operating activities	1,047	3,753	4,297
Within financing activities	694	1,446	1,267
	1,741	5,199	5,564

30. CAPITAL COMMITMENTS

The Group had the following capital commitments as at the end of each of the Relevant Periods:

	As at 31 December		
	2018	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*
Contracted, but not provided for:			
Acquisition of office equipment	2,037	733	3,327

31. RELATED PARTY TRANSACTIONS

(a) Group – Outstanding balances with related companies

	As at 31 December		
	2018	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*
Due from related companies			
Trade related			
Retained Group	7,508	82,834	51,158
Joint ventures of the Retained Group	1,100	6,545	8,843
	8,608	89,379	60,001
Due from related companies			
Non-trade related			
Retained Group	1,205,461	890,276	487,390
Joint ventures of the Retained Group	32	2	2
Associates of the Retained Group	–	277	–
Joint ventures of the Group	–	–	6
	1,205,493	890,555	487,398

	As at 31 December		
	2018	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*
Due to related companies			
Non-trade related			
Retained Group	839,506	484,130	156,864
	839,506	484,130	156,864

The non-trade amount due from/to related parties are unsecured, interest-free and are repayable on demand. The Group has assessed that the credit risk of these receivables has not increased significantly since initial recognition and measured the impairment under the general approach based on 12-month expected credit loss, and has assessed that the expected credit losses are immaterial.

As represented by the directors of the Company, the non-trade amounts due from/to related parties as at 31 December 2020 will be settled on or before the Listing.

(b) Company – Outstanding balances with related companies

	As at 31 December	
	2019	**2020**
	RMB'000	*RMB'000*
Due from related companies		
Non-trade related		
Retained Group	–	160,106
Due to related companies		
Non-trade related		
Retained Group	51	5,184

The non-trade amount due from/to related parties are unsecured, interest-free and are repayable on demand. The Company has assessed that the credit risk of these receivables has not increased significantly since initial recognition and measured the impairment under the general approach based on 12-month expected credit loss, and has assessed that the expected credit losses are immaterial.

As represented by the directors of the Company, the non-trade amounts due from/to related parties as at 31 December 2020 will be settled on or before the Listing.

(c) The following transactions were carried out with related parties during the Relevant Periods:

	Year ended 31 December		
	2018	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*
Property management service income from the Retained Group	41,472	41,057	50,440
Property management service income from the associates and joint ventures of the Retained Group	–	4,288	2,981
Property management service income from the Wong Family	4,337	787	3,066
Value-added service income from the Retained Group	24,170	83,887	101,478
Value-added service income from the associates and joint ventures of the Retained Group	2,092	11,909	26,385
Commercial operational service income from the Retained Group	–	42,645	162,528
Commercial operational service income from the associates and joint ventures of the Retained Group	–	15,094	29,151
Rental and utility expenses paid to the Retained Group	604	2,613	3,661
Rental and utility expenses paid to the associates and joint ventures of the Retained Group	–	1,571	1,149
Rental and utility expenses paid to the Wong Family	1,027	–	238
Salaries recharged by the Retained Group	2,495	18,046	17,952

These transactions were carried out in accordance with the terms and conditions mutually agreed by the parties involved.

(d) Compensation of key management personnel of the Group

In the opinion of the Company's directors, the directors of the Company represent the key management personnel of the Group. Further details of directors' emoluments are included in note 8 to the Historical Financial Information.

32. FINANCIAL INSTRUMENTS BY CATEGORY

All financial assets and liabilities of the Group as at the end of the Relevant Periods are financial assets and financial liabilities stated at amortised cost, respectively.

33. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts of the Group's financial instruments reasonably approximate to their fair values.

Management has assessed that the fair values of trade receivables, financial assets included in prepayments, deposits and other receivables, cash and bank balances, trade payables, financial liabilities included in other payables and accruals approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group did not have any financial assets measured at fair value as at 31 December 2018, 2019 and 2020.

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments mainly include cash and bank balances, trade and other receivables and trade and other payables, which arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Group's operations.

The main risks arising from the Group's financial instruments are credit risk and liquidity risk. Generally, the Group introduces conservative strategies on its risk management. To keep the Group's exposure to these risks to a minimum, the Group has not used any derivatives and other instruments for hedging purposes. The Group does not hold or issue derivative financial instruments for trading purposes. The directors review and agree policies for managing each of these risks and they are summarised below.

Credit risk

The Group is exposed to credit risk in relation to its trade receivables, other receivables and cash and bank balances.

The Group expects that there is no significant credit risk associated with cash and bank balances since they are substantially placed at state-owned banks and other medium or large-sized listed banks. Management does not expect that there will be any significant losses from non-performance by these counterparties.

The Group expects that the credit risk associated with trade receivables and amounts due from Retained Group to be low, since the Retained Group have strong capacity to meet contractual cash flow obligations in the near term. Thus, the impairment provision was considered to be minimal for the trade receivables and other receivables due from the Retained Group.

The Group trades only with recognised and credit worthy third parties. Concentrations of credit risk are managed by analysis by customer/counterparty. There are no significant concentrations of credit risk within the Group as the customer bases of the Group's trade receivables from third parties and other receivables are widely dispersed. In addition, receivable balances are monitored on an ongoing basis.

Maximum exposure and year-end staging as at 31 December 2018, 2019 and 2020

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December 2018, 2019 and 2020. The amounts presented are the gross carrying amounts for financial assets.

As at 31 December 2018

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables*	–	–	–	15,275	15,275
Financial assets included in prepayments, deposits and other receivables**	4,990	–	–	–	4,990
Due from related parties	1,205,493	–	–	–	1,205,493
Cash and bank balances	82,603	–	–	–	82,603
	1,293,086	–	–	15,275	1,308,361

As at 31 December 2019

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables*	–	–	–	99,751	99,751
Financial assets included in prepayments, deposits and other receivables**	7,307	–	–	–	7,307
Due from related parties	890,555	–	–	–	890,555
Cash and bank balances	74,578	–	–	–	74,578
	972,440	–	–	99,751	1,072,191

As at 31 December 2020

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables*	–	–	–	74,563	74,563
Financial assets included in prepayments, deposits and other receivables**	12,734	–	–	–	12,734
Due from related parties	487,398	–	–	–	487,398
Cash and bank balances	503,944	–	–	–	503,944
	1,004,076	–	–	74,563	1,078,639

* For trade receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 19 to the Historical Financial Information.

** The credit quality of the financial assets included in prepayments, deposits and other receivables is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

Liquidity risk

The Group's objectives are to maintain a prudent financial policy, to monitor liquidity ratios against risk limits and to maintain a contingency plan for funding to ensure that the Group maintains sufficient cash to meet its liquidity requirements.

The following table details the remaining contractual maturities of the Group's financial liabilities as at 31 December 2018, 2019 and 2020, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates, based on rates as at 31 December 2018, 2019 and 2020) and the earliest date that the Group could be required to repay:

As at 31 December 2018

	Within 1 year or on demand	**In the second year**	**3 to 5 years**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	26,180	–	–	26,180
Other payables and accruals	126,752	–	–	126,752
Lease liabilities	1,558	1,309	–	2,867
Due to related parties	839,506	–	–	839,506
	993,996	1,309	–	995,305

As at 31 December 2019

	Within 1 year or on demand	**In the second year**	**3 to 5 years**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	34,463	336	–	34,799
Other payables and accruals	141,883	–	–	141,883
Lease liabilities	1,309	–	–	1,309
Due to related parties	484,130	–	–	484,130
	661,785	336	–	662,121

As at 31 December 2020

	Within 1 year or on demand	In the second year	3 to 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	48,698	2,477	–	51,175
Other payables and accruals	195,982	–	–	195,982
Due to related parties	156,864	–	–	156,864
	401,544	2,477	–	404,021

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the Relevant Periods.

The Group monitors capital using a current ratio, which is total current assets divided by the total current liabilities, and liabilities to assets ratio, which is total liabilities divided by total assets. The current ratios and liabilities to assets ratios as at the end of each of the Relevant Periods were as follows:

	As at 31 December		
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
Total current assets	1,312,931	1,078,537	1,091,529
Total current liabilities	1,052,670	748,680	579,684
Total assets	1,336,712	1,098,753	1,117,658
Total liabilities	1,053,937	748,680	579,974
Current ratio	1.2	1.4	1.9
Liabilities to assets ratio	78.8%	68.1%	51.9%

35. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company, the Group or any of the companies now comprising the Group in respect of any period subsequent to 31 December 2020.

The following information does not form part of the Accountants' Report prepared by Ernst & Young, 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 purpose only.

The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" in this Prospectus and the Accountants' Report set forth in Appendix I to this Prospectus.

A. UNAUDITED PRO FORMA ADJUSTED COMBINED NET TANGIBLE ASSETS

The following statement of unaudited pro forma adjusted combined net tangible assets has been prepared in accordance with rule 4.29 of the Listing Rules and with reference to Accounting Guideline 7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants for illustration purpose only, and is set out below to illustrate the effect of the Global Offering on the combined net tangible assets attributable to the owners of the parent as at 31 December 2020 as if the Global Offering had taken place on 31 December 2020.

The statement of unaudited pro forma adjusted combined net tangible assets has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the combined net tangible assets of the Group attributable to the owners of the parent had the Global Offering been completed as at 31 December 2020 or any future date. It is prepared based on the combined net tangible assets attributable to the owners of the parent as at 31 December 2020 as set out in the Accountants' Report, the text of which is set out in Appendix I to this Prospectus, and adjusted as described below.

	Combined net tangible assets attributable to owners of the parent as at 31 December 2020	**Estimated net proceeds from the Global Offering**	**Unaudited pro forma adjusted combined net tangible assets attributable to owners of the parent immediately after the completion of the Global Offering**	**Unaudited pro forma adjusted combined net tangible assets attributable to owners of the parent per share immediately after completion of the Global Offering**	
	RMB'000	*RMB'000*	*RMB'000*	*RMB*	*HK$*
	(Note 1)	*(Note 2)*		*(Note 3)*	*(Note 4)*
Based on the minimum indicative Offer Price of HK$3.70 per Share	519,802	1,465,111	1,984,913	0.99	1.20
Based on the maximum indicative Offer Price of HK$4.60 per Share	519,802	1,825,803	2,345,605	1.17	1.42

Notes:

1. The combined net tangible assets of the Group attributable to owners of the parent as at 31 December 2020 is extracted from the Accountants' Report set out in Appendix I to this Prospectus, which is based on the combined equity attributable to owners of the parent as at 31 December 2020 of approximately RMB521,709,000 with adjustments for goodwill of RMB748,000 and intangible asset of RMB1,159,000.

2. The estimated net proceeds from the Global Offering are based on Offer Price at the lower limit and upper limit of the Offer Price range of HK$3.70 and HK$4.60 per Offer Share, respectively, after deduction of relevant estimated listing fees and other related fees and expenses payable by the Company in connection with the Global Offering. The calculation of estimated net proceeds does not take into account of any Shares which may be issued upon the exercise of the Over-allotment Option. The estimated net proceeds from the Global Offering are converted from HK$ into RMB at the exchange rate of HK$1 to RMB0.8243.

3. The unaudited pro forma adjusted combined net tangible assets attributable to owners of the parent per Share is arrived at after the adjustments referred to in the preceding paragraphs and on the basis that Offer Shares in issue immediately upon the completion of the Global Offering, assuming that the Global Offering has been completed on 31 December 2020 for the purpose of the pro forma financial information and does not take into account of any shares which may be issued upon the exercise of the Over-allotment Option.

4. The unaudited pro forma adjusted combined net tangible assets attributable to owners of the parent per share is converted from RMB into HK$ at the exchange rate of RMB1 to HK$1.2132.

5. No adjustment has been made to reflect any trading result or other transactions of the Group entered into subsequent to 31 December 2020.

B. REPORT ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report, prepared for the purpose of incorporation in this Prospectus, received from the reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong, in respect of the unaudited pro forma financial information.

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Independent Reporting Accountants' Assurance Report on the Compilation of Pro Forma Financial Information

To the Directors of SCE Intelligent Commercial Management Holdings Limited

We have completed our assurance engagement to report on the compilation of pro forma financial information of SCE Intelligent Commercial Management Holdings Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The pro forma financial information consists of the pro forma combined net tangible assets as at 31 December 2020 and related notes as set out on pages II-1 and II-2 of the prospectus dated 21 June 2021 (the "Prospectus") issued by the Company (the "Pro Forma Financial Information"). The applicable criteria on the basis of which the Directors have compiled the Pro Forma Financial Information are described on page II-1 of Appendix II to the Prospectus.

The Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the global offering of shares of the Company on the Group's financial position as at 31 December 2020 as if the transaction had taken place at 31 December 2020. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's financial statements for the year ended 31 December 2020, on which an accountants' report has been published.

Directors' responsibility for the Pro Forma Financial Information

The Directors are responsible for compiling the Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline ("AG") 7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Our independence and quality control

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting accountants' responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus* issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Financial Information.

The purpose of the Pro Forma Financial Information included in the Prospectus is solely to illustrate the impact of the global offering of shares of the Company on unadjusted financial information of the Group as if the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the transaction would have been as presented.

A reasonable assurance engagement to report on whether the Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the transaction in respect of which the Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the Pro Forma Financial Information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purpose of the Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Ernst & Young
Certified Public Accountants
Hong Kong
21 June 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 20 August 2019 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 June 10, 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 authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given in accordance with the Articles.

Under the Companies 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 authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given in accordance with the Articles.

(ii) Voting rights and right to demand a poll

Subject to any special rights or restrictions as to voting for the time being attached to any shares, at any general meeting on a poll every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorised representative shall have one vote for every fully paid share of which he is the holder but so that no amount paid up or credited as paid up on a share in advance of calls or 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 authorised representative) or by proxy and entitled to vote. In respect of a separate class meeting (other than an adjourned meeting) convened to sanction the modification of class rights the necessary quorum shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class.

(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 authorised representative) or by proxy.

(f) Accounts and audit

The board shall cause true accounts to be kept of the sums of money received and expended by the Company, and the matters in respect of which such receipt and expenditure take place, and of the property, assets, credits and liabilities of the Company and of all other matters required by the Companies 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 29 December 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 1 January 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 the paragraph 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 COMPANY

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 August 20, 2019. Our Company has established its principal place of business in Hong Kong at Room 1017, 10/F, Houston Centre, 63 Mody Road, Tsim Sha Tsui, 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 February 11, 2021. Mr. Wong Lun has been appointed as the authorized representative of our Company for the acceptance of service of process and notices on behalf of our Company in Hong Kong.

As our Company was incorporated in the Cayman Islands, we are subject to the Companies Act and 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 the section headed "Appendix III—Summary of the Constitution of the Company and Cayman Islands Company Law" 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 US$50,000 divided into 50,000 shares of US$1.00 each. Upon its incorporation, one share of par value US$1.00 was allotted and issued at par to an initial subscriber being an Independent Third Party, which was transferred to Affluent Way at a consideration of US$1.0 on the same date. An additional 99 shares were allotted and issued to Affluent Way on the same date.

On March 2, 2020, 55 shares, 20 shares, 50 share, 75 shares, 50 shares and 650 shares were allotted and issued to each of Raising Sail, Surplus Star, Ambitious Profit, Graceful Solar, Golden Skill and Affluent Way, respectively.

Pursuant to the written resolutions passed by our Directors and our Shareholders on January 15, 2021, respectively, the par value of our Shares has been redenominated into Hong Kong dollars and the authorized share capital of our Company was changed to HK$380,000 divided into 38,000,000 Shares with a par value of HK$0.01 each. Upon completion of such redenomination, 585,000 Shares, 42,900 Shares, 15,600 Shares, 39,000 Shares, 58,500 Shares and 39,000 Shares, were in issue and registered in the names of our then Shareholders, namely Affluent Way, Raising Sail, Surplus Star, Ambitious Profit, Graceful Solar and Golden Skill, respectively. The shareholding percentage of each Shareholder remain unchanged.

Pursuant to the written resolutions of our Shareholders passed on June 10, 2021, our authorized share capital was increased from HK$380,000 divided into 38,000,000 Shares for a par value of HK$0.01 each to HK$50,000,000 divided into 5,000,000,000 Shares of a par value of HK$0.01 each by the creation of additional 4,962,000,000 Shares.

Immediately following completion of the Capitalization Issue and the Spin-off and without taking into account any Shares which may be issued upon the exercise of the Over-allotment Option, the issued share capital of our Company will be HK$20,000,000 divided into 2,000,000,000 Shares, all fully paid or credited as fully paid, and 3,000,000,000 Shares will remain unissued.

Save for the aforesaid and as mentioned in the paragraph headed "3. Written resolutions of the Shareholders passed on June 10, 2021" below in this section, there has been no alteration in the share capital of our Company since its incorporation.

3. Written resolutions of the Shareholders passed on June 10, 2021

Pursuant to the written resolutions passed by the Shareholders on June 10, 2021, among other matters:

(a) our Company approved and conditionally adopted the Memorandum of Association and the Articles of Associations which will become effective from the Listing Date;

(b) the authorized share capital of our Company was increased from HK$380,000 divided into 38,000,000 Shares to HK$50,000,000 divided into 5,000,000,000 Shares by the creation of an additional 4,962,000,000 Shares. Such Shares shall rank *pari passu* in all aspects;

(c) conditional on (i) the Listing Committee granting the listing of, and permission to deal in, the Shares in issue and Shares to be issued and allotted pursuant to the Capitalization Issue and the Spin-off and Shares to be issued as mentioned in this Prospectus (including any additional Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option); (ii) the entering into of the agreement on the Offer Price between the Joint Representatives (for themselves and on behalf of the Underwriters) and our Company on the Price Determination Date; (iii) the obligations of the Underwriters under the Underwriting Agreements becoming unconditional and not being terminated in accordance with the terms therein or otherwise, in each case on or before such dates as may be specified in the Underwriting Agreements:

(i) the Global Offering was approved and our Directors were authorized to issue and allot the Offer Shares pursuant to the Global Offering;

(ii) the Over-allotment Option was approved;

(iii) conditional on the share premium account of our Company being credited as a result of the Global Offering, our Directors were authorized to capitalize an amount of HK$14,988,370.2 standing to the credit of the share premium account of our Company by applying such sum in paying up in full at par 1,498,837,020 Shares;

(d) a general unconditional mandate was given to our Directors to issue, allot and deal with (including the power to make an offer or agreement, or grant securities which would or might require Shares to be issued and allotted), otherwise than pursuant to a rights issue or pursuant to any scrip dividend schemes or similar arrangements providing for the allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the Articles of Association or other similar arrangements or pursuant to a specific authority granted by the Shareholders in general meeting, unissued Shares not exceeding the aggregate of 20% of the number of issued Shares immediately following the completion of the Capitalization Issue and the Spin-off (but taking no account of any Shares which may be issued and allotted pursuant to the exercise of the Over-allotment Option), 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 laws to be held, or until revoked or varied by an ordinary resolution of the Shareholders in general meeting, whichever occurs first;

(e) a general unconditional mandate was given to our Directors authorizing them to exercise all powers of our Company to buyback on the Stock Exchange or on any other approved stock exchange on which the securities of our Company may be listed and which is recognized by the SFC and the Stock Exchange for this purpose such number of Shares as will represent up to 10% of the number of issued Shares immediately following the completion of the Capitalization Issue and the Spin-off (but taking no account of any Shares which may be issued and allotted pursuant to the exercise of the Over-allotment Option), 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 laws to be held, or until revoked or varied by an ordinary resolution of the Shareholders in general meeting, whichever occurs first; and

(f) the general unconditional mandate mentioned in paragraph (d) above was extended by the addition to the number of issued Shares which may be issued and allotted or agreed conditionally or unconditionally to be issued and allotted by our Directors pursuant to such general mandate of an amount representing the total number of issued Shares repurchased by our Company pursuant to the mandate to repurchase Shares referred to in paragraph (e) above.

4. Corporate Reorganization

In preparation for the listing of our Shares on the Stock Exchange, the companies comprising our Group underwent the Reorganization and our Company became the holding company of our Group. For information with regard to the Reorganization, please see the section headed "History, Reorganization and Corporate Structure" in this Prospectus.

5. Changes in the share capital of our subsidiaries

Our subsidiaries are referred to in the Accountants' Report in Appendix I to this Prospectus. Saved as the subsidiaries mentioned in the Accountants' Report and "History, Reorganization and Corporate Structure", our Company has no other subsidiaries.

The following alteration in the registered capital of our subsidiaries took place within the two years immediately preceding the date of this Prospectus:

Name of Subsidiary	Date of Change	Registered Capital before Change	Registered Capital after Change
Shanghai SCE CM	December 2, 2020	RMB10,000,000	RMB12,200,000
Fujian Cippon Tai Wo	August 22, 2019	RMB5,000,000	RMB10,000,000

Save as disclosed above and in the section headed "History, Reorganization and Corporate Structure", there has no other changes in the registered capital of our subsidiaries during the two years preceding the date of this Prospectus.

6. Buyback of our Shares

(a) Provisions of the Listing Rules

The Listing Rules permit companies with a primary listing on the Stock Exchange to buy back their shares on the Stock Exchange subject to certain restrictions, the more important of which are summarized below:

(i) Shareholders' approval

All proposed buybacks of securities (which must be fully paid up in the case of shares) by a company listed on the Stock Exchange must be approved in advance by an ordinary resolution of the shareholders, either by way of general mandate or by specific approval of a particular transaction.

Note: Pursuant to the written resolutions passed by the Shareholders of our Company on June 10, 2021, a general unconditional mandate (the "**Buyback Mandate**") was granted to our Directors authorizing the buyback of shares by our Company on the Stock Exchange, or on any other stock exchange on which the securities of our Company may be listed and which is recognized by the SFC and the Stock Exchange for this purpose, with the total number of Shares not exceeding 10% of the total number of Shares in issue and to be issued as mentioned herein, at any time until the conclusion of the next annual general meeting of our Company, the expiration of the period within which the next annual general meeting of our Company is required by an applicable law or the Articles to be held or when such mandate is revoked or varied by an ordinary resolution of our Shareholders in general meeting, whichever occurs first.

(ii) Source of funds

Buybacks must be funded out of funds legally available for the purpose in accordance with the Articles of Association, the Listing Rules, the laws of Cayman Islands and other applicable laws and regulations. A listed company may not buy back 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 in effect from time to time.

(iii) Core connected persons

A listed company is prohibited from knowingly repurchasing its securities on the Stock Exchange from a "core connected person", that is, a director, chief executive or substantial shareholder of the company or any of its subsidiaries or their close associates and a core connected person is prohibited from knowingly selling his securities to the company.

(b) Reasons for buybacks

Our Directors believe that it is in the best interests of our Company and Shareholders for our Directors to have general authority from the Shareholders to enable our Directors to buy back Shares in the market. Buybacks of Shares will only be made when our Directors believe that such buybacks will benefit our Company and our Shareholders. Such buybacks 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 buyback

In buying back Shares, our Company may only apply funds legally available for such purpose in accordance with our Articles, the Listing Rules and the applicable laws of the Cayman Islands.

It is presently proposed that any buyback of Shares will be made out of the profits of our Company, the share premium amount of our Company or the proceeds of a fresh issue of Shares made for the purpose of the buyback or, subject to the Cayman Islands Companies Act, out of capital and, in the case of any premium payable on the purchase over the par value of the Shares to be bought back must be provided for, out of either or both of the profits of our Company or from sums standing to the credit of the share premium account of our Company or, subject to the Cayman Islands Companies Act, out of capital.

Our Directors do not propose to exercise the Buyback Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of our Company or its gearing levels which, in the opinion of our Directors, are from time to time appropriate for our Company. However, there might be a material adverse impact on the working capital or gearing level as compared with the position disclosed in this Prospectus in the event that the Buyback Mandate is exercised in full.

(d) Share capital

The exercise in full of the Buyback Mandate, on the basis of 2,000,000,000 Shares in issue immediately after the Listing (but not taking into account of our Shares which may be issued pursuant to the exercise of the Over-allotment Option), would result in up to 200,000,000 Shares being bought back by our Company during the period until:

(i) the conclusion of the next annual general meeting of our Company;

(ii) the expiration of the period within which the next annual general meeting of our Company is required by any applicable law or the Articles of Association to be held; or

(iii) the date on which the Buyback Mandate is revoked or varied by an ordinary resolution of our Shareholders in general meeting, whichever occurs first.

(e) General

None of our Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their close associates (as defined in the Listing Rules), has any present intention if the Buyback Mandate is exercised to sell any Share(s) to our Company or our subsidiaries.

Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Buyback Mandate in accordance with the Listing Rules and the applicable laws of the Cayman Islands.

If, as a result of a buyback of securities pursuant to the Buyback Mandate, a Shareholder's proportionate interest in the voting rights of our Company is increased, such increase will be treated as an acquisition for the purpose of the Code on Takeovers and Mergers (the "**Takeovers Code**"). Accordingly, a Shareholder or a group of Shareholders acting in concert, depending on the level of increase of the Shareholders' interest, could obtain or consolidate control of our Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code as a result of any such increase. Save for the foregoing, our Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any repurchases pursuant to the Buyback Mandate.

If the Buyback Mandate is fully exercised immediately following completion of the Capitalization Issue and the Global Offering (but not taking into account our Shares which may be issued pursuant to the exercise of the Over-allotment Option), the total number of Shares which will be bought back pursuant to the Buyback Mandate will be 200,000,000 Shares, being 10% of the total number of Shares based on the aforesaid assumptions. The percentage shareholding of our Controlling Shareholders will be increased to approximately 69.4% of the issued share capital of our Company immediately following the full exercise of the Buyback Mandate. Any buyback of Shares which results in the number of Shares held by the public being reduced to less than the prescribed percentage of our Shares then in issue could only be implemented with the approval of the Stock Exchange to waive the Listing Rules requirements regarding the public float under Rule 8.08 of the Listing Rules. However, our Directors have no present intention to exercise the Buyback Mandate to such an extent that, in the circumstances, there is insufficient public float as prescribed under the Listing Rules.

No core connected person of our Company has notified our Group that he/she/it has a present intention to sell Shares to our Company, or has undertaken not to do so, if the Buyback 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 25, 2019 entered into between Shanghai Zhongjun Property Co. Ltd. (上海中駿置業有限公司) and First Bright Management Limited (輝信管理有限公司) pursuant to which Shanghai Zhongjun Property Co. Ltd. (上海中駿置業有限公司) agreed to transfer the entire equity interest of Shanghai China SCE Commercial Management Co., Ltd. (上海中駿商業管理有限公司) to First Bright Management Limited (輝信管理有限公司) at a consideration of RMB10.0 million;

(b) an equity transfer agreement dated July 21, 2020 entered into between Xiamen Guanjun Aviation Warehousing Service Co., Ltd. (廈門冠駿航空倉儲服務有限公司) and Shanghai China SCE Commercial Management Co., Ltd. (上海中駿商業管理有限公司) pursuant to which Xiamen Guanjun Aviation Warehousing Service Co., Ltd. (廈門冠駿航空倉儲服務有限公司) agreed to transfer 58% of the entire equity interest of Quanzhou World City Property Management Co., Ltd. (泉州世界城物業管理有限公司) to Shanghai China SCE Commercial Management Co., Ltd. (上海中駿商業管理有限公司) at a consideration of RMB5.8 million;

(c) an equity transfer agreement dated August 7, 2020 entered into between Xiamen Zhongjun Industrial Co. Ltd. (廈門中駿集團有限公司) and Shanghai China SCE Commercial Management Co., Ltd. (上海中駿商業管理有限公司) pursuant to which Xiamen Zhongjun Industrial Co. Ltd. (廈門中駿集團有限公司) agreed to transfer the entire equity interest of Xiamen Zhongjun Commercial Management Co., Ltd. (廈門中駿商業管理有限公司) to Shanghai China SCE Commercial Management Co., Ltd. (上海中駿商業管理有限公司) at a consideration of RMB92,089,853.57;

(d) an equity transfer agreement dated August 24, 2020 entered into between Yo Chun Property Holdings Limited (友駿置業控股有限公司) and Shanghai China SCE Commercial Management Co., Ltd. (上海中駿商業管理有限公司) pursuant to which Yo Chun Property Holdings Limited (友駿置業控股有限公司) agreed to transfer 38.85% of the entire equity interest of Shanghai Zhongjun Hongshen Commercial Management Services Co., Ltd. (上海中駿虹申商業管理服務有限公司) to Shanghai China SCE Commercial Management Co., Ltd. (上海中駿商業管理有限公司) at nil consideration;

(e) an equity transfer agreement dated August 28, 2020 entered into between Kunshan Baihong Real Estate Brokerage Co., Ltd. (昆山百弘房地產經紀有限公司) and Cippon Tai Wo (Shanghai) Property Management Co., Ltd. (世邦泰和(上海)物業管理有限公司) pursuant to which Kunshan Baihong Real Estate Brokerage Co., Ltd. (昆山百弘房地產經紀有限公司) agreed to transfer the entire equity interest of Kunshan Honghui Property Management Co., Ltd. (昆山弘輝物業管理有限公司) to Cippon Tai Wo (Shanghai) Property Management Co., Ltd. (世邦泰和(上海)物業管理有限公司) at a consideration of RMB3.5 million;

(f) an equity transfer agreement dated August 31, 2020 entered into between Max Fresh Investments Limited (盛新投資有限公司) and Shanghai China SCE Commercial Management Co., Ltd. (上海中駿商業管理有限公司) pursuant to which Max Fresh Investments Limited (盛新投資有限公司) agreed to transfer the entire equity interest of Beijing World City Property Management Co., Ltd. (北京世界城物業管理有限公司) to Shanghai China SCE Commercial Management Co., Ltd. (上海中駿商業管理有限公司) at a consideration of RMB50.0 million;

(g) an equity transfer agreement dated December 11, 2020 entered into among Niu Wei (牛偉), Sun Qiang (孫強), Zhang Wei (張偉), Wang Yue (王躍), Ku Weihong (庫衛紅), Zheng Quanlou (鄭全樓), Wang Meng (王勐), Tang Xiaojuan (湯筱娟), Peng Fei (彭飛) and First Bright Management Limited (輝信管理有限公司) pursuant to which (i) Niu Wei (牛偉) agreed to transfer 7.5% of the equity interest in Shanghai China SCE Commercial Management Co., Ltd. (上海中駿商業管理有限公司) to First Bright Management Limited (輝信管理有限公司) at nil consideration; (ii) Sun Qiang (孫強) agreed to transfer 2% of the equity interest in Shanghai China SCE Commercial Management Co., Ltd. (上海中駿商業管理有限公司) to First Bright Management Limited (輝信管理有限公司) at nil consideration; (iii) Zhang Wei (張偉) agreed to transfer 0.5% of the equity interest in Shanghai China SCE Commercial Management Co., Ltd. (上海中駿商業管理有限公司) to First Bright Management Limited (輝信管理有限公司) at nil consideration; (iv) Wang Yue (王躍) agreed to transfer 0.5% of the equity interest in Shanghai China SCE Commercial Management Co., Ltd. (上海中駿商業管理有限公司) to First Bright Management Limited (輝信管理有限公司) at nil consideration; (v) Ku Weihong (庫衛紅) agreed to transfer 4.5% of the equity interest in Shanghai China SCE Commercial Management Co., Ltd. (上海中駿商業管理有限公司) to First Bright Management Limited (輝信管理有限公司) at nil consideration; (vi) Zheng Quanlou

(鄭全樓) agreed to transfer 1% of the equity interest in Shanghai China SCE Commercial Management Co., Ltd. (上海中駿商業管理有限公司) to First Bright Management Limited (輝信管理有限公司) at nil consideration; (vii) Wang Meng (王勐) agreed to transfer 1% of the equity interest in Shanghai China SCE Commercial Management Co., Ltd. (上海中駿商業管理有限公司) to First Bright Management Limited (輝信管理有限公司) at nil consideration; (viii) Tang Xiaojuan (湯筱娟) agreed to transfer 0.5% of the equity interest in Shanghai China SCE Commercial Management Co., Ltd. (上海中駿商業管理有限公司) to First Bright Management Limited (輝信管理有限公司) at nil consideration; and (ix) Peng Fei (彭飛) agreed to transfer 0.5% of the equity interest in Shanghai China SCE Commercial Management Co., Ltd. (上海中駿商業管理有限公司) to First Bright Management Limited (輝信管理有限公司) at nil consideration;

(h) an equity transfer agreement dated January 8, 2021 entered into between South China Group (H.K.) Limited (中駿集團(香港)有限公司) and Superior Management Limited (中盛管理有限公司) pursuant to which South China Group (H.K.) Limited (中駿集團(香港)有限公司) agreed to transfer the entire equity interest of Xiamen Cippon Tai Wo Property Management Co., Ltd. (廈門世邦泰和物業管理有限公司) to Superior Management Limited (中盛管理有限公司) at a consideration of RMB68,022,352.16;

(i) a cornerstone investment agreement dated June 16, 2021 entered into among our Company, TX Capital Value Fund, the Joint Sponsors and the Joint Representatives, pursuant to which TX Capital Value Fund agreed to subscribe for such number of Shares (rounded down to the nearest whole board lot) which may be subscribed for in the amount of Hong Kong dollar equivalent of US$10,000,000 (excluding brokerage, SFC transaction levy and the Stock Exchange trading fee) at the Offer Price;

(j) a cornerstone investment agreement dated June 16, 2021 entered into among our Company, He Sheng Overseas Holdings Limited (和盛海外控股有限公司), the Joint Sponsors and the Joint Representatives, pursuant to which He Sheng Overseas Holdings Limited (和盛海外控股有限公司) agreed to subscribe for such number of Shares (rounded down to the nearest whole board lot) which may be subscribed for in the amount of Hong Kong dollars equivalent of US$20,000,000 (excluding brokerage, SFC transaction levy and the Stock Exchange trading fee) at the Offer Price;

(k) a cornerstone investment agreement dated June 16, 2021 entered into among our Company, Lam Yuen Ying (林婉瑩), the Joint Sponsors and the Joint Representatives, pursuant to which Lam Yuen Ying (林婉瑩) agreed to subscribe for such number of Shares (rounded down to the nearest whole board lot) which may be subscribed for in the amount of Hong Kong dollars equivalent of US$20,000,000 (excluding brokerage, SFC transaction levy and the Stock Exchange trading fee) at the Offer Price;

(l) a cornerstone investment agreement dated June 16, 2021 entered into among our Company, King Terrace Limited, the Joint Sponsors and the Joint Representatives, pursuant to which King Terrace Limited agreed to subscribe for such number of Shares (rounded down to the nearest whole board lot) which may be subscribed for in the amount of Hong Kong dollars equivalent of US$20,000,000 (excluding brokerage, SFC transaction levy and the Stock Exchange trading fee) at the Offer Price;

(m) the Deed of Indemnity; and

(n) the Hong Kong Underwriting Agreement.

2. Intellectual property rights of our Group

(a) Trademarks

As of the Latest Practicable Date, our Group had applied for the registration of the following trademarks which, in the opinion of our Directors, are material to our business:

Trademark	Application Number	Class	Name of Applicant	Place of Application	Date of Application
A 中骏商管 B 中骏商管	305445702	35, 36, 37, 39, 43	Our Company	Hong Kong	November 12, 2020
中骏世界城	305445694	35, 36, 37, 39, 43	Our Company	Hong Kong	November 12, 2020
中骏世界城 FUNWORLD	305445685	35, 36, 37, 39, 43	Our Company	Hong Kong	November 12, 2020
世邦泰和	301094634	36, 37, 39, 43, 45	Our Company	Hong Kong	November 12, 2020
世界城 FUNWORLD	305511618	35, 36, 37, 39, 43	Our Company	Hong Kong	January 20, 2021
世界城	305511627	35, 36, 37, 39, 43	Our Company	Hong Kong	January 20, 2021

Our Group has obtained license to use the following trademarks:

Trademark	Registration Number	Class	Name of Registered Proprietor	Place of Registration	Date of Registration	Expiry Date
世邦泰和	41377220	9	Xiamen Zhongjun	PRC	August 28, 2020	August 27, 2030
世邦泰和	6569876	36	Xiamen Zhongjun	PRC	March 28, 2010	March 27, 2030
世邦泰和	41377219	36	Xiamen Zhongjun	PRC	June 7, 2020	June 6, 2030
世邦泰和	6569875	37	Xiamen Zhongjun	PRC	March 28, 2010	March 27, 2030
世邦泰和	41377218	39	Xiamen Zhongjun	PRC	June 7, 2020	June 6, 2030
世邦泰和	6569874	43	Xiamen Zhongjun	PRC	April 21, 2010	April 20, 2030
世邦泰和	6569873	44	Xiamen Zhongjun	PRC	April 21, 2010	April 20, 2030
世邦泰和	6569787	45	Xiamen Zhongjun	PRC	April 21, 2010	April 20, 2030
	41377217	9	Xiamen Zhongjun	PRC	June 7, 2020	June 6, 2030
	6569882	36	Xiamen Zhongjun	PRC	March 28, 2010	March 27, 2030
	41377216	36	Xiamen Zhongjun	PRC	June 7, 2020	June 6, 2030
	6569881	37	Xiamen Zhongjun	PRC	March 28, 2010	March 27, 2030
	41377215	39	Xiamen Zhongjun	PRC	June 7, 2020	June 6, 2030
	6569880	39	Xiamen Zhongjun	PRC	August 7, 2010	August 6, 2030
	6569879	43	Xiamen Zhongjun	PRC	April 28, 2010	April 27, 2030
	6569878	44	Xiamen Zhongjun	PRC	April 28, 2010	April 27, 2030
	6569877	45	Xiamen Zhongjun	PRC	April 28, 2010	April 27, 2030

Trademark	Registration Number	Class	Name of Registered Proprietor	Place of Registration	Date of Registration	Expiry Date
中骏世界城	10334805	19	Xiamen Zhongjun	PRC	February 28, 2013	February 27, 2023
中骏世界城	10334845	35	Xiamen Zhongjun	PRC	February 28, 2013	February 27, 2023
中骏世界城	10334910	36	Xiamen Zhongjun	PRC	February 28, 2013	February 27, 2023
中骏世界城	10334981	37	Xiamen Zhongjun	PRC	February 28, 2013	February 27, 2023
中骏世界城	10335035	39	Xiamen Zhongjun	PRC	February 28, 2013	February 27, 2023
中骏世界城	10339440	41	Xiamen Zhongjun	PRC	February 28, 2013	February 27, 2023
中骏世界城	10339473	42	Xiamen Zhongjun	PRC	April 28, 2013	April 27, 2023
中骏世界城	10339513	43	Xiamen Zhongjun	PRC	February 28, 2013	February 27, 2023
中骏世界城	10339607	44	Xiamen Zhongjun	PRC	February 28, 2013	February 27, 2023
中骏世界城	10339638	45	Xiamen Zhongjun	PRC	February 28, 2013	February 27, 2023
	14234575	35	Xiamen Zhongjun	PRC	March 21, 2016	March 20, 2026

(b) *Domain names*

As of the Latest Practicable Date, our Group was the registered proprietor of the following domain names:

Domain name	Name of Registered Proprietor	Date of Registration	Expiry Date
nazjsjc.com	Nan'an Meilin China SCE Commercial Management Co., Ltd. (南安美林中駿商業管理有限公司)	September 17, 2019	September 17, 2022
sce-icm.com	Shanghai SCE CM	December 10, 2020	December 10, 2030
scecm.com	Shanghai SCE CM	December 10, 2020	December 10, 2030
stzjsjc.com	Nan'an Shuitou Zhongjun Commercial Management Co., Ltd. (南安水頭中駿商業管理有限公司)	April 23, 2021	April 23, 2026

C. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. Directors

(a) Disclosure of Interests – Interests and short positions of the Directors and the chief executive of our Company in the shares, underlying shares and debentures of our Company and its associated corporations

Immediately following completion of the Capitalization Issue and the Spin-off (assuming the Reserved Shares under the Preferential Offering are not taken up by our Controlling Shareholders who are Qualifying China SCE Shareholders and without taking into account any Shares which may be issued pursuant to the exercise of the Over-allotment Option), the interests or short positions of our Directors or chief executives of our Company in the shares, underlying shares or debentures of our Company or our associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which 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, once the Shares are listed will be as follows:

(i) Interest in our Company

Name of Director	Nature of interest	Number of Shares interested	Approximate percentage of shareholding
Mr. Wong Lun(1)	Interest in controlled corporation	10,060,362 Shares	0.50%
Mr. Huang Youquan(1)	Interest in controlled corporation	10,060,362 Shares	0.50%
Mr. Zheng Quanlou(1)	Interest in controlled corporation	10,060,362 Shares	0.50%
Mr. Sun Qiang(2)	Interest in controlled corporation	20,120,724 Shares	1.01%
Mr. Niu Wei(3)	Interest in controlled corporation	75,452,716 Shares	3.77%
Ms. Ku Weihong(4)	Interest in controlled corporation	45,271,630 Shares	2.26%

Notes:

(1) Mr. Wong Lun, Mr. Huang Youquan, and Mr. Zheng Quanlou are the legal and beneficial owners of certain shares in the capital of Raising Sail. By virtue of the SFO, Mr. Wong Lun, Mr. Huang Youquan, and Mr. Zheng Quanlou are deemed to be interested in the Shares in which Raising Sail is interested in.

(2) Mr. Sun Qiang is the legal and beneficial owner of Surplus Star. By virtue of the SFO, Mr. Sun Qiang is deemed to be interested in the Shares in which Surplus Star is interested in.

(3) Mr. Niu Wei is the legal and beneficial owner of Graceful Solar. By virtue of the SFO, Mr. Niu Wei is deemed to be interested in the Shares in which Graceful Solar is interested in.

(4) Ms. Ku Weihong is the legal and beneficial owner of certain shares in the capital of Raising Sail and Golden Skill. By virtue of the SFO, Ms. Ku Weihong is deemed to be interested in the Shares in which Raising Sail and Golden Skill is interested in.

(ii) Interest in associated corporations of our Company

Name of Director	Name of associated corporation	Nature of interest	Number of shares interested	Approximate percentage of shareholding
Mr. Huang Youquan	China SCE Group Holdings	Beneficial owner	16,000,000[*(Note)*]	0.38%
Mr. Zheng Quanlou	China SCE Group Holdings	Beneficial owner	30,000,000[*(Note)*]	0.71%
Ms. Ku Weihong	China SCE Group Holdings	Beneficial owner	30,000,000[*(Note)*]	0.71%

Note: Such interests are in the form of share option of China SCE Group Holdings which have not yet been exercised as of the Latest Practicable Date.

(b) Particulars of service agreements and letters of appointment

Each of our executive Directors has entered into a service agreement with our Company for a term of three years commencing from the date of their respective appointment, which may be terminated by not less than three months' notice in writing served by either party on the other.

Each of our non-executive Director and independent non-executive Directors has entered into a letter of appointment with our Company for a term of three years commencing from the date of their respective appointment, which may be terminated by not less than three months' notice in writing served by either party on the other.

(c) Directors' remuneration

During each of the three years ended December 31, 2018, 2019 and 2020, the aggregate remuneration (including salaries, allowances, benefits in kind, discretionary bonuses, share-based payment and pension scheme contributions) paid to our Directors was approximately RMB2.5 million, RMB2.8 million and RMB5.9 million, respectively. For details, see note 8 of the Accountants' Report set out in Appendix I to this Prospectus.

Each of our independent non-executive Directors has been appointed for a term of three years. Our Company intends to pay a director's fee of HK$300,000 per annum to each of them. Save for directors' fees, none of our independent non-executive Directors is expected to receive any other remuneration for holding their office as an independent non-executive Director.

Under the arrangement currently in force, the aggregate remuneration (including salaries, allowances, benefits in kind, discretionary bonuses, share-based payment and pension scheme contributions) of our Directors for the year ending December 31, 2021 is estimated to be no more than approximately RMB14.3 million.

2. Substantial shareholders

Save as disclosed in the section headed "Substantial Shareholders" in this Prospectus, so far as our Directors are aware, immediately following the completion of the Capitalization Issue and the Global Offering (assuming the Reserved Shares under the Preferential Offering are not taken up by our Controlling Shareholders who are Qualifying China SCE Shareholders and without taking into account any Shares which may be issued or sold pursuant to the exercise of the Over-allotment Option), no person (other than our Directors and chief executives of our Company) will have an interest and/or short positions in our Shares or underlying Shares which would be required to be disclosed to us and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly, interested in 10% or more of the issued voting shares of any other member of our Group.

3. Agency fees or commissions received

Save for the underwriting commission provided in the Hong Kong Underwriting Agreement, no commissions, discounts, brokerages or other special terms were granted in connection with the issue or sale of any capital of any member of our Group within the two years immediately preceding the date of this Prospectus.

4. Disclaimers

Save as disclosed in this Prospectus:

(a) none of our Directors or chief executives of our Company has any interest or short position in our shares, underlying shares or debentures of our Company or any of its associated corporation (within the meaning 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 or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required to be notified to our Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers once our Shares are listed;

(b) none of our Directors or experts referred to under the paragraph headed "D. Other information—7. Qualifications of experts" in this Appendix has any direct or indirect interest in the promotion of our Company, or in any assets which have within the two years immediately preceding the date of this Prospectus been 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;

(c) none of our Directors is materially interested in any contract or arrangement subsisting at the date of this Prospectus which is significant in relation to the business of our Group taken as a whole;

(d) none of our Directors has any existing or proposed service contracts with any member of our Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation));

(e) taking no account of Shares which may be taken up under the Global Offering, none of our Directors knows of any person (not being a Director or chief executive of our Company) who will, immediately following completion of the Global Offering, have an interest or short position in our Shares or underlying Shares of our Company which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of SFO or be interested, directly or indirectly, in 10% or more of the issued voting shares of any member of our Group;

(f) none of the experts referred to under the paragraph headed "D. Other information—7. Qualifications of experts" in this Appendix 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; and

(g) so far as is known to our Directors as of the Latest Practicable Date, none of our Directors, their respective close associates (as defined under the Listing Rules) or Shareholders of our Company who are interested in more than 5% of the issued share capital of our Company has any interests in the five largest customers or the five largest suppliers of our Group.

D. OTHER INFORMATION

1. Tax and other indemnities

Our Controlling Shareholders have entered into the Deed of Indemnity with and in favor of our Company (for ourselves and as trustee for each of our subsidiaries) (being the contract referred to in paragraph (m) 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, (i) taxation or taxation claims resulting from income, profits or gains earned, accrued or received as well as any estate duty to which any member of our Group may be subject and payable on or before the Listing Date, and (ii) any claims, fines or other liabilities and economic losses resulting from our failure to register for and/or contribute to social insurance and housing provident funds during the Track Record Period and up to the Listing Date as disclosed in "Business—Employees—Social Insurance and Housing Provident Fund Contributions", save, among others, (a) to the extent that specific provision or reserve has been made for such taxation in the audited combined financial statements of our Group as set out in Appendix I; (b) to the extent that the liability for such taxation would not have arisen but for any act or omission of, or delay by, any member of our Group after the Listing Date; and (c) to the extent such loss arises or is incurred only as a result of a retrospective change in law or regulations or the interpretation or practice thereof by any relevant authority coming into force after the Listing Date.

2. Litigation

As of the Latest Practicable Date, our Company was not aware of any litigation or arbitration of material importance pending or threatened against it or any of our Directors that could have a material adverse effect on our financial conditions or results of operations.

3. Joint Sponsors

The Joint Sponsors have made an application on behalf of our Company to the Listing Committee for the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this Prospectus (including any Shares which may be issued pursuant to the exercise of the Over-allotment Option).

Each of the Joint Sponsors satisfies the independence criteria applicable to sponsors as set out in Rule 3A.07 of the Listing Rules.

The Joint Sponsors' fees are US$800,000 and are payable by our Company.

4. Preliminary expenses

The preliminary expenses relating to the incorporation of our Company are approximately HK$32,000 and are payable by our Company.

5. Promoter

Our Company has no promoter for the purpose of the Listing Rules. Within the two years immediately preceding the date of this Prospectus, no cash, securities or other benefit has been paid, allotted or given nor are any proposed to be paid, allotted or given to any promoters in connection with the Global Offering and the related transactions described in this Prospectus.

6. 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. Our Directors have been advised that no material liability for estate duty under the laws of China or Hong Kong would be likely to fall upon any member of our Group.

(b) Cayman Islands

Under the present Cayman Islands law, there is no stamp duty payable in the Cayman Islands on transfer of Shares given that our Company has no interest in land in the Cayman Islands.

(c) Consultation with professional advisers

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 Global Offering can accept responsibility for any tax effect on, or liabilities of, holders of Shares resulting from their subscription for, purchase, holding or disposal of or dealing in Shares or exercise of any rights attaching to them.

7. Qualifications of experts

The following are the qualifications of the experts who have given opinions or advice which are contained in this Prospectus:

Name	Qualifications
Merrill Lynch Far East Limited	A licensed corporation to conduct Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities) and Type 6 (advising on corporate finance) of the regulated activities as defined under the SFO
UBS Securities Hong Kong Limited	A licensed corporation to conduct Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 6 (advising on corporate finance) and Type 7 (providing automated trading services) of the regulated activities as defined under the SFO
Ernst & Young	Certified Public Accountants and Registered Public Interest Entity Auditor
Conyers Dill & Pearman	Cayman Islands attorneys
Jingtian & Gongcheng	Legal advisors to our Company as to the PRC laws
Jones Lang LaSalle Corporate Appraisal and Advisory Limited	Industry consultant

8. Consents of experts

Each of the experts named in "—D. Other Information—7. Qualification of experts" of this Appendix has given and has not withdrawn its written consent to the issue of this Prospectus with the inclusion of its report and/or letter and/or opinion and/or the references to its names included herein in the form and context in which it is respectively included.

9. Interests of experts in our Company

None of the persons named in "—D. Other Information—7. Qualification of experts" in this Appendix is interested beneficially or otherwise in any Shares or shares of any member of our Group or has any right or option (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for any shares or securities in any member of our Group.

10. Binding effect

This Prospectus shall have the effect, in 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.

11. Miscellaneous

(a) Within the two years immediately preceding the date of this Prospectus:

(i) save as disclosed in the section headed "History, Reorganization and Corporate Structure" in this Prospectus, no share or loan capital of our Company or any of our subsidiaries has been issued or is proposed to be 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 share or loan capital of our Company or any of our subsidiaries; and

(iv) no commission has been paid or payable subscribing, agreeing to subscribe, procuring subscription or agreeing to procure subscription for any shares in our Company or any of our subsidiaries;

(b) there are no founder, management or deferred shares nor any debentures in our Company or any of our subsidiaries;

(c) our Directors confirm that there has been no material adverse change in the financial or trading position or prospects of our Group since December 31, 2020 (being the date which the latest audited combined financial information of our Group were made up);

(d) there has not been any interruption in the business of our Group which may have or has had a significant effect on the financial position of our Group in the 12 months preceding the date of this Prospectus;

(e) 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 the Hong Kong Share Registrar and may not be lodged in the Cayman Islands. All necessary arrangements have been made to enable the Shares to be admitted to CCASS;

(f) no company within our Group is presently listed on any stock exchange or traded on any trading system;

(g) our Directors have been advised that under the Companies Act the use of a Chinese name by our Company in conjunction with the English name does not contravene Cayman Islands law;

(h) our Company has no outstanding convertible debt securities or debentures;

(i) there is no arrangement under which future dividends are waived or agreed to be waived; and

(j) there is no restriction affecting the remittance of profits or repatriation of capital into Hong Kong and from outside Hong Kong.

12. Bilingual Prospectus

The English 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.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to the copy of this Prospectus delivered to the Registrar of Companies in Hong Kong for registration were:

(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—Statutory and General Information—D. Other Information—8. Consents of experts" to this Prospectus; and

(c) a copy of each of 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" to this Prospectus.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the offices of Sidley Austin at Level 39, Two International Finance Centre, 8 Finance Street, Central, Hong Kong during normal business hours from 9:30 a.m. to 5:30 p.m. up to and including the date which is 14 days from the date of this Prospectus:

(a) the Memorandum of Association and the Articles of Association;

(b) the Accountants' Report from Ernst & Young, the text of which is set out in Appendix I to this Prospectus;

(c) the report from Ernst & Young in respect of the unaudited pro forma financial information, the text of which is set out in Appendix II to this Prospectus;

(d) the audited combined financial statements of our Group for the financial years ended December 31, 2018, 2019 and 2020;

(e) the legal opinion dated the date of this Prospectus issued by Jingtian & Gongcheng, the PRC Legal Advisors in respect of our Group's business operations and property interests in the PRC;

(f) the letter of advice dated the date of this Prospectus from Conyers Dill & Pearman, our Cayman legal advisors, summarizing certain aspects of the Cayman Islands company law referred to in "Appendix III—Summary of the Constitution of the Company and Cayman Islands Company Law" to this Prospectus;

(g) the JLL report prepared by JLL, the industry consultant;

(h) the Companies Act;

(i) 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" to this Prospectus;

(j) the service contracts and letters of appointment with each of our Directors referred to in the section headed "Appendix IV—Statutory and General Information—C. Further Information about Our Directors and Substantial Shareholders—1. Directors—(b) Particulars of service agreements and letters of appointment" to this Prospectus; and

(k) the written consents referred to in the section headed "Appendix IV—Statutory and General Information—D. Other Information—8. Consents of experts" to this Prospectus.

中駿商管智慧服務控股有限公司

SCE Intelligent Commercial
Management Holdings Limited